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中国铁建
中國鐵建股份有限公司
China Railway Construction Corporation Limited
(a joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock Code: 1186)

(Listed Debt Securities Code: 5945 and 5581)

2020 ANNUAL RESULTS ANNOUNCEMENT

The Board of the Company is pleased to announce the audited results of the Company and its subsidiaries for the year ended 31 December 2020. This announcement, containing the full text of the 2020 Annual Report of the Company, complies with the relevant requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited in relation to information to accompany preliminary announcement of annual results. Printed version of the Company's 2020 Annual Report will be sent to H shareholders of the Company and available for viewing on the websites of The Stock Exchange of Hong Kong Limited at www.hkex.com.hk and of the Company at <http://www.crcc.cn> on or before 30 April 2021.

Important Notice

- I. The Board and the Supervisory Committee of the Company and the directors, supervisors and members of the senior management warrant the truthfulness, accuracy and completeness of the contents herein and confirm that there are no misrepresentations or misleading statements contained in, or material omissions from, this report, and accept several and joint legal responsibilities.
- II. All Directors attended the board meeting of the Company to consider and approve the annual results.
- III. Deloitte Touche Tohmatsu Certified Public Accountants LLP has issued a standard unqualified auditor's report for the Company.
- IV. WANG Jianping, chairman of the Company, WANG Xiuming, CFO, and GUO Shuanglai, Head of the Finance Department (person in charge of accounting), warrant the truthfulness, accuracy and completeness of the financial report contained in this annual report.
- V. Profit distribution plan or reserves-to-equity transfer plan during the Reporting Period upon deliberation at the board meeting.
According to the audited financial report of the Company for the year 2020, the undistributed profit of the parent company at the beginning of 2020 was RMB19,005,961,004.91. After adding the net profit realized by the parent company of RMB15,260,631,296.23 in this year and deducting the cash dividends for the year 2019 of RMB2,851,703,715.00 and distribution of the interest of holders of other equity instruments amounted to RMB2,024,337,814.58 for the year 2019, at the end of this year, the distributable profit of the parent company was RMB29,390,550,771.56. According to the Company Law and the Articles of Association of the Company, the distributable profit of the parent company for the year 2020 shall be distributed in the order as follows: the withdraw of the statutory surplus reserve fund of RMB1,526,063,129.62 based on 10% of net profit realised by the parent company for the year 2020, after which the parent company's distributable profit for the shareholders in this year was RMB27,864,487,641.94; a cash dividend of RMB3,123,294,545.00 in total, i.e. RMB0.23 per share (tax inclusive) will be distributed, based on the total issued share capital of 13,579,541,500 shares as at 31 December 2020; Upon such distribution, the undistributed profit of the parent company amounting to RMB24,741,193,096.94 will be carried forward to the next year. If there are changes in the total share capital of the Company before the equity registration date for the implementation of the equity distribution, the Company proposed to keep the total allocation unchanged and adjust the allocation ratio per share accordingly.
- VI. Disclaimer of forward-looking statements
 Applicable Not Applicable
Forward-looking statements, including future business plan, contained in this report do not constitute substantive commitments to investors by the Company. Investors and relevant persons shall maintain a sufficient risk awareness hereto and understand the differences among plans, prediction and commitments. Investors are reminded of such investment risks.
- VII. Whether the Controlling Shareholder of the Company or its associates has misappropriated the Company's funds for purposes other than for business?
NIL
- VIII. Whether the Company has provided external guarantees in violation of any prescribed decision-making procedures?
NIL
- IX. Whether more than half of the directors fail to warrant the truthfulness, accuracy and completeness of the contents contained in the annual report disclosed by the Company?
No
- X. Reminder of important risks
The main risks the Company may encounter are international operating risk, cash flow risk, investment risk, safety risk and cost risk. Please refer to "(IV) Potential Risks" in "III. Discussion and Analysis of the Company's Future Development" under "Section V Discussion and Analysis on Business Operations (Report of Directors)". Investors are reminded of such risks.
- XI. Others
 Applicable Not Applicable
The 2020 financial report of the Company was prepared according to the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC and the relevant regulations (hereinafter referred to as "PRC GAAP Standards"). The reporting currency is RMB, unless otherwise specified.

The contents of this annual report are in compliance with all the requirements in relation to information to be disclosed in annual report under the SSE Listing Rules and the Hong Kong Listing Rules. In addition, this annual report will be simultaneously published in Mainland China and Hong Kong. Should there be any discrepancies between the Chinese and English versions, the Chinese version shall prevail.

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Section I Definitions

I. DEFINITIONS

Unless otherwise stated in context, the following terms should have the following meanings in this report:

Definition of frequently used terms

Company, parent company, headquarters of joint stock company	China Railway Construction Corporation Limited
Group, CRCC	China Railway Construction Corporation Limited and its wholly-owned and controlled subsidiaries
Controlling Shareholder	China Railway Construction Corporation (中國鐵道建築集團有限公司), which was restructured from China Railway Construction Corporation (中國鐵道建築總公司) to China Railway Construction Co., Ltd. (中國鐵道建築有限公司) on 11 December 2017, and renamed China Railway Construction Corporation (中國鐵道建築集團有限公司) in January 2019
General Meeting	a general meeting of China Railway Construction Corporation Limited
Board	the board of directors of China Railway Construction Corporation Limited
independent director	a person who assumes no duties in the Company except the duty of director, and has no relation with the Company and its substantial shareholders which could hinder his independent and objective judgments
Supervisory Committee	the supervisory committee of China Railway Construction Corporation Limited
Articles of Association	the Articles of Association of China Railway Construction Corporation Limited
Hong Kong Stock Exchange	The Stock Exchange of Hong Kong Limited
Hong Kong Listing Rules	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
SSE Listing Rules	the Rules Governing the Listing of Stocks on Shanghai Stock Exchange
SFO	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
CSRC	China Securities Regulatory Commission

Section I Definitions (continued)

Model Code	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Hong Kong Listing Rules
Company Law	the Company Law of the People's Republic of China
Securities Law	the Securities Law of the People's Republic of China
SASAC	State-owned Assets Supervision and Administration Commission of the State Council
the year	the year of 2020
previous year or prior year	the year of 2019
Reporting Period	from January to December 2020
the end of the Reporting Period	31 December 2020

Section II Basic Corporate Information and Key Financial Indicators

As the successor of the Railway Corps of the People's Liberation Army, China Railway Construction Corporation Limited was established by China Railway Construction Corporation (renamed China Railway Construction Corporation after restructuring) as the sole promoter in Beijing on 5 November 2007 and is an ultra-large construction enterprise supervised by the SASAC. The Company successfully issued RMB denominated domestic shares (A shares) and overseas listed foreign shares (H shares), which were listed on the Shanghai Stock Exchange and the Hong Kong Stock Exchange on 10 March 2008 and 13 March 2008, respectively.

The Company is one of the strongest and largest-scale integrated construction groups in China and in the world. It was included among the "Top 250 Global Contractors" consecutively by Engineering News-Record (ENR), an American magazine and ranked No. 3 in 2020. It was listed among the Fortune "Global 500" consecutively, ranking No. 54 in 2020. It was listed among the "Top 500 Enterprises of China" consecutively, ranking No. 14 in 2020.

The business of the Company comprises construction operation, survey, design and consultancy, manufacturing, real estate development, materials and logistics, investment, finance and other emerging industries, and its operating scope covers 32 provinces (including Taiwan), autonomous regions, municipalities and Hong Kong and Macau Special Administrative Regions in China, as well as 134 foreign countries in the world. The Company has developed from construction operation to a refined industry chain covering scientific research, planning, survey, design, construction, supervision and management, operation, maintenance, investment and financing, etc., which have equipped itself with capability of providing onestop comprehensive services for the proprietors. CRCC has established its industry leadership in fields of engineering design and construction for plateau railways, high-speed railways, expressways, bridges, tunnels and urban rail transits. The Company boasts a professional team consisting of 1 member of Chinese Academy of Engineering, 11 National Survey and Design Masters, 12 national candidates of the "Bai Qian Wan Talents Project (百千萬人才工程)" and 264 experts who are recipients of special subsidies granted by the State Council. The Company has cumulatively received 87 National Prizes for Science and Technology, 161 "Four Excellence (四優)" National Prizes in Survey, Design, 112 Zhan Tianyou Civil Engineering Awards, 444 National High-Quality Projects Awards, 148 Luban Prizes for China Construction, 3,460 engineering methods above provincial level and 31 China Patent Awards. The Company cumulatively holds 19,072 patents.

The Company has adhered to the new development idea, followed the work direction of "seeking truth from facts, innovated for the transcendence and walking steadily", taken the service for the national economic and social development and satisfaction with the people's yearning for a better life as the development direction and focused on the government, the city and people to build "High-Quality CRCC", given full play to the advantages of the comprehensive industrial chain, and provided customers with "CRCC Plan" and one-stop comprehensive services. In the new era, CRCC is moving forward with the development strategies of "construction-oriented development, relevant diversification, integrated operation and advance through transformation, so as to develop the Group into a high value creative comprehensive construction industry group with world-leading technological power, world-leading competitive power and world-leading economic power".

I. CORPORATE INFORMATION

Chinese name of the Company	中國鐵建股份有限公司
Chinese abbreviation	中國鐵建
English name of the Company	China Railway Construction Corporation Limited
English abbreviation	CRCC
Legal representative of the Company	WANG Jianping

Section II Basic Corporate Information and Key Financial Indicators (continued)

II. CONTACT PERSONS AND CONTACT METHODS

	Secretary to the Board	Joint Company Secretaries	Representative of Security Affairs
Name	ZHAO Dengshan	ZHAO Dengshan, LAW Chun Biu	XIE Huagang
Correspondence address	East, No. 40 Fuxing Road, Haidian District, Beijing	East, No. 40 Fuxing Road, Haidian District, Beijing	East, No. 40 Fuxing Road, Haidian District, Beijing
Telephone	010-52688600	010-52688600	010-52688600
Fax	010-52688302	010-52688302	010-52688302
E-mail	ir@crcc.cn	ir@crcc.cn	ir@crcc.cn

III. BASIC INFORMATION

Registered office of the Company	East, No.40 Fuxing Road, Haidian District, Beijing
Postal code of registered office of the Company	100855
Principal place of business in the PRC	East, No.40 Fuxing Road, Haidian District, Beijing
Postal code of principal place of business in the PRC	100855
Principal place of business in Hong Kong	23/F, Railway Plaza, 39 Chatham Road South, Tsim Sha Tsui, Kowloon, Hong Kong
Website Address of the Company	www.crcc.cn
E-mail address	ir@crcc.cn

IV. INFORMATION DISCLOSURE AND PLACE OF INSPECTION

Newspapers selected by the Company for information disclosure	China Securities Journal, Shanghai Securities News, Securities Daily and Securities Times
Website designated by CSRC for publishing the annual report	www.sse.com.cn
Website designated by the Hong Kong Stock Exchange for publishing the annual report	www.hkex.com.hk
Place for safekeeping of annual reports of the Company	the Board Office of CRCC, East, No.40 Fuxing Road, Haidian District, Beijing



Section II Basic Corporate Information and Key Financial Indicators (continued)

V. BASIC INFORMATION OF THE COMPANY'S SHARES

Basic Information of the Company's Shares				
Type of share	Place of listing	Stock abbreviation	Stock Code	Stock abbreviation before change
A share	Shanghai Stock Exchange	China Rail Cons	601186	–
H share	Hong Kong Stock Exchange	China Rail Cons	1186	–

VI. OTHER RELATED INFORMATION

Auditors appointed by the Company ^{Note}	Name	Deloitte Touche Tohmatsu Certified Public Accountants LLP
	Office address	30/F Bund Center, 222 Yan An Road East Shanghai, the PRC
	Names of signing accountants	MA Yanmei, Yin Lili
Legal advisers appointed by the Company (As to PRC law)	Name	Beijing Deheng Law Office
	Office address	12/F, Tower B, Focus Place, No. 19 Finance Street, Beijing
Legal advisers appointed by the Company (As to Hong Kong law)	Name	Baker & McKenzie
	Office address	14th Floor, One Taikoo Place, 979 King's Road, Quarry Bay, Hong Kong
A Share registrar of A shares of the Company	Name	China Securities Depository and Clearing Corporation Limited (CSDC) Shanghai Branch
	Office address	No. 188 Yanggao South Road, Pudong New Area, Shanghai
Share registrar of H shares of the Company	Name	Computershare Hong Kong Investor Services Limited
	Office address	Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong

Note: Pursuant to relevant requirements of the Ministry of Finance of the PRC, the CSRC and the Hong Kong Listing Rules, a company incorporated in Mainland China and listed on the Hong Kong Stock Exchange is permitted to adopt the PRC GAAP Standards to prepare its financial statements and to engage a domestic accounting firm recognized by the Ministry of Finance and the CSRC to provide relevant services according to the PRC auditing standards since 15 December 2010. Therefore, the Company appointed one auditor as its external auditor starting from the financial year of 2011 (no division of domestic and overseas).

Section II Basic Corporate Information and Key Financial Indicators (continued)

VII. MAJOR ACCOUNTING DATA AND FINANCIAL INDICATORS FOR THE PAST THREE YEARS

(I) Major accounting data

Unit: '000 Currency: RMB

Major accounting data	2020	2019	Increase or decrease at this year over the previous year (%)	2018
Revenue	910,324,763	830,452,157	9.62	730,123,045
Net profit attributable to shareholders of the Company	22,392,983	20,197,378	10.87	17,935,281
Net profit attributable to shareholders of the Company after deduction of non-recurring profit or loss	20,564,157	18,314,645	12.28	16,695,417
Net cash flows generated from operating activities	40,109,248	40,005,838	0.26	5,447,861
	At the end of 2020	At the end of 2019	Increase or decrease at the end of the current period compared to that of the same period of last year (%)	At the end of 2018
Net assets attributable to shareholders of the Company	254,297,762	209,959,674	21.12	169,889,912
Total assets	1,242,792,799	1,081,239,213	14.94	917,670,582

Section II Basic Corporate Information and Key Financial Indicators (continued)

(II) Major financial indicators

Major financial indicators	2020	2019	Increase or decrease at this year over the previous year (%)	2018
Basic earnings per share (<i>yuan per share</i>)	1.50	1.40	7.14	1.26
Diluted earnings per share (<i>yuan per share</i>)	1.44	1.33	8.27	1.23
Basic earnings per share after deduction of non-recurring profit or loss (<i>yuan per share</i>)	1.37	1.26	8.73	1.17
Weighted average return on net asset (%)	11.45	12.03	Decreased by 0.58 percentage points	12.00
Weighted average return on net asset after deduction of non-recurring profit or loss (%)	10.42	10.84	Decreased by 0.42 percentage points	11.13

Explanation on the major accounting data and financial indicators of the Company for the past three years before end of the Reporting Period

Applicable Not Applicable

The calculation of basic earnings per share and diluted earnings per share as the Reporting Period is net of interest from other equity instrument holders of RMB2,024.338 million.

VIII. ACCOUNTING DATA DIFFERENCES BETWEEN THE PRC GAAP STANDARDS AND FOREIGN ACCOUNTING STANDARDS

(I) **Difference arising from the net profit and net assets attributable to shareholders of the Company in the financial statements disclosed simultaneously pursuant to the international accounting standards and the PRC GAAP Standards**

Applicable Not Applicable

(II) **Difference arising from the net profit and net assets attributable to shareholders of the Company in the financial statements disclosed simultaneously pursuant to the foreign accounting standards and the PRC GAAP Standards**

Applicable Not Applicable

(III) **Explanation on difference between foreign and domestic accounting standards**

Applicable Not Applicable

Section II Basic Corporate Information and Key Financial Indicators (continued)

IX. KEY FINANCIAL INDICATORS OF 2020 BY QUARTER

Unit: '000 Currency: RMB

	Q1 (January to March)	Q2 (April to June)	Q3 (July to September)	Q4 (October to December)
Revenue	145,102,647	225,686,786	253,218,436	286,316,894
Net profit attributable to shareholders of the Company	2,970,391	6,345,862	5,562,950	7,513,780
Net profit attributable to shareholders of the Company after deduction of nonrecurring profit or loss	2,799,225	5,787,452	5,236,979	6,740,501
Net cash flows generated from operating activities	-42,398,833	-5,679,679	16,871,468	71,316,292

Explanation on difference between quarterly results and information disclosed in periodic reports

Applicable Not Applicable

Section II Basic Corporate Information and Key Financial Indicators (continued)

X. NON-RECURRING PROFIT OR LOSS ITEMS AND AMOUNTS

Applicable Not Applicable

Unit: '000 Currency: RMB

Non-recurring profit or loss	Amount for 2020	Amount for 2019	Amount for 2018
Gains from disposal of non-current assets	618,644	445,323	554,156
Government grants recognised through profit or loss (other than government grants which are closely related to the Company's normal business operations, which comply with national policies and can be enjoyed continuously based on a fixed amount or a fixed quantity)	941,671	414,810	375,052
Gain from the excess of the fair value of the identifiable net assets of investee companies on acquisition of the investment over the investment cost in the Company's subsidiaries, associates and joint ventures	/	2,964	108,331
Profit or loss from debt restructuring	173,444	11,898	132,975
Gains from change in the fair value of the held for-trading financial assets, derivative financial assets, held-for-trading financial liabilities and derivative financial liabilities held by the Company and investment income from disposal of held-for-trading financial assets, derivative financial assets, held-for-trading financial liabilities, derivative financial liabilities and other debt investments other than the valid hedging services related to the normal operating activities of the Company	290,123	881,113	-135,614
Reversal of impairment of trade receivables and contract assets that had impairment test separately	88,021	313,914	1,062,689
Other non-operating income or expenses other than the above	167,948	289,470	-515,093
Effect of minority interests	-32,444	-21,849	-10,624
Impact on income tax	-418,581	-454,910	-332,008
Total	1,828,826	1,882,733	1,239,864

Section II Basic Corporate Information and Key Financial Indicators (continued)

XI. ITEMS MEASURED AT FAIR VALUE

Applicable Not Applicable

Unit: '000 Currency: RMB

Item	Balance at the beginning of the period	Balance at the end of the period	Change during the period	Effect on profit of current period
Receivables at FVTOCI	2,654,263	3,683,653	1,029,390	–
Held-for-trading financial assets	3,587,646	587,022	-3,000,624	63,618
Other debt investments (including current portion)	101,930	1,020,329	918,399	–
Other equity instrument investments	10,038,609	10,510,397	471,788	118,395
Other non-current financial assets	1,643,494	2,839,530	1,196,036	-136,304
Other non-current liabilities	244,414	–	-244,414	244,414
Total	18,270,356	18,640,931	370,575	290,123

XII. OTHERS

Applicable Not Applicable

Section III Chairman's Statement

Dear Shareholders,

I'm hereby presenting the 2020 annual report of CRCC to you on behalf of the Board, and expressing the sincere thanks to the friends in all walks of life who support and care for the reform and development of the Company for a long time!

The year 2020 is an extraordinary year for the reform and development of the Company. This year, facing the complicated and dynamic situation, the Company has adhered to the general principle of seeking progress while working to keep performance stable, gone against the trend and resolved various difficulties, and focused on pandemic prevention and control while operating and achieving a safe, continuous, steady and faster development.

Overcoming difficulties, we get through this difficult period together. Facing the global pandemic of COVID-19, while focusing on its own pandemic prevention and control, the Company has organized contingency teams, volunteers and medical teams to actively participate in the fight against the pandemic, donated more than RMB77 million to build 62% of the Fangcang Hospital in Wuhan, demonstrating the responsibilities of a state-owned enterprise. The Company has resolutely adhered to the requirement of "being tough and winning the battles of fighting against the pandemic and pushing forward economic and social development", with determined goals, unchanged indicators, unrelenting work and strong focus on production and operation, reform and innovation, quality improvement and risk control. The total value of newly-signed contracts of the Group amounted to RMB2,554.2887 billion. It achieved revenue of RMB910.3248 billion, net profits attributable to shareholders of the Company of RMB22.3930 billion and earnings per share of RMB1.50. Each of the major indicators has reached a high record, and the economies of scale and quality of enterprises have been moving forward steadily and improving continuously.

Forging ahead and making relentless efforts. Looking back on the "13th Five-Year Plan", the Company focused on the work with a theme of "stable growth, high quality" and the central task of "quality CRCC", built a "five-sphere integrated" business system, vigorously implemented the strategy of "prioritizing overseas businesses", and promoted the construction of a world-class enterprise. The Company has made significant progress to promote its comprehensive strength, doubled its scale benefits, greatly improved its governance and quality of development, innovated and produced new products, made significant progress in reform and innovation, continuously expanded overseas business, consolidated the foundation and expanded the capacity in the industrial sector, leading to a leapfrog development. Industry expansion and basic management have reached a new height. The scale of operation, production scale, quality and efficiency have helped create a brand new image for CRCC which successfully realized the transformation from a railway-focused company to one with balanced development in five pillar markets and diversified emerging markets, an upgrade from contractors and builders to investors, operators, service providers, manufacturers, and integrators, successfully achieved the goals of the 13th Five-Year Plan. The Company's ranking in the Fortune Global 500 rose from No. 79 in 2015 to No. 54 in 2020. The Company also ranked among the top three in ENR Global Engineering Contractors, and 14th in the "Top 500 Chinese Enterprises". It has also maintained the Grade A rating in SASAC central enterprises.



Section III Chairman's Statement (continued)

Working earnestly and sparking inspiration. The “14th Five-Year Plan” is the first five years to march towards the second centenary goal. It is the most critical stage for the Company to realize high-quality development and become a world-class enterprise with global competitiveness. The Company will closely focus on the new goals and requirements for the country to realize modernization, based on the new development phase, implement new development philosophies, integrate into the new development pattern, adhere to the general principle of seeking progress while ensuring stability, and take high-quality development as the theme and production and operation as the core. Driven by reform and innovation, the Company will follow the work principle of “seeking truth from facts, maintaining integrity and innovation, achieving long-term sustainable growth”, based on the actual situation of the enterprise, follow the law of development, maintain strategic focus, strengthen innovation drive, optimize structure, improve the governance system, prevent major risks, improve the quality of party building in an endeavor to build the Company competitive, strong and excellent, and accelerate the construction of a world-class enterprise with global competitiveness.

There is still a long way to go, and only hard work leads to success. The year 2021 marks the 100th anniversary of the founding of the party. It is the start of the journey towards the realization of the second-hundred-year goals, as well as the year starting the “14th Five-Year Plan”. The Company will focus on development, strive to stabilize growth; stimulate vitality, take various measures to support reforms; improve quality and efficiency, and go all out to streamline management; enhance motivation, learn from each other and innovate; standardize operations, strictly prevent and control risks, make concerted efforts to ride on the momentum to ensure the success of high quality development at the beginning of the “14th Five-Year Plan”.

Walking on the right path and the future is bright. Standing at the historical intersection of the “two centuries”, CRCC will continue to forge ahead, strive to start a new journey of high-quality development of CRCC, return value to society and shareholders with outstanding performance, benefit employees, and write a new chapter of the reform and development in the new era!

Wang Jianping

Chairman of the Board

Beijing, the PRC

30 March 2021



Section IV Summary of the Company's Businesses

I. MAIN BUSINESSES, OPERATION MODEL AND INDUSTRY INFORMATION OF THE COMPANY DURING THE REPORTING PERIOD

CRCC's businesses cover a variety of construction, survey, design and consultation, manufacturing, real estate development, logistics and materials trading, investment, finance and other emerging industries, operating businesses covers 32 provinces (including Taiwan), autonomous regions, municipalities and Hong Kong and Macau Special Administrative Regions in China, as well as 134 foreign countries in the world. The Company has developed from concentrating on construction operation to the refined industry chain of scientific research, planning, survey, design, construction, supervision and management, operation, maintenance, investment and financing, which have equipped itself with capability of providing one-stop-shop comprehensive services for the proprietors. CRCC has established its industry leadership in fields of engineering design and construction for plateau railways, high-speed railways, expressways, bridges, tunnels and urban rail transits. The Group, focusing on market management and capital operations simultaneously, adopts the mixed operation mode of multiple integrated operation modes with a combination of regional, brand, credit and synergetic operations.

(I) Construction operations

1. Business Overview

Construction operations are the core and traditional business of the Group, which cover multiple fields, such as railways, highways, urban rails, water conservancy and hydropower, housing construction, municipal engineering, bridges, tunnels, airports and wharfs. The construction operations of the Group offer project contracting services in 31 provinces (excluding Taiwan), autonomous regions, municipalities of the PRC, Hong Kong and Macau Special Administrative Region, and participates in infrastructure construction in countries and regions of Africa, Asia, South America and Europe.

2. Operation model

Its construction operations mainly take the forms of construction contract and financing contract.

3. Industry situation

In light of the active construction of "Belt and Road Initiative", the PRC coordinated development for the Beijing-Tianjin-Hebei Region, the Yangtze Economic Belt, Xiong'an New Area and Guangdong-Hong Kong-Macau Greater Bay Area, and the continuing in-depth advancement of new-type urbanization, revitalization strategy of rural areas and shantytowns transformation, as well as the strengthening of the improvement of transporting facility in mid-west China, and proposed the construction of "19+2" urban agglomeration, 34 metropolitan areas and 18 free trade zones, providing a steady growth point in domestic railway, highway, housing construction, urban rail, municipal and water conservation, hydropower, airport and other areas. In 2020, the State successively implemented a number of major foundation projects, increased the planning and construction of major urban agglomeration, metropolitan intercity railways, urban (suburban) railways and high-grade highways, and increased the number of major water conservation projects, as well as renovation of township old residential areas and ancillary infrastructure. At the same time, the construction industry in the PRC has entered a critical period of transition between old and new kinetic energy, and the development connotation and business model of enterprises within the industry are undergoing profound changes. The "new infrastructure" represented by 5G base stations, big data centres, optical fibre renovation, broadband expansion, charging stations, external open platform, urban space-time network and in-formation service platform have become a driving force for innovation, deepening supply-side structural reform in China. Driven by the key drivers of the infrastructure shortfall, there will be a period of strategic opportunities for continued development in the infrastructure sector.

Section IV Summary of the Company's Businesses (continued)

(II) Survey, design and consultancy operations

1. Business Overview

Survey, design and consultancy operations of the Group mainly comprise 4 large survey design enterprises with comprehensive Grade A qualifications for engineering design and design institutes of all project bureaus, and cover the civil engineering and infrastructure construction related to railway, urban rail transits, highways, municipal administration, industrial and civil buildings, water transport, water conservancy and hydropower and civil aviation whilst keeping expanding into the emerging industries and areas, such as magnetic suspension transport, travel rail transits, intelligent transport, modern tramcar, urban utility tunnel, urban underground space, ecological environment and energy conservation and environmental protection. Survey, design and consultancy operations take railway and urban rail transit as the main markets, with highway, municipal engineering, industrial and civil construction and water transport as the important markets for diversified development.

Currently, survey and design companies meet golden opportunities to realise “going global” strategy and build the “Designed in China” brand, as the country makes greater efforts to improve weak links of infrastructure and advance “Belt and Road Initiative”. Putting the concept that “development should be innovation-driven, coordinated, green, oriented toward global progress and beneficial to all” into practice, the Group deepens technology innovation and management innovation, develops the layout of all-around and in-depth integration with relevant industries, and promotes traditional survey, design and consultancy operations to upgrade to integrated engineering consultancy services that cover multiple industries, whole process and whole lifecycle. The Company ranked No. 14 among the “Global Top 150 Engineering Design Companies” in 2020 of Engineering News-Record (ENR), the USA.

2. Operation model

The basic business model of survey, design and consultancy operations is to complete the survey, design and consultation and related services of engineering projects as contracted through market competition, and to operate general design contracting projects and general engineering contracting projects by fully leveraging on the business advantages of the Group.

3. Industry situation

The domestic markets where the survey, design and consultancy operating operate in, including railway, highway, housing construction, urban rail, municipal engineering and water conservancy, hydropower and airport, will maintain steady growth. Emerging markets, including countryside construction, utility tunnel, sponge city, environmental protection and pollution control, are expected to grow rapidly, and the overall infrastructure market is in the trend of stable and healthy development.

Section IV Summary of the Company's Businesses (continued)

(III) Manufacturing operations

1. Business Overview

The Group is a manufacturer of materials and professional equipment providing integrated services of R&D, manufacturing, sales and services with a leading position in domestic market and advanced position worldwide. After years of development, manufacturing operations cultivate three core businesses: equipment manufacturing, material production and precast concrete production. The business scope covers large railway track maintenance machinery, underground construction equipment, rail construction equipment, concrete construction equipment, lifting equipment, bridge construction equipment, compacting equipment, concrete products, bridge steel structures, turnout and spring bar fastener, and electric contact wire and parts. It owns a world-leading excavating machine manufacturing base with an annual output of 200 excavating machine, accounting for half of the domestic market. In particular, the TBM takes up more than 85% of domestic market and provides domestic underground construction projects with intelligent and integrated solutions and high-end equipment; many achievements in this field are unprecedented and fill in the blank in the nation. Major products of large rail track maintenance machinery take up more than 80% of domestic market.

2. Operation model

The industrial manufacturing business is shifting its business mode from fighting alone to coordinated business unit and industry chain development. Leveraging its whole chain advantage, the Group actively promotes operating synergy and industry synergy and builds an integrated operation mode that incorporates multiple industries, so as to improve the competitiveness of the Company and the brand influence, and enhance overall profitability. The Group strives to improve businesses of less advantage, makes greater achievements in bridge steel structure manufacturing and installation, and fosters new growth engines.

3. Industry situation

During the 13th Five-Year Plan period, the country will continue to invest in transport infrastructure construction, and traditional general engineering machinery will still be affected by overcapacity and fiercer market competition. However, the high-end equipment manufacturing will embrace a golden period of prosperous development, and intelligent manufacturing development will be promoted in an all-round manner. The continuously improved core equipment supply capacity and the accelerated localisation of major technology equipment will offer great opportunity to high-end equipment manufacturing.

Section IV Summary of the Company's Businesses (continued)

(IV) Real estate development operations

1. Business Overview

As one of the 16 enterprises directly under the central government taking real estate development as principal business as confirmed by the SASAC of the State Council, the Group mainly focuses on three core city clusters including Yangtze River Delta, Pearl River Delta and Bohai Coastal Region, and steps up efforts to expand business in new city clusters and national new areas, such as Xiong'an New Area, Guangdong-Hong Kong-Macao Greater Bay Area, Shandong Peninsula, Liaodong Peninsula, Western Coast of the Straits, Changsha-Zhuzhou-Xiangtan, Wuhan, Chengdu and Chongqing. The region layout sticks to the development roadmap that first- and second-tier cities are the focus and third- and fourth-tier cities with great potential serve as the supplement.

2. Operation model

Currently, the Group adopts the business model of "giving priority to residential development supplemented by other industries" for real estate business, and real estate development operations resolutely establish the position of "Houses are for Living in other than Speculation". Meanwhile, the Group continues to adhere to the "Four Winnings" principle in terms of operation and mode of development: first, winning by high efficiency. The Group accelerated asset turnover and fund recovery, accelerated development pace, operational efficiency and sales pace, and increased efforts in destocking. Second, winning by synergy. The Group continued to promote cooperation with well-renowned real estate developers in all aspects, improved internal industrial synergy and business synergy, further revitalized internal planning, information and land resources, and gave a full play to its overall advantage. Third, winning by excellence. The Group significantly improved customer satisfaction, brand value and added value of product, laid emphasis on the improvement of property service quality, actively and properly developed "Real Estate +" health care, culture, tourism, smart, green and environmental protection, and improved product lines and built "Lifehome". Fourth, winning by prudence. The Group continued to operate on a rational basis, paid equal attention to asset-heavy and asset-light business models, shared responsibilities through cooperation, developed production plan based on sales prospects, and enhanced analysis and research and risk early-warning, in order to ensure long-term and stable operation.

Section IV Summary of the Company's Businesses (continued)

3. Industry situation

Since the "13th Five-Year Plan", the State has adhered to the position of "Houses are for Living in other than Speculation" and introduced a series of control policies in terms of land supply, land demand and financial leverage. The development of the real estate industry has entered into the Silver Age, and the market competition has gradually shifted towards "Quality is Top Priority". It is more difficult for medium-sized real estate enterprises to achieve leapfrog development through simple scale expansion, and improve quality of development is an important way to win the market. During the "14th Five-year Plan" and in the coming period, urban development will focus on the improvement of supporting facilities and improvement of comprehensive quality. Urbanization will focus on urban renewal, improvement of urban functions, ecological restoration, preservation of historical culture, industry-city integration, improvement of living quality, etc., the TOD development model is expected to become an important trend in the future. The Fifth Plenary Session of the 19th Central Committee proposed that the implementation of the national strategy of actively responding to the aging of the population and promoting the cooperative development of the aged care business and aged care industries, bringing greater rooms for health care real estate. The State attaches great importance to the construction of affordable rental housing, which will accelerate the improvement of the long-term rental housing policy, regulate the long-rent housing market and become an important supplement to real estate development. In 2021, the Group will adhere to the principle of "Houses are for Living in other than Speculation", continue to adhere to the positioning of rigidity and improving demand, bring on normalization of demand, constantly improve the level of product design and ancillary services; focus on the core cities and major city clusters, increase the effort of deepening, prudently cope with the regional market differentiation, take advantage of the cyclical opportunities in the land market; take advantage of the integrated resource advantages of a state-owned enterprise, deeply participate in area development and diversified expansion including TOD and urban renewal; further improve management of the entire chain, refine the evaluation and incentive mechanism, and promote operational efficiency.

(V) Materials, logistics and other businesses

1. Business Overview

The Group possesses over 70 regional business outlets in important cities and logistics node cities, 1.33 million sq.m of logistics sites, over 40,000 meters of special railway lines and 32,550 cubic meters of storage capacity of product oil. The Group provided integrated supply chain service through improvement of an efficient logistics-informatisation, regional and market-oriented service system.

Section IV Summary of the Company's Businesses (continued)

2. Operation model

By taking root in "Maintaining Supply, Assuring Quality and Reducing Cost", firstly, the Group improved its resource access and materials supply capacity, and in particular, strived to "have an edge over peers" in supplying materials and products in tight supply focusing on the primary target of "Serving Major Business, and Securing Construction and Production"; secondly, the Group actively and orderly developed independent development business of sand aggregate, strived to open up initiating explosive devices supply channels and played a vital role in controlling and stabilising price of materials; thirdly, the Group strived for coordinated development among emerging businesses including overseas business, ecological management and landscape, improved its level of qualification and developed new fields of materials and logistics; fourthly, the Group optimized and integrated network material trading platforms by fully utilizing network information technology, and improved the level of informationisation of materials and logistics operations.

3. Industry situation

Logistics is an important link in the smooth circulation of the national economy and a basic, strategic, and an industry that can drive the growth of national economy. The Fifth Plenary Session of the 19th CPC Central Committee proposed to build a modern logistics system. The General Office of the State Council and the Ministry of Transport respectively issued opinions and suggestions on accelerating the development of cold chain logistics, ensuring food safety and promoting consumption upgrades, bringing tremendous market space and potential to the development of modern logistics and cold chain logistics. Following the implementation of a series of policies such as the "Notice of the National Development and Reform Commission and the Ministry of Transport on the Implementation Suggestions on Further Reduction of Logistics Costs Forwarded By the General Office of the State Council" (《國務院辦公廳轉發國家發展改革委 交通運輸部關於進一步降低物流成本實施意見的通知》), the Group will focus on reducing the costs of system, element, tax, information, intermodal transportation, and logistics industry, and the composite cost, so as to comprehensively promote cost reduction and efficiency enhancement, improve total factor labor productivity, thus bringing substantial opportunities to the development of the logistics industry.

II. EXPLANATION ON MATERIAL CHANGES IN THE COMPANY'S MAJOR ASSETS DURING THE REPORTING PERIOD

Applicable Not Applicable

Section IV Summary of the Company's Businesses (continued)

III. ANALYSIS OF THE CORE COMPETITIVENESS DURING THE REPORTING PERIOD

Applicable Not Applicable

(I) Prominent competitive strength in the industry

The Company has ranked top 3 among the ENR global largest engineering contractors for many consecutive years, and ranked No.54 in the Global 500 in 2020. The Group has strong market management and expansion capacity, with obvious increase in each business indicator. The global operation landscape has taken shape and the overseas business has continued to improve. The Company has its financing platform of A+H listings, sufficient bank credit and the highest international rating in construction industry. The Company has created favorable brand effect in the field of infrastructure construction, and obtained stable customer base and abundant market resources.

(II) Continuous enhancement of advantage in technology

The Group has been in a world leading position in the plateau, alpine region and high-speed railway design and construction technologies. Increasing number of products are designed with independent intellectual property rights. Underground engineering facilities including major-diameter earth pressure balance shield/TBM dual-mode excavator, hard rock tunnel boring machine with major diameter and full face and hard rock tunnel boring machine with double shields filling the blank in China. Large railway track maintenance machinery including narrow-gauge tamping machines and narrow-gauge ballasting machines have also achieved the international leading level and have been exported to overseas markets. Technologies of underground and underwater engineering construction, magnetic suspension engineering construction and E&M system integration have achieved a leading level in the industry.

(III) Perfection of industrial structure and layout

The Group has completed the overall layout along the construction industry chain, with the business covering the construction operations, survey, design and consultancy operations, manufacturing, real estate development, logistics and materials trading, investment and other emerging businesses. The Company realized the transition from a construction enterprise to a one-stop solution provider with an integration of scientific research, planning, survey, design, construction, supervision, operation, maintenance, investment and financing, with the capability of expansion and synergy along the whole industry chain. The Company conducted patent layout with focus on synergy of three major business segments, namely survey and design, engineering construction and manufacturing operations. At present, it has established a preliminary patent protection network of the underwater tunnel design and construction and large-diameter shield equipment. Based on its research and analysis in the mid-to-low speed maglev field, the Company has applied for more than 100 domestic and overseas patents in 15 technology branches, such as F-type guide rails, track beams and contact system, which has established a patent portfolio for the mid-to-low speed magnetic levitation technology and has enhanced the capability to protect independent intellectual property rights and the Company's core competitiveness.

Section IV Summary of the Company's Businesses (continued)

(IV) Gradual optimization of organizational and management structure

Based on optimization and adjustment of headquarters organizational structure, the Group further optimized management structure of the Company, enhanced the governance of the loss-making enterprises, disposal of zombie enterprises, strictly controlled newly-established business entities, and vigorously reduced the number of subsidiaries with small scale, poor efficiency, limited prospects and weak synergy with the core business. According to the principle of being scientific, reasonable, capable and efficient, the Company also optimized the organizational structure, reduced the overlapping of departments and functions, and strictly controlled department and staff composition. The Company established a management system and operation mechanism with strong control, clear responsibility and smooth operation.

(V) Gradual formation of CRCC culture in the new era

The spirit of the railway soldiers, which is centered on constructing roads through mountains and building bridges over rivers has been formed, developed and inherited during the development of CRCC, creating new vigor and vitality in the new era. In 2020, under the overall principle of "inheriting tradition, leading the future, seeking truthfulness, seeking truth, pursuing pragmatism, focusing on effectiveness, striving for long-term focus and overall consideration", CRCC launched a new era of corporate culture and brand enhancement in China, completed the systematic diagnosis of the status quo of China's railway construction enterprise culture and brand based on the extensive theoretical guidance on investigation, research and science, and established the basic outline of CRCC's cultural system and brand system in the new era, which will bring a more continuous spirit to the reform and development of enterprises, creating a more glamorous brand image.

Section V Discussion and Analysis on Business Operations (Report of Directors)

I. DISCUSSION AND ANALYSIS ON BUSINESS OPERATIONS

2020 was the final year of the 13th Five-Year Plan and also an extraordinary year for the development of the Group. Facing the complicated and severe domestic and international situation, the formidable reform tasks of development and unprecedented challenges, especially the severe impact of the pandemic, the Group resolutely implemented the decisions and arrangements of the CPC Central Committee, the State Council and the SASAC, adhered to the general tone of striving for stability and advance, focused on the work guideline to “be realistic, maintain steady growth while being innovative, go above and beyond with prudence” and working requirements of “keeping integrity, innovation, quality improvement and pragmatism”, resisted the pressure and went against the trend, actively adjusted business strategies, innovated the business model and deepened the operation potential, actively implemented the strategy of “big markets, big clients, big projects”, seized the opportunity of market development, focused on regional operation, city operation and local operation, comprehensively explored emerging market, and focused on targets and grasped the implementation, achieving steady improvement in the scale of operation.

(I) Effective control and prevention of the pandemic

Since the outbreak of COVID-19, CRCC has firmly set off the responsibilities of a state-owned enterprise, played a leading role, resolutely implemented the important instructions of General Secretary Xi Jinping, insisted on the supremacy of the people and the supremacy of life, and resolutely obeyed the overall situation and served the overall situation. The Party Organizations at all levels of CRCC has set up a leading team to deal with the pandemic of COVID-19, set up a sound work system, strengthened the prevention and control measures for the pandemic, and quickly formed a working pattern of comprehensive mobilization, comprehensive deployment and comprehensive enhancement of the pandemic prevention and control; while focusing on its own prevention and control of the pandemic, the Group has organized the CRCC contingency team, CRCC volunteers and CRCC medical team to actively participate in the fight against the pandemic; devoted in the fight against the pandemic without any conditions, without consideration of costs and without fear of hard work, and donated more than RMB77 million donations in total. Entities including China Railway Construction Real Estate Group Co., Ltd., a subsidiary of the Group, took the initiative to reduce rents and property fees for tenants and merchants. China Civil Engineering Construction Co., Ltd. and China Railway 17th Bureau Group Co., Ltd., subsidiaries of the Group dispatched an expert medical team, large enterprises including China Railway 11th Bureau Group Co., Ltd., China Railway 12th Bureau Group Co., Ltd., China Railway 14th Bureau Group Co., Ltd., China Railway Construction Group Co., Ltd., China Railway SIYUAN Survey and Design Group Co., Ltd., fully participated in the construction of Huoshenshan and Leishenshan Hospital, and have built 62% of the Fangcang Hospital and 90% of the treatment beds in Wuhan. To win the battle of Hubei, we have made outstanding contributions in the battle of Wuhan, winning wide acclaim from all walks of life. CRCC insisted on putting the safety of employees at the forefront, and keeping the prevention and control of pandemic throughout the year, it has always kept the mind busy, been responsible, kept the measures tight and cared for employees, the prevention of the pandemic to the whole system has achieved good results, and there has not been any pandemic of pandemics on or off the system, inside and outside the country, contributing to the force of CRCC in the epic fight against the pandemic written by the Chinese nation in concerted efforts and perseverance.

Section V Discussion and Analysis on Business Operations (Report of Directors) (continued)

(II) Growth for operation and undertaking against the market trend

In 2020, the value of newly-signed contracts of the Group amounted to RMB2,554.2887 billion, completing 119.36% of the annual plan and representing a year-on-year increase of 27.28%. Among which, the value of newly-signed contracts for domestic business amounted to RMB2,321.4807 billion, accounting for 90.89% of the total value of the newly-signed contracts, representing a year-on-year increase of 33.60%; and the value of newly-signed contracts for overseas business amounted to RMB232.8080 billion, accounting for 9.11% of the total value of the newly-signed contracts, representing a year-on-year decrease of 13.53%. As of the end of 2020, the value of outstanding contracts for the Group amounted to RMB4,318.9267 billion, representing a year-on-year increase of 31.93%, of which, the value of outstanding domestic contracts amounted to RMB3,451.6624 billion, accounting for 79.92% of the total value of outstanding contracts; and the value of outstanding overseas contracts amounted to RMB867.2643 billion, accounting for 20.08% of the total value of outstanding contracts. The major indicators are as follows:

Unit: RMB'00 million

Type of business	Value of newly-signed contracts			Value of outstanding contracts		
	Reporting Period	Corresponding period of last year	Year-on-year growth	End of Reporting Period	Corresponding period of last year	Year-on-year growth
Construction operations	22,207.446	17,306.532	28.32%	38,310.378	29,334.521	30.60%
Survey, design and consultancy operations	225.537	149.284	51.08%	191.312	113.524	68.52%
Manufacturing operations	345.116	257.970	33.78%	508.068	376.511	34.94%
Materials and logistics operations	1,204.043	956.681	25.86%	2,568.576	2,041.468	25.82%
Real estate development operations	1,265.238	1,254.181	0.88%	1,557.669	829.004	87.90%
Other businesses	295.507	143.896	105.36%	53.264	41.343	28.83%
Total	25,542.887	20,068.544	27.28%	43,189.267	32,736.371	31.93%

During the Reporting Period, the value of newly-signed contracts for construction operations amounted to RMB2,220.7446 billion, accounting for 86.94% of the total value of newly-signed contracts and representing an increase of 28.32% year-on-year, of which, the value of newly-signed contracts for railway construction amounted to RMB289.2101 billion, accounting for 13.02% of the value of newly-signed contracts in the construction operations segment and representing an increase of 10.67% year-on-year; the value of newly-signed contracts for road projects amounted to RMB262.1719 billion, accounting for 11.81% of the value of newly-signed contracts in the construction operations segment and representing a decrease of 19.29% year-on-year; the value of newly-signed contracts for housing construction amounted to RMB858.5513 billion, accounting for 38.66% of the value of newly-signed contracts in the construction operations segment and representing an increase of 58.31% year-on-year; the value of newly-signed contracts for urban rail transit amounted to RMB196.6357 billion, accounting for 8.85% of the value of newly-signed contracts in the construction operations segment and representing an increase of 10.03% year-on-year; the value of newly-signed contracts for municipal engineering amounted to RMB459.8944 billion, accounting for 20.71% of the value of newly-signed contract in the construction operations segment and representing an increase of 49.04% year-on-year; the value of newly-signed contracts for hydraulic and electric engineering amounted to RMB61.4332 billion, accounting for 2.77% of the value of newly-signed contracts in the construction operations segment and representing

Section V Discussion and Analysis on Business Operations (Report of Directors) (continued)

an increase of 118.80% year-on-year; the value of newly-signed contracts for airports and terminals and navigation projects amounted to RMB30.0390 billion, accounting for 1.35% of the value of the newly-signed contracts in the construction operations segment and representing a decrease of 20.20% year-on-year. The year-on-year decrease in the value of newly-signed contracts for road projects was attributable to the relatively slow pace of investment in road construction and the relatively reduced total number of projects tendered in the market under the impact of the pandemic. The significant increase in the value of newly signed contracts for housing construction and municipal engineering was attributable to the implementation of relevant State policy. With the in-depth advancement of new urbanization construction, urban agglomeration construction and the upgrading and transformation of old residential areas, the demand for market construction released continuously. At the same time, the Company focused on the set goals, strengthened the implementation of responsibilities, vigorously expanded the urban comprehensive development market, and achieved healthy development. Fluctuations in the newly-signed contracts' amount of hydraulic and electric engineering, airports and terminals, and navigation projects were normal due to relatively small overall scale and proportion.

During the Reporting Period, the value of newly-signed contracts for non-construction operations segments of the Group amounted to RMB333.5441 billion, accounting for 13.06% of the total value of newly-signed contracts and representing an increase of 20.76% year-on-year. In particular, the value of newly-signed contracts for survey, design and consultancy operations amounted to RMB22.5537 billion, representing an increase of 51.08% year-on-year; the value of newly-signed contracts for manufacturing operations amounted to RMB34.5116 billion, representing an increase of 33.78% year-on-year; the value of newly-signed contracts for materials and logistics operations amounted to RMB120.4043 billion, representing an increase of 25.86% year-on-year; and the value of newly-signed contracts for real estate development operations amounted to RMB126.5238 billion, representing an increase of 0.88% year-on-year. The main reason for the significant year-on-year increase in the value of newly-signed contracts for survey, design and consultancy operations was that the Company adjusted its management concept, attached great importance to the leading and supporting position of the survey, design and consultancy operations, and clarified the positioning of the industry's development. Through increasing resources allocation and defining management responsibility, the market has been opened up with high quality, new concept and "CRCC Plan", which stimulates business vitality. The year-on-year increase in the value of newly-signed contracts for manufacturing operations and materials and logistics operations was mainly attributable to the significant pick-up of orders demand, benefiting from the rapid recovery of domestic construction and production.

Section V Discussion and Analysis on Business Operations (Report of Directors) (continued)

(III) Construction and production remained stable with sharp progresses

In 2020, the Group actively responded to the significant and daunting challenges brought by the pandemic, carried forward the traditional spirit of railway corps – “exceptional endurance and exceptional strength”, made concerted efforts to solve difficulties, strictly abided by the pandemic prevention and control policies, implemented the requirements of “ensure stability and security in six areas” issued by the CPC Central Committee, promoted differentiation and precision to resume work, resume production and reach target output, so as to successfully achieve the target of construction and production for the whole year. During the Reporting Period, the Group made overall plans, meticulously organized, straightened out the examination and approval chain, supply chain and production chain, focused on achieving, stabilizing, and increasing production, and quickly formed an efficient situation of “great efforts and quick progress”. The Group adhered to the key points, implemented the responsibility system of “three maintenance and one reduction”, strengthened checklist management, held meetings such as symposiums on construction and production of key projects, special work conferences and promotion meetings for projects under construction, carried out three-year special rectification actions for production safety, took demonstrations from each point, and promoted by the outreaching benefits, so as to ensure stable and orderly construction and production. The Group has firmly established a sense of quality and has built a large number of high-quality projects such as Beijing-Xiongan High-speed Railway, Beijing-Zhangjiakou Railway, Kunming South Railway Station, Wuhan Metro Line 6, Nanning Metro Line 3, Rye Railway, Bejaya Expressway. In the year of 2020, the Group won six China Construction Engineering Luban Prizes (中國建設工程魯班獎) and 50 National Quality Project Awards (國家優質工程獎).

(IV) New achievements were made in reform and innovation

During the Reporting Period, the Group adhered to the two engines of reform and innovation, formulated the Three-year Action Implementation Plan for Reform, clarified 23 reform tasks in six major areas, identified 71 reform initiatives, and coordinated the promotion of three system reforms and special tasks such as “Double Hundred Actions”, “Demonstration Action of Science and Technology Reform”, “Pilot Project for a Country with Strong Transportation Network” and “Benchmarking World-Class Standards”. The functional positioning of the Company’s headquarters has been continuously optimized, and management efficiency and control capabilities have been further improved; the business strategy of headquarters has been steadily implemented, and the synergy effect of regional operation was obvious; the overseas “3+5+N” management system was sound and perfect, and overseas markets continued to develop. The Group implemented the reform of “delegate power; streamline administration; optimize services”, delegated more powers and authorization; steadily conducted the initiatives of “leaner and healthier”, established a long-term mechanism for reducing work, strictly implemented the requirement of “one increase and one decrease” for newly-established non-project legal entities, to realize the goal of the SASAC relating to the “Net increase in the number of legal persons not exceeding 50% of the increase in the net profit of the previous year”. The main task of the reform of “Disposal and Governance of Zombie Enterprises and Enterprises with Difficulties” was basically completed; the disposal plan of non-core businesses and non-advantageous businesses was issued and effectively promoted the disposal work of non-core businesses and non-advantageous businesses.

Section V Discussion and Analysis on Business Operations (Report of Directors) (continued)

In 2020, the Group made every effort to strengthen technological innovation, continuously promoted the research and development of the national topic of “Development and Usage of Urban Underground Space”; jointly led the publication of 4 international standards, officially established the expert committee of the Company; the preparation work of the first batch of engineering laboratories entered the acceptance stage. In 2020, the Group received 107 the provincial Science and Technology Awards, 44 Construction Science and Technology Awards of China Construction Enterprise Management Association, 267 awards of new engineering methods at the provincial and ministerial level, 11 China Architecture Engineering Zhantianyou Awards, 11 prizes in China Construction Engineering BIM Competition, the “World’s Best Engineering Award” in Engineering News Record (ENR) of the United States; and 5,099 patents were granted annually.

(V) Effective and controllable of risk prevention

In 2020, CRCC continued to strengthen the risk warning and process control, highlighting the effectiveness of risk management and promoting the establishment of a major risk identification and monitoring system. On the one hand, the Company completed the 2020 annual risk appraisal and conducted a second evaluation of the material risks identified in the appraisal, established a KRI index system for major risk monitoring, and provided a detailed reference indicator for each unit and each department to supervise the implementation of material risks’ control and monitoring work. On the other hand, the Company strengthened the requirements of major risk tracking and monitoring, established the monitoring and reporting mechanism for significant risks, set up Reporting System for Significant Risk Events, conducted continuous monitoring of major risks assessed at the beginning of the year, collected and reported material risk information of the whole system in a timely manner. In order to meet the external regulatory requirements and internal management requirements, the Company has revised the “Internal Control and Risk Management Approaches” in an all-round way to further standardize relevant work requirements and continuously improve and perfect the construction of risk internal control system.

Section V Discussion and Analysis on Business Operations (Report of Directors) (continued)

II. MAJOR OPERATIONAL PARTICULARS DURING THE REPORTING PERIOD

In 2020, the Group recorded revenue of RMB910,324.8 million, representing an increase of 9.62% as compared to the corresponding period last year. The net profit amounted to RMB25,708.7 million, representing an increase of 13.64% as compared to the corresponding period of last year. The newly signed contracts for the year amounted to RMB2,554,288.7 million, representing a year-on-year increase of 27.28%. For more details, please see “I Discussion and Analysis on Business Operations”.

(I) Analysis of main businesses

- Analysis on Changes of Relevant Items in Statement of Profit or Loss and Statement of Cash Flows

Unit: '000 Currency: RMB

Item	During the period	During the corresponding period last year	Change (%)
Revenue	910,324,763	830,452,157	9.62
Cost of sales	825,987,266	750,365,068	10.08
Selling and distribution expenses	5,667,867	5,432,855	4.33
General and administrative expenses	19,038,444	18,151,260	4.89
Research and development expenses	18,605,952	16,527,801	12.57
Finance costs	3,252,809	3,632,348	-10.45
Net cash flows generated from operating activities	40,109,248	40,005,838	0.26
Net cash flows generated from investing activities	-50,297,671	-50,168,858	N/A
Net cash flows generated from financing activities	38,239,029	20,197,995	89.32
Profit	31,020,589	27,628,779	12.28
Profit margin (%)	3.41	3.33	Increased by 0.08 percentage points
Net Profit	25,708,674	22,623,691	13.64

Section V Discussion and Analysis on Business Operations (Report of Directors) (continued)

2. Analysis of the revenue and costs

Applicable Not Applicable

In 2020, the Group recorded a revenue of RMB910,324.8 million, representing an increase of 9.62% as compared to the corresponding period last year. The main businesses of the Group cover construction operations, survey, design and consultancy, manufacturing, real estate development, logistics and materials trading, investment, finance and other emerging industries, and operating business of the Company cover 32 provinces (including Taiwan), autonomous regions, municipalities and Hong Kong and Macau Special Administrative Regions in China, as well as 134 foreign countries in the world.

(1) Performance of main businesses by segment and region

Unit: '000 Currency: RMB

Main Businesses by Segment

By segment	Revenue	Cost of sales	Gross profit margin (%)	Increase/decrease in revenue as compared to last year (%)	Increase/decrease in cost of sales as compared to last year (%)	Increase/decrease in gross profit margin as compared to last year (%)
Construction operations	813,334,003	754,694,045	7.21	12.25	12.55	Decreased by 0.25 percentage points
Survey, design and consultancy operations	18,460,223	12,302,653	33.36	2.08	0.14	Increased by 1.30 percentage points
Manufacturing operations	18,049,246	13,722,266	23.97	-0.31	-1.88	Increased by 1.21 percentage points
Real estate development operations	40,928,924	32,609,949	20.33	-0.89	0.42	Decreased by 1.04 percentage points
Logistics and materials trading and other businesses	76,624,569	69,178,544	9.72	6.63	9.59	Decreased by 2.43 percentage points
Inter-segment elimination	-57,072,202	-56,520,191	/	/	/	/
Total	910,324,763	825,987,266	9.26	9.62	10.08	Decreased by 0.38 percentage points

Section V Discussion and Analysis on Business Operations (Report of Directors) (continued)

Main Businesses by Region

By region	Revenue	Cost of sales	Gross profit margin (%)	Increase/ decrease in revenue as compared to last year	Increase/ decrease in cost of sales as compared to last year	Increase/ decrease in gross profit margin as compared to last year
				(%)	(%)	(%)
Mainland China	871,621,772	791,275,359	9.22	9.66	10.09	Decreased by 0.36 percentage points
Overseas	38,702,991	34,711,907	10.31	8.73	9.77	Decreased by 0.85 percentage points
Total	910,324,763	825,987,266	9.26	9.62	10.08	Decreased by 0.38 percentage points

Note: Due to the unique nature of the business of the Group, the main businesses of the Group by industries are analyzed by segments.

Explanation on the main businesses by segments and regions

① Construction operations

Construction Operations (Before Elimination of Inter-Segment Transactions)

Unit: '000 Currency: RMB

Item	2020	2019	Growth Rate (%)
Revenue	813,334,003	724,545,101	12.25
Cost of sales	754,694,045	670,520,915	12.55
Gross profit	58,639,958	54,024,186	8.54
Gross profit margin (%)	7.21	7.46	Decreased by 0.25 percentage points
Selling and distribution expenses	2,000,507	2,018,185	-0.88
General and administrative expenses and research and development expenses	30,841,917	28,179,462	9.45
Total profit	16,254,700	13,468,988	20.68

Section V Discussion and Analysis on Business Operations (Report of Directors) (continued)

② Survey, design and consultancy operations

Survey, Design and Consultancy Operations (Before Elimination of Inter-Segment Transactions)

Unit: '000 Currency: RMB

Item	2020	2019	Growth Rate (%)
Revenue	18,460,223	18,084,886	2.08
Cost of sales	12,302,653	12,286,044	0.14
Gross profit	6,157,570	5,798,842	6.19
Gross profit margin (%)	33.36	32.06	Increased by 1.30 percentage points
Selling and distribution expenses	1,299,458	1,129,472	15.05
General and administrative expenses and research and development expenses	2,054,279	2,030,586	1.17
Total profit	3,047,224	3,092,885	-1.48

③ Manufacturing operations

Manufacturing Operations (Before Elimination of Inter-Segment Transactions)

Unit: '000 Currency: RMB

Item	2020	2019	Growth Rate (%)
Revenue	18,049,246	18,104,633	-0.31
Cost of sales	13,722,266	13,984,485	-1.88
Gross profit	4,326,980	4,120,148	5.02
Gross profit margin (%)	23.97	22.76	Increased by 1.21 percentage points
Selling and distribution expenses	578,727	558,715	3.58
General and administrative expenses and research and development expenses	1,779,698	1,698,192	4.80
Total profit	2,300,528	2,093,205	9.90

Section V Discussion and Analysis on Business Operations (Report of Directors) (continued)

④ Real estate development operations

Real Estate Development Operations (Before Elimination of Inter-Segment Transactions)

Unit: '000 Currency: RMB

Item	2020	2019	Growth Rate (%)
Revenue	40,928,924	41,297,403	-0.89
Cost of sales	32,609,949	32,472,429	0.42
Gross profit	8,318,975	8,824,974	-5.73
Gross profit margin (%)	20.33	21.37	Decreased by 1.04 percentage points
Selling and distribution expenses	1,015,389	877,701	15.69
General and administrative expenses and research and development expenses	1,117,167	1,080,126	3.43
Total profit	5,875,028	6,116,617	-3.95

⑤ Materials and logistics and other businesses

Materials and logistics and other businesses (Before Elimination of Inter-Segment Transactions)

Unit: '000 Currency: RMB

Item	2020	2019	Growth Rate (%)
Revenue	76,624,569	71,857,349	6.63
Cost of sales	69,178,544	63,126,969	9.59
Gross profit	7,446,025	8,730,380	-14.71
Gross profit margin (%)	9.72	12.15	Decreased by 2.43 percentage points
Selling and distribution expenses	775,238	848,782	-8.66
General and administrative expenses and research and development expenses	1,855,841	1,690,695	9.77
Total profit	3,837,719	3,525,479	8.86

(2) Analysis of production and sales

Applicable Not Applicable

Section V Discussion and Analysis on Business Operations (Report of Directors) (continued)

(3) Cost analysis table

Unit: '000 Currency: RMB

By segment	Item relating to cost composition	Amount in the current period	Particulars by segment		Percentage changes in the amount for the period as compared to that of the corresponding period last year		Explanation
			Percentage to the total cost for the period (%)	Amount for the corresponding period last year	Percentage of the total cost for the corresponding period last year (%)	Percentage for the period as compared to that of the corresponding period last year (%)	
Construction operations	-	754,694,045	85.52	670,520,915	84.62	12.55	
Survey, design and consultancy operations	-	12,302,653	1.39	12,286,044	1.55	0.14	
Manufacturing operations	-	13,722,266	1.55	13,984,485	1.76	-1.88	
Real estate development operations	-	32,609,949	3.70	32,472,429	4.10	0.42	
Logistics and materials trading and other businesses	-	69,178,544	7.84	63,126,969	7.97	9.59	
Total for the above	-	882,507,457	100.00	792,390,842	100.00	11.37	
Including:	Labor cost	257,397,866	29.17	233,907,487	29.52	10.04	
	Materials expenses	371,843,071	42.13	330,894,640	41.76	12.38	
	Machinery expense	98,094,990	11.12	84,991,907	10.72	15.42	
	Other cost	155,171,530	17.58	142,596,808	18.00	8.82	
Inter-segment elimination	-	-56,520,191	-	-42,025,774	-	-	
Total	-	825,987,266	100.00	750,365,068	100.00	10.08	

Note: Given the unique nature of the Group's business, the Group conducted the analysis by segments.

Section V Discussion and Analysis on Business Operations (Report of Directors) (continued)

(4) Major customers and suppliers

Applicable Not Applicable

The revenue from the top five customers was RMB42.2001 billion, accounting for 4.64% of the annual total revenue, among which the revenue from the related parties was RMB0 billion, accounting for 0% of the annual total revenue.

The purchase amount from the top five suppliers was RMB7.0290 billion, accounting for 0.85% of the annual total purchase amount, among which the purchase amount from the related parties was RMB0 billion, accounting for 0% of the annual total purchase amount.

Other Explanation

The top five major customers of the Group are railway companies, which are subsidiaries of China State Railway Group Co., Ltd., local urban rail and metro companies, and joint ventures of the Company. The Controlling Shareholder and the ultimate owner of the Company and the companies under its control were not connected to the major customers. None of the Directors or their respective close associates (as defined in the Hong Kong Listing Rules) or the existing shareholders who owned, as to the knowledge of the Directors, 5% or more of the Company's issued share capital held any interests in the top five customers.

The top five suppliers of the Group were mainly large steel enterprises and logistics trading enterprises in China. The Controlling Shareholder and the actual controller of the Company and the companies under its control were not connected to the major suppliers. None of the Directors or their respective close associates (as defined in the Hong Kong Listing Rules) or the existing shareholders who owned, as to the knowledge of the Directors, 5% or more of the Company's issued share capital held any interests in the Group's top five suppliers.

3. Expenses

Applicable Not Applicable

In 2020, the Group's selling and distribution expenses amounted to RMB5.6679 billion, representing an increase of 4.33% as compared to that of 2019. The increase in selling and distribution expenses was mainly attributable to increased efforts in operation undertakings and a significant increase in additional contract amounts.

In 2020, the general and administrative expenses of the Group was RMB19.0384 billion, with an increase of 4.89% compared to that in 2019, mainly caused by the expansion in the major business scale of the management.

Section V Discussion and Analysis on Business Operations (Report of Directors) (continued)

In 2020, the research and development expenses of the Group was RMB18.6060 billion, with an increase of 12.57% compared to that in 2019, mainly due to the year-on-year decrease in interest expenses.

In 2020, the finance costs of the Group were RMB3.2528 billion, with a decrease of 10.45% as compared to that in 2019, mainly due to the decrease in interest-bearing liabilities as compared with the previous year.

In 2020, the Group's income tax expenses amounted to RMB5.7819 billion, representing an increase of 7.01% as compared to that of 2019, mainly due to the increase in total profit for the year as a result of expanded business scale in this year. The details of income tax expenses are shown in the following table:

Unit: '000 Currency: RMB

Item	2020	2019
Income tax expenses for the period	5,705,249	5,918,745
Deferred income tax expenses	76,629	-515,786
Total income tax expenses	5,781,878	5,402,959

4. R&D investment

(1) Table of R&D investment

Applicable Not Applicable

Unit: '000 Currency: RMB

Expense-type research and development expenses for the current period	18,605,952
Capitalised research and development expenses for the current period	-
Total R&D expenditures	18,605,952
Proportion of total research and development expenses to the revenue (%)	2.04
Number of R&D staff	30,076
Percentage of R&D staffs to the total staffs of the Company (%)	10.51
Percentage of capitalised R&D investment (%)	-

Section V Discussion and Analysis on Business Operations (Report of Directors) (continued)

(2) Explanation

Applicable Not Applicable

In 2020, the Group focused on the implementation of management of key national research and development projects, strived to build the brand of urban underground space, and promoted the transformation of scientific and technological achievements. The market-oriented effect of “High-speed Railway 40m Pre-stressed Simple Supporting Box Girder Equipment Complete Equipment” project was significant. The “Kunlun”, a 1,000-tonne high-speed railway carriage integrated frame developed by the Group, completed its first frame erecting of the Fuzhou-Xiamen high-speed railway in June 2020, which marked a significant improvement in technology and equipment for the construction of high-speed railways in China, creating significant construction of high-speed railway for the country. After the application of the four-machine-one-system to the Fuzhou-Xiamen Railway and the South-Yangtze Railway, the four machines with one system has been promoted and applied in Hangzhou-Quzhou Railway, Changjinghuang Railway, Husuhu Railway and Shenbai Railway.

In 2020, the R&D cost of the Company at the corporate level was mainly used in major specific programs and the R&D of Class B subjects, supporting the Intellectual Property Rights Center and the R&D of national scientific programs as well as the preparation of corporate technology standards, and vigorously guaranteed the smooth advancing of subject R&D and other work.

5. Capital expenditure

The Group’s capital expenditures are mainly used for the purchase or construction and technical upgrading of equipment and facilities, as well as for the construction of PPP and BOT projects. In 2020, the Group’s capital expenditures amounted to RMB30.8469 billion, representing an decrease of RMB4.4837 billion as compared to that of 2019. The decrease was mainly attributable to the adjustment of the Group’s investment structure.

Unit: '000 Currency: RMB

Segment	2020	2019
Construction operations	16,755,203	18,560,632
Survey, design and consultancy operations	195,491	314,095
Manufacturing operations	934,937	2,248,324
Real estate development operations	322,184	695,208
Other business	12,639,059	13,512,346
Total	30,846,874	35,330,605

Section V Discussion and Analysis on Business Operations (Report of Directors) (continued)

6. Cash flows

Applicable Not Applicable

Analysis of changes in cash flows

Unit: '000 Currency: RMB

Item	2020	2019	Growth (%)
Net cash flows generated from operating activities	40,109,248	40,005,838	0.26
Net cash flows generated from investing activities	-50,297,671	-50,168,858	N/A
Net cash flows generated from financing activities	38,239,029	20,197,995	89.32

In 2020, the net cash flows generated from the operating activities of the Group was RMB40.1092 billion, representing an increase of net cash inflow of RMB0.1034 billion, or 0.26%, as compared to that of last year, mainly due to the increase in cash received from the provision of construction services and sales of goods during the year.

In 2020, the Group's net cash flows generated from investing activities amounted to RMB-50.2977 billion, representing an increase of RMB0.1288 billion net outflow as compared to the corresponding period last year, mainly due to the increase in foreign equity investment.

In 2020, the Group's net cash flows generated from financing activities amounted to RMB38.2390 billion, representing an increase of cash inflow of RMB18.0410 billion, or 89.32%, as compared to that of last year, which was mainly attributable to the increase of borrowings from the replenishment of liquidity in the year.

7. Issuance of bonds by the Company during the Reporting Period (disclosure pursuant to the Hong Kong Listing Rules)

(1) Issuance of ultra-short-term financing bonds by the Company

The Company convened the 2016 annual general meeting of Shareholders on 15 June 2017, considering and approving the Resolution on the Registration and Issuance of Debt Financing Instruments from the National Association of Financial Market Institutional Investors of the Company, agreeing that the Company registered and issued debt financing instruments by a unified form in the National Association of Financial Market Institutional Investors. From 22 to 23 October 2020, the Company issued the first tranche of 2020 medium-term notes of RMB3.0 billion, with a term of 3 + N.

(2) Renewable corporate bonds issued by the Company

For details, please refer to "Section XII Particulars of Corporate Bonds" of this report.

Section V Discussion and Analysis on Business Operations (Report of Directors) (continued)

8. Bank facilities of the Company during the Reporting Period

As at 31 December 2020, the Group has already obtained the banking facilities from several PRC banks of up to RMB1,700.6991 billion, of which an amount of RMB617.2421 billion has been utilized.

9. Foreign exchange risk and exchange loss

The main production and operating activities of the Group were carried out in China, settled by RMB. There was foreign exchange risk in the foreign currency assets and liabilities recognized by the Group and future transactions denominated in foreign currencies. See “64. Foreign currency monetary items” in Note V of the Financial Reports attached to the report for the monetary resources, trade receivables, other receivables, short-term borrowings, trade payables, other payables, long-term borrowings and bonds payable (mainly USD, Euro, Algerian dinars etc.) held by the Group by 31 December 2020.

The management of the Company paid close attention to the effect of exchange rate movement on the foreign exchange risk of the Group. The Group has not entered into the significant forward foreign exchange contract. The Financial Department of the Company would monitor foreign exchange risk, and would hedge the significant foreign exchange risk when necessary. See “3. Financial instrument risks” in Note VIII of the Financial Reports attached to the report for the exchange rate risk for details.

(II) Explanation of the major profit changes due to other businesses

Applicable Not Applicable

(III) Analysis of assets and liabilities

Applicable Not Applicable

Section V Discussion and Analysis on Business Operations (Report of Directors) (continued)

1. Assets and Liabilities

Unit: '000 Currency: RMB

Name of item	Amount at the end of the period	Percentage of amount at the end of the period to the total assets (%)	Amount at the end of last year	Percentage of amount at the end of last period to the total assets (%)	Percentage of the amount at the end of the period as compared to that of last year (%)	Explanation
Cash and bank balances	187,997,046	15.13	156,887,177	14.51	19.83	
Held-for-trading financial assets	587,022	0.05	3,587,646	0.33	-83.64	It is mainly due to the disposal of wealth management products held by the Group during the Reporting Period.
Bills receivable	18,242,816	1.47	10,305,274	0.95	77.02	It is mainly due to the increase in proportion of payment by bills by the Group's customers during the Reporting Period.
Receivables at FVTOCI	3,683,653	0.30	2,654,263	0.25	38.78	It is mainly due to the increase in proportion of payment by bills by the Group's customers during the Reporting Period.
Trade receivables	125,696,204	10.11	112,138,537	10.37	12.09	
Advances to suppliers	24,316,491	1.96	24,335,981	2.25	-0.08	
Other receivables	66,383,081	5.34	60,100,338	5.56	10.45	
Inventories	232,358,730	18.70	194,891,575	18.02	19.22	
Contract assets	165,030,475	13.28	154,903,081	14.33	6.54	
Other current assets	20,161,207	1.62	17,900,227	1.66	12.63	
Other non-current financial assets	2,839,530	0.23	1,643,494	0.15	72.77	It is mainly due to the increase in external investments by the Group.
Other equity instrument investments	10,510,397	0.85	10,038,609	0.93	4.70	
Long-term receivables	74,472,408	5.99	60,804,614	5.62	22.48	
Long-term equity investments	70,621,039	5.68	49,644,634	4.59	42.25	It is mainly due to the increase in external investments by the Group.

Section V Discussion and Analysis on Business Operations (Report of Directors) (continued)

Name of item	Amount at the end of the period	Percentage of amount at the end of the period to the total assets (%)	Amount at the end of last year	Percentage of amount at the end of last period to the total assets (%)	Percentage of the amount at the end of the period as compared to that of last year (%)	Explanation
Fixed assets	56,111,920	4.52	50,891,768	4.71	10.26	
Right-of-use assets	5,292,332	0.43	5,678,711	0.53	-6.80	
Intangible assets	70,372,417	5.66	59,871,943	5.54	17.54	
Short-term loans	49,879,073	4.01	42,749,266	3.95	16.68	
Bills payable	84,290,956	6.78	69,601,977	6.44	21.10	
Trade payables	349,327,324	28.11	325,785,304	30.13	7.23	
Advances from customers	126,257	0.01	128,914	0.01	-2.06	
Contract liabilities	131,058,617	10.55	108,506,589	10.04	20.78	
Other payables	79,595,459	6.40	70,116,812	6.48	13.52	
Other current liabilities	21,592,243	1.74	14,747,536	1.36	46.41	It is mainly due to the increase in tax on items to be resold by the Group during the Reporting Period.
Long-term loans ^{Note 1}	126,399,543	10.17	104,850,527	9.70	20.55	
Bonds payable ^{Note 2}	34,454,741	2.77	39,709,268	3.67	-13.23	
Leasing liabilities	2,677,405	0.22	3,160,980	0.29	-15.30	
Long-term payables	13,689,068	1.10	8,563,197	0.79	59.86	It is mainly due to the increase in construction quality margins payable by the Group during the Reporting Period.
Employee benefits payable ^{Note 3}	12,209,225	0.98	12,233,210	1.13	-0.20	
Other non-current liabilities	125,204	0.01	434,034	0.04	-71.15	It is mainly due to the change in fair value of derivatives of the Group during the Reporting Period.

Note 1. "Long-term loans" includes "current portion of long-term loans".

Note 2. "Bonds payables" includes current portion of bonds payable".

Note 3. "Employee benefits payable" is the sum of the "employee benefits payable" in the current liabilities and the "long-term employee benefits payables" in the non-current liabilities plus the "current portion of post-employment benefits".

2. Restriction on assets as at the end of the Reporting Period

Applicable Not Applicable

Section V Discussion and Analysis on Business Operations (Report of Directors) (continued)

3. Financial assets as at the end of the Reporting Period

The Group classifies the financial assets mainly according to the characteristics of its own businesses, risk management requirements and the purpose of holding such financial assets.

As at 31 December 2020, the Group's financial assets were as follows:

Unit: '000 Currency: RMB

Item	Classified as financial assets at fair value through other comprehensive income	Designated as financial assets at fair value through other comprehensive income	Financial assets at fair value through profit or loss	Financial assets measured at amortized cost	Total
Bills receivable	-	-	-	18,242,816	18,242,816
Trade receivables	-	-	-	125,696,204	125,696,204
Receivables at FVTOCI	3,683,653	-	-	-	3,683,653
Loans and advances to customers	-	-	-	2,772,645	2,772,645
Other receivables (excluding petty cash)	-	-	-	65,869,102	65,869,102
Other current assets	-	-	-	45,670	45,670
Long-term receivables	-	-	-	74,472,408	74,472,408
Cash and bank balances	-	-	-	187,997,046	187,997,046
Held-for-trading financial assets	-	-	587,022	-	587,022
Debt investments	-	-	-	41	41
Other debt investments	1,003,745	-	-	-	1,003,745
Other equity instrument investments	-	10,510,397	-	-	10,510,397
Other non-current financial assets	-	-	2,839,530	-	2,839,530
Current portion of non-current assets	16,584	-	-	6,808,096	6,824,680
Total	4,703,982	10,510,397	3,426,552	481,904,028	500,544,959

Section V Discussion and Analysis on Business Operations (Report of Directors) (continued)

As at 31 December 2020, the Group's financial liabilities were as follows:

Unit: '000 Currency: RMB

Item	Other financial liabilities	Total
Short-term loans	49,879,073	49,879,073
Due to customers	4,815,608	4,815,608
Bills payable	84,290,956	84,290,956
Trade payables	349,327,324	349,327,324
Other payables	79,595,459	79,595,459
Current portion of non-current liabilities (excluding employee benefits payable, estimated liabilities and lease liabilities due within one year)	26,394,617	26,394,617
Other current liabilities	2,417,770	2,417,770
Long-term loans	111,018,145	111,018,145
Bonds payable	26,111,854	26,111,854
Long-term payables (excluding special payables)	13,615,008	13,615,008
Other non-current liabilities	85,250	85,250
Total	747,551,064	747,551,064

Section V Discussion and Analysis on Business Operations (Report of Directors) (continued)

4. Working capital

(1) Trade receivables

Trade receivables of the Group increased from RMB112.1385 billion as at 31 December 2019 to RMB125.6962 billion as at 31 December 2020, representing an increase of RMB13.5577 billion. The Board of the Company is of the view that the Group has accrued sufficient impairment of credit losses.

The following table sets forth the aging analysis of trade receivables as at the balance sheet date indicated:

Unit: '000 Currency: RMB

Age	31 December 2020	31 December 2019
Within 1 year	102,570,270	92,147,207
1-2 years	16,542,230	14,220,068
2-3 years	6,122,823	6,306,436
Over 3 years	8,728,128	6,077,845
Subtotal	133,963,451	118,751,556
Less: Impairment of credit losses	8,267,247	6,613,019
Total	125,696,204	112,138,537

The following table sets forth the turnover days of the trade receivables and trade payables of the Group as at the balance sheet dates indicated:

Item	2020	2019
Turnover days of trade receivables ^{Note 1}	51	49
Turnover days of trade payables ^{Note 2}	149	146

Note 1. The number of turnover days of trade receivables is derived by dividing the arithmetic mean of the opening and closing balances of trade receivables for the relevant year by revenue multiplying 365 days.

Note 2. The number of turnover days of trade payables is derived by dividing the arithmetic mean of the opening and closing balances of trade payables for the relevant year by cost of sales multiplying 365 days.

Section V Discussion and Analysis on Business Operations (Report of Directors) (continued)

(2) Trade payables

Trade receivables of the Group increased from RMB325.7853 billion as at 31 December 2019 to RMB349.3273 billion as at 31 December 2020, representing an increase of RMB23.5420 billion, mainly due to the expansion of business scale during the Reporting Period, resulting in the increase in accounts payable.

The following table sets forth the aging analysis of trade payables as at the balance sheet date indicated:

Unit: '000 Currency: RMB

Item	31 December 2020	31 December 2019
Within 1 year	340,777,759	318,511,674
1–2 years	6,038,420	5,059,474
2–3 years	1,499,873	1,050,771
Over 3 years	1,011,272	1,163,385
Total	349,327,324	325,785,304

5. Advances to suppliers and other receivables

Advances to suppliers and other receivables of the Group increased from RMB84.4363 billion as at 31 December 2019 to RMB90.6996 billion as at 31 December 2020, representing an increase of RMB6.2633 billion, or 7.42%, mainly due to the increase in amount for investing in cooperative development projects during the Reporting Period.

6. Defined benefit plan

Certain employees of the Group had completely dealt with their respective long-term post-leaving. Post-employment benefits were recognised in the period in which the relevant entities of the Group have entered into agreements with the employees specifying terms, or after the individual employees have been advised of the specific terms. The specific terms vary among the terminated and post-employment benefits depending on various factors including their positions, length of service, and the district in which the employees are located.

During the Reporting Period, the Group's obligations in respect of the defined benefit plan for post leaving personnel were computed by an independent actuary, Beijing Branch of Towers Watson Management Consulting (Shenzhen) Co., Ltd. as at 31 December 2020, using the projected cumulative unit credit method.

The plan has no defined benefit assets.

The plan is exposed to the risk of interest rate and the risk of changes in the life expectancy for post-leaving personnel.

As at 31 December 2019 and 31 December 2020, the Group held the provisions of such obligations hereof amounting to RMB0.3528 billion and RMB0.2359 billion respectively.

Section V Discussion and Analysis on Business Operations (Report of Directors) (continued)

7. Liabilities

(1) Borrowing

The short-term loans of the Group as of 31 December 2020 and 31 December 2019 were as follows:

Unit: '000 Currency: RMB

Item	31 December 2020	31 December 2019
Pledged loans	1,762,489	1,799,449
Mortgaged loans	—	112,873
Guaranteed loans	4,203,911	5,093,140
Credit loans	43,912,673	35,743,804
Total	49,879,073	42,749,266

Other current liabilities of the Group as of 31 December 2020 and 31 December 2019 were as follows:

Unit: '000 Currency: RMB

Item	31 December 2020	31 December 2019
Other current liabilities	21,592,243	14,747,536

Note: For more details, please refer to “32. Other current liabilities” in the Note V of the Financial Reports in this report.

The long-term loans of the Group as of 31 December 2020 and 31 December 2019 were as follows:

Unit: '000 Currency: RMB

Item	31 December 2020	31 December 2019
Pledged loans	46,322,599	35,091,405
Mortgaged loans	11,296,894	6,639,979
Guaranteed loans	14,096,548	21,249,507
Credit loans	39,302,104	24,955,147
Total	111,018,145	87,936,038

Section V Discussion and Analysis on Business Operations (Report of Directors) (continued)

The maturity profile of the long-term loans as at 31 December 2020 and 31 December 2019 were as follows:

Unit: '000 Currency: RMB

Item	31 December 2020	31 December 2019
Within one year or paid on demand	15,381,398	16,914,489
In the second year (inclusive)	25,051,038	16,265,195
In the third to fifth year (inclusive)	35,874,440	29,947,337
Over five years	50,092,667	41,723,506
Total	126,399,543	104,850,527

The bonds payable of the Group as at 31 December 2020 and 31 December 2019 were as follows:

Unit: '000 Currency: RMB

Item	31 December 2020	31 December 2019
Total bonds payable	34,454,741	39,709,268
Less: Total current portion of bonds payable	8,342,887	13,565,374
Total non-current portion of bonds payable	26,111,854	26,143,894

Gearing ratio analysis:

As at 31 December 2020 and 31 December 2019, the gearing ratios of the Group were 64% and 66%, respectively. Gearing ratio is the ratio of the net liabilities and capital plus net liabilities. Net liabilities include the sum of all the borrowings, due to customers, other current liabilities, bills payable, trade payables, other payables, bonds payable, lease liabilities, long-term payables (excluding special payables), current portion of non-current liabilities (excluding current portion of long-term employee benefits payable and provisions) and other non-current liabilities after deducting the cash and bank balances.

Section V Discussion and Analysis on Business Operations (Report of Directors) (continued)

(2) Commitments

The commitments of the Group as at 31 December 2020 and 31 December 2019 were as follows:

Unit: '000 Currency: RMB

Item	31 December 2020	31 December 2019
Contracted but not provided for		
Capital commitments	1,184,137	248,917
Investment commitments	39,819,252	12,921,702
Other commitments	234,062	8,061,829
Total	41,237,451	21,232,448

(3) Contingent liabilities

During the Reporting Period, the Group had no material contingent liabilities.

(4) Mortgage and pledge of assets

The mortgage and pledge of assets of the Group as at 31 December 2020 and 31 December 2019 were as follows:

Unit: '000 Currency: RMB

Item	31 December 2020	31 December 2019
Intangible assets	64,215,766	48,874,715
Inventories	36,791,724	25,977,309
Cash and bank balances	14,100,437	14,265,487
Long-term receivables (pledge)	10,472,021	133,142
Other non-current assets	7,526,905	4,779,563
Trade receivables	1,167,023	1,245,243
Bills receivable	926,823	562,481
Construction in progress	681,746	-
Fixed assets	60,290	263,379
Long-term receivables (mortgage)	-	1,291,510

For details, please refer to "63. Assets with title restrictions" in the Note V of the Financial Reports in this report.

8. Other Explanation

Applicable Not Applicable

Section V Discussion and Analysis on Business Operations (Report of Directors) (continued)

(IV) Analysis for industrial operation information

Applicable Not Applicable

The businesses of the Group cover construction operations, survey, design and consultancy, manufacturing, development of real estate, materials and logistics, investment, finance and other emerging industries. According to Guidelines for the Industry Classification of Listed Companies (Revised in 2012) and the industry classification results of listed companies issued by CSRC, the Group is in construction industry. For details of the industry analysis of the business segments of the Group, please refer to relevant content of the “Section IV Summary of the Company’s Businesses” and “Section V Discussion and Analysis on Business Operations (Report of Directors)” to this Report. The analysis for industrial operation information of the Group was as follows:

Operation Information Analysis on Construction Industry

1. Economic situation and policy analysis on construction industry

For details, please refer to relevant content of the “Section IV Summary of the Company’s Businesses” and “Section V Discussion and Analysis on Business Operations (Report of Directors)” to this Report.

2. Projects completed and accepted during the Reporting Period

Applicable Not Applicable

Unit: '0,000 Currency: RMB

Segment	Housing construction	Infrastructure projects	Professional engineering	Architectural decoration	Others	Total
Number of projects	337	1,362			4	1,703
Total amount	6,306,526	39,355,549			16,678	45,678,753

Note: Infrastructure projects mainly consist of railway construction, highway construction, urban rail transit projects, municipal engineering, hydroelectric engineering as well as airports and wharves projects.

Section V Discussion and Analysis on Business Operations (Report of Directors) (continued)

Applicable Not Applicable

Unit: '0,000 Currency: RMB

Project Region	Number of projects	Total amount
Domestic	1,613	44,829,101
Overseas	90	849,652
Among which:		
Asia	22	182,586
Europe	13	25,910
America	2	5,504
Africa	52	633,194
Oceania	1	2,458
Total	1,703	45,678,753

Other Explanation

Applicable Not Applicable

3. Projects under construction during the Reporting Period

Applicable Not Applicable

Unit: '0,000 Currency: RMB

Segment	Housing construction	Infrastructure projects	Professional engineering	Architectural decoration	Others	Total
Number of projects	2,440	6,035			182	8,657
Total amount	95,319,842	325,619,974			4,352,093	425,291,909

Note: Infrastructure projects mainly consist of railway construction, highway construction, urban rail transit projects, municipal engineering, hydroelectric engineering as well as airports and wharves projects.

Section V Discussion and Analysis on Business Operations (Report of Directors) (continued)

Applicable Not Applicable

Unit: '0,000 Currency: RMB

Project Region	Number of projects	Total amount
Domestic	8,027	391,182,710
Overseas	630	34,109,199
Among which:		
Asia	179	14,925,673
Europe	46	3,022,435
America	42	2,261,515
Africa	337	13,604,685
Oceania	26	294,891
Total	8,657	425,291,909

Other Explanation

Applicable Not Applicable

4. Major projects under construction

Applicable Not Applicable

Other Explanation

Applicable Not Applicable

5. Total of newly-signed projects during the Reporting Period

Applicable Not Applicable

During the Reporting Period, the total number of newly-signed projects was 4,851 with an amount of RMB2,220.7446 billion.

Section V Discussion and Analysis on Business Operations (Report of Directors) (continued)

6. Order backlog as at the end of the Reporting Period

Applicable Not Applicable

As at the end of the Reporting Period, the total amount of order backlog was RMB3,831.0378 billion. Among them, the amount of projects which have been contracted for but not yet commenced is RMB1,497.1281 billion and the outstanding portion of the projects under construction is RMB2,333.9097 billion.

Other Explanation

Applicable Not Applicable

7. Other Explanations

Applicable Not Applicable

(1) *Major projects adopting the financing contract mode*

Applicable Not Applicable

(2) *Qualifications for the construction industry obtained during the Reporting Period*

The Group is one of the enterprises with the highest qualification level, the most complete qualifications, and the largest number of qualifications in the construction industry in China. During the Reporting Period, the Group has newly obtained four extra grade qualifications as general contractor for construction enterprises. As of the end of the Reporting Period, it had a total of 2,098 qualifications for various construction enterprises, of which 82 were extra grade qualifications for general contracting and 313 were first-level qualifications. In the field of engineering design survey, the Group had 197 engineering design qualifications and 56 engineering survey qualifications.

Section V Discussion and Analysis on Business Operations (Report of Directors) (continued)

- (3) *Analysis on the proportion of the revenue from engineering projects to the total incomes of the Company for the last three years*

Unit: '000 Currency: RMB

	2020		2019		2018	
	Revenue	Proportion of the Company's revenue (%)	Revenue	Proportion of the Company's revenue (%)	Revenue	Proportion of the Company's revenue (%)
Construction operations	813,334,003	89.35	724,545,101	87.25	634,748,041	86.94
Among which:						
Infrastructure construction	498,402,336	54.75	507,185,542	61.07	508,003,643	69.58
Housing construction	178,768,588	19.64	125,657,239	15.13	94,730,604	12.97
Total revenue	910,324,763	100.00	830,452,157	100.00	730,123,045	100.00

- (4) *Analysis on the main cost composition of the engineering projects for the last three years*

Unit: '000 Currency: RMB

	2020		2019		2018	
	Costs of sales	Proportion of the Company's costs of sales (%)	Costs of sales	Proportion of the Company's costs of sales (%)	Costs of sales	Proportion of the Company's costs of sales (%)
Construction operations	754,694,045	91.37	670,520,915	89.36	588,579,651	89.35
Among which:						
Infrastructure construction	468,940,452	56.77	473,383,923	63.09	474,203,657	71.99
Housing construction	165,407,101	20.03	116,778,295	15.56	86,823,738	13.18
Total cost of sales	825,987,266	100.00	750,365,068	100.00	658,711,266	100.00

There were no significant changes in the main cost composition of the engineering projects of the Group for the past three years.

Section V Discussion and Analysis on Business Operations (Report of Directors) (continued)

(5) *Financing arrangement*

For more details, see “(7) Liabilities” in “II. (III) Analysis of Assets and Liabilities” of this section.

(6) *Quality control system, executive standards, control measures and overall evaluation of the Company*

CRCC attaches great importance to quality development, seriously implements the spirit of national quality development outline, strictly carries out relevant quality standards, promotes quality responsibility system on project-end, pushes forward engineering project excellence activities, and ensures solid progress of quality management. No material issues related to project quality have been identified in the whole system.

The quality control system of the Company is developed in accordance with national standards including GB/T19001-2016, ISO9001:2015 and GB/T50430-2017. Controlling measures include the establishment of a sound quality management organisation and system.

Firstly, the Company strengthened project quality management. The Company organised quality management activities for all staff and conducted education on laws and regulations on quality and quality management knowledge for employees. It enhanced publicity and encouraged the staff to participate in quality activities to improve their quality awareness. The Company also arranged on-the-job trainings for the staff to enhance their professional quality and facilitate them to perform legal quality management obligations.

Secondly, the Company launched project quality improvement campaign. The concept of delicacy management is integrated into quality management in accordance with “Rules of China Railway Construction Corporation Limited on Project Quality Improvement” (《中國鐵建股份有限公司創建優質工程管理規定》) to comprehensively improve the effectiveness of quality management. According to the schedule of quality improvement campaign, comprehensive quality improvement group activities are initiated, with quality improvement plans well prepared and strictly implemented in project construction to achieve relevant goals.

Thirdly, the Company enhanced quality red line management related to railway project quality. Deployment about railway red line management is made in accordance with “Regulations on Red Line Management for Quality and Safety of Railway Construction Projects” (《鐵路建設項目質量安全紅線管理規定》) issued by China State Railway Group Co., Ltd., therefore strengthening quality and safety awareness and key process control in railway projects, ensuring all aspects related to project quality and safety to be under control and improving quality and safety level of railway construction projects.

During the Reporting Period, the Company passed the review of China Certification Center. Its management systems and documents met the standard requirements. The management system ran effectively, and the management of investment, design, construction and operation processes basically ran orderly in accordance with the “process method” and was being further improved. The registration and authentication qualification of the quality management systems of the Company will continue to be maintained and the number of certificates are 02118Q10709R6M and U006618Q0253R6M.

Section V Discussion and Analysis on Business Operations (Report of Directors) (continued)

(7) Operation of work safety system of the Company

In 2020, CRCC adheres to the guidance of President Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, firmly establishes the concept of safety development and the awareness of red line production safety, overcomes the adverse effects of the COVID-19 pandemic and economic downturn, focuses on the core work of “fundamentally eliminating potential accidents”, continuously improves the safety production system and mechanism, deeply carries out the three-year action of special rectification of safety production, comprehensively strengthens safety supervision and inspection, and takes serious measures to ensure the implementation of various safety production measures, so as to guarantee that the safety production situation continues to be stable and good. No major production safety accidents occurred.

Firstly, the safety production system was gradually improved. Over the past year, the Company further clarified the work idea of ensuring safety by system, and comprehensively strengthened the construction of organization system, risk prevention and control, hidden danger investigation and treatment, education and training, safety investment, emergency management, assessment, reward and punishment, and safety culture construction by taking system construction as the breakthrough point. The Company made comprehensive implementation and continued continuous efforts to further improve the safety production system.

Secondly, the implementation of safety production full responsibility system was further promoted. According to the principles of “the Party and government sharing the same responsibility, one post with two responsibilities, joint control and management and ascertaining the responsibility in case of duty negligence” and “three managements and three musts”, all affiliated units shall formulate the list of post safety production responsibilities, sign the letter of responsibility for safety guarantee level by level, strictly fulfill the guarantee, assessment rewards and punishments, and promote the implementation of all employees safety production responsibilities.

Thirdly, the dual control mechanism of risks and hidden dangers began to take effect. CRCC took the dual pre-control work of risk grading control and hidden danger detection and treatment as an important starting point of safety production, and focused on the risk source management and process control, which has achieved obvious results. All affiliated units used information means to strengthen the construction of “one network” of risk prevention and control information platform and hidden danger investigation and management, and improve the informatization, process-oriented and standardization level of dual pre-control.

Fourthly, positive progress was made in the three-year special rectification campaign. Focusing on the objectives and tasks of the three-year action phase, the Company carried out in-depth special rectification of work safety in accordance with the established roadmap and schedule.

Fifthly, the basic work of work safety at the grassroots level was further strengthened. From the aspects of strengthening the construction of full-time safety team, strengthening safety education and training, carrying out safety standardization management, and improving the safety management level of subcontracting team, all affiliated units highlighted the practical and detailed basic work of safe production at the grassroots level.

Section V Discussion and Analysis on Business Operations (Report of Directors) (continued)

Sixthly, the comprehensive ability of emergency management was steadily improved. CRCC continuously strengthened the emergency management system and capacity building, optimized the on-site emergency response plan, strengthened the allocation of emergency supplies, equipment and facilities, set up full-time and part-time rescue teams, and adopted various forms of emergency training and drills to further improve the emergency response capability.

Analysis on Operational Information of Real Estate Industry

1. Analysis on economic trend and policies of real estate industry

For details, please refer to relevant contents of “Section IV Summary of the Company’s Businesses” and “Section V Discussion and Analysis on Business Operations (Report of Directors)” in this report.

2. Reserve of real estate during the Reporting Period

Applicable Not Applicable

During the Reporting Period, the Group actively improved the regional layout of real estate projects, strengthened business expansion in first- and second-tier cities with good development prospects in the real estate markets such as Beijing, Shanghai, Guangzhou, Tianjin, and Chongqing, while taking advantage of the Group’s regional operations and industrial synergy, and actively expanded the channels of land acquisition and extensively cooperated with outstanding enterprises in the industry to give full play to the advantages of all parties and reduce business risks. In 2020, the Group obtained 57 land parcels with a planned total floor area of 11.84 million sq.m. in 34 cities including Beijing, Shanghai, Guangzhou, Tianjin, Chongqing, Wuhan. As of the end of the Reporting Period, the Group has undertaken the development of 328 real estate projects in 77 cities and regions, with a total area of land for construction of about 29.19 million sq.m. and a total floor area of about 90.76 million sq.m, focusing on first-and second-tier cities, and some of the third-and fourth-tier cities with good development potential were complementary to the echelon layout. Among them:

Land Reserve by Region

No.	Region(s) with the land to be developed	Area of the land to be developed (sq.m.)	A-land consolidation area (sq.m.)	Planned floor area upon calculation of plot ratio (sq.m.)	Whether to	Area related with the joint development project (sq.m.)	Equity ratio of the joint development project (%)
					be related with the joint development project		
1	Bohai Coastal Region	1,476,983	-	3,196,134	Yes	738,607	-
2	Southwest China	2,706,879	-	5,983,928	Yes	3,213,958	-
3	Yangtze River Delta	1,292,306	-	2,991,881	Yes	1,083,841	-
4	Pearl River Delta	750,188	-	1,986,709	Yes	1,241,047	-
5	Others	87,068	-	188,317	No	0	-

Section V Discussion and Analysis on Business Operations (Report of Directors) (continued)

Notes:

1. The “Area related with the joint development project” mentioned in the above table refers to the planned floor area upon calculation of plot ratio for the project.
2. No A-land consolidation is covered in the Group’s real estate development projects.
3. Development and investment in real estate during the Reporting Period

Applicable Not Applicable

The Group completed the real estate development investment of RMB67.343 billion during the Reporting Period, among which, the investment of RMB19.1524 billion was completed in Bohai Coastal Region, and the investment of RMB18.5261 billion was completed in Yangtze River Delta, accounting for 28.44% and 27.51% of the investment, respectively.

Development and Investment in Real Estate by Region

No.	Region	Land area (10,000 sq.m.)	Planned floor	Gross floor	Floor area of	Completed	Gross	Actual	
			area upon calculation of		plot ratio			Area	Construction
			(10,000 sq.m.)	(10,000 sq.m.)	(10,000 sq.m.)	(10,000 sq.m.)	(10,000 sq.m.)	(RMB '0,000)	(RMB '0,000)
1	Bohai Coastal Region	1,013.26	1,719.35	2,277.16	904.24	1,478.84	25,634,370	1,713,880	
2	Southwest China	726.92	1,960.42	2,572.13	1,014.45	1,349.53	19,501,139	1,915,235	
3	Yangtze River Delta	548.98	1,491.54	1,992.81	640.75	949.2	19,499,354	1,852,606	
4	Pearl River Delta	607.66	1,645.26	2,165.83	476.93	631.68	17,808,941	1,206,113	
5	Others	22.04	53.57	68.12	18.46	27.47	459,881	46,467	
	Total	2,918.86	6,870.14	9,076.05	3,054.83	4,436.72	82,903,685	6,734,301	

Section V Discussion and Analysis on Business Operations (Report of Directors) (continued)

Among the 328 projects held by the Group, details of the development and investment of the top ten projects in estimated amount of total investment are as follow:

Unit: '0,000 Currency: RMB

No.	Region	Project	Address	Type of operation	Under construction/ Newly developed/ Completed projects	Interests attributable to the Company and subsidiaries	Land area (sq.m.)	Planned floor area upon calculation of plot ratio (sq.m.)	Gross floor area (sq.m.)	Floor area of projects under Construction (sq.m.)	Completed area (sq.m.)	Expected completion period	Gross investment	Actual investment during Reporting Period
														Period
1	Bohai Coastal Region	Tianjin International City, CRCC	Jinzhonghe Avenue, Hebei District, Tianjin	Residence/commercial	Under construction	100%	252,300	866,100	1,224,600	0	854,600	2023	1,669,714	31,516
2	Southwest China	Guiyang International City, CRCC	Tai Ci Qiao Che Shui Road, Nanming District, Guiyang City	Residence	Under construction	100%	592,100	1,776,300	2,333,000	416,300	1,815,100	2023	1,278,886	35,044
3	Southwest China	Chongqing Xipai City, CRCC	Cuntan Street, Jiangbei District, Chongqing	Residence/commercial	Under construction	100%	175,100	689,700	929,600	310,400	371,000	2023	1,242,758	80,147
4	Pearl River Delta	Guangzhou Nansha Haiyu Xi'an, CRCC	Tanwei Village, Huangge Town, Nansha District, Guangzhou	Residence	Under construction	100%	166,300	550,300	764,700	729,100	-	2023	1,127,654	103,003
5	Yangtze River Delta	Wenzhou Future Vision, CRCC	Guanghua Street, Lucheng District, Wenzhou City	Residence	Under construction	100%	135,800	454,700	697,300	21,500	-	2024	1,070,514	520,754
6	Bohai Coastal Region	Beijing International City, CRCC	Qingheying Village, Lai Guangying Town, Beijing	Residence/commercial	Completed	100%	195,600	612,300	855,800	-	845,000	2019	1,004,241	8,164
7	Southwest China	Chengdu Xipai Jinsha, CRCC	Supo Street, Qingyang District, Chengdu	Residence	Under construction	70%	91,600	370,000	520,100	336,400	-	2023	1,030,104	615,124
8	Bohai Coastal Region	Tianjin Xipai Guoyin, CRCC	The junction at Waniucun Street and Jinzhonghe Street, Hebei District, Tianjin	Residence	Under construction	100%	111,300	247,700	370,900	223,500	-	2023	1,000,947	50,627
9	Southwest China	Chengdu Beihu International City, CRCC	Longtan Street, Chenghua District, Chengdu	Residence	Under construction	100%	190,500	655,200	959,400	-	908,400	2022	910,460	3,553
10	Yangtze River Delta	Hefei International City, CRCC	The junction at North 2nd Ring and Taoyuan Road, Luyang District, Hefei City	Residence	Completed	100%	441,300	1,378,100	1,701,200	-	1,701,200	2017	800,561	8,900

Section V Discussion and Analysis on Business Operations (Report of Directors) (continued)

4. Sales and booked of real estate during the Reporting Period

Applicable Not Applicable

The sales of the top 10 real estate projects of the Group during the Reporting Period are set out in the below table:

Unit: '0,000 Currency: RMB

No.	Region	Project	Address	Type of operation	Saleable area (sq.m.)	Sold (including pre-sold) area (sq.m.)	Booked Sales GFA (sq.m.)	Booked Sales Revenue	Booked GFA at the end of the Reporting Period (sq.m.)	Expected completion period	Interests attributable to the Company and subsidiaries
1	Yangtze River Delta	Shaoxing Huayu Jiangnan, CRCC	Jinghu New District, Yuecheng District, Shaoxing City	Residence	357,100	156,300	0	0	207,466	2021	100%
2	Pearl River Delta	Guangzhou Nansha Haiyu Xi'an, CRCC	Tanwei Village, Huangge Town, Nansha District, Guangzhou	Residence	555,400	129,600	0	0	123,144	2023	100%
3	Bohai Coastal Region	Beijing Buttonwood Bay, CRCC	Dougezhuang Township, Chaoyang District, Beijing	Residence	80,600	67,200	0	0	67,200	2021	100%
4	Yangtze River Delta	Nanjing Huayu Xi'an, CRCC	West side of Xinpu Road, Jiangning District, Nanjing	Residence	202,000	68,200	0	0	68,200	2022	64%
5	Southwest China	Chongqing Xipai City, CRCC	Beside the House of Haier Road, Jiangbei District, Chongqing	Residence/ commercial	902,500	111,700	19,946	18,211	163,444	2022	100%
6	Southwest China	Xi'an Xipai International, CRCC	The junction at Xuanwu Road and Taihua North Road, Weiyang District, Xi'an	Residence	416,900	109,900	4,112	3,065	194,521	2021	100%
7	Yangtze River Delta	Hangzhou Huayu Tianjing, CRCC	Pengbu Unit, Jianggan District, Hangzhou	Residence	75,800	33,900	0	0	33,900	2021	60%
8	Southwest China	Chengdu Xipai Jinsha, CRCC	Supo Street, Qingyang District, Chengdu	Residence	477,800	54,300	0	0	54,300	2023	70%
9	Pearl River Delta	Guangzhou Panyu Huayu Lingnan, CRCC	West side of Xingxue Road, Panyu District, Guangzhou	Residence	96,200	31,458	0	0	31,458	2021	70%
10	Pearl River Delta	Zhuhai Railway Construction Building, CRCC	No. 280, Huitong 3rd Road, Xiangzhou District, Hengqin, Zhuhai	Residence/ commercial	105,000	32,600	5,327	19,799	49,367	2020	100%

Note: The "booked sales GFA" and "booked sales revenue" as shown in the above table for "sold (including pre-sold) area" are the data during the Reporting Period.

Section V Discussion and Analysis on Business Operations (Report of Directors) (continued)

During the Reporting Period, the Group achieved the sales volume of RMB126.5238 billion, and the sales area of 8,655,321 sq.m., achieved the booked sales revenue of RMB40.9289 billion, the booked sales GFA of 3,873,231 sq.m., and the booked GFA at the end of the Reporting Period of 7,736,632 sq.m..

Sales and booked by Region in 2020

No.	Region	Saleable area (10,000 sq. m.)	Sold area within the Reporting Period (10,000 sq. m.)	Sales volume within the Reporting Period (RMB'0,000)	Average selling price (RMB/sq.m.)	Booked Sales GFA (sq. m.)	Booked Sales Revenue (RMB'0,000)	Booked GFA at the end of the Reporting Period (sq. m.)
1	Bohai Coastal Region	1,804.30	207.91	2,681,546	12,898	1,311,023	1,125,037	1,906,012
2	Southwest China	2,900.05	339.62	4,239,058	12,482	1,153,964	1,234,552	3,541,199
3	Yangtze River Delta	1,497.72	172.92	3,688,099	21,328	858,767	1,101,429	868,624
4	Pearl River Delta	1,180.93	138.33	1,945,147	14,062	517,040	584,174	1,418,039
5	Others	66.36	6.75	98,530	14,662	32,437	47,701	2,758
	Total	7,449.36	865.53	12,652,380	14,619	3,873,231	4,092,893	7,736,632

5. Real Estate rental during the Reporting Period

Applicable Not Applicable

At this stage, the Group focuses on the development of sales-type residential products, and self-owned rental products are mostly sales-type real estate projects supporting commercial, parking spaces and other products. In 2020, the investment real estate of the Group rental area of 240,000 sq. m., archived a total rental income of RMB122.2 million, accounting for 0.30% of the Group's real estate business income.

Unit: '0,000 Currency: RMB

No.	Region	Item	Operation condition	Leased area (sq.m.)	Rental income from leased real estate	Equity ratio (%)	Adopt the fair value measurement model	Rental income/real estate fair value (%)
1	Beijing, Guangzhou, Tianjin, Guiyang and other places	Commercial and office buildings	/	198,287	11,860	/	No	/
2	Beijing, Tianjin, Xi'an, Chongqing and other places	Rental parking	/	41,814	363	/	No	/
	Total	/	/	240,101	12,223	/	No	/

Section V Discussion and Analysis on Business Operations (Report of Directors) (continued)

6. Financing of the Company during the Reporting Period

Applicable Not Applicable

7. Other Explanation

Applicable Not Applicable

(V) Analysis of investment

1. Overall analysis of external investment in equities

Applicable Not Applicable

As at 31 December 2020, the carrying balance of the Group's long-term equity investment was RMB70.6702 billion, increased by RMB20.9763 billion or 42.21% as compared to RMB49.6939 billion at the beginning of the year. Equity investment in joint venture amounted to RMB32.7410 billion, increased by RMB8.2072 billion or 33.45% as compared to RMB24.5338 billion at the beginning of the year; investment in associate amounted to RMB37.9292 billion, increased by RMB12.7691 billion or 50.75% as compared to RMB25.1601 billion at the beginning of the year.

(1) Major equity investment

Applicable Not Applicable

(2) Major non-equity investment

Applicable Not Applicable

Section V Discussion and Analysis on Business Operations (Report of Directors) (continued)

(3) Financial assets measurement at fair value

Applicable Not Applicable

Unit: '000 Currency: RMB

Item	Carrying amount at the beginning of the period	Carrying amount at the end of the period	Profit/loss during the Reporting Period	Change of owner's equity during the Reporting Period
Securities investment	3,237,039	217,720	60,585	–
Equity in other listed companies	2,130,633	2,167,238	64,043	36,604
Trust products and others	1,665,074	1,805,720	83,214	–
Total	7,032,746	4,190,678	207,842	36,604

① Investment in securities

Unit: '000 Currency: RMB

No.	Type of securities	Stock code	Abbreviated stock name	Amount of initial investment	Number of securities held (share)	Carrying value at the end of the period	Percentage over total securities investment at the end of the Period (%)	Profit/loss during the Reporting Period	Financial statement item	Source of shares
1	Stock	HK03969	China CRSC	131,950	25,000,000	54,454	25.01	-34,982	Held-for-trading financial assets	Original issue stock
2	Stock	HK01258	CHINF Mining	64,863	36,363,000	67,330	30.93	13,463	Other non-current financial assets	Original issue stock
3	Stock	601618	MCC	59,265	10,600,000	12,222	5.61	-2,721	Held-for-trading financial assets	Original issue stock
4	Stock	600028	SINOPEC	533	135,000	207	0.10	-243	Other non-current financial assets	Original issue stock
5	Open-ended Fund	000652	Bosera-Yulong Hybrid	17,370	17,369,836	73,162	33.60	25,516	Held-for-trading financial assets	Subscription
6	Open-ended Fund	519606	Guotai Jinxin	3,908	3,908,303	10,345	4.75	3,904	Held-for-trading financial assets	Subscription
	Other investment in securities held at the end of the period	/	/	/	/	/	/	/	/	/
	Profits/loss from disposal of investment in securities during the Reporting Period	/	/	/	/	/	/	55,648	/	/
Total				277,899	/	217,720	100.00	60,585	/	/

Section V Discussion and Analysis on Business Operations (Report of Directors) (continued)

② Shareholdings in other listed companies

Unit: '000 Currency: RMB

Stock code	Abbreviated stock name	Amount of Initial Investment	Shareholding ratio at the beginning of the period (%)	Shareholding ratio at the end of the period (%)	Carrying value at the end of the period	Profit/loss during the Reporting Period	Changes in owner's equity during the Reporting Period		Financial statement item	Source of shares
							Period	Period		
834898	Zhuzhou Department Stores	360	0.31	0.31	1,932	78	8	Other equity instrument investments	Original issue stock	
688009	CRSC	69,495	0.11	0.11	69,377	2,368	-12,549	Other equity instrument investments	Original issue stock	
HK03898	CRRC Times Electric	9,800	0.90	0.90	181,210	4,410	20,296	Other equity instrument investments	Original issue stock	
000759	Zhongbai Holdings Group	1,058	0.14	0.14	5,922	48	-1,216	Other equity instrument investments	Original issue stock	
600657	Cinda Real Estate	236	-	-	9,845	255	152	Other equity instrument investments	Original issue stock	
HK00687	Taisheng Group	208,027	1.69	1.69	29,773	38,536	-20,294	Other equity instrument investments	Subscription	
000630	Tongling Nonferrous	500,000	1.71	1.71	463,899	1,805	43,321	Other equity instrument investments	Subscription	
600322	Tianjin Real Estate Development	160	0.03	0.03	234	-	-66	Other equity instrument investments	Original issue stock	
600809	Shanxi Fenjiu	708	0.05	0.05	150,116	360	114,236	Other equity instrument investments	Original issue stock	
002159	Sante Cableway	3,000	0.99	0.99	14,285	81	-407	Other equity instrument investments	Original issue stock	
601328	Bank of Communications	49,892	0.07	0.07	180,658	12,702	-46,375	Other equity instrument investments	Original issue stock	
600885	Hongfa	1,440	0.71	0.71	82,892	443	30,225	Other equity instrument investments	Original issue stock	
600061	SDIC Capital	268,452	1.45	1.45	845,951	-	-80,130	Other equity instrument investments	Original issue stock	
601211	Guotai Jun'an	7,604	0.10	0.10	130,173	2,896	-10,428	Other equity instrument investments	Original issue stock	
601169	Bank of Beijing	2	-	-	971	61	-168	Other equity instrument investments	Original issue stock	
Total		1,120,234	/	/	2,167,238	64,043	36,605	/	/	

Section V Discussion and Analysis on Business Operations (Report of Directors) (continued)

③ Trust products held and others

Unit: '000 Currency: RMB

Name of investees	Initial cost of investment	Percentage of shares held (%)	Carrying value at the end of the period	Profit/loss during the Reporting Period	Changes in owner's equity during the Reporting Period	Financial statement item	Source of shares
CRCC Mutual Infrastructure Investment Private Fund	180,000	/	180,000	-	-	Other non-current financial assets	Subscription
CRCC PPP Tianfu Private Investment Fund	173,860	/	173,860	-	-	Other non-current financial assets	Subscription
Mutual Infrastructure FOF Phase I Private Fund	383,180	/	383,180	-	-	Held-for-trading financial assets and other non-current financial assets	Subscription
CRCC Government-Enterprise Private Investment Fund No. 1 for Environmental Governance	110,390	10.45	110,390	7,407	-	Other non-current financial assets	Subscription
CCB Trust - Caidie Property Rights Trust Scheme No. 1	100,797	2.93	100,797	-	-	Other non-current financial assets	Subscription
Tianjin CRCC No.1 Construction Investment Partnership (Limited Partnership)	130,464	/	130,464	2,929	-	Other non-current financial assets	Subscription
Xinhengyintong - Ziyang Linkong Economy Zone Industry New City - PPP Private Investment Fund	80,167	15.46	80,167	-	-	Other non-current financial assets	Subscription
Xinyu CRCC Guangrong Investment Partnership (Limited Partnership)	70,000	18.44	70,000	-	-	Other non-current financial assets	Subscription
China Railway Trade Receivables Asset-backed Scheme Phase 12	48,000	1.09	48,000	-	-	Held-for-trading financial assets	Sponsorship
Haitong Securities - Nuo'an Capital Haizi Lake No. 1 Private Investment Fund	45,000	/	45,000	-	-	Other non-current financial assets	Subscription
CRCC Phase II Trade Receivables Asset-backed Scheme	38,000	1.27	38,000	2,430	-	Held-for-trading financial assets	Sponsorship
CRCC Phase III Trade Receivables Asset-backed Scheme	35,000	1.28	35,000	1,749	-	Held-for-trading financial assets	Sponsorship
CRCC Jicai Hong'ao Private Investment Fund	34,480	/	34,480	2,241	-	Other non-current financial assets	Subscription
CRCC Phase IX Trade Receivables Asset-backed Scheme	34,000	1.10	34,000	-	-	Other non-current financial assets	Sponsorship
CRCC Phase X Trade Receivables Asset-backed Scheme	34,000	1.08	34,000	-	-	Other non-current financial assets	Sponsorship
CRCC-China PPP Fund Private Investment Fund No. 1 Highway Construction Fund	33,590	/	33,590	2,220	-	Other non-current financial assets	Subscription
CRCC Phase I Trade Receivables Asset-backed Scheme	33,000	1.22	33,000	1,492	-	Held-for-trading financial assets	Sponsorship

Section V Discussion and Analysis on Business Operations (Report of Directors) (continued)

Name of investees	Initial cost of investment	Percentage of shares held (%)	Carrying value at the end of the period	Profit/loss during the Reporting Period	Changes in owner's equity during the Reporting Period	Financial statement item	Source of shares
CRCC Phase XI Trade Receivables Asset-backed Scheme	33,000	1.02	33,000	524	-	Held-for-trading financial assets	Sponsorship
2017 Tranche I Non-public Placed Asset-backed Notes of China Railway Construction (Beijing) Property Management Co., Ltd.	30,000	3.13	30,000	4,027	-	Other non-current financial assets	Subscription
CRCC Phase IV Trade Receivables Asset-backed Scheme	26,000	1.06	26,000	1,222	-	Held-for-trading financial assets	Sponsorship
CRCC Phase VIII Trade Receivables Asset-backed Scheme	25,000	1.05	25,000	414	-	Held-for-trading financial assets	Sponsorship
CRCC Phase VI Trade Receivables Asset-backed Scheme	24,000	1.08	24,000	618	-	Held-for-trading financial assets	Sponsorship
CRCC Phase VII Trade Receivables Asset-backed Scheme	23,000	1.06	23,000	583	-	Held-for-trading financial assets	Sponsorship
CRCC Phase V Trade Receivables Asset-backed Scheme	20,000	1.18	20,000	819	-	Held-for-trading financial assets	Sponsorship
CRCC Kunlun Investment Group Co., Ltd. - 2019 Tranche I Targeted Asset-backed Notes	15,250	0.75	15,250	-	-	Other non-current financial assets	Subscription
Guojun - China Railway 16th Bureau Group Trade Receivables Asset-backed Scheme	13,000	1.30	13,000	-	-	Other non-current financial assets	Subscription
Others	32,542	/	32,542	54,539	-	Held-for-trading financial assets	Subscription
Total	1,805,720	/	1,805,720	83,214	- /		/

④ Sale and purchase of shares of other listed companies during the Reporting Period

There were no sale and purchase of shares of other listed companies during the Reporting Period.

(VI) Progress of major asset mergers and acquisitions

Applicable Not Applicable

(VII) Disposal of significant assets and equity interest

Applicable Not Applicable

Section V Discussion and Analysis on Business Operations (Report of Directors) (continued)

(VIII) Analysis of major companies controlled and invested in by the Company

Applicable Not Applicable

1. Major Subsidiaries

During the Reporting Period, the major subsidiaries of the Company are as follows:

Unit: '000 Currency: RMB

Name of Company	Major financial indicators as at 31 December 2020					
	Registered capital	Total assets	Net assets	Net profit	Principal operations	Industry
China Civil Engineering Construction Corporation	3,000,000	28,340,404	7,827,864	711,645	Construction	Construction
China Railway 11th Bureau Group Co., Ltd.	6,162,382	54,865,312	12,828,656	1,368,986	Construction	Construction
China Railway 12th Bureau Group Co., Ltd.	5,060,677	51,083,882	11,669,913	1,074,521	Construction	Construction
China Railway Construction Bridge Engineering Bureau Group Co., Ltd.	3,200,000	49,008,817	7,825,718	228,633	Construction	Construction
China Railway 14th Bureau Group Co., Ltd.	3,110,000	54,219,846	9,422,308	911,541	Construction	Construction
China Railway 15th Bureau Group Co., Ltd.	3,000,000	36,803,432	3,742,069	166,102	Construction	Construction
China Railway 16th Bureau Group Co., Ltd.	3,000,000	60,767,054	6,451,801	249,676	Construction	Construction
China Railway 17th Bureau Group Co., Ltd.	3,021,226	53,108,624	8,023,225	395,491	Construction	Construction
China Railway 18th Bureau Group Co., Ltd.	3,000,000	43,988,179	8,081,039	867,950	Construction	Construction
China Railway 19th Bureau Group Co., Ltd.	5,080,000	51,843,128	7,989,715	94,957	Construction	Construction
China Railway 20th Bureau Group Co., Ltd.	3,130,000	44,636,418	7,090,252	629,297	Construction	Construction
China Railway 21st Bureau Group Co., Ltd.	2,038,000	35,988,228	5,572,092	204,749	Construction	Construction
China Railway 22nd Bureau Group Co., Ltd.	2,000,000	37,440,069	5,616,845	288,576	Construction	Construction
China Railway 23rd Bureau Group Co., Ltd.	2,000,000	29,685,383	5,446,956	266,537	Construction	Construction
China Railway 24th Bureau Group Co., Ltd.	2,000,000	27,389,536	4,147,338	418,517	Construction	Construction
China Railway 25th Bureau Group Co., Ltd.	2,000,000	19,625,397	3,162,826	183,612	Construction	Construction
China Railway Construction Group Co., Ltd.	3,502,971	76,496,828	11,488,913	1,044,778	Construction	Construction
China Railway Construction Electrification Bureau Group Co., Ltd.	3,800,000	32,128,469	10,345,830	1,502,599	Construction	Construction
CRCC Harbour and Channel Engineering Bureau Group Co., Ltd.	2,500,000	13,982,442	2,109,374	131,073	Construction	Construction
China Railway Construction Real Estate Group Co., Ltd.	7,000,000	175,645,179	28,657,449	2,924,534	Real estate development and operation	Real estate

Section V Discussion and Analysis on Business Operations (Report of Directors) (continued)

Name of Company	Major financial indicators as at 31 December 2020					
	Registered capital	Total assets	Net assets	Net profit	Principal operations	Industry
China Railway First Survey and Design Institute Group Co., Ltd.	1,000,000	16,731,952	5,017,735	927,174	Survey and design	Consultancy
China Railway SIYUAN Survey and Design Group Co., Ltd.	1,000,000	27,308,319	9,998,220	2,006,965	Survey and design	Consultancy
China Railway Fifth Survey and Design Institute Group Co., Ltd.	155,000	6,655,648	1,853,720	321,912	Survey and design	Consultancy
China Railway Shanghai Design Institute Group Co., Ltd.	130,000	2,508,079	1,275,957	304,170	Survey and design	Consultancy
China Railway Material Group Co., Ltd.	3,000,000	26,061,832	3,732,462	557,674	Purchase and sales of goods and materials	Logistics and trade
China Railway Construction Heavy Industry Corporation Limited	3,855,540	17,059,815	8,296,996	1,567,885	Industrial manufacturing	Industry
CRCC High-Tech Equipment Corporation Limited	1,519,884	7,324,557	5,451,674	22,158	Industrial manufacturing	Industry
China Railway Construction Corporation International Limited	3,000,000	9,614,314	3,662,718	168,660	Construction	Construction
China Railway Urban Construction Group Co., Ltd.	2,000,000	27,294,890	4,533,152	613,450	Construction	Construction
China Railway Construction Investment Group Co., Ltd.	12,067,086	142,252,183	30,228,556	2,143,952	Project investment	Investment
CRCC Finance Company Limited	9,000,000	160,077,144	11,761,518	1,187,905	Financial services	Finance
CRCC Capital Holdings Group Co., Ltd.	9,000,000	31,683,342	7,979,857	818,864	Financial services	Finance
CRCC Chongqing Investment Group Co., Ltd.	3,000,000	16,570,339	5,324,606	587,909	Project investment	Investment
CRCC Kunlun Investment Group Co., Ltd.	5,087,166	35,983,057	10,115,120	1,753,201	Project investment	Investment

During the Reporting Period, China Railway Construction Real Estate Group Co., Ltd., a subsidiary of the Company, accounted for relatively larger proportion in the consolidated operating results of the Group. The revenue of China Railway Construction Real Estate Group Co., Ltd. in 2020 was RMB26.5504 billion, and operating profit amounted to RMB3.6770 billion. The net profit amounted to RMB2.9245 billion, accounting for 11.38% of net profit of RMB25.7087 billion of the Group.

2. Major companies in which the Company invested

For details about companies in which the Group invested in, please refer to Note V to the financial statements attached to this report, "13. Long-term Equity Investments" and Note VII to the financial statements, "2. Equity in Joint Ventures and Associates". The changes in the assets, operation results and other financial indicators of such companies in which the Company invested in have no significant effects on the assets, operation results and other financial indicators of the Company in the current and future years.

Section V Discussion and Analysis on Business Operations (Report of Directors) (continued)

(IX) Status of the structured entity controlled by the Company

Applicable Not Applicable

III. DISCUSSION AND ANALYSIS OF THE COMPANY'S FUTURE DEVELOPMENT

(I) Industry pattern and trends

Applicable Not Applicable

2021 is the 100th anniversary of the founding of the Communist Party of China. It is also the beginning of the new journey of building a socialist modern country in an all-round way, and the beginning of the implementation of the "14th Five-Year Plan". The construction industry is still complex and changeable, and the market competition becomes more intense over the year. In general, the construction industry is still in a period of important strategic opportunities.

In terms of the international environment: on the one hand, the COVID-19 pandemic continues to spread and mutate around the world, the historical prelude to the tremendous changes in the global governance system is accelerated, and the world economic growth will be uncertain for a long period of time. With the rise of anti-globalization, protectionism and unilateralism, the world's political and economic structure is being reconstructed, and new contradictions and challenges have led to increasing uncertainty. On the other hand, China actively advances the reform of the global governance system, actively responds to changes in the external environment with a high-level opening to the outside world, the influence of the discourse power in international affairs increases rapidly, and the advantages of Chinese enterprises in participating in the international cycle emerge. In particular, under the guidance of the "Belt and Road" initiative, Chinese enterprises form a strong supply layout in countries along the route, and have obvious advantages in infrastructure construction capabilities, which provides us with a good opportunity to make better use of the two markets and two kinds of resources to smooth the domestic and international dual circulation, and to achieve more sustainable, healthier and stronger development.

In terms of the domestic environment: the political system of China has significant advantages. The development of economic is long-term stable and sound with the in-depth advancement of high-quality development and overall construction of a new development pattern. The effective market and the promising government work together, the adaptability of the supply system to the demand side is further enhanced, and the enterprise development environment and business environment are more stable and rational. The reform of state-owned assets and state-owned enterprises has been intensified, the measures to reduce overcapacity, destocking, deleveraging, cost reduction and improve weak links have been further strengthened, and innovative development and high-quality development have become consensus.

In terms of the industry environment: the central economic work conference system will deploy new infrastructure, and expand effective investment around the "new infrastructure, new urbanization initiatives and major projects", and domestic infrastructure investment will continue to maintain steady growth. During the "14th Five-Year Plan" period, the implementation of national strategies such as the building of national strength in transportation, the building of national strength in manufacturing, the building of national strength in science and technology, the digital China and rural revitalization will form new developments in urban agglomerations, metropolitan areas, transportation networks, smart districts, new infrastructure and new energy, and the growth space of the construction industry is still broad.

Section V Discussion and Analysis on Business Operations (Report of Directors) (continued)

In 2021, the Company will take high-quality development as the theme, deepen supply-side reform as the main line, focus on development priorities, focus on reforms, promote innovation, strengthen management and control, prevent risks, stabilize growth, increase effects, to make CRCC stronger, better, and bigger, and strive to build a world-class enterprise.

(II) Development strategies of the Company

Applicable Not Applicable

During the “13th Five-Year Plan” period, the overall development strategies of the Company are: construction-oriented development, relevant diversification, integrated operation and advance through transformation, so as to develop the Group into a high value creative multinational construction industry group with world-leading economic power, world-leading technological power and world-leading competitive power.

During the “14th Five-Year Plan” period, the development strategies of the Company are: holding high the great banner of socialism with Chinese characteristics, guiding by Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era to comprehensively study and implement the spirits of the 19th CPC National Congress, the Second Plenary Meeting, Third Plenary Meeting, Fourth Plenary Meeting and Fifth Plenary Meeting of the Nineteenth Central Committee of the Communist Party of China, comprehensively implement the important arrangements of the SASAC of the State Council on reform and development of state-owned enterprises and Party building; scientifically grasping the new development stage, firmly attaching to the new development concept, actively integrating into the new development pattern, adhering to the general work principle of seeking progress while maintaining stability; as well as focusing on the high quality development as the theme, reform and innovation as the fundamental driving force to strengthen the innovation drive, optimize the layout structure, improve the governance system, and also to prevent major risk for enhancing the quality of Party building, so as to cultivate and build world-class comprehensive construction industry group.

In 2021, the Company will always follow the five fundamental principles of “adhering to the Party’s overall leadership, implementing the new development concept, establishing a systematic idea, focusing on high-quality development and achieving common development”, combined with its actual development based on the deep implementation of “14th Five-Year Plan for National Economic and Social Development and the Outline of Long-term Goals for 2035” and the forthcoming 14th Five-Year Plan for the Development of Central Enterprises. The Company will also adhere to the working principle of “seeking truth from facts, upholding integrity and innovation and making steady progress” to comprehensively focus on high-quality development and strive to create “High-quality CRCC”.

Section V Discussion and Analysis on Business Operations (Report of Directors) (continued)

(III) Operation plan

Applicable Not Applicable

1. Explanation of operation plan during the Reporting Period

In 2020, the Group actively responded to the severe and complex market environment and the impact of the pandemic, earnestly implemented various decisions and deployments of the CPC Central Committee, the State Council and the SASAC, focused on the work theme of "Steady Growth and High Quality", centered on building "High-Quality CRCC", improved the operating system, deepened the reform of regional operation and vigorously implemented the strategy of "prioritising overseas businesses", consolidated and upgraded traditional markets, and explored and cultivated emerging markets, thus achieving record high in the operation scale and outperforming the annual operation targets.

2. Operation plan for 2021

The Group's operation plan for 2021 is that the value of newly-signed contracts is to reach RMB2.735 trillion, operating revenue is to reach RMB965 billion, and costs and taxes are to reach RMB928.5486 billion. To this end, the Group will adhere to the general guideline of maintaining stability while seeking progress, center on boosting development quality and benefits and focus on reform and innovation as well as transformation and upgrading. It will further consolidate and improve the operation system, fully display the advantage in "regional operation", focus on industrial upgrading, strengthen coordination and integration, comprehensively strengthen the overall development of emerging industries and top-level design, increase industrial incubation capabilities, strengthen the building of professional brands, reinforce development foundation, consistently make the principal business stronger, better and bigger and strive to improve the operation scale and development quality of enterprises.

The business plan, however, does not constitute the profit guarantee to investors of the Company, thus the investors shall keep sufficient risks awareness and understand the differences between the business plan and the performance commitment.

3. Capital need of the Company to maintain current business and complete investment

In order to achieve the business goals for 2021 and satisfy the development needs of the Company's various businesses, the Company will ensure the satisfaction of capital requirements for its operations through internal resources, issuance of new shares, bank loans and bank acceptance bills, issues of bonds and other ways.

Section V Discussion and Analysis on Business Operations (Report of Directors) (continued)

(IV) Potential risks

Applicable Not Applicable

The Group always attaches great importance to the collection, assessment and supervision of risk information and the establishment of control systems and strives to consistently focus on risk control in key sectors. Through annual material risk assessment and based on the actual operation and management, the Group identifies the following risks as the material risks it will be subject to: international operation risks, cash flow risks, investment risks, security risks and cost risks.

1. International operation risks:

The overseas environment will become complicated as the global economy may see a gloomy prospect in the future, the international trade will grow at a slower pace, trade protectionism will return, geopolitical risk will be higher, the COVID-19 pandemic continues to spread and the international situation is becoming increasingly complex. The Group expands to over 100 countries and regions around the globe and is exposed to tough and complicated environment in the course of overseas market expansion, for these countries and regions differ from each other in political system, market, economic and legal environment, manners and customs, natural environment and other aspects. Overseas businesses will be subject to certain risks if the Group does not have comprehensive and thorough risk analysis and adopt effective risk control, or some countries and regions experience political instability, social unrest and severe pandemic, and involve in diplomatic and economic frictions or disputes with China. By comprehensive analysis, the Group determines that risk management related to international operation will focus on country risk, legal risk, non-traditional security risk, foreign exchange risk, labour risk and environment risk, analyses the background and reasons of such risks and the possible impact, puts forward countermeasures and conducts follow-up and control in the whole process to ensure a healthy and orderly development of overseas market.

2. Cash flow risks:

With the continuous development and expanding business scale of the Group, the trade receivables and inventory remain high-level, which brings great pressure to business operation. Regarding capital as the blood of a company, the Group adheres to the concept that “the one with cash in hand is likely to stand out in the market, and ample resources provide certain guarantee”, actively expands financing channels, optimizes financing structure, enhances centralized capital management, make every effort to clear outstanding debts, vigorously remove inventory, achieve timely and effective recovery of funds as much as possible, and reduce the occupation and precipitation of funds to ensure capital chain security.

Section V Discussion and Analysis on Business Operations (Report of Directors) (continued)

3. Investment risks:

Investments business of the Group are concentrated in property and PPP projects, which feature large scales, long construction periods, a wide range of sectors, high complexity, strict construction deadlines, high quality requirements and exposure to policy influence. In the internal and external environment characterized by greater policy control by the central and local governments, standardized management, stricter financial regulation, greater debt pressure and fiercer competition, the execution and operation of investment projects above may subject the Group to certain risks if feasibility analysis received is not comprehensive, or if policy interpretation is not accurate, funds are not available, the process is not managed in a standard way, which may affect the expected benefit and the realization of strategic goals. To effectively control investment risks, the Group makes greater efforts in national and local economic policy analysis, sticks to the guidance of strategic goals, conducts pre-investment risk identification, strictly controls investments in non-core businesses, improves feasibility analysis standards, strictly performs investment project analysis and decision-making procedures, manages investment costs, enhances risk control in the whole process of investment projects, and develops targeted risk control plans and mitigation measures by taking account of characteristics of different projects with an aim to minimize investment risks.

4. Security risks:

The Group always attaches great importance to safe production and regards safe production as the premise and basis for all work. However, due to the characteristics of the industry and the complex working environment, high turnover of personnel and long management chains, the current safety production situation is still complicated and severe, and safety production management still has some hidden dangers and weaknesses. If the pressure on production safety responsibility and safety supervision is weakened, terminal responsibilities are not fully implemented, and even violations of regulations and rules occur, risky and unreasonable phenomena happen, risks will be brought to the Group. The Group firmly establishes the concept of safety development, adheres to the priority of life, coordinates development and safety, solidly carries out special rectification and concentrated actions for safety production, and builds the responsibility system, the institutional system and the prevention and control system to fundamentally eliminate hidden dangers of production safety accidents, so as to build a solid safety foundation for the high-quality development of enterprises.

5. Cost risks:

The Group makes overall plans for cost management by solidly improving its ability to create profits in the entire process, effectively strengthening cost management across the industry, continuously strengthening the construction of engineering companies and strictly controlling the expenditure of "three expenses". However, if there is no necessary price adjustment mechanism in the face of rising prices of raw materials, machinery and labor, the quota control in the production process is not scientific and the cost management is extensive, it may cause the project (product) cost to fail to be effectively controlled, and the expected benefits cannot be achieved, or even the risk of loss can be induced. The Group will strictly implement the "4 stages and 22 links" process of responsibility cost management, strengthen the pre-control and assessment of responsibility costs to fulfill rigid constraints, and make full use of digital means to promote the continuous improvement of responsibility cost management. At the same time, the Group will enhance the awareness of large costs, strengthen lean management, study the key points of operating cost control and measures to improve economic and technical indicators, establish a sound cost control system, ensure that the increase in operating costs is lower than that in operating income, to effectively improve the quality and efficiency of enterprise development.

Section V Discussion and Analysis on Business Operations (Report of Directors) (continued)

During the Reporting Period, the Company issued the Notice on Doing a Good Job in Major Risk Management and Control and Tracking and Monitoring, listed major risks that may be faced and clarified management and control strategy and work division, emphasized on improving the awareness of major risk management and control for all employees, promulgated major risk management and control plans, and established major risk monitoring and reporting mechanisms and other related requirements. In accordance with the requirements of the notice, the main responsible departments and affiliated units of the Company formulated the implementation plans for major risk management and monitoring, established and improved the monitoring system of major risk KRI indicator, scheduled reporting and timely sharing mechanism, with aim to achieve upper and lower linkages, horizontal coordination, and to jointly accomplish real-time risk management and process supervision of major risks.

(V) Others

Applicable Not Applicable

IV. DESCRIPTION ABOUT THE SITUATION AND THE CAUSE FOR THE COMPANY'S NOT DISCLOSING PURSUANT TO RELEVANT RULES DUE TO NON-APPLICABLE OR SPECIAL REASONS

Applicable Not Applicable

V. OTHER DISCLOSURE (DISCLOSURE PURSUANT TO THE REQUIREMENTS OF THE HONG KONG LISTING RULES)

(I) Principal business

For details, please refer to "Section IV Summary of the Company's Businesses".

(II) Business review

A review of the business of the Group, the risks which may be encountered, discussions on the future business development and the relationship with employees, customers and suppliers during the year are set out in this section, and financial key indicators are utilized for carrying out analysis on the financial and operating conditions of the Group. For details of significant events which had impacts on the Group and matters in relation to the social responsibilities and environmental protection of the Group during the year, please refer to "Section VI Significant Events" and "Section XI Environmental, Social and Governance Report" of this report. For the compliance of relevant laws and regulations which had material impacts on the Group, please refer to "Section X Corporate Governance (Corporate Governance Report)" of this report.

Section V Discussion and Analysis on Business Operations (Report of Directors) (continued)

(III) Taxation on dividend

The Board proposed to distribute a final cash dividend for the year 2020 of RMB0.23 per share (tax inclusive) with a total amount of RMB3,123,294,545.00 based on the total share capital of 13,579,541,500 shares of the Company as at 31 December 2020. The above profit distribution plan is subject to consideration and approval at the 2020 Annual General Meeting of the Company. After being considered and approved, the cash dividend will be paid on or before 31 August 2021 as expected by the Company. The Company will make separate announcements after convening of the General Meeting in relation to further details of the closure of register of H shareholders for distribution of cash dividend and the expected payment date.

Details of profit distribution of the Company in 2020 are set out in “Section VI Significant Events” of this report.

In accordance with the relevant regulations on taxation in the PRC, when a PRC enterprise distributes annual dividends for the year 2008 and onward to their H shareholders who are overseas non-resident enterprises (any H shares registered under the name of HKSCC Nominees Limited, other institutional nominees, trustees, or other organizations or groups, shall be deemed as shares being held by a non-resident enterprise shareholder), enterprise income tax shall be withheld at a uniform rate of 10% by the relevant PRC enterprise.

Pursuant to the changes in the relevant laws and regulations on taxation in the PRC, during the distribution of the dividend of the Company for 2010 and the following years, individual holders of the Company's H Shares whose names appear on the register of members of H shares of the Company are no longer exempted from individual income tax. For individual holders of H shares whose country/region of domicile is a country/region which has entered into a tax treaty with the PRC or a tax arrangement between mainland China and Hong Kong (Macau), the Company will usually withhold and pay individual income tax at the rate of 10% (the applicable tax rate for Hong Kong and Macau residents is 10%) of the dividend income attributable to such shareholders on behalf of them without being subject to application procedures. For individual holders of H shares that the rate of 10% is not applicable, they may pay the individual income tax with reference to the provisions under the Notice of State Administration of Taxation on Matters Concerning the Levy and Administration of Individual Income Tax after the Repeal of Guo Shui Fa [1993] No 045 (Guo Shui Han [2011] No. 348) (《國家稅務總局關於國稅發[1993] 045號文件廢止後有關個人所得稅徵管問題的通知》(國稅函[2011]348號)).

Section V Discussion and Analysis on Business Operations (Report of Directors) (continued)

According to the provisions of the Notice on the Tax Policies Related to the Pilot Program of the Shanghai-Hong Kong Stock Connect (Caishui [2014] No. 81) (關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知) (財稅[2014]81號), for dividends received by domestic individual investors or domestic securities investment funds from investing in H shares listed on the Hong Kong Stock Exchange through Shanghai-Hong-Kong Stock Connect, H share companies shall submit an application to the China Securities Depository and Clearing Corporation Limited (hereinafter "CSDCC") for the CSDCC to provide the register of members of domestic individual investors to the H-share companies, and the H-share companies shall withhold individual income tax at the tax rate of 20%. Such H-share companies will not withhold and pay the income tax of dividends for domestic enterprise investors and those domestic enterprise investors shall report and pay the relevant tax by themselves. According to the provisions of the Notice on the Tax Policies Related to the Pilot Program of the Shenzhen-Hong Kong Stock Connect (Caishui [2016] No 127) (關於深港股票市場交易互聯互通機制試點有關稅收政策的通知) (財稅[2016]127號), for dividends received by domestic individual investors or domestic securities investment funds from investing in H shares listed on the Hong Kong Stock Exchange through Shenzhen-Hong-Kong Stock Connect, H share companies shall submit an application to the CSDCC for the CSDCC to provide the register of members of domestic individual investors to the H-share companies, and the H-share companies shall withhold individual income tax at the tax rate of 20%. Such H-share companies will not withhold and pay the income tax of dividends for domestic enterprise investors, and those domestic enterprise investors shall report and pay the relevant tax by themselves. For dividends received by investors (including enterprise and individual investors) in the Hong Kong market from investing in A shares listed on the Shanghai Stock Exchange, and prior to Hong Kong Securities Clearing Company Ltd (hereinafter "HKSCC") is able to furnish the identity, holding period and other detailed data of investors in the Hong Kong market to CSDCC, the differentiated tax treatment based on the holding period of shares will temporarily not be implemented. Listed companies shall withhold income tax at a tax rate of 10% and make withholding filings with their competent tax authorities. For those investors who are tax residents of other countries and the tax rate applicable to dividends lower than 10% under the tax treaty between China and their residence countries, investors may by themselves or ask the withholding agent to act on their behalves to apply to the competent tax authorities of the listed company for the application of preferential treatment under the treaties. With the approval of the competent tax authorities, the difference between the tax withheld and the tax calculated at the rate as prescribed under the corresponding tax treaty shall be refunded.

Under the current practice of the Hong Kong Inland Revenue Department, no tax is payable in Hong Kong in respect of the dividends paid by the Company.

According to the Notice on Relevant Matters of Differentiated Individual Income Tax Policy for Listed Companies' Dividends (Cai Shui [2015] No. 101) (《關於上市公司股息紅利差別化個人所得稅政策有關問題的通知》(財稅[2015]101號)), if any individual acquires listed shares from listed companies in public issuance, transfers market and holds such shares within 1 month (inclusive), the full amount of his/her dividend income shall be included in taxable income; if the individual holds such shares for a period from more than 1 month to 1 year (inclusive), 50% of his/her dividend income shall be included in taxable income; an individual income tax rate of 20% shall be uniformly applicable to the said income; for shares of listed companies obtained by individuals from public offerings and the market, if any individual holds such shares for more than 1 year, no individual income tax will be imposed on the dividend income for the time being.

Section V Discussion and Analysis on Business Operations (Report of Directors) (continued)

(IV) Share capital

Details of the share capital of the Company are set out in “38. Share capital” in the Note V to the Financial Reports of this report.

Please see “XIX Convertible Bonds” in “Section VI Significant Events” of this report for the details on the H shares convertible bonds of the Company issued.

During the Reporting Period, none of the Company or its subsidiaries had issued any other convertible or redeemable securities, options, warrants or any other similar rights.

(V) Capital reserves, surplus reserves and special reserves

Changes to capital reserves, special reserves and surplus reserves of the Group and the Company in the year are set out in the Consolidated Statement of Changes in Equity in the audited financial reports and “40. Capital Reserve”, “42. Special Reserve” and “43. Surplus Reserve” in the Note V to the Financial Reports of this report.

(VI) Fixed assets

Details of the changes in the property, plant and equipment are set out in the “16. Fixed assets” in the Note V of the Financial Reports of this report.

(VII) Distributable reserves

The distributable reserve of the Company as at 31 December 2020 was approximately RMB27.8645 billion.

(VIII) Designated deposits and overdue term deposits

As at 31 December 2020, the Group had no designated deposits placed with any financial institutions in China, nor any term deposits which could not be recovered upon maturity.

(IX) Pre-emptive rights

There are no provisions for pre-emptive rights under the Articles of Association or the PRC laws, according to which the Company would be obliged to offer new shares on a pro rata basis to its existing shareholders.

(X) Permitted indemnity provisions

There was no permitted indemnity provision related to the directors of the Company in the year.

Section V Discussion and Analysis on Business Operations (Report of Directors) (continued)

(XI) Management contracts

There was no management or administration contract in respect of all of, or substantial part of, the Company's business for the year.

(XII) Donation

During the Reporting Period, the aggregation of the charitable donations and other donations of the Group amounted to RMB117.962 million.

(XIII) Relationship with employees, customers and suppliers

The Group deeply understands that employees, customers and suppliers are essential for our continuous and stable development. We endeavor to closely communicate with our staff and coordinate with suppliers to provide customers with high-quality products and services to achieve sustainable development of the Company.

For details of the employees of the Group, please refer to "Section IX Directors, Supervisors, Senior Management and Staff" of this report.

For details of the major customers and major suppliers, please refer to "(4) Major customers and suppliers" in "II. (I) 2. Analysis of the revenue and costs" of this section.

(XIV) Directors' interests in the businesses that compete with the Company

None of the directors of the Company is interested in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

(XV) Details of future plans for significant investments or purchasing capital assets of the Group and their expected source of funding in the coming year

By now, the Group had no future plan for significant investments or purchasing capital assets.

Section VI Significant Events

I. ORDINARY SHARE STOCK PROFIT DISTRIBUTION PLAN OR RESERVE-TO-EQUITY

(I) The Profit Distribution Policies of the Company

1. The basic principles of the profit distribution policies of the Company are as follows:

The Company shall take full account of the return to investors and distribute dividends to shareholders on a yearly basis in a specific proportion out of the distributable profit realized for the year as set out in that year's consolidated financial statements. The profit distribution policies of the Company shall maintain continuity and stability while giving consideration to the interests of the Company in the long term, the interests of all shareholders as a whole, and the sustainable development of the Company. The Company shall distribute its profit by way of cash dividends as priority.

2. The specific profit distribution policies of the Company

- (1) Form of profit distribution:

the Company may distribute dividends in cash, in shares or in a combination of both cash and shares. Under favorable circumstances, the Company may distribute interim dividends.

- (2) Specific conditions, proportions and intervals of cash dividends of the Company:

in the absence of certain special circumstances, if the Company's profit for the year and its total undistributed profit is positive, the Company shall distribute dividends in cash and such profit to be distributed in cash on a yearly basis must not be less than 15% of the distributable profit realized for the year as set out in that year's consolidated financial statements.

Such special circumstances refer to the following: a. where the audit firm issues a modified audit opinion for the financial report of the Company for that financial year; and b. where the Company has major investment plan or significant cash expenditure, excluding projects funded by raised proceeds.

Such major investment plan or significant cash expenditure refers to the external investment and asset acquisition by the Company with accumulated expenditure within the following 12 months amounting to or exceeding 30% of the latest audited net assets.

When the aforesaid conditions of cash distribution are met, in principle, cash dividends shall be distributed once a year. And the Board of Directors of the Company can propose a distribution of interim cash dividends according to the Company's situation of profitability and capital needs.

Section VI Significant Events (continued)

- (3) Specific conditions for distributing dividends in shares by the Company:

Directors consider that the share price of the Company does not reflect its scale of share capital and distributing dividends in shares will be in the interests of all shareholders of the Company as a whole, the Company may propose the distribution of dividends in shares upon fulfillment of the above conditions concerning cash dividends.

(II) Formulation, implementation or adjustment of the cash dividend policy

Applicable Not Applicable

1. Details of implementation of the cash dividend policy during the Reporting Period

It was resolved at the 36th meeting of the fourth session of the Board convened by the Company on 29 and 30 March 2020 that a cash dividend of RMB2,851,703,715.00 in total for 2020, i.e., RMB0.21 (tax inclusive) per share based on the total share capital of 13,579,541,500 shares as at 31 December 2019 was declared. The profit distribution plan had been considered and passed at the 2019 annual general meeting convened on 19 June 2020. The distribution of the above cash dividend was completed on 27 July 2020 and 11 August 2020, respectively.

2. Formulation, execution or adjustment of cash dividend policy

While maintaining the sustainable and stable development, the Company highly valued reasonable investment return to its shareholders. According to relevant regulations by the CSRC, the Articles of Association made clear the approval procedure for the cash dividend distribution policy and profit distribution policy. The Company's profit distribution policy is consistent with the Articles of Association and review process requirements. The standard and proportion of dividend are clear, and relevant decision-making mechanism and procedures are complete. The independent directors of the Company fulfilled their responsibilities with due diligence, carefully audited the cash dividend policy and issued independent advice. The Company has adopted a number of ways for the small and medium-sized shareholders to fully express their views and demands, fully safeguarded the legitimate rights and interests of minority shareholders. During the Reporting Period, in order to facilitate investors to have more comprehensive and further understanding of cash dividend distribution for 2019, the Company held an online illustration meeting on 12 May 2020, with the investors' corresponding issues hereof under common concern answered; on 19 June 2020, through the combination of on-site open and online voting, the Company considered and adopted the Proposal Regarding 2019 Annual Profit Distribution Plan at the 2019 Annual General Meeting.

Section VI Significant Events (continued)

3. Explanation on profit distribution plan for 2020

(1) *The 2020 profit distribution plan approved by the Board*

According to the audited financial report of the Company for 2020, at the beginning of 2020, the undistributed profit of the parent company was RMB19,005,961,004.91. After adding the net profit realized by the parent company in this year of RMB15,260,631,296.23, deducting the cash dividends for 2019 of RMB2,851,703,715.00 and distribution of the interest of holders of other equity instrument of RMB2,024,337,814.58, the distributable profit of the parent company at the end of the year was RMB29,390,550,771.56. According to the Company Law and the Articles of Association, the distributable profit of the parent company shall be distributed in the order as follows in 2020: the withdraw of the statutory surplus reserve fund of RMB1,526,063,129.62 based on 10% of net profit realized by the parent company for the year of 2020, after which the parent company's distributable profit for the shareholders in this year was RMB27,864,487,641.94; a cash dividend of RMB3,123,294,545.00 in total, being RMB0.23 (tax inclusive) per share, will be distributed, based on the total issued share capital of 13,579,541,500 shares as at 31 December 2020; upon such distribution, the undistributed profit of the parent company amounting to RMB24,741,193,096.94 will be carried forward to the next year. If there are changes in the total share capital of the Company before the equity registration date for the implementation of the equity distribution, the Company proposed to keep the total allocation unchanged and adjust the allocation ratio per share accordingly.

(2) *The time arrangement of the profit distribution plan for 2020*

The profit distribution plan for 2020 of the Company is subject to consideration and approval at the 2020 Annual General Meeting. The above proposed dividend is expected to be paid to the shareholders of the Company on or before 31 August 2021 after such profit distribution plan is considered and approved at the 2020 Annual General Meeting (the date of which has not been determined but will be announced by the Company in due course). If there is any change in the expected payment date, the Company will make further announcement(s) in respect of such change in due course.

(3) *Statement of the Board on the profit distribution plan for 2020*

From the perspective of national strategies and economic development requirements, high-quality development has been further advanced, the deployment of new development has been coordinated, and the economic development will be stabilizing in the long run, while the effective market will be cooperating with the promising government, and the supply system has become more adaptable to the demand side. The environment is more stable and rational, and the central economic work conference system is equipped with a new type of infrastructure to expand and invest effectively around the "two initiatives and one major project", and that domestic infrastructure investment will remain steady growth. During the 14th Five-Year Plan period, national strategies such as country with strong transportation, manufacturing, science and technology as well as digital China, will create new growth poles and growth points in urban construction, metropolitan circle, transportation network, smart zone, new infrastructure, new energy, etc.

Section VI Significant Events (continued)

From the perspective of the development, the Group is currently under a critical period of transition to high-quality development and industrial upgrade. In 2020, the newly-signed contracts, revenue and total profit of the Group amounted to RMB2,554.2887 billion, RMB910.3248 billion and RMB31.4906 billion, respectively, representing a significant year-on-year growth and creating the best historic level. The Company continued to strengthen the drive of innovation, promote green development, fulfill social responsibilities, take the initiative to serve the national strategy, strive to build a new development pattern with stable foundation, stable growth and sustainable development, and actively promote enterprise reform, smooth circulation, transformation and upgrade, and strive to achieve high quality development.

From the perspective of retained earnings, one portion of net income earned will be distributed to investors, and the other portion will be reserved. Accumulative retained earnings are attributable to owners of the Company, but will not be distributed for the time being. A balance between distribution and accumulation to keep some of net income for satisfying future requirements and controlling fluctuations of income allocation will be conducive to a sustained and stable dividend distribution policy. Dividend declaration of CRCC has been staying above 15% in recent years, indicating a stable level of dividend distribution.

(III) Profit Distribution plan, reserves-to-equity transfer plans of the Company or plan for the previous three years, including the Reporting Period

Unit: '000 Currency: RMB

Year of distribution	Number of bonus shares for every 10 shares (share)	Amount of dividend for every 10 shares (tax inclusive)	Number of shares transferred for every 10 shares (share)	Amount of cash dividend (tax inclusive)	Net profit attributable to ordinary shareholders of the Company in the consolidated financial statement during the year of dividend distribution	Percentage in net profit attributable to shareholders of the Company in the consolidated financial statement (%)
2020	0	2.30	0	3,123,295	20,368,645	15.33
2019	0	2.10	0	2,851,704	18,957,855	15.04
2018	0	2.10	0	2,851,704	17,068,298	16.71

Note:

- In the year of distribution of 2020, net profit attributable to shareholders of the parent company in the consolidated financial statement amounted to RMB22,392,983,000; net profit attributable to ordinary shareholders of the Company after deducting the interest distributed to other equity instrument holders, RMB2,024,338,000, amounted to RMB20,368,645,000.
- In the year of distribution of 2019, net profit attributable to shareholders of the parent company in the consolidated financial statement amounted to RMB20,197,378,000; net profit attributable to ordinary shareholders of the Company after deducting the interest distributed to other equity instrument holders, RMB1,239,523,000, amounted to RMB18,957,855,000.

Section VI Significant Events (continued)

Undertaking background	Undertaking Category	Undertaken by	Undertaking Contents	Time and term of undertakings	Is there a term for fulfillment	Is there timely and strict fulfillment	If the undertaking fails to be fulfilled in due time, please explain the specific reasons for the failure	If the undertaking fails to be fulfilled in due time, please state the plan in the next step
Undertakings associated with refinancing	Others	China Railway Construction Corporation	If CRCC violates the laws and regulations such as failure in disclosing idle land, which causes loss to CRCC and its investors, China Railway Construction Corporation shall bear the civil liability of compensation for CRCC and its investors pursuant to the laws. For more details, please refer to relevant announcements published by the Company on 13 May 2015 on China Securities Journal, Shanghai Securities News, Securities Daily, Securities Times, as well as on the website of Shanghai Stock Exchange (www.sse.com.cn), the website of The Stock Exchange of Hong Kong Limited (www.hkex.com.hk) and the Company's website (www.crcc.cn).	Long-term	No	Yes		
	Others	Directors and senior management	CRCC violates laws and regulations such as failure in disclosing idle land, which causes loss to CRCC and its investors, the directors and senior management shall bear the civil liability of compensation for CRCC and its investors pursuant to laws. For more details, please refer to relevant announcements published by the Company on 13 May 2015 on China Securities Journal, Shanghai Securities News, Securities Daily, Securities Times, as well as on the website of Shanghai Stock Exchange (www.sse.com.cn), the website of the Stock Exchange of Hong Kong Limited (www.hkex.com.hk) and the Company's website (www.crcc.cn).	Long-term	No	Yes		
Commitments								
Undertakings associated with share incentive								
Other commitments made to minority shareholders of the Company								
Other commitments	Resolving ownership defects of lands and other properties	China Railway Construction Corporation	Acquiring land certificates and property ownership certificates, covering the costs of acquiring the aforesaid certificates and losses caused thereby. For more details, please refer to relevant announcements published by the Company on 29 March 2014, 19 June 2014 on China Securities Journal, Shanghai Securities News, Securities Daily, Securities Times, as well as on the website of Shanghai Stock Exchange (www.sse.com.cn), the website of the Stock Exchange of Hong Kong Limited (www.hkex.com.hk) and the Company's website (www.crcc.cn).	Long-term	No	Yes		

Section VI Significant Events (continued)

Note:

In respect of the Company's proposed spin-off and the listing of China Railway Construction Heavy Industry Corporation Limited (hereinafter referred to as CRCHI) on the Science and Technology Innovation Board of the Shanghai Stock Exchange, as of the end of the Reporting Period, the relevant resolutions about the spin-off and the listing of CRCHI on the Science and Technology Innovation Board of the Shanghai Stock Exchange were considered and approved at 2020 second extraordinary general meeting of the Company held on 28 April 2020; CRCHI submitted the application materials for the initial public offering of its shares and listing on the Science and Technology Innovation Board to the Shanghai Stock Exchange on 12 June 2020, and the Shanghai Stock Exchange issued the Notice on Accepting the Application of China Railway Construction Heavy Industry Corporation Limited for Initial Public Offering of Shares and Listing on the Science and Technology Innovation Board (Shang Zheng Ke Shen (Shou Li) [2020] No. 137) (《關於受理中國鐵建重工集團股份有限公司首次公開發行股票並在科創板上市申請的通知》), and decided to accept and review the documents according to the law on 15 June 2020 considering that the application documents are complete and in line with the legal form. On 7 January 2021, SSE issued the Announcement on the Results of the Second Review Meeting of the Listing Committee of the Science and Technology Innovation Board in 2021 (《科創板上市委2021年第2次審議會議結果公告》), believing that the conditions of issuance, conditions of listing and requirements of information disclosure of CRCHI are met. The application for initial public offering and listing on the Science and Technology Innovation Board of CRCHI passed the SSE meeting; on 4 March 2021, CRCHI has submitted relevant registration documents for IPO and listing on the Science and Technology Innovation Board to SSE. For commitments made by the Company and controlling shareholders on the spin-off of CRCHI, please find more details in the Plan for the Spin-off and Listing of China Railway Construction Heavy Industry Corporation Limited (a subsidiary of the Company) on the Science and Technology Innovation Board of China Railway Construction Corporation Limited (Revised) (《中國鐵建股份有限公司關於分拆所屬子公司中國鐵建重工集團股份有限公司至科創板上市的預案(修訂稿)》) released on the websites of Shanghai Stock Exchange (www.sse.com.cn) and the Company (www.crcc.cn) on 3 April 2020, and the Prospectus for Initial Public Offering and Listing on the Science and Technology Innovation Board (Registration Draft) of China Railway Construction Heavy Industry Corporation Limited (《中國鐵建重工集團股份有限公司首次公開發行股票並在科創板上市招股說明書(註冊稿)》) released on the website of Shanghai Stock Exchange (www.sse.com.cn) by CRCHI on 4 March 2021. The above spin-off is subject to, among other things, completion of the issuance registration procedures of CSRC, and relevant commitments shall be subject to final prospectus released by CRCHI.

(II) Where the Company has profit forecasts on assets or projects, and the Reporting Period was within the term of profit forecasts, the Company has to state whether such profit forecasts on assets or projects are fulfilled and the reasons therefor

Applicable Not achieved Not Applicable

(III) Fulfillment of performance undertaking and impact on goodwill impairment test

Applicable Not Applicable

III. OCCUPATION OF FUNDS AND REPAYMENT OF DEBTS DURING THE REPORTING PERIOD

Applicable Not Applicable

Section VI Significant Events (continued)

IV. FROM THE COMPANY ON THE “NON-STANDARD OPINIONS AUDIT REPORT” FROM ACCOUNTING FIRM

Applicable Not Applicable

V. ANALYSIS AND EXPLANATION FROM THE COMPANY ON THE REASONS AND IMPACT OF THE CHANGE OF ACCOUNTING POLICIES, ACCOUNTING ESTIMATES OR CORRECTION ON SIGNIFICANT ACCOUNTING ERRORS

(I) **Analysis and explanation from the Company on the reasons and impact of the change of accounting policies or accounting estimates**

Applicable Not Applicable

(II) **Analysis and explanation from the Company on the reasons and impact of the correction on significant accounting errors**

Applicable Not Applicable

(III) **Communication with the previous accounting firm**

Applicable Not Applicable

(IV) **Other Explanation**

Applicable Not Applicable

VI. INFORMATION IN RELATION TO THE REVIEW ON THE ANNUAL RESULTS BY AUDIT AND RISK MANAGEMENT COMMITTEE

(I) **Information in relation to the review on the financial statements by the Audit and Risk Management Committee**

In accordance with the Terms of Reference of the Audit and Risk Management Committee and the regulatory requirements, during the Reporting Period, the Audit and Risk Management Committee actively supervised and evaluated the work of the external auditors. When the external auditors audited the financial report, the Audit and Risk Management Committee timely and effectively supervised and evaluated its audit work plan, pre-communication, progress and other stages, earnestly carried out the review of the Company's annual and interim reports, and provided professional advice and suggestions on the preparation of periodic reports.

Section VI Significant Events (continued)

The schedule on the review of the Company's annual financial report was negotiated and determined by the Board and the Audit and Risk Management Committee with the accounting firm for annual audit. Before the accounting firm for annual audit officially started the audit, the Audit and Risk Management Committee reviewed the annual financial statements prepared by the Company, and formed a written opinion. After the accounting firm for annual audit started the audit, the Audit and Risk Management Committee strengthened communication with the accounting firm for annual audit. After the accounting firm for annual audit issued the preliminarily audit opinion, the Audit and Risk Management Committee once again reviewed the Company's annual financial statements and formed a written opinion. The Audit and Risk Management Committee voted on the annual financial statements, formed a resolution and submitted it to the Board for review. The financial statements of the Company for the year ended 31 December 2020 were reviewed at the 22nd meeting of the Audit and Risk Management Committee of the fourth Board of directors of the Company on 29 March 2021.

(II) The situation on that the Audit and Risk Management Committee reviewed the important matters involved in the key audit matters in the Auditor's Report

The Audit and Risk Management Committee heard the report of Deloitte Touche Tohmatsu CPA LLP on the progress of the audit on 2020 annual report of the Company, reviewed the "key audit matters" in the auditor's Report, and agreed with the judgment of Deloitte Touche Tohmatsu CPA LLP on the "key audit matters" and the audit procedures implemented.

VII. APPOINTMENT AND REMOVAL OF AUDITORS

Unit: '0,000 Currency: RMB

Existing Auditors	
Name of domestic auditors	Deloitte Touche Tohmatsu CPA LLP
Remuneration of domestic auditors	2,772
Term of the domestic auditors for audit services	4 years

Unit: '0,000 Currency: RMB

Name		Compensation
The auditors for internal control audit	Deloitte Touche Tohmatsu CPA LLP	216
Financial advisor	Nil	-
Sponsor	Nil	-

Section VI Significant Events (continued)

Explanation on appointment and removal of auditors

Applicable Not Applicable

1. Pursuant to the amendments to the Hong Kong Listing Rules by the Hong Kong Stock Exchange and relevant requirements of the Ministry of Finance and the CSRC, a company incorporated in Mainland China and listed on the Hong Kong Stock Exchange is permitted to adopt the PRC GAAP to prepare its financial statements and to engage a domestic accounting firm recognized by the Ministry of Finance and the CSRC to provide relevant services according to the PRC auditing standards since 15 December 2010. Therefore, the Company appointed only one accounting firm each year as its external auditor starting from the financial year of 2011 (no division of domestic and overseas)
2. During the Reporting Period, the Company did not replace its auditor. In any of the past three years, the Company has not changed its accounting firm. From 2017 to 2020, the Company appointed Deloitte Touche Tohmatsu CPA LLP as the external auditor of the Company for four years. During the Reporting Period, fees for 2020 interim review, financial statement audit and relevant services paid by the Company for 2020 to Deloitte Touche Tohmatsu CPA LLP amounted to RMB27,720,000.
3. As considered and approved at the 2019 Annual General Meeting of the Company on 19 June 2020, the Company reappointed Deloitte Touche Tohmatsu CPA LLP as the auditor for internal control audit of the Company for 2020. During the Reporting Period, fees for 2020 audit of internal control and related services paid by the Company to Deloitte Touche Tohmatsu CPA LLP amounted to RMB2,160,000.
4. In accordance with Article 20ZT of the Hong Kong Financial Reporting Council Ordinance (Cap. 588), Deloitte Touche Tohmatsu Certified Public Accountants LLP, is an eligible external audit firm.

Explanations on replacement of auditors during the audit period

Applicable Not Applicable

VIII. RISK OF SUSPENSION OF LISTING

(I) Causes of Suspension of Listing

Applicable Not Applicable

(II) Measures to be taken by the Company

Applicable Not Applicable

Section VI Significant Events (continued)

IX. SITUATION AND CAUSES FOR TERMINATION OF LISTING

Applicable Not Applicable

X. MATTERS RELATING TO INSOLVENCY OR RESTRUCTURING

Applicable Not Applicable

XI. MATERIAL LITIGATION AND ARBITRATION

There existed material litigation and arbitration during the Reporting Period No material litigation and arbitration occurred during the Reporting Period

XII. PUNISHMENTS AND RECTIFICATIONS INVOLVED BY LISTED COMPANY ITS DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT, CONTROLLING SHAREHOLDERS, ACTUAL CONTROLLER OR BUYER

Applicable Not Applicable

XIII. EXPLANATION ON CREDIBILITY OF THE COMPANY AND ITS CONTROLLING SHAREHOLDERS AND ACTUAL CONTROLLER DURING THE REPORTING PERIOD

Applicable Not Applicable

XIV. INFORMATION ABOUT THE COMPANY'S SHARE INCENTIVE PLAN, EMPLOYEE STOCK OWNERSHIP PLAN OR OTHER EMPLOYEE INCENTIVE MEASURES AND THEIR IMPACTS

(I) **Related incentive disclosure which were disclosed in the temporary announcements and the consecutive operation without progress or change**

Applicable Not Applicable

(II) **Incentives which were not disclosed in the temporary announcements or with subsequent progress**

Information on share incentive

Applicable Not Applicable

Other explanation

Applicable Not Applicable

Section VI Significant Events (continued)

Information on employee stock ownership plan

Applicable Not Applicable

Other incentive measures

Applicable Not Applicable

XV. CONNECTED TRANSACTIONS AND MATERIAL RELATED-PARTY TRANSACTIONS

During the Reporting Period, the connected transactions/related-party transactions did not impose significant impacts on the production and operation of the Company.

(I) Non-exempt continuing connected transactions (disclosure pursuant to the requirements of the Hong Kong Listing Rules)

1. Continuing connected transactions under the Services Provision Framework Agreement between the Company and the Controlling Shareholder

The Controlling Shareholder and its associates, retained certain ancillary operations in the process of the re-structuring and listing of the Company. Following the listing of the H shares of the Company on the Hong Kong Stock Exchange, these ancillary operations continued to provide ancillary construction survey and design services to the Company and/or its subsidiaries. In order to regulate the above continuing connected transactions between the Group and the controlling shareholder, among others, the Company and the Controlling Shareholder entered into the Services Mutual Provision Framework Agreement (as supplemented by a supplemental agreement dated 29 January 2008) on 5 November 2007, and set the relevant annual caps for the continuing connected transactions contemplated thereunder.

The Services Provision Framework Agreement and the continuing connected transactions contemplated thereunder were renewed on 28 December 2009, 28 December 2012 and 28 December 2015. Following the continuous increase in revenue of the Company from survey and design, the volume of the transactions with the Controlling Shareholder and/or its associates in relation to survey, testing and mapping in the industry chain have increased correspondingly. In order to regulate the continuing connected transactions for purchase of related services by the Group from the Controlling Shareholder and/or its associates, the Company and the Controlling Shareholder renewed the Services Provision Framework Agreement on 13 December 2018 for a term from 1 January 2019 to 31 December 2021, and set the annual caps of the continuing connected transactions thereunder for the three years ending 31 December 2021.

Section VI Significant Events (continued)

Set out below are the approved annual cap and actual amount of transaction in relation to non-exempt continuing connected transactions under the aforementioned Services Provision Framework Agreement by the Group and the Controlling Shareholder and/or its associates for the year ended 31 December 2020:

Unit: '000 Currency: RMB

Nature of transaction	Annual cap for 2020	Consolidated amount of transaction of the Group in 2020
Expenditure payable by the Group in respect of the services provided by the Controlling Shareholder and/or its associates under the Services Provision Framework Agreement	2,000,000	1,390,023

- Continuing connected transaction under the Property Leasing Framework Agreement and its supplementary agreement between the Company and the Controlling Shareholder

The Company entered into the Property Leasing Framework Agreement (as supplemented by supplemental agreement dated 28 December 2012) with the Controlling Shareholder on 5 November 2007, for a term of 10 years from 5 November 2007. The principal term of the Property Leasing Framework Agreement is that the Controlling Shareholder and/or its related parties/associates have agreed to lease certain of their lawfully owned properties (hereinafter as "Leased Properties") to the Company and/or its subsidiaries on the terms and conditions set out in the Property Leasing Framework Agreement, and the Company and/or its subsidiaries have agreed to pay consideration for the lease of the Leased Properties as provided for under the Property Leasing Framework Agreement.

The above Property Leasing Framework Agreement (as supplemented by a supplemental agreement dated 28 December 2012) expired on 4 November 2017. In order to regulate the continuing connected transactions of the ongoing property leasing by the Group from the Controlling Shareholder and/or its related parties and/or its associates, the Company renew the framework agreement with the Controlling Shareholder on 30 October 2017 for a term from 5 November 2017 to 31 December 2019. The parties also set the annual caps for the continuing connected transactions thereunder for the two years ending 31 December 2019. Given that framework agreement entered into by the Company and the controlling shareholder on 30 October 2017, and the annual caps determined for the connected transactions thereunder had expired on 31 December 2019, in order to facilitate the supervision of the connected transactions in respect of the Group's leasing properties to the Controlling Shareholder and/or its related parties/its associates from time to time, on 18 December 2019, the Company and the Controlling Shareholders renewed the framework agreement on the same terms as the continuing connected transactions for a term from 1 January 2020 to 31 December 2022, and also set the annual caps for the continuing connected transactions thereunder for the three years ending 31 December 2022.

Section VI Significant Events (continued)

Besides, the Company entered into the Land Use Rights Leasing Framework Agreement with the Controlling Shareholder on 5 November 2007, for a term of 20 years from 5 November 2007. The principal term of Land Use Rights Leasing Framework Agreement is that the Controlling Shareholder and/or its related parties/associates have agreed to lease certain of their lawfully owned land use rights to the Company and/or its subsidiaries on the terms and conditions set out in the Land Use Rights Leasing Framework Agreement, and the Company and/or its subsidiaries agreed to pay the consideration as provided for in the Land Use Rights Leasing Framework Agreement.

Set out below are the approved annual cap and actual amount of transaction of the non-exempt continuing connected transactions under the Property Leasing Framework Agreement and the Land Use Rights Leasing Framework Agreement for the year ended 31 December 2020:

Unit: '000 Currency: RMB

Nature of transaction	Annual cap for 2020	Consolidated amount of transaction of the Group in 2020
Expenditure payable by the Group in respect of the services provided by the Controlling Shareholder and/or its associates under the Services Provision Framework Agreement	300,000	101,808

3. Continuing connected transactions under the Financial Services Agreement between CRCC Finance Company Limited and the Controlling Shareholder

CRCC Finance Company Limited (hereinafter referred to as "CRCC Finance") and the Controlling Shareholder renewed the Financial Services Agreement and continuing connected transactions thereunder on 25 January 2016 and 13 December 2018. The Financial Services Agreement entered into between CRCC Finance and the Controlling Shareholder on 25 January 2016 and the annual caps determined for continuing connected transactions under the agreement expired on 31 December 2018. To regulate continuing connected transactions in respect of deposit, loan, clearing and other financial services provided by CRCC Finance to the Controlling Shareholder and/or its associates, CRCC Finance and the Controlling Shareholder renewed the Financial Services Agreement, with a term from 1 January 2019 to 31 December 2021, and determined the annual caps of continuing connected transactions thereunder for the three years ending 31 December 2021. According to the Financial Services Agreement, CRCC Finance shall provide the following financial services to the Controlling Shareholder and its subsidiaries:

Deposit Services: The Controlling Shareholder or its subsidiaries shall establish deposit accounts at CRCC Finance and deposit funds into the deposit accounts established at CRCC Finance under the principle of free access to these accounts. Deposits can be in the form of current deposits, term deposits, call deposits or agreement deposits, etc. For the deposits of the Controlling Shareholder and its subsidiaries at CRCC Finance, the floating range of interest rates shall be subject to the requirements of the interest rates for the same kind of deposits for the same period offered by the People's Bank of China, and shall not be higher than the applicable interest rates offered by major commercial banks in the PRC for the same kind of deposits services within the same period. During the valid period of the Financial Services Agreement, the maximum daily balance (including accrued interest thereon) deposited at CRCC Finance by the Controlling Shareholder and its subsidiaries shall not exceed RMB30 billion in principle.

Section VI Significant Events (continued)

Loan Services: In compliance with the relevant PRC's laws and regulations, CRCC Finance shall provide the Controlling Shareholder and its subsidiaries with loan services according to the operational and development needs of the Controlling Shareholder. The Controlling Shareholder and its subsidiaries shall pay loan interests to CRCC Finance. The loan interest rates shall not be lower than the applicable interest rates offered by major commercial banks in the PRC for the same type of loan services within the same period. During the valid period of the Financial Services Agreement, the daily loan balance (including accrued interest thereon) obtained from CRCC Finance by the Controlling Shareholder and its subsidiaries shall not exceed RMB4.5 billion in total.

Clearing Services: CRCC Finance shall provide the Controlling Shareholder with collection and payment services and other auxiliary services in relation to settlement business. CRCC Finance shall provide the Controlling Shareholder and its subsidiaries with the abovementioned clearing services, with the charges not less than the fee scale of normal commercial banks. The annual service fees shall not exceed RMB100 million.

Other Financial Services: CRCC Finance shall provide other financial services to the Controlling Shareholder and its subsidiaries within its scope of operation, according to the demands of the Controlling Shareholder and its subsidiaries as well as its own conditions and in line with the Financial Services Agreement. The fees charged by CRCC Finance for the provision of other financial services shall be in compliance with the charging standards for such type of services as stipulated by the People's Bank of China or China Banking and Insurance Regulatory Commission, and shall not be less than the fee scale for same type of service projects from major financial institutions in the PRC. The annual service fees shall not exceed RMB100 million.

Set out below are approved annual caps and actual amount of transaction of the non-exempt continuing connected transactions under the Financial Services Agreement as at 31 December 2020:

Unit: '000 Currency: RMB

Nature of transaction	Annual cap for 2020	Consolidated amount of transaction of the Group in 2020
Deposit Service	30,000,000	2,445,514
Loan Services	4,500,000	3,137,173
Clearing Services	100,000	48
Other Financial Services	100,000	72

The proposed annual caps of the continuing connected transactions mentioned in paragraphs 1, 2 and 3 above were determined based on the estimated amount of transactions involved with reference to the historical transaction volumes. For details of the abovementioned continuing connected transactions, please refer to the announcements of continuing connected transactions dated 14 December 2018 and 19 December 2019 as published by the Company.

Section VI Significant Events (continued)

Independent non-executive directors of the Company have reviewed such non-exempt continuing connected transactions mentioned in paragraphs 1, 2 and 3 above and confirmed that:

- (i) The above connected transactions were conducted by the Group in the ordinary course of business;
- (ii) The terms of the above connected transactions were fair and reasonable, and in the interest of the shareholders as a whole;
- (iii) The above connected transactions were conducted upon normal commercial terms or, where comparisons were available, on terms no less favorable than those available from/to independent third parties;
- (iv) The above connected transactions were conducted in accordance with the terms of the agreements governing such transactions.

The Company's auditors had provided a letter to the Board stating the following with respect to the non-exempt continuing connected transactions mentioned in paragraphs 1, 2 and 3 above:

- (i) Nothing had come to the auditors' attention that had caused them to believe that the continuing connected transactions as disclosed had not been approved by the Board;
- (ii) In respect of the continuing connected transactions relating to the provision of goods and services by the Group, nothing had come to the auditors' attention that caused them to believe that such transactions had not been conducted in accordance with the pricing policy of the Company in all material aspects;
- (iii) Nothing had come to the auditors' attention that caused them to believe that such transactions had not complied with the terms of the relevant transactions in all material aspects;
- (iv) Nothing had come to the auditors' attention that caused them to believe that the continuing connected transactions as disclosed had exceeded the 2020 annual caps set out in the continuing connected transactions announcements dated 14 December 2018 and 19 December 2019, respectively.

Save as to the above, details of the related party transactions of the Company for the year ended 31 December 2020 are set out in Note X to the financial statements of this report. Except for the related party transactions between the Company and joint ventures and associates set out in Note X, all related party transactions are connected transactions of the Company under Chapter 14A of the Hong Kong Listing Rules. The Company confirms that the Company has complied with the applicable disclosure requirements under Chapter 14A of the Hong Kong Listing Rules in relation to such related party transactions.

Section VI Significant Events (continued)

(II) Related party transactions in relation to the ordinary operations (disclosure pursuant to the requirements of the Listing Rules of the Shanghai Stock Exchange)

1. Events disclosed in the temporary announcements and with no progress or change in subsequent implementation

Applicable Not Applicable

Summary of the event

Document for inspection

The 49th meeting of the third session of the Board of the Company was held on 30 October 2017. At the meeting, the Renewal of the Property Leasing Framework Agreement and the Proposal in Relation to the Determination of the Caps of Continuing Connected Transactions for 2018–2019 were considered and approved; the Company was approved to renew the Property Leasing Framework Agreement with the Controlling Shareholder and to determine the related transaction caps. According to the Property Leasing Framework Agreement entered into between the Company and the Controlling Shareholder, the annual transaction caps of expenditures in respect of leasing of all properties and lands by the Controlling Shareholder shall not exceed RMB300 million. Before submission to the Board for review, the proposal has been approved by independent non-executive directors of the Company; in the process review by the Board, independent non-executive directors also gave independent opinions for approving the proposal. The 31st meeting of the fourth session of the Board of the Company was held on 18 December 2019. At the meeting, the Renewal of the Services Mutual Provision Framework Agreement and the Proposal in Relation to the Determination of the Caps of Continuing Connected Transactions for 2020–2022 was considered and approved; the Company agreed to renew the Services Mutual Provision Framework Agreement and caps of each connected transaction. Before submission to the Board for review, the proposal has been approved by independent non-executive directors of the Company; in the review process by the Board, independent non-executive directors of the Company also gave independent opinions for approving the proposal.

For details, please refer to the announcements of the Company dated 31 October 2017 and 19 December 2019 published in China Securities Journal, Shanghai Securities News, Securities Daily, Securities Times as well as on the website of Shanghai Stock Exchange (www.sse.com.cn), the website of the Hong Kong Stock Exchange (www.hkex.com.hk) and the Company's website (www.crcc.cn).

Section VI Significant Events (continued)

Summary of the event	Document for inspection
<p>The Company convened the 12th meeting of the fourth session of the Board on 30 October 2018, which considered and approved the Resolution on Adjustment to Annual Cap for Daily Connected Transactions for 2018, and agreed to adjust the cap for daily connected transactions under the Service Provision Framework Agreement entered into with the Controlling Shareholder. The Company convened the 14th meeting of the fourth session of the Board on 13 December 2018, which considered and approved the Resolution on Renewal of Service Provision Framework Agreement and Proposed Caps for Continuing Connected Transactions for 2019–2021. Pursuant to the Service Provision Framework Agreement entered into between the Company and the Controlling Shareholder, the annual transaction amount for 2019–2021 shall not exceed RMB2,000,000,000. Before sub-mission to the Board for review, the proposal has been approved by independent nonexecutive directors of the Company; in the process review by the Board, independent non-executive directors also gave independent opinions for approving the proposal.</p>	<p>For details, please refer to the announcements of the Company dated 31 October 2018 and 14 December 2018 published in China Securities Journal, Shanghai Securities News, Securities Daily, Securities Times as well as on the website of Shanghai Stock Exchange (www.sse.com.cn), the website of the Hong Kong Stock Exchange (www.hkex.com.hk) and the Company's website (www.crcc.cn).</p>

Section VI Significant Events (continued)

Summary of the event	Document for inspection
<p>The Company and CRCC Financial Leasing Co., Ltd. (“CRCCFL”) signed the Services Mutual Provision Framework Agreement in 2016, which standardized the financial assistance, equipment procurement and leasing services provided by CRCCFL to the Company and its subsidiaries and set up caps. The Company issued an announcement in relation to the Services Mutual Provision Framework Agreement. The 39th meeting of the third session of the Board of the Company was held on 29 to 30 March 2017. At the meeting, the Resolution on Renewal of the Services Mutual Provision Framework Agreement entered into between the Company and CRCCFL were considered and approved. The Company adjusted the details for the business transactions with CRCCFL and reset the annual caps based on its own planning on business development. The Company reentered into the Services Mutual Provision Framework Agreement with CRCCFL for a term from 1 January 2017 to 31 December 2019. Before submission to the Board for review, the proposal has been approved by independent non-executive directors of the Company; in the process review by the Board, independent non-executive directors also gave independent opinions for approving the proposal. The 31st meeting of the fourth session of the Board of the Company was held on 18 December 2019. At the meeting, the Resolution on Renewal of Services Mutual Provision Framework Agreement and Determination of Caps of Continuing Connected Transactions from 2020 to 2022 was considered and approved; and it approved the renewal of the Services Mutual Provision Framework Agreement and the caps of connected transactions. Before submission to the Board for review, the proposal has been approved by independent nonexecutive directors of the Company; in the process review by the Board, independent non-executive directors also gave independent opinions for approving the proposal.</p>	<p>For details, please refer to the announcements of the Company dated 31 December 2016, 31 March 2017 and 19 December 2019 published in China Securities Journal, Shanghai Securities News, Securities Daily, Securities Times as well as on the website of Shanghai Stock Exchange (www.sse.com.cn), the website of the Hong Kong Stock Exchange (www.hkex.com.hk) and the Company’s website (www.crcc.cn).</p>

Section VI Significant Events (continued)

Summary of the event	Document for inspection
<p>The 14th meeting of the fourth session of the Board of the Company was held on 13 December 2018. At the meeting, the Resolution on Renewal of the Financial Services Agreement and Determination of Caps of Continuing Connected Transactions from 2019 to 2021 was considered and approved; CRCC Finance Company Limited, being a subsidiary controlled by the Company, was approved to renew the Financial Services Agreement with the Controlling Shareholder, and provide deposit, loan, clearing and other financial services to the Controlling Shareholder and its subsidiaries (excluding the Company) based on the agreement. Before submission to the Board for review, the proposal has been approved by independent non-executive directors of the Company; in the review process by the Board, independent non-executive directors of the Company also gave independent opinions for approving the proposal.</p>	<p>For details, please refer to the announcements of the Company dated 14 December 2018 published in China Securities Journal, Shanghai Securities News, Securities Daily, Securities Times as well as on the website of Shanghai Stock Exchange (www.sse.com.cn), the website of the Hong Kong Stock Exchange (www.hkex.com.hk) and the Company's website (www.crcc.cn)</p>

During the Reporting Period, the abovementioned related-party transactions in relation to ordinary operations have been conducted in accordance with provisions of the agreements, and no change has been made. During the Reporting Period, actual execution of the abovementioned related party transactions is as follows:

(1) *Related-party transactions with the Controlling Shareholder in relation to ordinary operations of the Group*

Related party	Related party transactions type	Related party transactions content	Pricing principle of related party transactions	Related party transactions price	Related party transactions amount	Proportion in similar transactions (%)	Settlement method of related party transactions	Market price	Reason for the difference between transaction price and market price
									Market price
12 companies including Shaanxi Railway Engineering Investigation Co., Ltd	Expenditure for labor service	Survey, design and consultation operations	Agreement pricing	-	1,390,023	0.17	Cash	-	-
Controlling Shareholder and associates	Property leasing expense	Property lease	Agreement pricing	-	101,808	0.01	Cash	-	-

Section VI Significant Events (continued)

(2) Continuing related-party transactions between the Company and CRCCFL

Unit: '000 Currency: RMB

Nature of transaction	Project	Annual cap for 2020	Consolidated amount of transaction during the Reporting Period
Revenue	With the comparable market price which is no less than that of the third party, CRCCFL will purchase tunnel boring machines and other mechanical equipment from the Company and its related subsidiaries, but the cumulative amount per year shall not exceed RMB9 billion.	9,000,000	1,148,982
	Under the pre-condition of complying with the relevant laws and regulations of the state, according to its scope of operation, CRCCFL may take term deposits of 3 months or more (both days inclusive) from China Railway Construction Heavy Industry Corporation Limited ("Railway Construction Heavy Industry") and Beijing CRCC Tianrui Machinery Equipment Co., Ltd. ("CRCC Tianrui"), both of which are subsidiaries of the Company, and pay interest based on the agreed interest rate. The interest rate paid by CRCCFL shall be no less than the applicable loan rate that domestic major commercial banks provide for similar loan services within the same period. Within the validity term of the agreement, the deposit balance (including accrued interest) that CRCCFL obtains from China Railway Construction Heavy Industry Corporation Limited and CRCC Tianrui shall not exceed RMB500 million.	500,000	–
Expense	CRCCFL provides financial leasing services and operating leasing services for the Company or its related subsidiaries. Within the validity term of the agreement, CRCCFL shall charge the fees in relation to the leasing services provided by CRCCFL for the Company based on the charging standard which is not higher than that of the similar service items provided by the similar financial institutions in China. The total amount of annual charge for leasing services shall not exceed RMB31.5 billion.	31,500,000	1,914,446

Section VI Significant Events (continued)

- (3) *Continuing connected transaction between CRCC Finance Company Limited, a subsidiary controlled by the Company, and the Controlling Shareholder*

See "Claims and liabilities between related parties" in XV(V) of this section for details.

2. Events disclosed in the temporary announcements but with progress or change

Applicable Not Applicable

3. Events not disclosed in the temporary announcements

Applicable Not Applicable

(III) Related party transactions from acquisition and disposal of assets, equity interests

1. Events disclosed in the temporary announcements and with no progress or change in subsequent implementation

Applicable Not Applicable

2. Events disclosed in the temporary announcements but with progress or change in subsequent implementation

Applicable Not Applicable

3. Events not disclosed in temporary announcements

Applicable Not Applicable

4. If agreement upon performance is involved, the performance achievements during the Reporting Period shall be disclosed

Applicable Not Applicable

(IV) Significant related party transactions on the joint external investment

1. Events disclosed in the temporary announcements and with no progress or change in subsequent implementation

Applicable Not Applicable

2. Events disclosed in the temporary announcements but with progress or change in subsequent implementation

Applicable Not Applicable

3. Events not disclosed in temporary announcements

Applicable Not Applicable

Section VI Significant Events (continued)

(V) Claims and liabilities between related parties

1. Events disclosed in the temporary announcements and with no progress or change in subsequent implementation

Applicable Not Applicable

2. Events disclosed in the temporary announcements but with progress or change in subsequent implementation

Applicable Not Applicable

Unit: '000 Currency: RMB

Related party	Related party relationship	Provision of funds to related party by the listed company			Provision of funds to the listed company by related party		
		Beginning balance	Accrual	Ending balance	Beginning balance	Accrual	Ending balance
China Railway Construction Corporation ^{Note 1}	Controlling Shareholder	2,800,000	20,000	2,820,000	818,066	25,000	843,066
China Railway Construction Corporation ^{Note 2}	Controlling Shareholder	-	-	-	183,512	-44,457	139,055
China Railway Jinli Assets Management Co., Ltd. ^{Note 2}	Wholly-owned subsidiary of the Controlling Shareholder	-	-	-	791,360	61,386	852,746
Beijing Tongda Jingcheng Highway Co., Ltd. ^{Note 2}	Wholly-owned subsidiary of the Controlling Shareholder	-	-	-	264,055	-85,113	178,942
Total		2,800,000	20,000	2,820,000	2,056,993	-43,184	2,013,809

During the Reporting Period, the amount of funds provided to the Controlling Shareholder and its subsidiaries by the Company (in RMB'000)

Cause to claims and liabilities between related parties

Settlement of claims and liabilities between related parties

Commitments related to claims and liabilities between related parties

Impact of such claims and liabilities between related parties on the Company's operating result and financial position

Note 1: The capital provided by the listed company to the related party is the principal of the loan provided from CRCC Finance to the Controlling Shareholders. The capital provided by the related parties to the listed company was mainly the amount granted by the Ministry of Finance to the Controlling Shareholder, and deemed as the Controlling Shareholder's entrusted loan to the Company, and the interest rate of such entrusted loans is determined according to the loan prime rate (LPR) announced by the National Interbank Funding Center.

Note 2: The amount includes deposits of the Controlling Shareholder and its subsidiaries stored in CRCC Finance, a subsidiary of the Group.

Section VI Significant Events (continued)

3. Events not disclosed in temporary announcements

Applicable Not Applicable

(VI) Others

Applicable Not Applicable

XVI. MAJOR CONTRACTS AND PERFORMANCE

(I) Trusteeship, contracting and leasing matters

1. Information on trusteeship

Applicable Not Applicable

2. Information on contracting

Applicable Not Applicable

3. Information on leasing

Applicable Not Applicable

Section VI Significant Events (continued)

(II) Related guarantee

Applicable Not Applicable

Unit: '000 Currency: RMB

Guarantor	Relationship with the listed company		Guarantee amount	Date of Guarantee Occurrence (date of signing the agreement)			Guarantee type	Performance			Counter Guaranteed by related party	Guarantee Related Relationship
	Party guaranteed			Guarantee Starting date	Guarantee Due date	Guarantee		Completed or not	Overdue or not	Overdue amount		
The Company	Within the Company	Chuantie (Luzhou) Tielu Co., Ltd.	36,120	28 December 2006	28 December 2006	28 December 2026	General Guarantee	No	No	No	No	
The Company	Within the Company	Chuantie (Luzhou) Tielu Co., Ltd.	35,952	16 April 2008	16 April 2008	16 April 2028	General Guarantee	No	No	No	No	
The Company	Within the Company	CRCC-Tongguan Investment Co., Ltd.	1,189,555	17 March 2014	17 March 2014	20 November 2023	General Guarantee	No	No	No	Yes	Associate
The Company	Within the Company	CRCC-Tongguan Investment Co., Ltd.	120,778	20 May 2015	20 May 2015	20 November 2023	General Guarantee	No	No	No	Yes	Associate
The Company	Within the Company	ECUACORRIENTE S.A.	150,940	22 June 2020	10 August 2020	9 July 2025	Joint Responsibility Guarantee	No	No	No	Yes	Associate
China Railway 23rd Bureau Group Co., Ltd.	Wholly-owned subsidiary	Chengdu Urban Investment & Construction Technology Co., Ltd.	15,000	28 April 2018	28 April 2018	26 February 2023	Joint Responsibility Guarantee	No	No	yes	Yes	Associate
China Railway Construction Investment Group Co., Ltd.	Controlling subsidiary	CRCC-Tongguan Investment Co., Ltd.	585,284	13 June 2019	13 June 2019	13 June 2024	Joint Responsibility Guarantee	No	No	yes	Yes	Associate
China Railway 20th Bureau Group Co., Ltd.	Wholly-owned subsidiary	Guizhou Wengma Railway Co., Ltd.	659,076	31 March 2016	31 March 2016	31 March 2039	Joint Responsibility Guarantee	No	No	No	Yes	Associate
China Railway Construction Investment Group Co., Ltd.	Controlling subsidiary	CRCC-Shandong Jinghu Highway Jile Co., Ltd.	195,000	8 December 2016	8 December 2016	13 May 2020	General Guarantee	Yes	No	No	Yes	Associate

Total amount of guarantees for the Reporting Period(exclusive of the guarantees for subsidiaries) -444,026

Ending balance of guarantees for the Reporting Period (A) (exclusive of the guarantees for subsidiaries) 2,792,705

Guarantees for subsidiaries by the Company together with its subsidiaries

Total amount of guarantees for subsidiaries for the Reporting Period -1,928,351

Ending balance of guarantees for subsidiaries for the Reporting Period (B) 17,365,697

Section VI Significant Events (continued)

Total guarantees by the Company (inclusive of such guarantees to its subsidiaries)	
Total guarantees (A+B)	20,158,402
The proportion of total guarantees in net assets of the Company (%)	6.43
Among which:	
The amount of guarantees for the Company's shareholders, actual controllers and their related parties (C)	–
Debt guarantees directly or indirectly to guaranteed objects with the gearing ratio higher than 70% (D)	19,333,386
Of total guarantees, the portion in excess of 50% net assets of the Company (E)	–
Total of the above three categories of guarantees (C+D+E)	19,333,386
Explanation on the potential joint liability arising from the immature guarantees	N/A
Explanation on the guarantees	

As of the end of the Reporting Period, the total amount of external guarantees provided by the Company to its wholly-owned and controlled subsidiaries amounted to RMB17,365.7 million, except for guarantees provided for wholly-owned and controlled subsidiaries. The balance of other guarantees of the Company totalled RMB2,792.7 million, and the Company had no overdue guarantees.

The external guarantee provided by the Company has stringently fulfilled its decision-making procedures and information disclosure obligations in accordance with the relevant normative documents and the corporate governance system, and there is no breach of the provision of guarantee. The independent Directors of the Company carried out careful and detailed checks on the external guarantees of the Company as of 31 December 2020, and issued specific explanations and independent opinions.

Section VI Significant Events (continued)

(III) Entrusted others to manage cash assets

1. Entrusted wealth management

(1) Overall entrusted wealth management

Applicable Not Applicable

Unit: '000 Currency: RMB

Type	Source of funding	Amount	Outstanding balance	Amount overdue but uncollected
Public offering fund products	Fund on hand	-3,009,186	-	-
Trust wealth management products	Fund on hand	-41,567	54,650	-
Securities wealth management products	Fund on hand	-136,250	395,000	-
Privately offered fund products	Fund on hand	-36,985	1,053,709	-
Total	Fund on hand	-3,223,988	1,503,359	-

Others

Applicable Not Applicable

(2) Individual entrusted wealth management

Applicable Not Applicable

Others

Applicable Not Applicable

(3) Provisions for impairment of entrusted wealth management

Applicable Not Applicable

Section VI Significant Events (continued)

2. Entrusted loans

(1) Overall entrusted loans

Applicable Not Applicable

Others

Applicable Not Applicable

(2) Breakdown of individual entrusted loans

Applicable Not Applicable

Others

Applicable Not Applicable

(3) Provisions for impairment of entrusted wealth management

Applicable Not Applicable

3. Others

Applicable Not Applicable

Section VI Significant Events (continued)

(IV) Other Major Contracts

Applicable Not Applicable

1. Domestic business contract

Unit: '00,000,000 Currency: RMB

No.	Date of signing	Name of project	Contract amount	Contracting party	Term of performance
1	January 2020	Project of Shanty Town Renovation in 11 Villages and Streets in Airport Economic Start Zone, Langfang (廊坊臨空經濟區起步區11個村街棚戶區改造項目)	62.25	A consortium comprising China Railway Construction Investment Group Co., Ltd., CRCC Investment Fund Management Co., Ltd., China Railway 12th Bureau Group Co., Ltd., China Railway 16th Bureau Group Co., Ltd., China Railway Fifth Survey and Design Institute Group Co., Ltd. and CRCC Suzhou Design and Research Institute Co., Ltd.	4 years
2	February 2020	Comprehensive Development Project in the South Plaza Area of Weifang Station (濰坊站南廣場片區綜合開發項目)	45	A consortium comprising China Railway Construction Investment Group Co., Ltd., CRCC Investment Fund Management Co., Ltd., China Railway 20th Bureau Group Co., Ltd. and China Railway 21st Bureau Group Co., Ltd.	15 years
3	February 2020	Construction of Section II (Railway Stations and Sub-sections) of Binhai Express (Fuzhou-Changle Airport Intercity Railway Project) (濱海快線(福州至長樂機場城際鐵路工程)第2標段(車站、區間工程)(施工))	50.489	A consortium comprising China Railway Construction Corporation Limited, China Railway 11th Bureau Group Co., Ltd., China Railway 12th Bureau Group Co., Ltd., China Railway 17th Bureau Group Co., Ltd., China Railway 21st Bureau Group Co., Ltd. and China Railway 24th Bureau Group Co., Ltd.	A total construction period of 1,644 calendar days
4	February 2020	General Contracting of Phase I Construction of Nanjing Metro Line 9 (Bid Section D.009.X-TA02) (南京地鐵9號線一期工程施工總承包D.009.X-TA02標)	43.3209	A consortium comprising China Railway Construction Corporation Limited, China Railway 11th Bureau Group Co., Ltd., China Railway 12th Bureau Group Co., Ltd., China Railway Construction Bridge Engineering Bureau Group Co., Ltd., China Railway 15th Bureau Group Co., Ltd., China Railway Construction Electrification Bureau Group Co., Ltd. and China Railway 14th Bureau Group Electrification Engineering Co., Ltd.	A planned construction period of 44 months
5	March 2020	Integrated Development Project of Shengzhou City Area (嵊州市片區綜合開發項目)	186	A consortium comprising China Railway 18th Bureau Group Co., Ltd. and CRCC Investment Fund Management Co., Ltd.	8 years

Section VI Significant Events (continued)

No.	Date of signing	Name of project	Contract amount	Contracting party	Term of performance
6	March 2020	Phase I Project of Changchun City Rail Transit Line 7 (長春市城市軌道交通7號線一期工程)	108.54	A consortium comprising China Railway Construction Corporation Limited, China Railway 12th Bureau Group Co., Ltd., China Railway Construction Bridge Engineering Bureau Group Co., Ltd., China Railway 14th Bureau Group Co., Ltd., China Railway 16th Bureau Group Co., Ltd., China Railway 17th Bureau Group Co., Ltd., China Railway 18th Bureau Group Co., Ltd., China Railway 20th Bureau Group Co., Ltd., China Railway 22nd Bureau Group Co., Ltd., China Railway 25th Bureau Group Co., Ltd., China Railway Construction Group Co., Ltd., China Railway Construction Bridge Engineering Bureau Group Electrification Engineering Co., Ltd. and China Railway 19th Bureau Group Corporation Electric Engineering Co., Ltd.	A construction period of 1,826 days
7	April 2020	EPC Project of 2020 Urban Development in Wucheng County (武城縣2020年城市建設EPC項目)	35.23	China Railway 12th Bureau Group Co., Ltd.	A planned construction period of 2 years
8	May 2020	Partner Procurement Project for the Development Project of the Chunbei District of Fuchun Bay New Town, Hangzhou City (杭州富春灣新城春北片區開發項目合作方採購項目)	204.14	A consortium comprising China Railway Construction Investment Group Co., Ltd. and CRCC Investment Fund Management Co., Ltd.	12 years
9	May 2020	Civil Engineering of the Phase 1 Project of Zhengzhou Rail Transit Line 12 (鄭州市軌道交通12號線一期工程土建施工)	60.05	A consortium comprising China Railway Construction Corporation Limited, China Railway 11th Bureau Group Co., Ltd., China Railway 12th Bureau Group Co., Ltd., China Railway 14th Bureau Group Co., Ltd., China Railway 15th Bureau Group Co., Ltd., China Railway 16th Bureau Group Co., Ltd. and China Railway 17th Bureau Group Co., Ltd.	A construction period of 1,360 calendar days
10	June 2020 ^{Note 1}	Engineering General Contracting for the Construction Project of Zibo Banyang Real Estates Co., Ltd. (濰博股陽置業有限公司建設項目工程總承包)	Approximately 31.47	China Railway 12th Bureau Group Co., Ltd.	A construction period of 730 calendar days
11	June 2020	B1, B2, C, D1, D2 and E Group Resettlement Housing and Ancillary Facilities Project-D2 Group EPC in Rongdong Area (容東片區B1、B2、C、D1、D2、E組團安置房及配套設施項目-D2組團施工總承包)	41.495	China Railway 12th Bureau Group Co., Ltd.	A construction period of 396 calendar days
12	June 2020	B1, B2, C, D1, D2 and E Group Resettlement Housing and Ancillary Facilities Project-D1 Group EPC in Rongdong Area (容東片區B1、B2、C、D1、D2、E組團安置房及配套設施項目-D1組團施工總承包)	64.725	China Railway Construction Group Co., Ltd.	A construction period of 396 calendar days

Section VI Significant Events (continued)

No.	Date of signing	Name of project	Contract amount	Contracting party	Term of performance
13	June 2020 ^{注1}	Yucheng City Urban Construction and Transportation Infrastructure EPC Project (禹城市城市建設及交通基礎設施EPC項目)	45.29	China Railway 12th Bureau Group Co., Ltd.	A construction period of 3 years
14	June 2020	Preconstruction Work of the Section from Yiwu to Wenzhou of the Newly-built Hangzhou to Wenzhou Railway (Bid Section HWZQ-1) (新建杭州至溫州鐵路義烏至溫州段站前工程HWZQ-1標)	32.28	China Railway 11th Bureau Group Co., Ltd.	A construction period of 1,414 days
15	June 2020	Projects of the Guangnan (from Guangyuan to Nanchong) to Nanguang (from Nanchong to Guang'an) Section of Nanchong Transit Expressway and Nanchong-Tongnan (in Sichuan) Expressway (南充過境高速公路廣(元)南(充)至南(充)廣(安)段、南充至潼南(四川境)高速公路項目)	108.7	A consortium comprising CRCC Kunlun Investment Group Co., Ltd., China Railway 19th Bureau Group Co., Ltd. and China Railway 24th Bureau Group Co., Ltd.	27 years and 219 days
16	June 2020	Investment Partner + Engineering Procurement, Construction of Jiahe New Town Project in Fushan District, Yantai City (煙臺市福山區夾河新城項目投資合作方+工程總承包)	203	A consortium comprising China Railway Construction Investment Group Co., Ltd., CRCC Investment Fund Management Co., Ltd., CRCC Qingdao Investment Co., Ltd., CRCC Southern Construction and Investment Co., Ltd., China Railway 11th Bureau Group Co., Ltd., China Railway 12th Bureau Group Co., Ltd., China Railway 14th Bureau Group Co., Ltd., China Railway Urban Construction Group Co., Ltd., China Railway Fifth Survey and Design Institute Group Co., Ltd. and CRCC Suzhou Design and Research Institute Co., Ltd.	15 years
17	June 2020	PPP Project of Transportation Infrastructure in Renshou County, Tianfu New Area (天府新區仁壽縣交通基礎設施PPP項目)	69	China Railway 23rd Bureau Group Co., Ltd.	18 years
18	June 2020	Phase I Project of the High Speed Rail New District in Anqing City (安慶高鐵新區一期項目)	40.83	A consortium comprising CRCC Urban Investment & Construction Co., Ltd., CRCC Investment Fund Management Co., Ltd., China Railway 14th Bureau Group Co., Ltd., China Railway 17th Bureau Group Co., Ltd. and China Railway First Survey and Design Institute Group Co., Ltd.	10 years

Section VI Significant Events (continued)

No.	Date of signing	Name of project	Contract amount	Contracting party	Term of performance
19	June 2020	PPP Project of Phase I Engineering of Tianjin Metro Line No. 8 (天津地鐵8號線一期工程PPP項目)	236.14	A consortium comprising China Railway Construction Group Co., Ltd., CRCC Huabei Investment and Development Co., Ltd., CRCC Investment Fund Management Co., Ltd., China Railway 11th Bureau Group Co., Ltd., China Railway Construction Bridge Engineering Bureau Group Co., Ltd., China Railway 16th Bureau Group Co., Ltd., China Railway 18th Bureau Group Co., Ltd., China Railway 20th Bureau Group Co., Ltd., China Railway 22nd Bureau Group Co., Ltd. and China Railway 24th Bureau Group Co., Ltd.	26 years
20	July 2020	Infrastructure Construction Project (EPC) of Fangcheng District in Xicheng, Linyi City (臨沂西城方城片區基礎設施建設項目(EPC))	About 123	A consortium comprising China Railway 20th Bureau Group Co., Ltd. and China Municipal Engineering North China Design and Research Institute Co., Ltd.	A cooperation period of about 5 years
21	July 2020	Infrastructure Construction Project (EPC) of Lu Ban Exquisite Town District (魯班精裝小鎮片區基礎設施建設項目(EPC))	About 101	A consortium comprising China Railway 20th Bureau Group Co., Ltd. and China Municipal Engineering North China Design and Research Institute Co., Ltd.	A cooperation period of about 5 years
22	July 2020	Construction Project Section 01 of Comprehensive Transportation Hub of Beijing Sub-center Railway Station (北京城市副中心站綜合交通樞紐工程01標段)	40.03	A consortium comprising China Railway Construction Group Co., Ltd. and China Railway 16th Bureau Group Co., Ltd.	1,553 calendar days
23	August 2020	Design and Construction General Contracting Project of Huanggang Road Rapid Reconstruction Project (皇崗路快速化改造工程設計施工總承包)	Approximately 100.9438	A consortium comprising China Railway Construction Corporation Limited, CRCC Southern Construction and Investment Co., Ltd., China Railway 14th Bureau Group Co., Ltd., China Railway 15th Bureau Group Co., Ltd., China Railway 16th Bureau Group Co., Ltd., China Railway Siyuan Survey and Design Group Co., Ltd. and Beijing General Municipal Engineering Design and Research Institute Co., Ltd.	A total construction period of 1,371 calendar days
24	August 2020	General Contracting for Construction of Section I from Shenzhen Airport to Qianhai of Guangzhou-Dongguan-Shenzhen Intercity Rail Transit Project (穗莞深城際軌道交通深圳機場至前海段工程I標施工總承包)	35.16	A consortium comprising China Railway 14th Bureau Group Co., Ltd., China Railway 19th Bureau Group Co., Ltd., CRCC Southern Construction and Investment Co., Ltd. and China Railway Construction Electrification Bureau Group Co., Ltd.	A construction period of 1,646 calendar days

Section VI Significant Events (continued)

No.	Date of signing	Name of project	Contract amount	Contracting party	Term of performance
25	August 2020	Fenghuangling Industry-City Integration Project in Hedong District, Linyi City (臨沂市河東區鳳凰嶺產城融合項目)	155	China Railway 14th Bureau Group Co., Ltd.	10 years
26	August 2020	PPP Project of Protection and Remediation of Luoyang Ancient City (洛陽古城保護與整治PPP項目)	92.99	China Railway Construction Zhongyuan investment and Construction Co., Ltd., CRCC Investment Fund Management Co., Ltd., China Railway 16th Bureau Group Co., Ltd., China Railway 17th Bureau Group Co., Ltd., China Railway 21st Bureau Group Co., Ltd., and China Railway Fifth Survey and Design Institute Group Co., Ltd.	20 years
27	August 2020	PPP Project of Expressway from Qiubei to Yanshan of Yunnan Province Expressway Network (雲南省高速公路網丘北至硯山高速公路PPP項目)	105.5	CRCC Kunlun Investment Group Co., Ltd., China Railway 16th Bureau Group Co., Ltd., China Railway 25th Bureau Group Co., Ltd., China Railway 24th Bureau Group Co., Ltd., China Railway Construction Electrification Bureau Group Co., Ltd.	33 years
28	August 2020	Comprehensive Development Project of East New City, Fenghua District, Ningbo City (寧波市奉化區東部新城綜合開發項目)	103.88	China Railway Construction Investment Group Co., Ltd., CRCC East Investment and Construction Co., Ltd., China Railway 11th Bureau Group Co., Ltd., China Railway 15th Bureau Group Co., Ltd., China Railway Shanghai Design and Institute Group Co., Ltd., CRCC Investment Funds Management Co., Ltd.	8 years
29	August 2020	New Urbanization Construction Project of Zhumadian Urban and Rural Integration Demonstration Zone (駐馬店城鄉一體化示範區新型城鎮化建設項目)	215.42	China Railway Construction Investment Group Co., Ltd., China Railway 12th Bureau Group Co., Ltd., China Railway 15th Bureau Group Co., Ltd., China Railway 18th Bureau Group Co., Ltd., China Railway 21st Bureau Group Co., Ltd., CRCC Southern Construction and Investment Co., Ltd., China Railway Fifth Survey and Design Institute Group Co., Ltd. and CRCC Suzhou Design and Research Institute Co., Ltd., CRCC Investment Funds Management Co., Ltd.	10 years
30	August 2020	PPP Project of Construction of Highway from Luxi to Qiubei to Guangnan to Funing of Yunnan Highway Network (Wenshan Zhou Contracted Section) (雲南省高速公路網瀘西至丘北至廣南至富寧高速公路工程(文山州承建段)PPP項目)	205.79	CRCC Kunlun Investment Group Co., Ltd., China Railway 11th Bureau Group Co., Ltd., China Railway 15th Bureau Group Co., Ltd., China Railway 16th Bureau Group Co., Ltd., China Railway 20th Bureau Group Co., Ltd., China Railway 24th Bureau Group Co., Ltd., China Railway 25th Bureau Group Co., Ltd., China Railway 19th Bureau Group Co., Ltd., China Railway Construction Electrification Bureau Group Co., Ltd., China Railway Construction Group Co., Ltd.	34 years

Section VI Significant Events (continued)

No.	Date of signing	Name of project	Contract amount	Contracting party	Term of performance
31	September 2020	Project of Initiative Area of High-speed Area in Qingyuan District, Baoding City (保定市清苑區高鐵片區啟動區項目)	101.23	China Railway Construction Investment Group Co., Ltd., CRCC Investment Funds Management Co., Ltd., CRCC Southern Construction and Investment Co., Ltd., China Railway 22nd Bureau Group Co., Ltd., China Railway 24th Bureau Group Co., Ltd., China Railway Fifth Survey and Design Institute Group Co., Ltd., China Railway Construction Suzhou Design and Research Institute Co., Ltd.	10 years
32	September 2020	Guanzhong Ring Road Mei County via Qishan to Fengxiang Highway and Linyou to Famen Temple Expressway PPP Project (關中環線眉縣經岐山至鳳翔公路和麟遊至法門寺高速公路PPP項目)	124.6	China Railway Construction Investment Group Co., Ltd., China Railway Construction Northwest Investment and Construction Co., Ltd., China Railway 14th Bureau Group Co., Ltd., China Railway 18th Bureau Group Co., Ltd., China Railway 19th Bureau Group Co., Ltd., China Railway 20th Bureau Group Co., Ltd., and China Railway Construction Electrification Bureau Group Co., Ltd.	34 years
33	September 2020	Complementary Construction Project of Northern District of Technology Innovation Base in Zhongguancun, Shenyang (瀋陽中關村科技創新基地北區配套工程項目)	53.79	China Railway Construction Investment Group Co., Ltd., China Railway 19th Bureau Group Co., Ltd., China Railway 21st Bureau Group Co., Ltd., China Railway Construction Electrification Bureau Group Co., Ltd., China Railway Fifth Survey and Design Institute Group Co., Ltd., and CRCC Suzhou Design and Research Institute Co., Ltd.	10 years
34	September 2020	Preconstruction Work of Newly-built YichangZhengwan High-speed Railway Connection Line Section YXZQ-1 (新建宜昌至鄭萬高鐵聯絡線站前工程YXZQ-1標)	40.50	China Railway 12th Bureau Group Co., Ltd.	1,826 calendar days
35	September 2020	Zhongtian Beicheng Project (中天北城項目)	55	China Railway 15th Bureau Group Urban Construction Engineering Co., Ltd.	A construction period of 4 years
36	October 2020	Urban Environmental Renovation Project in Baqiao District, Xi'an (西安市灞橋區城市環境改造項目)	169	China Railway Construction Investment Group Co., Ltd., CRCC Southern Construction and Investment Co., Ltd., China Railway First Survey and Design Institute Group Co., Ltd., CRCC Suzhou Design and Research Institute Co., Ltd., China Railway 12th Bureau Group Co., Ltd., China Railway 14th Bureau Group Co., Ltd., China Railway 18th Bureau Group Co., Ltd., China Railway 25th Bureau Group Co., Ltd.,	10 years
37	October 2020	Rail Transit Line 12 PPP Project in Wuhan (武漢市軌道交通12號線工程PPP項目)	159	China Railway Construction Corporation Limited, China Railway Construction Investment Group Co., Ltd., China Railway 11th Bureau Group Co., Ltd., China Railway 12th Bureau Group Co., Ltd., and China Railway 14th Bureau Group Co., Ltd.	30 years

Section VI Significant Events (continued)

No.	Date of signing	Name of project	Contract amount	Contracting party	Term of performance
38	October 2020	Lishui Lighthouse Community Project(麗水燈塔社區項目)	108.37	China Railway Construction Urban Development Co., Ltd., China Railway Construction Investment Fund Management Co., Ltd. and China Railway 11th Bureau Group Co., Ltd.	14 years
39	October 2020	Comprehensive Development Project of Phase II and III Region in Xincheng River District, Cixi City (慈溪市新城河區塊二、三期片區綜合開發項目)	105.25	China Railway Construction Investment Group Co., Ltd., CRCC East Investment and Construction Co., Ltd., CRCC Investment Funds Management Co., Ltd., China Railway 14th Bureau Group Co., Ltd., and China Railway 24th Bureau Group Co., Ltd.	5 years
40	October 2020	General Contracting Project of Phase IV of Line 3 of the Urban Rail Transit of Shenzhen City (深圳市城市軌道交通3號線四期工程施工總承包)	69.00	A consortium comprising CRCC Southern Construction and Investment Co., Ltd., China Railway 11th Bureau Group Co., Ltd., China Railway 12th Bureau Group Co., Ltd., China Railway 14th Bureau Group Co., Ltd., and China Railway 16th Bureau Group Co., Ltd.	A construction period of 1,822 calendar days
41	October 2020	Section GQBY-1 of Lump Sum Contracting of Preconstruction Work of the Section from Qingyuan Station (excluded) to Provincial Vocational Education City Station (included) of Guangzhou-Qingyuan Intercity Rail Transit Project (廣州至清遠城際軌道交通項目清遠站(不含)至省職教城站(含)段站前工程施工總價承包GQBY-1標)	35.72	A consortium comprising China Railway Construction Corporation Limited and China Railway 22nd Bureau Group Co., Ltd.	A construction period of 48 months
42	November 2020	EPC Project of Phase I Construction of Shuifa International Logistic Area (水發國際物流園項目一期工程總承包(EPC))	49.67	China Railway 18th Bureau Group Co., Ltd.	A construction period of 490 calendar days
43	November 2020	Comprehensive Development Project of China-Germany Tianjin Daqiu Zhuang EcoCity Park (中德天津大邱莊生態城園區綜合開發項目)	68.88	China Railway Construction Investment Group Co., Ltd., CRCC Southern Construction and Investment Co., Ltd., China Railway Construction Bridge Engineering Bureau Group Co., Ltd., China Railway Fifth Survey and Design Institute Group Co., Ltd., and CRCC Suzhou Design and Research Institute Co., Ltd.	6 years
44	November 2020	Luliang - Xundian Highway Construction Project in Qujing, Yunnan Province (雲南省曲靖市陸良至尋甸高速公路建設項目)	107.89	CRCC Kunlun Investment Group Co., Ltd., China Railway 11th Bureau Group Co., Ltd., China Railway 22nd Bureau Group Co., Ltd., China Railway 17th Bureau Group Co., Ltd., China Railway 14th Bureau Group Co., Ltd., China Railway Construction Electrification Bureau Group Co., Ltd. and China Railway Urban Construction Group Co., Ltd.	33 years
45	November 2020	Section GZZQ-9 of Preconstruction Work of Newly-Built Guangzhou-Zhanjiang High-Speed Railway (新建廣州至湛江高速鐵路站前工程GZZQ-9標段)	30.71	China Railway 14th Bureau Group Co., Ltd.	A construction period of 1,451 calendar days

Section VI Significant Events (continued)

No.	Date of signing	Name of project	Contract amount	Contracting party	Term of performance
46	December 2020	General Contracting for Planning Service, Design and Construction of Start-up Area and Phase I Construction Project in Longqi Town, China (中國龍棲小鎮啟動區及一期建設項目規劃服務設計施工總承包(EPC))	31.49	A consortium comprising China Railway 20th Bureau Group 6th Engineering Co., Ltd. and China Railway Changan Heavy Industry Co., Ltd. Consortium	A construction period of 1,050 calendar days
47	December 2020 ^{Note 1}	General Contract for Engineering and Construction of Rail Transit Ziyang Line Project (軌道交通資陽線工程施工總承包)	73.90	A consortium comprising China Railway Construction Corporation Limited · China Railway 12th Bureau Group Co.,Ltd., China Railway 14th Bureau Group Co.,Ltd., China Railway 19th Bureau Group Co.,Ltd., China Railway 23rd Bureau Group Co.,Ltd., and China Railway Construction Electrification Bureau Group Co., Ltd.	A construction period of 1,462 calendar days
48	December 2020 ^{Note 1}	Newly Built YKCYZQ-1 Section of the Preconstruction Work for Chongqing-Yibin Section of the Chongqing-Kunming High-speed Railway (新建重慶至昆明高速鐵路重慶至宜賓段站前工程 YKCYZQ-1標段)	35.69	China Railway 11th Bureau Group Co., Ltd.	A construction period of 1,642 calendar days
49	December 2020 ^{Note 1}	EPC Project of Haiyue New District, Linqu County (臨朐縣海岳新區EPC項目)	41.41	China Railway 15th Bureau Group Co., Ltd. and China Railway Shanghai Design Institute Group Co., Ltd.	A cooperation period of 6 years
50	December 2020 ^{Note 1}	EPC General Contract for Engineering Project of Liuhe Community (Resettlement Zone) in High Speed Rail New District, Tengzhou (滕州高鐵新區六合社區(安置區)工程項目工程總承包(EPC))	48.20	China Railway 25th Bureau Group Co., Ltd. and China Railway 21st Bureau Group Co., Ltd.	A construction period of 1,460 calendar days
51	December 2020	PPP Project of Underground Space Phase II Construction in the Central District of Jiangbei New District (江北新區中心區地下空間二期工程PPP項目)	130.3	China Railway Construction Co., Ltd., China Railway Construction Investment Group Co., Ltd., China Capital Management Co., Ltd., CRCC Urban Investment & Construction Co., Ltd., China Railway 11th Bureau Group Co., Ltd., China Railway Bridge Engineering Bureau Group Co., Ltd., and China Railway 18th Bureau Group Co., Ltd.	22 years and 9 months
52	December 2020	ABO Project of the Tract Development of Urban Village in the Main Urban Area of Baoding City (Section III) (保定市主城區城中村連片開發ABO項目(三標段))	237	China Railway Construction Investment Group Co., Ltd., CRCC Southern Construction and Investment Co., Ltd., China Railway 11th Bureau Group Co., Ltd., China Railway 16th Bureau Group Co., Ltd., China Railway 22nd Bureau Group Co., Ltd., China Railway Construction Electrification Bureau Group Co., Ltd., China Railway Fifth Survey and Design Institute Group Co., Ltd., China Railway Construction Suzhou Design and Research Institute Co., Ltd.	10 years

Section VI Significant Events (continued)

No.	Date of signing	Name of project	Contract amount	Contracting party	Term of performance
53	December 2020 ^{Note 1}	Comprehensive Development Project in Liushapo Area (流沙坡片區綜合開發項目)	108	CRCC Kunlun Investment Group Co., Ltd., China Railway Fifth Survey and Design Institute Group Co., Ltd., China Railway 11th Bureau Group Co., Ltd., China Railway 15th Bureau Group Co., Ltd. and China Railway 16th Bureau Group Co., Ltd	10 years
54	December 2020 ^{Note 1}	Comprehensive Development Project in Airport New Town Area of Panzhihua City (攀枝花市空港新城片區綜合開發項目)	120	CRCC Kunlun Investment Group Co., Ltd., China Railway First Survey and Design Institute Group Co., Ltd., China Railway 11th Bureau Group Co., Ltd., China Railway 15th Bureau Group Co., Ltd. and China Railway 16th Bureau Group Co., Ltd	10 years
55	December 2020	Comprehensive Development Project of Jinzhong Street Area, Dongli District, Tianjin (天津市東麗區金鐘街片區綜合開發項目)	129.9	China Railway Construction Investment Group Co., Ltd., CRCC Southern Construction and Investment Co., Ltd., China Capital Management Co., Ltd., China Railway Construction Bridge Engineering Bureau Group Co., Ltd., and China Railway 18th Bureau Group Co., Ltd.	8 years
56	December 2020 ^{Note 1}	"Two Cities and One Line" Urban Comprehensive Development and Construction Cooperation Project in Dazhou City (達州“雙城一線”城市綜合開發建設合作項目)	566.6	CRCC Kunlun Investment Group Co., Ltd., China Railway 18th Bureau Group Co., Ltd., China Railway 19th Bureau Group Co., Ltd., China Railway 22nd Bureau Group Co., Ltd., China Railway 23rd Bureau Group Co., Ltd., CRCC Harbor and Channel Engineering Bureau Group Co., Ltd., China Railway Construction Electrification Bureau Group Co., Ltd., China Railway First Survey and Design Institute Group Co., Ltd., and China Railway 23rd Bureau Group Survey and Design Institute Co., Ltd.	15 years
57	December 2020	PPP Project of Phase I Construction of Metro S1 Line in Guiyang City (貴陽市軌道交通S1線一期工程PPP項目)	168.97	China Railway Construction Co., Ltd., CRCC Kunlun Investment Group Co., Ltd., China Railway 11th Bureau Group Co., Ltd., China Railway 12th Bureau Group Co., Ltd., China Railway 16th Bureau Group Co., Ltd., China Railway 17th Bureau Group Co., Ltd., China Railway 18th Bureau Group Co., Ltd., China Railway 20th Bureau Group Co., Ltd., China Railway 24th Bureau Group Co., Ltd., China Railway Construction Group Co., Ltd., China Railway Construction Electrification Bureau Group Co., Ltd., CRCC Investment Funds Management Co., Ltd.	29 years
58	December 2020 ^{Note 1}	Comprehensive Development Project of Environmental Protection Emergency Area in Jintang County (金堂縣環保應急片區綜合開發項目)	166.1	CRCC Kunlun Investment Group Co., Ltd., China Railway Fifth Survey and Design Institute Group Co., Ltd., CRCC Harbour and Channel Engineering Bureau Group Co., Ltd., China Railway Construction Group Co., Ltd., and China Railway Urban Construction Group Co. Ltd.	11 years

Section VI Significant Events (continued)

No.	Date of signing	Name of project	Contract amount	Contracting party	Term of performance
59	December 2020	Phase II Construction of Pioneer Island Ecological Group (Infrastructure) (先鋒島生態組團(基礎設施)二期工程)	161.39	CRCC Urban Investment & Construction Co., Ltd., CRCC Investment Fund Management Co., Ltd., China Railway Fifth Survey and Design Institute Group Co., Ltd., China Railway 16th Bureau Group Co., Ltd., and China Railway 24th Bureau Group Co., Ltd.,	7 years
60	December 2020 ^{Note 1}	Comprehensive Development Project of Ziyang Linkong High-speed Railway New Town (資陽臨空高鐵新城綜合開發項目)	105.23	CRCC Kunlun Investment Group Co., Ltd., China Railway Shanghai Design Institute Group Co., Ltd., China Railway 16th Bureau Group Co., Ltd., and China Railway 25th Bureau Group Co., Ltd.	11 years
61	January 2021 ^{Note 2}	General Contract for Construction of Haizhu Bay Tunnel Project (海珠灣隧道項目施工總承包)	37.17	China Railway 14th Bureau Group Co., Ltd.	A construction period of 1,218 calendar days
62	January 2021 ^{Note 2}	EPC General Contract for Huaneng Dalian Zhuanghe Offshore Wind Power Site IV1 Project (350MW) (華能大連莊河海上風電場址IV1項目(350MW) EPC總承包)	44.23	CRCC Harbour and Channel Engineering Bureau Group Co., Ltd.	A construction period of 365 calendar days
63	January 2021 ^{Note 2}	EPC General Contract for Phase II Construction of Shenzhen urban Rail Transit Line 16 (深圳市城市軌道交通16號線二期工程施工總承包)	68.99	A consortium comprising CRCC Southern Construction and Investment Co., Ltd., China Railway 14th Bureau Group Co., Ltd., China Railway 17th Bureau Group Co., Ltd., China Railway 18th Bureau Group Co., Ltd., China Railway 24th Bureau Group Co., Ltd., China Railway 25th Bureau Group Co., Ltd., and China Railway Construction Electrification Bureau Group Co., Ltd.	A construction period of 1,795 calendar days
64	January 2021 ^{Note 2}	PPP Project of Phase I Construction of Taiyuan Urban Rail Transit Line 1) (太原市城市軌道交通1號線一期PPP項目)	209.36	China Railway Construction Corporation Limited, CRCC Investment Funds Management Co., Ltd., China Railway Construction Investment Group Co., Ltd., CRCC Yellow River Investment and Construction Co., Ltd., China Railway 11th Bureau Group Co., Ltd., China Railway 12th Bureau Group Co., Ltd., China Railway 14th Bureau Group Co., Ltd., China Railway 15th Bureau Group Co., Ltd., China Railway 16th Bureau Group Co., Ltd., China Railway 17th Bureau Group Co., Ltd., China Railway 18th Bureau Group Co., Ltd., China Railway 22nd Bureau Group Co., Ltd., China Railway 23rd Bureau Group Co., Ltd., China Railway Construction Electrification Bureau Group Co., Ltd., China Railway Urban Construction Group Co., Ltd., and China Railway 12th Bureau Group Electrification Engineering Co., Ltd.	30 years

Note 1: The date represents the date winning the bid for the project, and the contract has not been entered into thereon as of the end of the Reporting Period.

Note 2: This kind of project is the winning project in the report period, and has been signed as of the disclosure date of this report.

Section VI Significant Events (continued)

2. Overseas operation contracts

No.	Date of signing	Name of project	Contract amount	Contracting party	Term of performance
1	January 2020	Concession project of Tram in the Great Western part of Bogotá, Columbia (哥倫比亞波哥大西部有軌電車特許經營項目合同)	US\$2.477 billion and equivalent to approximately RMB17.262 billion	Columbia Western Railway Concession Co., Ltd., a wholly-owned subsidiary of China Civil Engineering Construction Corporation	The concession period of the project is 312 months (26 years), among which preparation period is 18 months, construction period is 30 months, trial operation period is 6 months, and operation period is 258 months.
2	February 2020	Addendum No. 5 for the Minna-Abuja Segment of the Nigeria's Railway Modernization Project (Lagos-Kano Rail Line) (尼日利亞鐵路現代化項目(拉各斯至卡諾)5號補充協議米納至阿布賈段合同)	US\$1 billion and equivalent to approximately RMB7.02 billion	China Civil Engineering Construction Corporation	A construction period of 36 months
3	February 2020	Modified Engineering, Procurement and Construction of the Rehabilitation and Upgrade Project of the Existing Railway in Zambia (420.97 kilometers of main line from Livingstone to Kafue Bridge, 162.95 kilometers of branch line from Livingstone to Mulobezi, and 64.34 kilometers of branch line from Masuku to Choma) (贊比亞既有鐵路線修復項目設計、採購、施工合同(利文斯通至卡富埃橋420.97公里主線、利文斯通到穆洛貝濟162.95公里支線、馬蘇庫到喬馬64.34公里支線))	US\$824.87 million and equivalent to approximately RMB5,779.51 million	China Civil Engineering Construction Corporation	A construction period of 8 years
4	August 2020	20,000 Sets of Welfare Housing Project in Guinea (幾內亞20,000套安居房項目)	RMB6,858 million	China Railway Construction Corporation (International) Limited	60 months
5	September 2020	Section 5 of Moscow - Kazan Highway (莫斯科-喀山高速公路第五標段)	RMB5,215 million	China Railway Construction Corporation (International) Limited	45 months
6	September 2020	Integrated Waste to Energy And Composting Project in Accra, Ghana(加納阿克拉垃圾焚燒發電及堆肥綜合處理項目)	RMB4,622 million	China Railway Construction Corporation (International) Limited	40 months
7	September 2020	Integrated Waste to Energy And Composting Project in Kumasi, Ghana(加納庫馬西垃圾焚燒發電及堆肥綜合處理項目)	RMB3,815 million	China Railway Construction Corporation (International) Limited	36 months

Section VI Significant Events (continued)

No.	Date of signing	Name of project	Contract amount	Contracting party	Term of performance
8	November 2020	Salvador-Itaparica Sea-crossing Bridge and Complementary Highway Project in Brazil (巴西薩爾瓦多-伊塔帕利卡跨海大橋及配套公路項目)	RMB7,769 million	China Railway 20th Bureau Group Co.,Ltd.	35 years
9	July 2020	Commercial Contract of Social Housing Project in Ghana (加納社會住房項目商務合同)	RMB7,026 million	China Railway Construction Corporation (International) Limited	66 months
10	December 2020	Renovation Project of Saint Martin Freight Railway (聖馬丁貨運鐵路改造項目)	RMB17,029 million	China Railway Construction Corporation Limited	60 months

XVII. EXPLANATION ON OTHER SIGNIFICANT EVENTS

Applicable Not Applicable

(I) The Spin-off and Listing for A Subsidiary

In respect of the Company's proposed spin-off and the listing on the Science and Technology Innovation Board of the Shanghai Stock Exchange of CRCHI, the Hong Kong Stock Exchange has approved that the Company may proceed with the proposed spin-off under Practice Note 15 of the Hong Kong Listing Rules in February 2020. On 2 April 2020, the Company convened the 37th meeting of the fourth session of the Board, at which it reviewed and approved the Resolution in relation to the Plan for the Spin-off and Listing of China Railway Construction Heavy Industry Corporation Limited (a subsidiary of the Company) on the Science and Technology Innovation Board (Revised) of China Railway Construction Corporation Limited and other proposals. On 28 April 2020, the Company convened the 2020 second extraordinary general meeting, at which the relevant proposals in relation to the spin-off and listing of CRCHI on the Science and Technology Innovation Board of the Shanghai Stock Exchange were considered and approved. On 12 June 2020, CRCHI submitted to the Shanghai Stock Exchange the application materials for the initial public offering of shares and listing on the Science and Technology Innovation Board. On 15 June 2020, the Shanghai Stock Exchange issued the Notice on Accepting the Application of China Railway Construction Heavy Industry Corporation Limited for Initial Public Offering of Shares and Listing on the Science and Technology Innovation Board (Shang Zheng KeShen (Shou Li) [2020] No. 137) (《關於受理中國鐵建重工集團股份有限公司首次公開發行股票並在科創板上市申請的通知》(上證科審(受理)[2020]137號)). The Shanghai Stock Exchange decided to accept and review the documents according to the law. On 7 January 2021, SSE issued the Announcement on the Results of the Second Review Meeting of the Listing Committee of the Science and Technology Innovation Board in 2021 (《科創板上市委2021年第2次審議會議結果公告》), believing that the conditions of issuance, conditions of listing and requirements of information disclosure of CRCHI are met. The application for initial public offering and listing on the Science and Technology Innovation Board of CRCHI passed the SSE meeting; on 4 March 2021, CRCHI has submitted relevant registration documents for IPO and listing on the Science and Technology Innovation Board to SSE for consideration. The above spin-off matters shall be subject to (including but not limited to) the completion of the CSRC registration procedure.

Section VI Significant Events (continued)

For details, please refer to announcements published on 17 February 2020, 3 April 2020, 29 April 2020, 16 June 2020 and 8 January 2021, respectively, on China Securities Journal, Shanghai Securities News, Securities Daily, Securities Times, as well as on the website of Shanghai Stock Exchange (www.sse.com.cn), the website of the Hong Kong Stock Exchange (www.hkex.com.hk) and the Company's website (www.crcc.cn), respectively.

(II) Business Development of Subsidiaries Listed Overseas

As of the end of the Reporting Period, one of the subsidiaries of the Group is listed overseas, and its business development is as follows:

CRCC High-Tech Equipment Corporation Limited, established in 1954 and listed on the main board of Hong Kong Stock Exchange on 16 December 2015, is a large road maintenance machinery and equipment manufacturing company under the Group. Main business scope of CRCC High-Tech Equipment Corporation Limited covers research, development, manufacturing and marketing of large railway track maintenance machinery marketing and service of parts and components; product overhaul service; railway maintenance service and railway locomotive and vehicle engineering technical service. During the Reporting Period, main business scope of CRCC High-Tech Equipment Corporation Limited remained unchanged.

Insisting on the market-oriented development principle, CRCC High-Tech Equipment Corporation Limited is committed to creating sustainable values for shareholders and realizing the sustainable development of the company. Revenue of the company mainly derives from the manufacturing and marketing of large railway track maintenance machinery, marketing and service of parts and components, product overhaul services, railway maintenance service and railway locomotive and vehicle engineering technical service. Main strategies of the company are as follows: aligning with the target of "being world-class and domestic leading", relying on National High-Tech Industrial Base of Large Railway Track Maintenance Machinery; striving to build the innovation and service-oriented enterprise mode; adhering to the professional, digital and global development path; developing and improving nine types of capabilities of the enterprise, including market development and rapid response capabilities, all-around and lifetime service capability, adventurous independent innovation capability, efficient resource allocation, integration and management capability, enterprise management and innovation capability, "mechanism +" guiding, driving and disciplining capability, "digital +" transformation and upgrading capability, "Party building +" kinetic energy conversion capability, "execution+" and "training +" work improvement capability; in addition, based on the above, the company focuses on implementing production innovation, strives to improve comprehensive competitiveness, and rapidly transfers reform achievements to economic benefits.

Section VI Significant Events (continued)

XVIII. ACTIVE FULFILLMENT OF SOCIAL RESPONSIBILITY

(I) The Work of the Listed Company on Poverty Alleviation

Applicable Not Applicable

1. Planning of taking targeted measures to help people lift themselves out of poverty

Applicable Not Applicable

Basic principle: Conscientiously implementing the decision of the CPC Central Committee and the State Council on strengthening targeted poverty alleviation work, and the instructions of the General Secretary Xi Jinping about the instructional spirit of “targeted poverty reduction and elimination”, strictly following the working policy of “sincerely making great efforts on poverty alleviation, taking targeted measures to help people lift themselves out of poverty, achieving win-win results on poverty alleviation, making innovations on poverty alleviation and fighting against corruption during the poverty alleviation process”, combining with the characteristics of the enterprise itself, adhering to the combination of government predominance and help from enterprise, adhering to the combination of mutual benefits and poverty alleviation, adhering to the principle of combining whole advancement with key breakthroughs, comprehensively promoting the work of taking targeted measures to help people lift themselves out of poverty, and resolutely winning the fight against poverty.

Overall objective: Working together with the local government to achieve “two ensurings”. By 2020, ensuring that the poor in the assisted areas will be out of poverty, and ensuring that the poor districts and counties in the assisted areas will be out of poverty.

Main tasks: The headquarter of the Company provides targeted poverty alleviation aid to Wanquan District and Shangyi County in Zhangjiakou City, Hebei Province; Gande County in Guoluo Prefecture, Qinghai Province; the related subsidiaries of the Company provides poverty alleviation aid to Qianshan Kazakh Nationality Township, Yiwu County, Hami Region, Xinjiang; Liangshan Village in Liangwangzhuang Township, Jinghai District, and Fulizhuang Village in Xiacang Town, Jizhou District, and Xiaohujiashuang Village in Yangjinzhuang Town, and Dongwanhe Village in Xiaowangzhuang Town, Binhai New District, Tianjin; Shahukou Village in Youyu County, Qingxiang Village in Fenxi County, Shanxi Province; Liulijing Village in Quanpu Town, Liangshan County, Shandong Province; Lama Village and Balang Village in Lujing Township, Dingxi City, Gansu Province; Dagou Town in Huining County, Wutai Village at Guanghuo Street in Ningshan County, and Beiguan Village in Long County, Baoji City, Shaanxi Province; Yinmenghu Village in Langhe Town, Danjiangkou City, and Youzhuping Village in Baiguo Township, Enshi City, Hubei Province; Yanluozhai Village in Shiyangshao Township, and Daimaopo Village in Yanmen Town, Mayang County, Huaihua City, Hunan Province; Teke Village in Xinshiba Town, Ganluo County in Sichuan Province; Xiadang Village in Shouning County, Ningde City, Fujian Province; Dalu Village in Dubu Town, Yangshan County, Qingyuan City, Guangdong Province.

Section VI Significant Events (continued)

Safeguard measures: Firstly, improving mechanism and strengthening the leadership. The leading teams are in charge of planning and decision-making, the poverty alleviation office are in charge of linking up and operating, the relevant departments are in charge of supporting and coordinating, and the titular cadres are responsible for undertaking tasks. All these linkages form a working mechanism of “unified management and graded responsibility”, making the targeted poverty alleviation work promoted from top level to primary level of the Company, coordinating well from the front to back and rooting in the Company. Secondly, selecting excellent cadres and strengthening assessment, so as to stimulate the enthusiasm of the work of poverty alleviation cadres. Thirdly, strictly carrying out disciplines and enhance supervision, ensuring projects and funds are operated in transparency.

2. Summary of annual targeted poverty alleviation

Applicable Not Applicable

In 2020, the whole system of the Company sent a total of 42 cadres for targeted poverty alleviation, and invested RMB83.03 million as assistance funds and donated supplies worth of RMB2.196 million. Among them, RMB24.75 million was directly invested in three targeted poverty alleviation districts and counties, RMB2.072 million was introduced, 495 grassroots cadres were trained, and 332 technicians were trained.

(1) *Stick to the leadership of the CPC, and keep encouraging stronger organizational guarantees for targeted poor areas.*

As the Communist Party Committee of CRCC gave full play to its role in “taking charge of the direction and overall situation and ensuring the implementation of policies”, its headquarters and subsidiaries at all levels established a leading group for poverty alleviation led by the group leaders to set the battle against poverty as a project with great priority to promote the implementation of work personally. In addition, CRCC convened meeting of Standing Committee of the Party Committee and the video conference on poverty alleviation to specify inputting indicators in poverty alleviation, analyze and summarize the whole systematic poverty alleviation, and delegate key tasks in poverty alleviation, and held meeting of president office to fully discuss and analyze important poverty alleviation projects for the year. CRCC issued Management Measures on Using and Monitoring CRCC Poverty Alleviation Funds to further improve normalized supervision system for poverty alleviation funds from management on the use of funds and supervision management. Leaders from headquarters and subsidiaries of CRCC led teams to conduct survey in the front line of poverty alleviation, monitored and inspected implementation of poverty alleviation in poor counties, so as to ensure that poverty alleviation work proceeded smoothly.

Section VI Significant Events (continued)

- (2) *Maintain advantages in main businesses to keep expanding the scope of poverty alleviation by promoting infrastructure construction and employment.*

Giving full play to its enterprise-based advantages, CRCC made continuous efforts in promoting rural revitalization and building a new socialist countryside, and helped poor people live and work in peace and contentment. On 20 May 2020, General Secretary Xi Jinping made important instructions to the Maonan people to shake off poverty in the whole family. He hoped that the villagers would take off poverty as a new starting point for a better and new life, make persistent efforts, continue to struggle, and make the days more prosperous. The Guinan high-speed railway, which CRCC participated in, passes through Huanjiang County, the only Maonan Autonomous County in China, and has a station in Huanjiang. In the life of Maonan people, railway construction has played a vital role in helping them out of poverty. CRCC designed Investigation Plan of Tourism Rail Transit in Guanshan Pasture for Beiguan Village, Long County, Shaanxi Province without charge, provided assistance in construction of new rural areas in Liulijing Village, Liangshan County, Shandong Province to build roads in the village and establish poverty alleviation workshops, and helped Yanluozhai Village, Mayang County, Hunan Province to improve public service infrastructure and further reconstruct villager culture square. In addition, CRCC also assisted Fengta Village, Lanping, Yunnan Province in implementing projects to improve living environment, and helped Liangsan Village, Tianjin City to harden and beautify color bricks in main roads. Meanwhile, maximizing the advantages of long industrial chain and huge labor demands, CRCC kept giving priority to recruiting more labors from poor areas, and enhanced skill training for employees from poor areas to fully professionalize employment for migrant poor workers. In 2020, CRCC employed 33,562 employees from targeted poverty alleviation counties with support from SASAC and central enterprises, of which there are 16,946 personnel from extremely poor areas from “three regions and three prefectures”.

- (3) *Keep adjusting measures based on local conditions to further enrich approaches to fight against poverty through industry and consumption.*

CRCC further explored regional advantages to create special projects, attract enterprises for poverty alleviation and boost consumption according to resources advantages of poor areas in the fight against poverty, obtained deep understanding of needs from poor areas in fighting against poverty through industry, and satisfied poor people’s demands in fighting against poverty through consumption, alleviating poverty from the causes and from the roots.

Section VI Significant Events (continued)

In an experimental demonstration project of full-day standardized farmed supplementary feeding for yaks in the feed mill implemented by Gande County, Qinghai Province, CRCC assisted registered poor farmers in increasing income from farming and improving drylot feeding technologies. When Shangyi County and Wanquan District in Zhangjiakou, Hebei Province implemented rabbit meat cycle project and helmet factory project respectively, CRCC helped poor families and villagers to increase their income by seeking employment in places close to their homes. Finding that 950 mu of asparagus was planted in Qingxiang Village, Fenxi County, Shanxi Province, CRCC built complete asparagus industrial chain integrating planting, processing and sales to further consolidate the foundation for villagers to get rid of poverty. In addition, CRCC helped Teke Village, Ganluo County, Sichuan Province to graft and improve 200 mu of walnut and expand plantation of polygonatum Chinese herbal medicine to 12 mu, developing walnut, Chinese red pepper and polygonatum Chinese herbal medicine as local especial products. Furthermore, CRCC also facilitated the construction of Yanluozhai Village White Goose Breeding Industrial Park in Mayang County, Huaihua City, Hunan Province, enhanced maintenance for facilities on the road in the park, and solved pollution problems brought by breeding in the park. In order to help poor villages to improve greenhouse planting technology, CRCC appointed a professor from Gansu Agricultural University to present lecture on cultivation technology of main crops and vegetable seedlings in Lvjing Town, Min County, Dingxi City, Gansu Province. Subsidiaries at all levels increased their supports for alleviating poverty by consumption to purchase more than RMB49.934 million of agricultural products and light industrial products in poor districts and counties, and sold around RMB9 million of various products through live commerce and other means, effectively boosting development of local enterprises, increasing poor people's income, and promoting socioeconomic development.

- (4) *Uphold the principle of "health promoting intelligent development" to enhance effective measures to alleviate poverty by medical care and education.*

Focusing on that rural poor people have "no worry about food and clothing and have access to compulsory education, basic medical services, and safe housing", CRCC adopted the problem-oriented strategy and took comprehensive approaches to benefit people deeply based on medical care and education which poor people care about and need urgently. Implementing construction for 120 dispatching command center and construction project and primary medical institution in hospital of Shangyi County, CRCC helped the poor county to make up for its weak links in medical care. In Gande County, Wanquan District and Ganluo County, CRCC implemented "coming together" emergency project to conduct medical help activities continuously for patients with serious diseases, and prevent people who have get rid of poverty from slipping back into poverty due to illness and people who are not in poverty from falling into poverty because of illness. During the pandemic, CRCC donated RMB2.2 million to help Wanquan District, Shangyi County, Gande County and other poor counties to prevent and control the pandemic, while organized by Zhangjiakou City, relevant departments and enterprises in Wanquan District donated 2,000 masks, 30 tons of potatoes, 5,000 boxes of corn, 4,000 boxes of mineral water to China Railway 11th Bureau Group Co., Ltd. and Wuhan, showing the deep friendship of "rewarding you for helping us to alleviate poverty, we help you to fight against pandemic" and "commit to each other and support each other", as well as the proud traditions "when a disaster strikes in one location, help comes from all over the country". Making greater effort to build "CRCC Sunshine" education brands in Wanquan District, CRCC built "CRCC Sunshine" kindergarten and held the love for children and teenagers activities with the theme of "focusing on poverty alleviation, and creating a warm Children's Day" based on "CRCC Sunshine" parent lecture presented and "CRCC Sunshine" education funds raised. In Dalu Village, Dubu Town, Yangshan County, Guangdong Province, CRCC established "Caring Cyber Cafe" to give away idle smart phones and laptops so as to help students from poor families to take online courses. In Daimaopo Village Primary School at Mayang County, Hunan Province, CRCC upgraded and reconstructed the classrooms and canteen, and donated over 1,000 books and plenty of study supplies to 254 students.

Section VI Significant Events (continued)

- (5) *Pursue the goal of living and working in peace, and make greater efforts to rebuild dilapidated houses and alleviate poverty by water conservation projects.*

Putting life and safety of people from poor areas in the first place, CRCC made great efforts to facilitate and enhance safety in houses and drinking water, significantly improving living standard and water conservation facilities. CRCC further investigated relocation for poverty alleviation and rebuilding of dilapidated houses for 1,073 registered poor families in 13 villages in Qingshui Town, Min County, Gansu Province to help them to repair houses and improve living environment. In addition, CRCC also helped 20 families relocate to finish tearing down old houses for reclamation in Teke Village, Ganluo County, Sichuan Province, and assisted 20 families with “subsistence allowance, five guarantees and disability” to complete rebuilding of dilapidated houses to achieve the basic goal of “no one lives in a dilapidated house”. Helping Wuqi Town, Wuqi County, Shaanxi Province to construct “beautify village”, CRCC used lots of mechanical equipment to repair houses for poor local residents. To provide irrigation well for farming and drinking water well for villagers in Nanchaonian Village, Shangyi County, CRCC raised funds for poverty alleviation to build two drinking water wells. In Huining County, Gansu Province, CRCC hardened and strengthened household pipelines, valves, antifreeze facilities and well bottom of tap water to improve conditions of drinking water for local people.

- (6) *Stage of progress in performance of social responsibility for targeted poverty alleviation*

Currently, districts and counties, towns and villages under targeted poverty alleviation have achieved the goal of getting rid of poverty, all poverty alleviation projects are being performed and advanced as scheduled. People in Wanquan District and Shangyi County, Zhangjiakou City have been lifted out of poverty since May 2019 and February 2020 separately and People in Gande County, Guoluo Prefecture, Qinghai Province have been lifted out of poverty since April 2020.

Section VI Significant Events (continued)

3. Achievements of Targeted Poverty Alleviation

Applicable Not Applicable

Unit: '0,000 Currency: RMB

Indicator	Quantity and implementation
I. Overall situation	
Including: 1. Funds	8,303
2. Amount of money converted from materials	219.6
3. Number of the people lifted out of poverty, who were on the records (person)	1,049
II. Itemized investments	
1. Lifting the poor out of poverty through industrial development	
Including: 1.1 Types of industrial poverty alleviation projects	<input checked="" type="checkbox"/> Poverty alleviation in agriculture and forestry industry <input checked="" type="checkbox"/> Poverty alleviation in tourism <input checked="" type="checkbox"/> Poverty alleviation in e-commerce <input checked="" type="checkbox"/> Poverty alleviation in assets profit <input type="checkbox"/> Poverty alleviation in science and technology <input checked="" type="checkbox"/> Others
1.2 Number of industrial poverty alleviation projects	42
1.3 Amount invested in industrial poverty alleviation projects	6,218.6
1.4 Number of the people lifted out of poverty, who were on the records (person)	802
2. Lifting the poor out of poverty through finding jobs elsewhere	
Including: 2.1 Amount invested in vocational skills training	53.6
2.2 Number of the poor who have received vocational skills training (person-time)	733
2.3 Number of the poor on the records who are helped to get employed (person)	535
3. Lifting the poor out of poverty through relocation	
Including: 3.1 Number of the poor out of poverty through relocation who are helped to get employed (person)	12

Section VI Significant Events (continued)

Indicator	Quantity and implementation
4. Lifting the poor out of poverty through education	
Including: 4.1 Amount invested for helping the poor students	25.9
4.2 Number of the poor students who are funded (person)	430
4.3 Amount invested for improving educational resources in poor areas	355
5. Lifting the poor out of poverty through better health care	
Including: 5.1 Investment amount of medical and health resources in poverty-stricken areas	916.4
6. Poverty alleviation through ecological protection	
Including: 6.1 Project title	
	<input checked="" type="checkbox"/> Ecological protection <input type="checkbox"/> Establishing Compensation Mode of Ecological Protection <input type="checkbox"/> Establish ecological public welfare post <input checked="" type="checkbox"/> Others
6.2 Amount invested	23.1
7. Guaranteed basic living standard for people unable to work	
Including: 7.1 Investment in left-behind children, women and senior people	55.3
7.2 Number of left-behind children, women and senior people assisted (person)	183
7.3 Investment in assisting poor people with physical disabilities	8.1
7.4 Number of poor people with disabilities assisted (person)	50
8. Social poverty alleviation	
Including: 8.1 Investment in coordinated poverty alleviation in East and West China	-
8.2 Investment in targeted poverty alleviation programs	2,475
8.3 Charity funds for poverty alleviation	-
9. Other projects	
Including: 9.1 Number of projects	7
9.2 Amount invested	109.4
9.3 Number of registered poor people lifted out of poverty (person)	247
9.4 Explanation for other projects	Construction of roads connecting each household, activity centres, Party activity centres, rural lighting refurbishment project

Section VI Significant Events (continued)

Indicator	Quantity and implementation
III. Honors (contents and levels)	
Liu Yinzhou, the first secretary in the village of China Railway 17th Bureau Group Co., Ltd., a subsidiary of the Group, was honoured the "National Model Individual of Poverty Alleviation" (National level)	
CRCC won the title of "Public Charity Pioneer with Best Corporate Social Responsibilities"	
China Railway First Survey and Design Institute Group Co., Ltd., a subsidiary of the Group, was awarded with "2020 Poverty Alleviation Model Collective of Gansu Province" (Provincial level)	
Yu Fuguo, a member of China Railway 11th Bureau Group Co., Ltd. in the village, a subsidiary of the Group, was honoured the title of "2020 Outstanding Member of Provincial Team Dispatched to Villages" (Provincial level)	
Li Huayi, the first secretary in the village of China Railway Construction Real Estate Group Co., Ltd., a subsidiary of the Group, was honoured the "Excellent First Secretary" of Hebei Province (Provincial level)	
Zhu Hao, leader of the poverty alleviation team of China Railway SIYUAN Survey and Design Group Co., Ltd., a subsidiary of the Group, was awarded the title of "Outstanding Leader of Provincial Team Dispatched to Villages" and member Wang Jianbin was awarded the title of "Outstanding Member of Provincial Team Dispatched to Villages" (Provincial level)	
Sun Jie, a temporary cadre of China Railway 14th Bureau Group Co., Ltd., a subsidiary of the Group, was awarded the title of "Pioneer Individual of Three Historical Tasks in Zhangjiakou" (Municipal level)	
Zhu Hao, leader of the poverty alleviation team of China Railway SIYUAN Survey and Design Group Co., Ltd., a subsidiary of the Group, was awarded the title of "Outstanding Team Member Dispatched to Villages for Poverty Alleviation of Danjiangkou City" (Municipal level)	
Yang Suoli, a member of the team dispatched to villages by China Railway 20th Bureau Group Co., Ltd., a subsidiary of the Group, was rated by Ankang City as the Outstanding Team Member Dispatched to Villages of Provincial Aid Enterprises in 2019 (Municipal level)	
Hou Ying, a member of China Railway First Survey and Design Institute Group Co., Ltd., a subsidiary of the Group, was awarded the title of "Model Individual of Poverty Alleviation" in Baoji City (Municipal level)	

4. Subsequent targeted poverty alleviation plans

Applicable Not Applicable

- (1) Strengthening the implementation of assistance responsibilities and further enhancing business efforts

We will actively explore new ideas, new models and new initiatives for assistance work, actively participate in the construction of rural revitalization projects, invest in assistance funds, introduce assistance enterprises, and carry out in-depth consumer poverty alleviation actions to meet the needs of the people for a better life with more efforts and contributions.

Section VI Significant Events (continued)

- (2) Implementing the Four Continuing Requirements and consolidating the achievements of poverty alleviation

We will continue to implement the main supporting policies for poverty-stricken counties and select designated support units and cadres in poverty-stricken frontline. We will actively explore a long-term mechanism of stable poverty alleviation, enhance the endogenous development ability of poverty-stricken population, assist local governments to stimulate the endogenous power and hematopoietic ability of economic development; strengthen the usage, supervision and management of poverty alleviation funds, and ensure that every fund is used to the best of its ability.

- (3) Enhancing cooperation to achieve win-win development

We will organically combine and efficiently integrate the comprehensive promotion of rural revitalization strategy and “cultivating world-class enterprises with global competitiveness”, actively explore cooperation with local governments and enterprises in all aspects to complement each other’s advantages, realize win-win cooperation while sowing the seed for better life for poor people in areas under poverty alleviation.

(II) Activities in social responsibilities

Applicable Not Applicable

The Company actively fulfills its social responsibilities. The 2020 Social Responsibility Report of CRCC will be disclosed together with the annual report, which will be available on the websites of the Shanghai Stock Exchange (www.sse.com.cn), Hong Kong Stock Exchange (www.hkex.com.hk) and the Company (www.crcc.cn).

(III) Environmental Information

1. Explanation on the environment protection by the key pollutant discharging companies and their significant subsidiaries as announced by the environmental protection department

Applicable Not Applicable

Section VI Significant Events (continued)

2. Environmental issues of companies other than key pollutant discharging companies

Applicable Not Applicable

In the process of production and operation, the Group strictly abides to the national environmental protection related policies, as well as laws and regulations, resolutely implements the national laws and regulations such as Environmental Protection Law of the People's Republic of China, and regulatory documents, such as Ten articles for Prevention and Treatment of Air, Water and Soil Pollution issued by the State Council. The Group has always practiced the environmental management concept of "reasonable energy use and green construction", made continuous innovations in environmental protection working with the help of science and technology, and consciously fulfilled and assumed the social responsibility of environmental protection, resolutely fight for an environment with blue sky, clear water and rich soil strengthened of green development striving to become a "resource-saving and environmentally-friendly" enterprise, and striving to promote enterprises to achieve high-quality sustainable development and contributing to the construction of ecological civilization of the state.

The major emissions of the Group in the course of business including CO₂ generated from the use of oil, gas and coal, as well as solid wastes such as construction waste generated during construction of engineering projects.

To reduce the emission of carbon dioxide, the Group has taken the following measures: firstly, strictly controlling the total energy consumption; secondly, proactively adjusting the energy utilization structure to cut down the consumption of energy with high carbon dioxide content; thirdly, actively adopting clean energy and promoting the clean production strategy; fourthly, discarding obsolete capacity and process, and purchasing energy saving and advanced equipment; fifthly, optimizing the construction plan to accelerate construction and shorten construction period in order to reduce energy consumption; sixthly, focusing on management technology innovation applying advanced technologies to help with energy conservation.

For the purpose of utilizing construction waste in an efficient manner to reduce the total discharge, the Group has taken the following measures: firstly, controlling the emission from the source and striving to reduce the construction waste generated; secondly, strictly implementing the management, and control standards and strengthening the management of construction waste separation, stacking, storage, transportation and consumption; thirdly, initiating the energy substitution project, using steel over timber, and expanding the cycle of convertible materials; fourthly, processing the consumption after the comprehensive treatment on construction waste in accordance with relevant environmental standards and requirements.

3. Explanation of reasons for non-disclosure of environmental information by companies other than key pollutant discharging companies

Applicable Not Applicable

4. Explanation of the follow-up progress of or changes in the disclosure of environmental information during the Reporting Period

Applicable Not Applicable

(IV) Other explanations

Applicable Not Applicable

Section VI Significant Events (continued)

XIX. CONVERTIBLE BONDS OF THE COMPANY

Applicable Not Applicable

(I) Issuance of convertible bonds

Applicable Not Applicable

1. Matters in relation to the issuance of A share convertible corporate bonds by the Company

As of the disclosure date of this report, the Company did not issue A share convertible bonds.

2. Matters in relation to the issuance of H share convertible corporate bonds by the Company

During the Reporting Period, the Company did not issue H share convertible corporate bonds. As of the end of the Reporting Period, the Company issued two tranches of H-share convertible bonds in total, details of which are set out as follows:

(1) *US\$ H Share Convertible Bonds*

On 29 January 2016, the Company issued the H share convertible bonds at an aggregate principal amount of US\$500,000,000 (hereinafter referred to as "US\$ H Share Convertible Bonds"), which will due on 29 January 2021, with a par value of US\$250,000 each and were issued at 100% of its par value with zero coupon. The initial conversion price of the US\$ H Share Convertible Bonds is HK\$10.30 per H share, which was adjusted to HK\$10.15 per H share on 19 July 2016. The conversion price was adjusted to HK\$10.02 per H Share on 19 July 2017, to HK\$9.83 per H Share on 18 July 2018. The conversion price was adjusted to HK\$9.65 per H Share on 25 July 2019. The conversion price was adjusted to HK\$9.44 per H Share on 25 July 2020. The subscribers of the US\$ H Share Convertible Bonds are not less than six independent placees (each of whom is independent individual, enterprise and/or institutional investor). Calculated based on the net proceeds from the issuance of the US\$ H Share Convertible Bonds of approximately US\$496 million after the deduction of fees, commissions and expenses payable, the net price for each share to be converted will be approximately HK\$9.75 (at the pre-determined exchange rate of US\$1.00 = HK\$7.7944). The last closing price of H shares of the Company as quoted on the Hong Kong Stock Exchange on 18 January 2016 (being the trading day on which the subscription agreement of the US\$H Share Convertible Bonds was signed) is HK\$7.49 per H share, and the last closing price as quoted on the Hong Kong Stock Exchange on 19 July 2016 (being the effective date of the first adjustment of the conversion price) is HK\$9.39 per H share. The last closing price as quoted on the Hong Kong Stock Exchange on 19 July 2017 (being the effective date of the second adjustment of the conversion price) was HK\$10.96 per H share. The last closing price as quoted on the Hong Kong Stock Exchange on 18 July 2018 (being the effective date of the third adjustment of conversion price) was HK\$7.72 per H Share. The last closing price as quoted on the Hong Kong Stock Exchange on 25 July 2019 (being the effective date of the fourth adjustment of conversion price) was HK\$9.39 per H Share. The last closing price as quoted on the Hong Kong Stock Exchange on 27 July 2020 (being the effective date of the fifth adjustment of conversion price) was HK\$6.15 per H Share. The bond expired on 29 January 2021, and was fully redeemed by the Company. After the redemption, the balance of the bonds is zero.

Section VI Significant Events (continued)

(2) RMB H Share Convertible Bonds

On 21 December 2016, the Company issued the RMB3.450 billion US\$ settled 1.5% convertible bonds (hereinafter referred to as “RMB H Share Convertible Bonds”), which will due in 2021 and can be converted into H shares of the Company. The RMB H Share Convertible Bonds were issued in registered form in minimum denominations of RMB2,000,000 each and integral multiples of RMB1,000,000 in excess thereof. The aggregate issuance price represented 100% of the principal amount of the bonds. The subscribers are not less than six independent placees (each of whom is independent individual, enterprise and/or institutional investor). The initial conversion price of the RMB H Share Convertible Bonds is HK\$13.7750 per H share. As of 23 January 2020, such bonds were fully redeemed by the Company. After the completion of redemption, the balance of the bonds is zero. As approved by the Hong Kong Stock Exchange, the bonds were delisted after the closing of business hours on 3 February 2020.

For more details of the above terms and conditions of H Share Convertible Bonds of the Company, please see relevant announcements published on 3 June 2015, 29 October 2015, 30 October 2015, 19 January 2016, 28 January 2016, 18 July 2016, 8 December 2016, 21 December 2016, 18 July 2017, 17 July 2018, 24 July 2019, 23 December 2019, 23 January 2020 and 24 July 2020, respectively, on China Securities Journal, Shanghai Securities News, Securities Daily, Securities Times, as well as on the website of Shanghai Stock Exchange (www.sse.com.cn), the website of the Hong Kong Stock Exchange (www.hkex.com.hk) and the Company’s website (www.crcc.cn), respectively.

(II) Holders and guarantors of convertible bonds during the Reporting Period

Applicable Not Applicable

The US\$ H Share Convertible Bonds of an amount of US\$500,000,000 issued by the Company on 29 January 2016 and the RMB H Share Convertible Bonds of an amount of RMB3.45 billion issued by the Company on 21 December 2016 were held by The Hong Kong and Shanghai Banking Corporation Limited, the trustee on behalf of the Company with no guarantee provided. Pursuant to the relevant requirements of the above H share convertible bonds, information of the bondholders was only recorded in the clearing system. No customers’ information was allowed to be disclosed by the trustee to any third parties without the authorization from the customers.

Section VI Significant Events (continued)

(III) Changes in convertible bonds during the Reporting Period

Applicable Not Applicable

Unit: '000 Currency: RMB

Name of convertible bond	Prior to current changes	Increase/decrease as a result of the current changes			After current changes
		Converted	Redeemed	Resold	
RMB H Share Convertible Bonds	155,000	–	155,000	–	–

Aggregated conversion of convertible bonds during the reporting period

Applicable Not Applicable

(IV) Previous adjustments to conversion price

Applicable Not Applicable

Unit: yuan Currency: HKD

Name of convertible bond		US\$ H Share Convertible Bonds			Note to adjustments to conversion price
Effective date of adjusted conversion price	Adjusted conversion price	Disclosure date	Media of disclosure		
19 July 2016	10.15	18 July 2016	China Securities Journal, Shanghai Securities News, Securities Daily and Securities Times, as well as on the website of the Shanghai Stock Exchange (www.sse.com.cn), the website of the Hong Kong Stock Exchange (www.hkex.com.hk) and the Company's website (www.crcc.cn)	Adjust the conversion price according to the Implementation plan of dividend distribution for the year 2015	
19 July 2017	10.02	18 July 2017	China Securities Journal, Shanghai Securities News, Securities Daily and Securities Times, as well as on the website of the Shanghai Stock Exchange (www.sse.com.cn), the website of the Hong Kong Stock Exchange (www.hkex.com.hk) and the Company's website (www.crcc.cn)	Adjust the conversion price according to the Implementation plan of dividend distribution for the year 2016	
18 July 2018	9.83	17 July 2018	China Securities Journal, Shanghai Securities News, Securities Daily and Securities Times, as well as on the website of the Shanghai Stock Exchange (www.sse.com.cn), the website of the Hong Kong Stock Exchange (www.hkex.com.hk) and the Company's website (www.crcc.cn)	Adjust the conversion price according to the Implementation plan of dividend distribution for the year 2017	

Section VI Significant Events (continued)

Name of convertible bond		US\$ H Share Convertible Bonds		
Effective date of adjusted conversion price	Adjusted conversion price	Disclosure date	Media of disclosure	Note to adjustments to conversion price
25 July 2019	9.65	24 July 2019	China Securities Journal, Shanghai Securities News, Securities Daily and Securities Times, as well as on the website of the Shanghai Stock Exchange (www.sse.com.cn), the website of the Hong Kong Stock Exchange (www.hkex.com.hk) and the Company's website (www.crcc.cn)	Adjust the conversion price according to the Implementation plan of dividend distribution for the year 2018
25 July 2020	9.44	24 July 2020	China Securities Journal, Shanghai Securities News, Securities Daily and Securities Times, as well as on the website of the Shanghai Stock Exchange (www.sse.com.cn), the website of the Hong Kong Stock Exchange (www.hkex.com.hk) and the Company's website (www.crcc.cn)	Adjust the conversion price according to the Implementation plan of dividend distribution for the year 2019
The latest conversion price as of the end of Reporting Period				9.44

(V) The Company's liabilities, creditworthiness and availability of cash for repayment of debts in future years

Applicable Not Applicable

As bondholder exercised put options in accordance with the terms and conditions of the Bonds, the Company redeemed and cancelled the principal of RMB H Share Convertible Bonds of RMB3.295 billion on 23 December 2019. The Company announced that it would redeem the remaining principal of RMB H Share Convertible Bonds of RMB155 million under the terms and conditions of the Bonds on 23 January 2020. After the completion of redemption, the balance of the Bonds is zero. As approved by the Stock Exchange, the bonds were delisted after the closing of business hours on 3 February 2020.

The US\$ H Share Convertible Bonds of an amount of US\$500,000,000 issued by the Company on 29 January 2016 expired on 29 January 2021, and was fully redeemed by the Company. After the redemption, the balance of the bonds is zero.

Section VI Significant Events (continued)

(VI) Other description on Convertible Bonds

Applicable Not Applicable

1. Utilization of proceeds from issuance of convertible bonds

The Company uses the proceeds for, among others, domestic and overseas projects investment, merger and acquisition, capital increase and replenishment of working capital for domestic and overseas construction projects, replenishment of working capital of the Company and repayment of bank loans. As at 31 December 2019, the net proceeds from the US\$ H Share Convertible Bonds, amounting to approximately US\$496 million, had been fully used as to (i) approximately US\$85 million (equivalent to approximately 17% of the net proceeds) for replenishment of working capital of the Company, which was primarily used as general working capital for overseas subsidiaries and projects; (ii) approximately US\$211 million (equivalent to approximately 43% of the net proceeds) for repayment of principal and interests of domestic bank loans; and (iii) approximately US\$200 million (equivalent to approximately 40% of the net proceeds) for repayment of principal and interests of overseas bank loans, and the utilization of the proceeds was complied with the plan disclosed previously by the Company.

2. Dilution impact of US\$ H Share Convertible Bonds

As at the end of the Reporting Period, the outstanding principal amount of US\$H Share Convertible Bonds was US\$500 million. If all outstanding US\$ H Share Convertible Bonds were converted based on the adjusted conversion price (HK\$9.44 per H share), the maximum total number of H shares to be issued by the Company will be 412,838,983 H shares (based on the pre-determined exchange rate of US\$1.00 to HK\$7.7944). The Company has sufficient general mandate to issue the H shares upon full conversion of the US\$ H Share Convertible Bonds.

The table below sets forth the changes in shareholding structure of the Company if the US\$ H Share Convertible Bonds had been fully converted as at the end of the Reporting Period:

Shareholder	Class of shares	No conversion of any US\$ H Share Convertible Bonds		If the US\$ H Share Convertible Bonds were fully converted based on the adjusted conversion price of HK\$9.44 per H share at the end of the Reporting Period	
		Number of shares (share)	Approximate percentage of the issued share capital (%)	Number of shares (share)	Approximate percentage of the issued extended share capital (%)
The Controlling Shareholder	A share	6,942,736,590	51.13	6,942,736,590	49.62
Public holders of A shares	A share	4,560,508,910	33.58	4,560,508,910	32.59
Public holders of H shares	H share	2,076,296,000	15.29	2,489,134,983	17.79
Total	/	13,579,541,500	100.00	13,992,380,483	100.00

Section VI Significant Events (continued)

3. Accounting Treatment for the US\$ H Share Convertible Bonds

The Company evaluated the fair value of such bonds as at the date of issuance and separated the liability component and financial derivative component in the convertible bonds based on the evaluation result. In the separation, the initial recognition of financial derivatives is made at the fair value, whereas the initial recognition amount of liability component equals to the total issuance amount less the financial derivative component. The transaction fee of the issuance of such bonds will be allocated to the liability component and the derivative component based on their respective fair values.

For the liability component, the Company conducted subsequent calculation through effective interest method according to the initial recognition amount during the term of the bonds based on the amortized cost, and carried out revaluation based on the then exchange rate at the end of the period.

For the derivative component, according to the terms of the bonds and the Hong Kong stock price of the Company, the conditions of share conversion has yet to be met. As at 31 December 2020, the Company revaluated the fair value of the derivatives. The fair value of derivatives decreased to zero, and the amount decreased will be recognized through profit or loss.

XX. SUBSEQUENT EVENTS

(I) Redemption of Convertible Bonds for H Shares in RMB

The US\$ H Share Convertible Bonds of an amount of US\$500,000,000 issued by the Company on 29 January 2016 expired on 29 January 2021, and was fully redeemed by the Company. After the redemption, the balance of the bonds is zero.

Section VII Changes in Ordinary Shares and Particulars of Shareholders

I. CHANGES IN ORDINARY SHARE CAPITAL

(I) Table of changes in ordinary shares

1. Table of changes in ordinary shares

The Company's total ordinary shares and share capital structure had no change during the Reporting Period.

2. Particulars of changes in ordinary shares

Applicable Not Applicable

3. Effect of changes in ordinary shares on financial indicators such as earnings per share and net assets per share within the year or the period (if any)

Applicable Not Applicable

4. Other discloseable contents that the Company deemed necessary or were required by securities regulatory authorities

Applicable Not Applicable

(II) Changes in shares subject to trading moratorium

Applicable Not Applicable

II. ISSUE AND LISTING OF SECURITIES

(I) Issue of securities during the Reporting Period

Applicable Not Applicable

Notes on issuance of securities during the Reporting Period (please specify respectively for the bonds with different interest rate in the duration):

Applicable Not Applicable

(II) Changes in total common shares, shareholding structure and assets and liabilities structure of the Company

Applicable Not Applicable

Section VII Changes in Ordinary Shares and Particulars of Shareholders (continued)

(III) Existing internal employee shares

Applicable Not Applicable

III. PARTICULARS OF SHAREHOLDERS AND ACTUAL CONTROLLER

(I) Structure of share capital and public float (disclosure under the Listing Rules of the Hong Kong Stock Exchange)

1. Share Capital Structure

As at 31 December 2020, the share capital structure of the Company is set out as follows:

Shareholder	Class of shares	Number of Shares (share)	Approximate Percentage of the issued share capital (%)
China Railway Construction Corporation	A share	6,942,736,590	51.13
Public holders of A shares	A share	4,560,508,910	33.58
Public holders of H shares	H share ^{Note}	2,076,296,000	15.29
Total	–	13,579,541,500	100.00

Note: Including the H shares held by National Council for Social Security Fund.

2. Public float

As at the latest practicable date prior to the publication of this report, and according to all public information and as far as the directors are aware, the public holders of the Company held 6,636.80491 million shares, representing 48.87% of the issued capital of the Company. In particular, public holders of H shares held 2,076.296 million shares, representing 15.29% of the issued capital of the Company; public holders of A shares held 4,560.50891 million shares, representing 33.58% of the issued share capital of the Company. The Company has sufficient public float which satisfies the requirements under the Hong Kong Listing Rules.

Section VII Changes in Ordinary Shares and Particulars of Shareholders (continued)

(II) The total number of shareholders

As at the end of the Reporting Period, the total number of shareholders of the Company was 317,005, of which 301,825 were holders of A shares and 15,180 were holders of H shares. At the end of the last month prior to the publishing date of this annual report, the total number of common shareholders of the Company was 324,915, of which 309,876 were holders of A shares and 15,039 were holders of H shares.

Total number of common shareholders as at the end of the Reporting Period	317,005
Total number of common shareholders at the end of the last month prior to the date of the issuance of the annual report	324,915
Total number of preference shareholders with voting right restored as at the end of the Reporting Period	N/A
Total number of preference shareholders with voting right restored at the end of the last month prior to the date of the issuance of the annual report	N/A

(III) Particulars of shareholdings of the top ten shareholders and the top ten shareholders of tradable shares (or shareholders not subject to trading moratorium) as at the end of the Reporting Period

Unit: share

Particulars of Top 10 Shareholders

Name of shareholder (full title)	Increase/decrease during the Reporting Period	Number of shares held at the end of the period	Percentage (%)	Number of shares subject to trading moratorium	Share status	Shares pledged or frozen Quantity	Nature of shareholder
China Railway Construction Corporation	0	6,942,736,590	51.13	0	Nil	0	State-owned
HKSCC NOMINEES LIMITED	108,500	2,061,757,506	15.18	0	Unknown	0	Overseas legal person
China Securities Finance Corporation Limited	0	407,098,054	3.00	0	Nil	0	Others
Central Huijin Asset Management Corporation Limited	0	141,519,100	1.04	0	Nil	0	Others
Hong Kong Securities Clearing Company Limited	-94,322,752	103,672,630	0.76	0	Nil	0	Overseas legal person
Bosera Fund – Agricultural Bank of China – Bosera CSI Financial Assets Management Scheme	0	81,847,500	0.60	0	Nil	0	Others
E Fund – Agricultural Bank of China – E Fund CSI Financial Assets Management Scheme	0	81,847,500	0.60	0	Nil	0	Others
Da Cheng Fund – Agricultural Bank of China – Da Cheng CSI Financial Assets Management Scheme	0	81,847,500	0.60	0	Nil	0	Others
Harvest Fund – Agricultural Bank of China – Harvest CSI Financial Assets Management Scheme	0	81,847,500	0.60	0	Nil	0	Others
GF Fund – Agricultural Bank of China – GF CSI Financial Assets Management Scheme	0	81,847,500	0.60	0	Nil	0	Others
Zhong Ou Fund – Agricultural Bank of China – Zhong Ou CSI Financial Assets Management Scheme	0	81,847,500	0.60	0	Nil	0	Others
China Asset Management – Agricultural Bank of China – China Asset Management CSI Financial Assets Management Scheme	0	81,847,500	0.60	0	Nil	0	Others
Yinhua Fund – Agricultural Bank of China – Yinhua CSI Financial Assets Management Scheme	0	81,847,500	0.60	0	Nil	0	Others
CSAM – Agricultural Bank of China – CSAM CSI Financial Assets Management Scheme	0	81,847,500	0.60	0	Nil	0	Others
ICBC Credit Suisse Fund – Agricultural Bank of China – ICBC Credit Suisse CSI Financial Assets Management Scheme	0	81,847,500	0.60	0	Nil	0	Others

Section VII Changes in Ordinary Shares and Particulars of Shareholders (continued)

Particulars of shareholdings of the top ten shareholders not subject to trading moratorium

Name of shareholder	Number of shares held not subject to trading moratorium	Class and number of share	
		Class	Number
China Railway Construction Corporation	6,942,736,590	RMB ordinary share Overseas listed	6,942,736,590
HKSCC NOMINEES LIMITED	2,061,757,506	foreign share	2,061,757,506
China Securities Finance Corporation Limited	407,098,054	RMB ordinary share	407,098,054
Central Huijin Asset Management Corporation Limited	141,519,100	RMB ordinary share	141,519,100
Hong Kong Securities Clearing Company Limited	103,672,630	RMB ordinary share	103,672,630
Bosera Fund – Agricultural Bank of China – Bosera CSI Financial Assets Management Scheme	81,847,500	RMB ordinary share	81,847,500
E Fund – Agricultural Bank of China – E Fund CSI Financial Assets Management Scheme	81,847,500	RMB ordinary share	81,847,500
Da Cheng Fund – Agricultural Bank of China – Da Cheng CSI Financial Assets Management Scheme	81,847,500	RMB ordinary share	81,847,500
Harvest Fund – Agricultural Bank of China – Harvest CSI Financial Assets Management Scheme	81,847,500	RMB ordinary share	81,847,500
GF Fund – Agricultural Bank of China – GF CSI Financial Assets Management Scheme	81,847,500	RMB ordinary share	81,847,500
Zhong Ou Fund – Agricultural Bank of China – Zhong Ou CSI Financial Assets Management Scheme	81,847,500	RMB ordinary share	81,847,500
China Asset Management – Agricultural Bank of China – China Asset Management CSI Financial Assets Management Scheme	81,847,500	RMB ordinary share	81,847,500
Yinhua Fund – Agricultural Bank of China – Yinhua CSI Financial Assets Management Scheme	81,847,500	RMB ordinary share	81,847,500
CSAM – Agricultural Bank of China – CSAM CSI Financial Assets Management Scheme	81,847,500	RMB ordinary share	81,847,500
ICBC Credit Suisse Fund – Agricultural Bank of China – ICBC Credit Suisse CSI Financial Assets Management Scheme	81,847,500	RMB ordinary share	81,847,500

Section VII Changes in Ordinary Shares and Particulars of Shareholders (continued)

Name of shareholder	Number of shares held not subject to trading moratorium	Class	Class and number of share Number
Explanations on the connected or concerted action among the above shareholders	HKSCC Nominees Limited and Hong Kong Securities Clearing Company Limited are wholly-owned subsidiaries of Hong Kong Exchanges and Clearing Limited (HKEx). In addition to the disclosures above, the Company has no information on whether there exists any related-party relationship between the top ten shareholders not subject to trading moratorium and the top ten shareholders and whether the shareholders are persons acting in concert as specified in the Measures for the Administration of the Acquisition of Listed Companies.		
Explanation on the preference shareholders with voting right restored and their shareholdings	Not Applicable		

Note: The H shares held by HKSCC Nominees Limited were held for and on behalf of several clients. The A shares held by Hong Kong Securities Clearing Company Limited were held for and on behalf of several clients. As at the end of the Reporting Period, HKSCC Nominees Limited held 2,061,757,506 shares of the Company. However, details regarding whether the shares were pledged or frozen were unknown.

The Top Ten Shareholders Subject to Trading Moratorium and Conditions of Such Trading Moratorium

Applicable Not Applicable

(IV) Top 10 shareholders from strategic investors or general legal persons participating in the placing of the new shares

Applicable Not Applicable

Section VII Changes in Ordinary Shares and Particulars of Shareholders (continued)

(V) Particulars of interests and short positions of substantial shareholders disclosed in accordance with the SFO

So far as the directors of the Company are aware, as at 31 December 2020, the persons other than directors, supervisors or chief executive of the Company who have interests or short positions in the shares or underlying shares of the Company which are discloseable under Section 336 of Part XV of the SFO were as follows:

Unit: share

Name of substantial shareholder	Class of share	Capacity	Number of shares interested ^{Note 1}	Percentage of issued share capital of the relevant class of shares	Percentage of total issued share capital
China Railway Construction Corporation	A share	Beneficial owner	6,942,736,590	60.35%	51.13%
The Bank of New York Mellon Corporation ^{Note 2}	H share	Interest of corporation controlled by the substantial shareholder	134,540,608(L) 132,746,207(P)	6.48% 6.39%	0.99% 0.98%

Note 1. L – long position, P – lending pool.

Note 2. As at 31 December 2020, The Bank of New York Mellon Corporation held long positions in 134,540,608 H shares of the Company in total through the corporation under its control.

Section VII Changes in Ordinary Shares and Particulars of Shareholders (continued)

IV. INFORMATION OF THE CONTROLLING SHAREHOLDER AND ACTUAL CONTROLLER

(I) Controlling shareholder

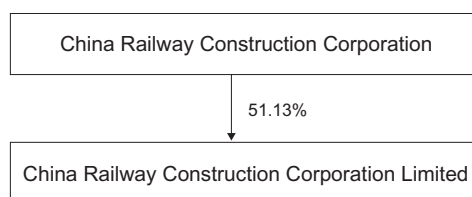
1. Legal Representative

Applicable Not Applicable

Name	China Railway Construction Corporation
Person in charge or legal representative	WANG Jianping
Incorporation date	28 August 1990
Principal businesses	Construction of railways, metropolitan railways, highways, airports, ports, dock, tunnels, bridges, water conservancy and hydropower facilities, post and telecommunication facilities, mining facilities; lumbering; provision of technical consultancy services for municipal engineering, general contracting and subcontracting of installation of circuitry, pipeline and equipment; construction of prevention and control of geologic disasters; provision of construction project management services; sale of automobile and cars; wholesale and retail of ferrous metal, timber, cement, fuel, construction materials, chemical products (excluding dangerous chemicals), electromechanical products, armored concrete product and special railway equipment; production of the enterprises under direct control of the organization; overseas construction contracting and domestic construction tendering; provision of rental services of machinery and construction installation equipments, provision of renovation and interior decoration services; provision of technical consulting, technical services, import and export related to the above businesses; advertising business. (Market entity can choose the business to be engaged in and carry out such business activities pursuant to the laws; for business activities for which approvals are required, they should be carried out after obtaining approvals from relevant authorities; no business activity as prohibited by the state and industrial policies of the municipality and restricted by the authorities shall be engaged in.)
Particulars of other domestic and overseas listed companies held and invested by the Controlling Shareholder during the Reporting Period	Nil
Explanation on other matters	Nil

Section VII Changes in Ordinary Shares and Particulars of Shareholders (continued)

2. Natural person
 Applicable Not Applicable
3. Special explanation on no controlling shareholder for the Company
 Applicable Not Applicable
4. Index and date of changes in controlling shareholder during the Reporting Period
 Applicable Not Applicable
5. The chart of the relationship between the Company and the Controlling shareholder on the property ownership and controlling rights
 Applicable Not Applicable



Section VII Changes in Ordinary Shares and Particulars of Shareholders (continued)

(II) Actual controller

1. Legal Representative

Applicable Not Applicable

Name

State-owned Assets Supervision and Administration Commission of the State Council

2. Natural person

Applicable Not Applicable

3. Special explanation on no actual controller for the Company

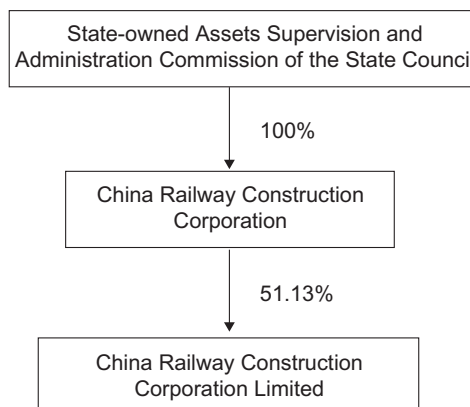
Applicable Not Applicable

4. Index and date of changes in actual controller during the Reporting Period

Applicable Not Applicable

5. The chart of the relationship between the Company and the actual shareholder on the property ownership and controlling rights

Applicable Not Applicable



Section VII Changes in Ordinary Shares and Particulars of Shareholders (continued)

6. The actual controller controls the Company through the trust or other asset management way

Applicable Not Applicable

(III) Introduction of other information on controlling shareholder and actual controller

Applicable Not Applicable

V. OTHER SHAREHOLDERS HOLDING MORE THAN 10% OF SHARES

Applicable Not Applicable

Unit: '000 Currency: RMB

Name of the legal shareholder	Person in charge in the Company or legal representative	Established date	Organization Code	Registered capital	The main business or management activities and other information
HKSCC NOMINEES LIMITED	N/A	14 May 1991	N/A	N/A	Security share agent deposited in the depository of CCASS security
Explanation	The H shares held by HKSCC Nominees Limited are held on behalf of its various customers.				

VI. EXPLANATION ON THE RESTRICTION OF REDUCING SHARE

Applicable Not Applicable

VII. REPURCHASE, SALES OR REDEMPTION OF SECURITIES OF THE COMPANY

Neither the Company nor its subsidiary had repurchased, sold or redeemed any securities of the Company during the Reporting Period.

Section VIII Particulars of Preference Shares

Applicable Not Applicable

Section IX Directors, Supervisors, Senior Management and Staff

I. CHANGES IN SHAREHOLDING AND REMUNERATION

(I) The changes in shareholding and remuneration of current and resigned directors, supervisors and senior management during the Reporting Period

Applicable Not Applicable

Unit: share

Name	Title	Gender	Age	Start date of the term	Closing date of the term	Shares held at the beginning of the year	Number of shares held at end of year	Amount of increase or decrease of shares within the year	Reasons for the changes	Total remuneration before tax received from the Company during the Reporting Period (RMB '0,000) (萬元)	Whether receive remuneration from related parties of the Company
WANG Jianping	Chairman, executive director and secretary of the communist party committee	Male	60	19 October 2020 (Chairman, Executive director), 7 September 2020 (Secretary of the communist party committee)		-	-	-	-	27.12	No
ZHUANG Shangbiao	Executive director and president, deputy secretary of the communist party committee	Male	58	28 October 2014 (Executive director), 4 December 2015 (President, Deputy secretary of the communist party committee)		-	-	-	-	106.12	No
CHEN Dayang	Executive director and deputy secretary of the communist party committee	Male	57	18 June 2019 (Executive director), 29 November 2018 (Deputy secretary of the communist party committee)		-	-	-	-	96.65	No
LIU Ruchen	Executive director	Male	57	22 December 2017		-	-	-	-	94.05	No
WANG Huacheng	Independent non-executive director	Male	57	28 October 2014		-	-	-	-	21.30	No
Patrick SUN	Independent non-executive director	Male	62	28 October 2014		-	-	-	-	19.30	No
CHENG Wen	Independent non-executive director	Male	68	28 October 2014		-	-	-	-	6.00	No
Amanda Xiao Qiang LU	Independent non-executive director	Female	66	28 October 2014		-	-	-	-	15.90	No
CAO Xirui	Chairman of Supervisory Committee	Male	51	22 December 2017		-	-	-	-	24.56	No
LIU Zhengchang	Supervisor	Male	52	22 December 2017		-	-	-	-	73.37	No
KANG Fuxiang	Employee supervisor	Male	52	6 September 2018		-	-	-	-	74.95	No
WANG Xiuming	Chief accountant	Male	57	29 April 2014		-	-	-	-	95.27	No
LI Ning	Vice president	Male	58	15 June 2017		-	-	-	-	96.60	No
WANG Wenzhong	Vice president	Male	57	15 June 2017		-	-	-	-	94.76	No
LIU Chengjun	Vice president	Male	57	11 June 2018		-	-	-	-	95.92	No
WANG Lixin	Vice president	Male	50	11 June 2018		-	-	-	-	95.97	No
NI Zhen	Vice president	Male	49	11 June 2018		-	-	-	-	95.95	No
ZHAO Dengshan	Secretary to the Board	Male	59	30 May 2018		-	-	-	-	80.45	No
CHEN Fenjian	Former Chairman, executive director and secretary of the communist party committee	Male	/	17 September 2018 (Chairman, Executive director), 3 July 2018 (Secretary of the communist party committee)	16 August 2020	-	-	-	-	79.04	No
GE Fuxing	Former non-executive director	Male	63	28 October 2014	17 February 2020	-	-	-	-	1.00	No
Total	/	/	/	/	/	-	-	-	/	1,294.28	/

Section IX Directors, Supervisors, Senior Management and Staff (continued)

Note:

1. The fourth session of the Board of Directors and the Supervisory Committee of the Company expired on 21 December 2020. The Company is currently in the process of promoting the change of Board of Directors and the Supervisory Committee.
2. Various remunerations during the Reporting Period are remunerations of income before tax and before “five social insurances and two housing funds”.
3. Mr. GE Fuxing ceased to be a non-executive director due to his age in February 2020.

Name	Main work experience
WANG Jianping	For details, please refer to “II (I) Biographies of incumbent directors, supervisors and senior management” in this section.
ZHUANG Shangbiao	For details, please refer to “II (I) Biographies of incumbent directors, supervisors and senior management” in this section.
CHEN Dayang	For details, please refer to “II (I) Biographies of incumbent directors, supervisors and senior management” in this section.
LIU Ruchen	For details, please refer to “II (I) Biographies of incumbent directors, supervisors and senior management” in this section.
WANG Huacheng	For details, please refer to “II (I) Biographies of incumbent directors, supervisors and senior management” in this section.
Patrick SUN	For details, please refer to “II (I) Biographies of incumbent directors, supervisors and senior management” in this section.
CHENG Wen	For details, please refer to “II (I) Biographies of incumbent directors, supervisors and senior management” in this section.
Amanda Xiao Qiang LU	For details, please refer to “II (I) Biographies of incumbent directors, supervisors and senior management” in this section.
CAO Xirui	For details, please refer to “II (I) Biographies of incumbent directors, supervisors and senior management” in this section.
LIU Zhengchang	For details, please refer to “II (I) Biographies of incumbent directors, supervisors and senior management” in this section.
KANG Fuxiang	For details, please refer to “II (I) Biographies of incumbent directors, supervisors and senior management” in this section.

Section IX Directors, Supervisors, Senior Management and Staff (continued)

Name	Main work experience
WANG Xiuming	For details, please refer to "II (I) Biographies of incumbent directors, supervisors and senior management" in this section.
LI Ning	For details, please refer to "II (I) Biographies of incumbent directors, supervisors and senior management" in this section.
WANG Wenzhong	For details, please refer to "II (I) Biographies of incumbent directors, supervisors and senior management" in this section.
LIU Chengjun	For details, please refer to "II (I) Biographies of incumbent directors, supervisors and senior management" in this section.
WANG Lixin	For details, please refer to "II (I) Biographies of incumbent directors, supervisors and senior management" in this section.
NI Zhen	For details, please refer to "II (I) Biographies of incumbent directors, supervisors and senior management" in this section.
ZHAO Dengshan	For details, please refer to "II (I) Biographies of incumbent directors, supervisors and senior management" in this section.

Explanation for other matters

Applicable Not Applicable

(II) The equity incentives granted to the directors and senior management during the Reporting Period

Applicable Not Applicable

Section IX Directors, Supervisors, Senior Management and Staff (continued)

II. OCCUPATIONS OF INCUMBENT AND RESIGNED DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT DURING THE REPORTING PERIOD

(I) Biographies of incumbent directors, supervisors and senior management

1. Directors

Mr. WANG Jianping, aged 60, a Chinese with no right of abode overseas, is currently the secretary to the Party Committee and the chairman of China Railway Construction Corporation Limited, as well as the secretary to the Party Committee and chairman of China Railway Construction Corporation. Mr. WANG served as the president of Northeast Electric Power Design Institute (東北電力設計院院長); the general manager of China Power Engineering Consulting Corporation; the deputy general manager and member of the Party Group of China Power Engineering Consulting Co., Ltd.; the deputy general manager and member of the Party Group of China Power Engineering Consulting (Group) Co., Ltd.; the general manager and secretary to the Party Group of China Power Engineering Consulting Group Co., Ltd.; the president of Electric Power Planning and Design Institute (電力規劃設計總院院長); the deputy leader of the Preparatory Group and member of the Provisional Party Committee of China Energy Engineering Group Co., Ltd., general manager and secretary to the Party Group of China Power Engineering Consulting Group Co., Ltd., the president of Electric Power Planning and Design Institute (電力規劃設計總院院長); the secretary to the Party Committee as well as vice chairman, chairman as well as secretary to the Party Committee, chairman, general manager as well as vice secretary to the Party Committee, and secretary to the Party Committee as well as chairman of China Energy Engineering Group Co., Ltd., and also served as secretary to the Party Committee and chairman of China Energy Engineering Co., Ltd. Since August 2020, he served as the secretary to the Party Committee and chairman of China Railway Construction Corporation. Since September 2020, he served as the secretary to the Party Committee and chairman of China Railway Construction Corporation, and the secretary to the Party Committee of China Railway Construction Corporation Limited. Since October 2020, he served as the secretary to the Party Committee and the chairman of China Railway Construction Corporation, the secretary to the Party Committee and chairman of China Railway Construction Corporation Limited. Mr. WANG graduated from the Department of Electrical Engineering of Xi'an Jiaotong University, majoring in electric power system and automation, with a bachelor's degree in engineering. He is a professorate senior engineer, and is granted special allowance by the State Council.

Section IX Directors, Supervisors, Senior Management and Staff (continued)

Mr. ZHUANG Shangbiao, aged 58, a Chinese with no right of abode overseas, is currently the president and executive director and deputy secretary to the communist party committee of the Company, as well as general manager, a director and deputy secretary to the communist party committee of China Railway Construction Corporation. Mr. Zhuang has served as the deputy general manager of the finance department of China Road and Bridge Construction Corporation, the deputy general manager, executive deputy general manager and the chief accountant of China Road and Bridge Group (H.K.) Limited, the chief accountant, general legal counsel, a member of the standing committee of the communist party committee, the chief accountant, the secretary to the party committee, a director, the general manager, the deputy secretary to the party committee and a director of China Railway Construction Corporation, and the chief accountant, a member of the standing committee of the communist party committee, general legal counsel, vice president, chief accountant, a member of the standing committee of the communist party committee, the general legal counsel, an executive director, the vice president, a member of the standing committee of the communist party committee, a general legal counsel, an executive director, the vice president (presided the work of manager level), a member of the standing committee of the communist party committee, the general legal counsel, the president, the deputy secretary to the party committee, an executive director, the general legal counsel, the president, the deputy secretary to the party committee and an executive director of China Railway Construction Corporation Limited. In December 2017, he served as the general manager, the deputy secretary to the party committee and a director of China Railway Construction Corporation, the president, the deputy secretary to the party committee and a director of China Railway Construction Corporation Limited. Mr. ZHUANG graduated from Changsha Communications University, majoring in engineering and financial accounting and obtained a bachelor's degree in engineering. He is a professorate senior accountant and is granted special allowance by the State Council.

Mr. CHEN Dayang, aged 57, a Chinese with no right of abode overseas, is currently an executive director and the deputy secretary to the Party Committee of the Company, as well as the employee representative director and the deputy secretary to the Party Committee of China Railway Construction Corporation. Mr. Chen served as the head of human resources department of China Railway Construction Corporation, as well as the head of human resources department, the assistant to the president and the head of human resources department (cadre department of the Party Committee) of China Railway Construction Corporation Limited (cadre department of the Party Committee), he has served as the deputy secretary to the Party Committee, the secretary of disciplinary committee and chairman of the labour union of CSR Group, the deputy secretary to the Party Committee, the secretary of disciplinary committee and the employee director of CSR Corporation Limited; he has served as the deputy secretary to the Party Committee and the secretary of disciplinary committee of CRRG GROUP Co., Ltd, the deputy secretary to the Party Committee and the secretary of disciplinary committee of CRRG Corporation Limited. In November 2018, he served as the deputy secretary to the party committee of China Railway Construction Corporation, in December 2018, he served as the deputy secretary to the party committee, the employee director of China Railway Construction Corporation, and the deputy secretary to the party committee of China Railway Construction Corporation Limited. In June 2019, he served as the deputy secretary to the party committee and the employee director of China Railway Construction Corporation, the deputy secretary to the party committee and executive director of China Railway Construction Corporation Limited. Mr. CHEN graduated from Shijiazhuang Tiedao University, majoring in Railway Engineering and obtained a master's degree of Business Administration. He is a senior engineer.

Section IX Directors, Supervisors, Senior Management and Staff (continued)

Mr. LIU Ruchen, aged 57, a Chinese with no right of abode overseas, is currently an executive director and a member of the standing committee of the communist party committee of the Company, as well as a member of the standing committee of the communist party committee of China Railway Construction Corporation. Mr. LIU served as the department deputy head, the head and the deputy head of the 19th Engineering Bureau of the Ministry of Railways, the general manager, vice president and deputy secretary to the party committee of China Railway 19th Bureau Group Co., Ltd.; the chairman and the deputy secretary to the party committee of China Railway 16th Bureau Group Co., Ltd., the chief representative, the chairman, the deputy secretary to the party committee and the vice chairman (presided the work in the Board), the deputy secretary to the party committee, the chairman and the deputy secretary to the party committee of State-owned shares; the standing committee of the communist party committee of China Railway Construction Corporation and the standing committee of the communist party committee and the vice president of China Railway Construction Corporation Limited. In December 2017, he served as the standing committee of the communist party committee of China Railway Construction Corporation and an executive director and the standing committee of the communist party committee of China Railway Construction Corporation Limited. Mr. LIU graduated from Southwest Jiaotong University with a master's degree in Management Science and Engineering and is a professorate senior engineer.

Mr. WANG Huacheng, aged 57, a Chinese with no right of abode overseas, holds a doctorate and is currently an independent non-executive director of the Company. He once served as the deputy director of the Department of Accounting, deputy dean of the School of Business of Renmin University of China and secretary-general of China National MPAcc Education Steering Committee. He is currently a professor and doctoral supervisor of the School of Business of Renmin University of China. He served as an independent director of CAMCE and an external director of Sinotrans & CSC Holdings Co., Ltd. He is currently an independent director of China Hua Xia Bank Co., Ltd., BOE, and Tsinghua Tongfang Co., Ltd.

Mr. Patrick SUN, aged 62, is a Hong Kong citizen with the right of abode in the United Kingdom, holds a Bachelor of Science degree in Economics and is currently an independent non-executive director of the Company. He once acted as senior regional director and head of Hong Kong Investment Bank Business of JP Morgan Chase Hong Kong; executive director and head of Greater China Investment Bank Business of Fleming Holdings Limited, and an independent non-executive director of China Railway Signal & Communication Corporation, China NT Pharma Group Company Limited, Trinity Limited. In addition, Mr. SUN was the chairman of Chamber of Commerce of Hong Kong-listed Company (during 2013–2015) and Honorary director-general of the chamber, a member of Takeovers and Mergers Panel and Takeovers Appeal Committee of The Securities and Futures Commission (SFC), Co-convenor of Listing Committee and member of Council of the Stock Exchange of Hong Kong Limited. He is currently a senior member of The Association of Chartered Certified Accountants and Hong Kong Institute of Certified Public Accountants. Mr. SUN is currently an independent non-executive director of Sihuan Pharmaceutical Holding Group Ltd. and Kunlun Energy Company Limited listed on the Hong Kong Stock Exchange and an independent non-executive director of CRRC Corporation Limited, a company listed on the Shanghai Stock Exchange and the Hong Kong Stock Exchange.

Section IX Directors, Supervisors, Senior Management and Staff (continued)

Mr. CHENG Wen, aged 68, a Chinese with no right of abode overseas, holds a doctorate in management and is a researcher, is currently an independent nonexecutive director of the Company. He was once the assistant to the director and the deputy director of Institute No. 31 of the Third Academy under China Astronautics Industry Corporation (中國航太工業總公司三院31所), vice president of the Third Academy under China Astronautics Industry Corporation (中國航太工業總公司三院), vice president of the Third Academy under China Astronautics Electromechanical Group Corporation (中國航太機電集團公司三院), assistant to the general manager and deputy general manager and a member of the communist party committee of China Aerospace Electromechanical Group Corporation, and deputy general manager, a member of the communist party committee and deputy director of the science and technology committee of China Aerospace Science and Industry Corporation. He is currently an external director of China North Industries Group Corporation.

Ms. Amanda Xiao Qiang LU, aged 66, a Canadian with the right of abode in Hong Kong, received her PhD in economics in Canada, is currently an independent nonexecutive director of the Company. She was once a teacher in the University of International Business and Economics in the PRC and a staff in Corporate Banking of CIBC and Corporate Banking of the Royal Bank of Canada, respectively. She also worked as the vice president and a director of Investment Banking for Asia of BNP, the vice president and a director of Investment Banking for Asia of Merrill Lynch, a director of Corporate and Investment Banking for Asia of Citibank, and managing director and head of Corporate and Investment Banking for China and vice chairman of Corporate and Investment Banking for Greater China of Deutsche Bank, and Ms. LU successively worked as member the Asia-Pacific and Global Advisory Committee of British Standard Life, a director of the Asian board of directors of British Standard Life and an external director of the board of directors of China National Building Material Group Corporation.

2. Supervisors

Mr. CAO Xirui, aged 51, a Chinese with no right of abode overseas, currently serves as the chairman of the Supervisory Committee of the Company. Mr. CAO once served as a trainee of the planning operation division for Dual Line of Lanzhou-Xinjiang Railway of the 20th Bureau of the Ministry of Railways, an assistant accountant, accountant, senior accountant and deputy head of the finance department of China Railway Construction Corporation. He served as the deputy head of the finance department (in charge of work) of the Company since August 2010 and the head of the finance department of the Company from December 2010 to April 2018, and acted concurrently as executive director of CRCC Assets Management Co., Ltd. from March 2016 to November 2018. He served as the chairman of the Supervisory Committee of the Company since December 2017. Mr. CAO graduated from University of International Business and Economics with a major in international trade (master's degree of economics), is qualified as a senior accountant and elected as a member of the national training programme for leaders in the accounting profession.

Section IX Directors, Supervisors, Senior Management and Staff (continued)

Mr. LIU Zhengchang, aged 52, a Chinese with no right of abode overseas, currently serves as a supervisor, the chief auditor, general manager of the audit and supervision department of the Company. Mr. LIU once served as a trainee, a statistician, an accounting staff, head of the financial division, assistant accountant of the 1st department of the 19th Bureau of the Ministry of Railways, as well as chief accountant and section chief of the financial section of the 7th branch of the Company and chief accountant of the 5th department, the director of the audit department and the head of the finance department of China Railway 19th Bureau Group Co., Ltd., a member of the communist party committee, the deputy general manager and the chief accountant of China Railway 15th Bureau Group Co., Ltd. He has been serving as a member of the communist party committee, the deputy general manager and the chief accountant of China Railway 16th Bureau Group Co., Ltd. and the chief of the audit and supervision bureau of the Company since May 2016. He has been serving as a supervisor of the Supervisory Committee of the Company since December 2017. He has been serving as a supervisor, the chief auditor, chief of the audit and supervision bureau since January 2019 and the chief auditor, a supervisor, general manager of the audit and supervision department of the Company since December 2019. Mr. LIU graduated from Dongbei University of Finance and Economics with major in business administration, and obtained master's degree of Business Administration. He is a senior accountant and elected as a member of the national training programme for leaders in the accounting profession.

Mr. KANG Fuxiang, aged 52, a Chinese with no right of abode overseas, is currently an employee representative supervisor of the Company, and serves concurrently as the head of Organization Department of Party Committee and the general manager of the Human Resources Department of the Company. Mr. KANG served as the deputy head and head of Human Resources Department (Department of Cadres of Party Committee) of China Railway 14th Bureau Group Co., Ltd., a Class-A(1) file clerk, the director of Leading Cadres Department, the deputy head of Human Resources Department (Department of Cadres of Party Committee), and the deputy head of Organization Department of Party Committee (Department of Cadres of Party Committee) of China Railway Construction Corporation Limited. He has been serving as the head of Organization Department of Party Committee (Department of Cadres of Party Committee, Office of United Front of Party Committee) of the Company since June 2018, he has been acting as an employee representative supervisor of the supervisory committee of the Company since September 2018, as well as the head of Organization Department of Party Committee and the general manager of the Human Resources Department of the Company since July 2019. Mr. KANG graduated from Suzhou Railway Normal College, majoring in Chinese Language and Literature Education (bachelor's degree of Arts). He is a senior economist.

Section IX Directors, Supervisors, Senior Management and Staff (continued)

3. Senior management

For biographies of Mr. ZHUANG Shangbiao, please refer to “Directors”.

Mr. WANG Xiuming, aged 57, a Chinese with no right of abode overseas, is currently the member of the standing committee of the communist party committee, the chief accountant, the general legal counsel and the chief compliance officer of the Company. He concurrently serves as the member of the standing committee of the communist party committee of China Railway Construction Corporation and the chairman of CRCC Capital Holdings Group Co., Limited, Deputy Chief of the Division II of the Financial Audit Division, Director of the Investigation Division of the General Office of the National Audit Office, Assistant to the Officer of the Audit Department and Director of the Investigation Division. Mr. WANG successively served as the deputy director of the Auditing Bureau of Tianjin City, a member of the communist party committee and the deputy commissioner of the Special Commissioner’s Office for Beijing, Tianjin and Hebei of the National Audit Office. He served as the deputy director of the National Audit Office of the PRC, the deputy of the General Office and the director of the Policy Study Office, deputy head and head of the Legal Department, the head of the Department of Policies, Laws and Regulations, the director of Audit Scientific and Research Institute, the curator of Audit Museum, as well as the commissioner and secretary to the communist party committee of Shenzhen Special Commissioner’s Office of the National Audit Office. He has served as the member of the standing committee of the communist party committee of China Railway Construction Corporation since March 2014, the member of the standing committee of the communist party committee, the chief accountant of China Railway Construction Corporation, the chief accountant and the member of the standing committee of the communist party committee of China Railway Construction Corporation Limited since April 2014. He served as the general legal counsel of the Company since May 2016, and the chief compliance officer of the Company since July 2019. He also served as the chairman of CCRC Capital Holdings Group Co., Ltd. Mr. WANG graduated from the Finance Department of Anhui University of Finance & Economics (bachelor’s degree of Economics), majoring in Finance. Mr. WANG is a professorate senior accountant.

Section IX Directors, Supervisors, Senior Management and Staff (continued)

Mr. LI Ning, aged 58, a Chinese with no right of abode overseas, is currently a member of the standing committee of the communist party committee and the vice president of the Company. He concurrently serves as a member of the standing committee of the communist party committee of China Railway Construction Corporation, as well as the chairman of China Railway Construction International Investment Co., Ltd. Mr. LI served as the Deputy chief of the Department of Engineering Economic Design of the First Survey and Design Institute of the MOR, Director, deputy chief economist and director of the Engineering Economics Division, head of the Engineering Contracting Department and vice president of the MOR and a member of the standing committee of the communist party of China and the deputy dean of Railway First Survey & Design Institute. He served as the general manager, a director and the deputy secretary to the communist party committee and the chairman, the general manager and the deputy secretary to the communist party committee of China Railway 21th Bureau Group Co., Ltd. He served as the deputy secretary to the communist party committee, the general manager, a director, the chairman and the deputy secretary to the communist party committee of China Railway Construction Investment Co., Ltd. He served as the chairman, the secretary to the communist party committee of China Railway Construction Investment Group Co., Ltd. In June 2017, he served as a member of the standing committee of the party committee of China Railway Construction Corporation, a member of the standing committee of the party committee and vice president of China Railway Construction Corporation Limited. In December 2017, he served as a member of the standing committee of the communist party of China of China Railway Construction Group Co., Ltd., and a member of the standing committee of the communist party of China and the vice president of China Railway Construction Corporation Limited, as well as the chairman of China Railway Construction International Investment Co., Ltd. since March 2019. Mr. LI graduated from Beijing Jiaotong University with a doctoral degree in engineering, majoring in highway and railway engineering. Mr. LI is a professorate senior engineer.

Mr. WANG Wenzhong, aged 57, a Chinese with no right of abode overseas, is currently a member of the standing committee of the communist party committee and the vice president of the Company. He concurrently serves as a member of the standing committee of the communist party committee of China Railway Construction Corporation. Mr. WANG served as the deputy general manager of Beijing China Railway Construction Engineering Corporation (北京中鐵建築工程公司). He served as the deputy secretary to the communist party committee and manager of Beijing Tiecheng Engineering Co., Ltd. (北京鐵城工程公司) and the deputy manager of the main office of Beijing China Railway Construction Engineering Corporation (北京中鐵建築工程公司). He served as the general manager, vice president, and deputy secretary to the communist party committee, of Beijing China Railway Construction Ltd. (北京中鐵建設有限公司). He served as the general manager, vice president, deputy secretary to the communist party committee, the chairman and secretary to the communist party committee of China Railway Construction Group Co., Ltd. (中鐵建設集團有限公司). He has served as the chairman, secretary to the communist party committee of China of China Railway Construction Group Co., Ltd. (中鐵建設集團有限公司), a member of the standing committee of the communist party committee of China Railway Construction Corporation and a member of the standing committee of the communist party committee and the vice president of China Railway Construction Co., Ltd. In December 2017, he served as a member of the standing committee of the communist party committee of China Railway Construction Corporation and a member of the standing committee of the communist party committee and the vice president of China Railway Construction Corporation Limited. Mr. WANG graduated from North Jiaotong University with a doctoral degree in management, majoring in management science and engineering. Mr. WANG is a professorate senior engineer.

Section IX Directors, Supervisors, Senior Management and Staff (continued)

Mr. LIU Chengjun, aged 57, a Chinese with no right of abode overseas, is currently a vice president of the Company. He served as a trainee, technician, assistant engineer, engineer, technical director of infrastructure project of the Third Survey & Design Group Co. Ltd. of the Ministry of Railway (鐵道部第三勘測設計院), project director and technical director of China Railway Construction Development Center of the Ministry of Railways (鐵道部中鐵建設開發中心), senior engineer (deputy department director level) of the Third Survey of Design Group Co., Ltd. of the Ministry of Railway, deputy head and head of Engineering Department of Neijiang-Kunming Railway Headquarters of China Railway Engineering Corporation (中國鐵路工程總公司), deputy head (presiding over work), head of Design Department, general manager of Design and Consultancy Branch, general secretary of Committee of Experts of China Railway Engineering Corporation, and head of Design Department, general manager of Design and Consultancy Branch, general secretary of Committee of Exports of China Railway Engineering Corporation, shareholders' representative, vice chairman of China Railway Eryuan Engineering Group Co., Ltd. (中鐵二院工程集團有限公司), head of Design Department, general manager of Design and Consultancy Branch, general secretary of Committee of Experts of China Railway Engineering Corporation, the chairman of Supervisory Committee of China Railway Construction Investment Group Co., Ltd. (中鐵南方投資公司), deputy chief engineer, head of Technology Design Department, general manager of Design and Consultancy Branch of China Railway Group Limited (中國中鐵股份有限公司), the Chairman of China Railway Southwest Science Research Institute Co., Ltd. (中鐵西北科學研究院有限公司), general secretary of Committee of Experts of China Railway Engineering Corporation, the chairman of supervisory committee of China Railway Construction South Investment Group Co., Ltd. (中鐵南方投資公司), the chairman of China Railway Major Bridge Reconnaissance & Design Institute Co., Ltd. (中鐵大橋院), and the chairman of Supervisory Committee of China Railway Group Limited. Mr. LIU served as vice president of the Company since June 2018. He graduated from Southwest Jiaotong University with a master's degree of engineering, majoring in Architectural and Civil Engineering, and is a professorate senior engineer.

Mr. WANG Lixin, aged 50, a Chinese with no right of abode overseas, is currently a vice president of the Company, and concurrently served as the commander of the Sichuan-Tibet Project Headquarters of the Company. He served as a trainee of Traffic Engineering Repair Institute, assistant engineer of Science and Technology Department, engineer, deputy general manager, manager of Bridge Construction Company, manager of Bridge Company of Railway Construction Research and Design Institute (鐵道建築研究設計院), deputy general economist of Railway Construction Research and Design Institute and manager of Road and Bridge Company, deputy general economist and president and deputy secretary of Party Committee of Harbin Branch, assistant to president and president, deputy secretary of Party Committee, vice president, director, president, deputy secretary of the Party Committee, chairman of the Board and secretary of the Party Committee of Northeast Branch (Northeast Survey and Design Institute) (東北勘察設計院) of China Railway Fifth Survey and Design Institute Group Co., Ltd. (中鐵第五勘察設計院集團有限公司), the chairman, general manager and deputy secretary of Party Committee of China Railway 24th Bureau Group Co., Ltd. He served as vice president of the Company since June 2018 and concurrently served as the commander of the Sichuan-Tibet Project Headquarters of the Company since November 2018. Mr. WANG graduated from Southwest Jiaotong University with a bachelor's degree of Engineering, majoring in Bridge Engineering, and obtained a postgraduate degree in Economic Management of Party School of the Central Committee of C.P.C. He is a professorate senior engineer.

Section IX Directors, Supervisors, Senior Management and Staff (continued)

Mr. NI Zhen, aged 49, a Chinese with no right of abode overseas, is currently a vice president of the Company and the chairman of CRCC Development Group Co., Ltd. He served as a trainee, assistant engineer, project manager of Shilihe Integrated Building Engineering of Equipment Installation Branch, director of Business Department and manager of Equipment Installation Branch of Beijing China Railway Construction Co., Ltd. (北京中鐵建築工程公司), deputy manager of Equipment Installation Company, deputy manager and acting manager of Marketing and Bidding Division I, manager of Equipment Installation Manager of Beijing China Railway Construction Company (北京中鐵建設公司), deputy general manager of China Railway Construction Group Co., Ltd., director, general manager and deputy secretary of Party Committee of China Railway Urban Construction Group Co., Ltd. (中鐵城建集團有限公司), the director, general manager and deputy secretary of Party Committee of China Railway Real Estate Group Corporation Co., Ltd. (中國鐵建房地產集團有限公司). He served as vice president of the Company since June 2018. He served as the chairman of CRCC Development Group Co., Ltd. (中鐵建發展集團有限公司) since September 2019. Mr. NI graduated from Beijing University of Technology with a doctor's degree, majoring in Civil Engineering, and is a professorate senior engineer.

4. Secretary to the Board

Mr. ZHAO Dengshan, aged 59, a Chinese with no right of abode overseas, is currently the Secretary to the Board of the Company. He served as secretary of the Office of Construction Engineering Division, director of Section I Machinery Office, director of Mechanical Equipment Division of Engineering Headquarters of the Ministry of Railways, secretary, deputy director, and director of Party Committee Office of China Railway Construction Corporation (中國鐵道建築總公司), deputy director of President Office (director of the department), director of Party Committee Office, deputy general economist, secretary of Party Committee of Direct affiliated Departments of the Company. He served as the Secretary to the Board of the Company since May 2018. Mr. ZHAO graduated from China PLA Railway Corps Academy (中國人民解放軍鐵道兵學院), majoring in logistical commanding. He obtained a postgraduate degree in Economic Management of the Party School of the Central Committee of C.P.C through on-the-job program. He is a senior political engineer.

Section IX Directors, Supervisors, Senior Management and Staff (continued)

(II) Occupations in shareholder entities

Applicable Not Applicable

Name of the employee	Name of shareholder entities	Positions in shareholder entities	Initial date	End date
WANG Jianping	China Railway Construction Corporation	Chairman and secretary of the communist party committee	August 2020	
ZHUANG Shangbiao	China Railway Construction Corporation	General manager, director, deputy secretary of the communist party committee	December 2017	
CHEN Dayang	China Railway Construction Corporation	Employee representative director and deputy secretary of the communist party committee	November 2018	
LIU Ruchen	China Railway Construction Corporation	Member of the standing committee of the communist party committee	December 2017	
WANG Xiuming	China Railway Construction Corporation	Member of the standing committee of the communist party committee	December 2017	
LI Ning	China Railway Construction Corporation	Member of the standing committee of the communist party committee	June 2017	
WANG Wenzhong	China Railway Construction Corporation	Member of the standing committee of the communist party committee	June 2017	
Description on the position in shareholder entity		Nil		

Section IX Directors, Supervisors, Senior Management and Staff (continued)

(III) Occupations in other entities

Applicable Not Applicable

Name of the employee	Name of other entities	Positions in other entities	Initial date	End date
WANG Huacheng	School of Business of Renmin University of China	Professor and doctoral supervisor	June 2001	
	China Hua Xia Bank Co., Ltd.	Independent director	April 2014	
	BOE	Independent director	July 2015	
Patrick SUN	Tsinghua Tongfang Co., Ltd.	Independent director	February 2020	
	Trinity Limited	Independent non-executive director	October 2008	November 2020
	Sihuan Pharmaceutical Holding Group Ltd.	Independent non-executive director	October 2010	
	CRRCC Corporation Limited	Independent non-executive director	May 2015	
	Kunlun Energy Company Limited	Independent non-executive director	February 2016	
CHENG Wen	China North Industries Group Corporation Limited	External director	September 2014	
GE Fuxing	China International Intellectual Corporation	External director	June 2017	January 2020
	China Astronautics Science & Industry Corporation	External director	September 2018	January 2020
WANG Xiuming	CRCC Finance Company Limited	Chairman	July 2015	March 2020
	CRCC Financial Leasing Co., Ltd.	Chairman	July 2016	March 2020
	China Railway Construction Asset Management Co., Ltd.	Chairman	November 2018	March 2020
	CRCC Capital Holdings Group Co., Ltd.	Chairman	March 2020	
LI Ning	China Railway Construction International Investment Co., Ltd.	Chairman	March 2019	
NI Zhen	CRCC Development Group Co., Ltd.	Chairman	September 2019	
Description on position in other entities		Nil		

Section IX Directors, Supervisors, Senior Management and Staff (continued)

III. REMUNERATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Applicable Not Applicable

Decision-making procedures for remuneration of directors, supervisors and senior management

1. Decision-making procedures for remuneration of directors and supervisors

Pursuant to the procedures and standards under the Measures for the Management of Remuneration of Directors and Supervisors of the Company passed and approved at the General Meeting, the Remuneration and Evaluation Committee proposed the annual remuneration standards for the directors and supervisors of the Company, which would be put forward for approval at the General Meeting upon consideration by the Board.

2. Decision-making procedures for remuneration of senior management

The Remuneration and Evaluation Committee proposed the annual remuneration results for senior management of the Company in accordance with the Measures for the Management of Remuneration of Senior Management of China Railway Construction Corporation Limited and the Board's assessment results on the annual performance of the senior management of the Company to determine the annual remuneration of the senior management, and submitted it to the Board for consideration before implementation.

Section IX Directors, Supervisors, Senior Management and Staff (continued)

Determination basis for remuneration of directors, supervisors and senior management

1. Determination basis for remuneration of directors

The determination basis for remuneration of directors of the Company shall be relevant provisions under the Measures for the Management of Remuneration of Directors and Supervisors of China Railway Construction Corporation Limited and the Company's assessment results for Directors.

2. Determination basis for remuneration of Supervisors

The determination basis for remuneration of Supervisors of the Company shall be in compliance with relevant requirements under the Measures for the Management of Remuneration of Directors and Supervisors of China Railway Construction Corporation Limited and the Company's assessment results for Supervisors.

3. Determination basis for remuneration of senior management

The determination basis for remuneration of senior management of the Company shall be in compliance with the Measures for the management of Remuneration of Senior Management of China Railway Construction Corporation Limited and the Board's assessment results on the annual performance for the senior management of the Company.

Particulars of remuneration paid for the remuneration of directors, supervisors and senior management

Please refer to "(I) The changes in shareholding and remuneration of current and resigned directors, supervisors and senior management during the Reporting Period" of this section for the details of the salary payable and actual salary from the Company and the company of the shareholder at the end of this Reporting Period for current and resigned directors, supervisors, and senior management during the Reporting Period.

Total of actual remuneration received by directors, supervisors and senior management at the end of this Reporting Period

RMB12.9428 million

Section IX Directors, Supervisors, Senior Management and Staff (continued)

IV. CHANGES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT OF THE COMPANY

Applicable Not Applicable

Name	Position held	Information on the change	Reason for change
WANG Jianping	Chairman, Executive director	Elected	Work demand
CHEN Fenjian	Chairman, Executive director	Resigned	
GE Fuxing	Non-executive director	Resigned	Age

The Board of the Company received the letter of resignation from Mr. GE Fuxing, a non-executive director of the Company, on 17 February 2020. Mr. GE Fuxing resigned from the position as a non-executive Director of the Company due to his age and ceased to be a member of the Audit and Risk Management Committee, Remuneration and Evaluation Committee and Strategy and Investment Committee. The resignation of Mr. GE Fuxing took effect upon the delivery of his letter of resignation to the Board. For details, please refer to the relevant announcements published by the Company dated 17 February 2020 and 18 February 2020 on China Securities Journal, Shanghai Securities News, Securities Daily, Securities Times and the website of Shanghai Stock Exchange (www.sse.com.cn), the website of Hong Kong Stock Exchange (www.hkex.com.hk) and the website of the Company (www.crcc.cn).

Mr. CHEN Fenjian, the Chairman of the Board, Executive Director, Secretary to the Party Committee and Chairman of the Nomination Committee of the Board of the Company, passed away on 16 August 2020. For details, please refer to the relevant announcements published by the Company dated 18 August 2020 on China Securities Journal, Shanghai Securities News, Securities Daily, Securities Times and the website of Shanghai Stock Exchange (www.sse.com.cn), the website of Hong Kong Stock Exchange (www.hkex.com.hk) and the website of the Company (www.crcc.cn).

On 21 September 2020, the forty-fifth meeting of the fourth session of the Board of the Company considered and approved the Resolution on the Election of Executive Director of the Company. Following the recommendations of China Railway Construction Corporation, the controlling shareholder of the Company, as well as the consideration and approval by the Nomination Committee of the Board of the Company, the Board agreed to nominate Mr. WANG Jianping as a candidate for executive director of the Company. On 19 October 2020, upon consideration and approval at the 2020 third extraordinary general meeting of the Company, Mr. WANG Jianping was approved to serve as an executive director of the Company with his term commencing from the date of election at the general meeting, which is same as the term of the fourth session of the Board of the Company (except for re-election). On 19 October 2020, upon consideration and approval at the forty-eighth meeting of the fourth session of the Board of the Company, Mr. WANG Jianping was elected as the chairman of the Company and the chairman of the Nomination Committee of the Board with the term same as that of the fourth session of the Board of the Company. For details, please refer to the relevant announcements published by the Company in China Securities Journal, Shanghai Securities News, Securities Daily, Securities Times and the website of the Shanghai Stock Exchange (www.sse.com.cn), the website of the Hong Kong Stock Exchange (www.hkex.com.hk) and the Company's website (www.crcc.cn) dated 22 September 2020 and 20 October 2020, respectively.

V. PUNISHMENT IMPOSED BY SECURITIES REGULATORY DESCRIPTION IN RECENT THREE YEARS

Applicable Not Applicable

Section IX Directors, Supervisors, Senior Management and Staff (continued)

VI. EMPLOYEES OF THE PARENT AND THE MAJOR SUBSIDIARIES

(I) Employees

Number of existing employees of the parent	270
Number of existing employees of major subsidiaries	285,972
Total number of existing employees	286,242
Number of the resigned and retired staff in the parent company and its major subsidiaries	0

Professional composition

Category of professionals	Number of employees
Construction operations	247,313
Survey, design and consultancy	19,323
Manufacturing	6,873
Material circulation	1,875
Real estate development	5,301
Finance, investment	4,403
Others	1,154
Total	286,242

Educational level

Category of educational level	Number (person)
Master degree or above	13,152
Bachelor Degree	162,649
College degree	55,209
Technical secondary school education	20,732
High school and below	34,500
Total	286,242

(II) Remuneration policy

Applicable Not Applicable

The Company implements a remuneration policy with remuneration budget management, and links between remuneration and performance based on the principle of “the better performance, the higher remuneration”. The total salary is linked to the total profits and total profits per person. And remuneration of employees is determined based on efficiency of the enterprises and that of each individual.

The remuneration of the employees includes wages, performance bonus and allowance. The employees of the Company are also entitled to pension, medical, unemployment, work injury, maternity insurance and housing funds as well as other benefits.

Section IX Directors, Supervisors, Senior Management and Staff (continued)

(III) Training plan

Applicable Not Applicable

For the purpose of the training plan for 2020, the Company was closely around enterprise development strategies and the “Thirteenth Five-Year Plan” human resources plan, centering on developing “High-Quality CRCC” plan, optimized the quality structure of the talents. The Company focused on staff training as a pioneering, fundamental and strategic work to strengthen the construction of talent team, and cultivated a team of high-quality professional talents. The training of various kinds of employees has been strengthened, with a total of 1,059,931 employees attended the trainings, among which, 383,496 offline trainings and 676,435 online trainings throughout the year, which has continuously enhanced the core competitiveness of the enterprise and provided an effective guarantee for the high-quality development of the enterprise. Firstly, training responsibilities was further clarified. The headquarters of the Company highlighted the training of key positions and high-level talents, adhering to the principles of overall planning, prioritizing the main aspects, hierarchical management and different levels holding different responsibilities in accordance with the “optimal brain” job positioning and the business training functions of “high-end, shortage, emergency, innovation and critical” organization. The Company continued to strengthen leadership training for leaders from hierarchical classification, training of top talents in technology innovation, training of operation management personnel in key positions in all areas, cultivation of innovative talents with concerns, as well as training of overseas talents. Secondly, the key training courses were implemented. In connection with the training needs, the headquarters of the Company has organized 57 training courses, including 38 offline training courses and 19 online training courses. Thirdly, the combination of online and offline training was actively promoted. In the light of the actual situation of COVID-19’s pandemic prevention and control and the characteristics of training work, the Company actively promoted the combination of online and offline training with continuous innovative training methods, set up a network education and training platform to improve the long-term mechanism for online training. The Company made good use of the technical means such as big information and “Internet +” to organize the staff training, increased the training for various kinds of personnel, reduced the training cost and increased the participating rate of staff. Fourthly, pertinence and effectiveness of training was enhanced with the implementation of responsibilities. Adhering to the principles of “who runs the class, who should be responsible for”, the training organizing department formulated a scientific, reasonable and feasible training program in accordance with the annual training plan combined with the business characteristics and training needs of the industry. The Company made full use of the internal and external resources of the enterprise, carefully selected excellent teachers, strengthened the construction of the team of in-house trainers, and ensured effective implementation and quality of the training program. Fifthly, the supervision and management of staff training was strictly strengthened. The Company adhered to strict education, strict management, strict supervision, strengthened the management of the whole process of the training course and the self-management of employees. A sound training examination and appraisal system was established, and the training of employees was registered in a timely manner. The Company closely focused on linking the quality of training with the promotion and selection, improved the training quality evaluation system, enhanced the service awareness of training institutions for better service level and learning environment.

(IV) Labor outsourcing

Applicable Not Applicable

Total working hours on labor outsourcing
Total payment for labor outsourcing

About 6.238 billion working hours
About RMB190.898 billion

Section IX Directors, Supervisors, Senior Management and Staff (continued)

VII. OTHERS

Applicable Not Applicable

(I) Interests in the Company held by Directors, Supervisors and the Chief Executive

As at the end of the Reporting Period, none of the directors, supervisors or the chief executive of the Company or their respective associates had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (as defined in Part XV of the SFO) (a) which was required to be entered in the register required to be kept by the Company pursuant to Section 352 of the SFO or (b) which was otherwise required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

(II) Service Contracts of Directors and Supervisors

Each of the directors and supervisors had entered into a three-year service contract with the Company. None of the directors or supervisors had entered into a service contract with the Company which could not be terminated by the employer within one year without compensation (other than statutory compensation). Remuneration of directors and supervisors and details of the five persons with the highest remuneration are set out in Note XIII "3(ii) directors', supervisors' and key managements' remuneration" to the financial statements in this report. During the Reporting Period, none of the directors or supervisors of the Company waived or agreed to waive any remuneration.

(III) Directors and Supervisors or Related Entities Owned Transactions, Arrangements or Interests in Contracts

During the Reporting Period, neither the Company nor its subsidiaries had entered into any transactions, arrangements or contracts in which any director or supervisor had a material interest, whether directly or indirectly. None of the Company or its subsidiaries had provided any loan or quasi-loan to any directors or other members of senior management of the Company.

Section X Corporate Governance (Corporate Governance Report)

I. BASIC INFORMATION OF CORPORATE GOVERNANCE OF THE COMPANY

Applicable Not Applicable

During the Reporting Period, in strict compliance with laws and regulations such as the Company Law, the Securities Law and the Guidelines for Corporate Governance of Listed Companies issued by CSRC and the relevant provisions and requirements of the Shanghai Stock Exchange and the Hong Kong Stock Exchange, the Company insisted in standardized operation through strengthening strategic guidance, advancing the construction of “significant risk management system” so as to maintain sustainable and healthy development, and safeguarded the interests of all shareholders of the Company. There was no substantial difference between the actual situation of corporate governance structure of the Company and the provisions and requirements of relevant documents of CSRC. The Company also complied with the code provisions of the Corporate Governance Code issued by the Hong Kong Stock Exchange. During the Reporting Period, the Company carried out the following work in terms of corporate governance:

1. Strengthening corporate governance for standardized operation

The Company enhanced the integration of leadership of the Party into the corporate governance, strictly followed the Articles of Association, the Rules of Procedure of General Meetings, and the Rules of Procedure of the Board of Directors and, the Rules of Procedure of the Supervisory Committee, the Working Rules of the President and the Working Rules of the Special Committees and other system regulations to continuously improve their respective duties with synergetic efficiency and the coordination so as to effectively balance the corporate governance system. In 2020, the Company amended the Articles of Association and the Rules of Procedure of General Meetings according to the stipulations of the regulatory authorities, in combination with the actual situation of the enterprise, which improved the timeliness of the shareholders’ meeting. The Company strictly followed the requirements of the Notice on Special Measures for the Governance of Listed Companies by the CSRC, carefully sorted out the existing problems and effectively promoted the overall improvement of corporate governance based on the self-checklist projects of corporate governance of listed companies.

Section X Corporate Governance (Corporate Governance Report) (continued)

2. Enhanced management of information disclosure.

The Company prepared four regular reports per year with high quality and efficiency, and disclosed information in a true, accurate, complete, timely and fair manner in strict compliance with the requirements of the listing rules of the stock exchanges where the Company's shares are listed and kept improving its information disclosure. In 2020, the Company adhered to the principle of combining compulsory information disclosure and voluntary information disclosure and continuously enhanced the pertinence and practicality of periodic reports, preparing and disclosing the annual report, interim report and quarterly reports with high quality. The Company amended the Detailed Rules for the Implementation of Information Disclosures for Significant New Bid Winning Projects and New Contracts to further improve the quality and efficiency of information disclosure. In 2020, the Company disclosed a total of 429 documents in Chinese and English, of which 140 documents disclosed on the Shanghai Stock Exchange and 171 documents in Chinese and 118 documents in English disclosed on the Hong Kong Stock Exchange, enabling the investors to keep abreast of the latest tendency of the industry, the Company's production and operation conditions and its development prospects.

3. Conducting solid and effective investor relationship management.

The Company implemented the spirit of the Circular on Further Strengthening the Management of Investor Relations of Listed Companies issued by Shanghai Stock Exchange and the Circular on Carrying out Centralized Publicity for Investor Protection issued by Beijing Securities Regulatory Bureau, and effectively commenced management on investor relations by strictly implementing the relevant provisions set forth in the Working Rules for Investor Relations. The Company paid close attention to strengthening communication with investors, answering their questions timely through channels and means such as dedicated hotline and mail boxes for investor relations and the Shanghai Stock Exchange E-interactive Platform. In 2020, the Company arranged 38 meetings for investors and analysts and conference calls, and received 567 visitors. The Company actively participated in on-site communication activities organized by domestic and foreign investment institutions, participated in 31 meetings for investors and analysts, received 64 meetings with 515 investors. In conjunction with the disclosure of regular reports, the Company held a total of 4 performance conferences, received 409 people from institutions and small and medium investors; organized 2 roadshows, arranged 33 one-to-one and one-to-many meetings, and received 153 institutional investors. Through a variety of channels and methods, the Company maintained good communication with the investors, and the Company's investor relationship management work has been highly recognized by the capital market, and the corporate image and social influence have been continuously improved.

Section X Corporate Governance (Corporate Governance Report) (continued)

In 2020, the Group was awarded more than 10 awards, including “Most Socially Responsible Listed Company” from Sina Finance, “Best Listed Company” and “Best IR of Hong Kong-Listed Companies” from New Fortune, “China Top 100 Enterprise Award” from China Top 100 Listed Companies Summit Forum, “China Top 100 High Growth Enterprise Award”, “China Top 100 Twenty-year Special Contribution Enterprise Award”, “Best Listed Company” in “Golden Bauhinia” Award, “Best Board” and “Best Investor Relations” in “Tianma Award”, “Top 100 of Comprehensive Strength” and “Top 10 in Turnover” from Hong Kong Stock Top 100 Selection.

The corporate governance has any discrepancies with the relevant requirements of the CSRC or not. If yes, please explain the reasons.

Applicable Not Applicable

II. COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

(I) Compliance with laws and regulations that have material impact on the Company and the Corporate Governance Code

During the Reporting Period, the Company complied with the Company Law, the Securities Law, applicable Hong Kong laws, regulations and all provisions of the Corporate Governance Code as set out in Appendix 14 of the Hong Kong Listing Rules. The Company also conducted corporate governance practices and improved corporate governance structure in accordance with relevant requirements provided by regulatory authorities. In accordance with the requirements of the Corporate Governance Code as set out in Appendix 14 to the Hong Kong Listing Rules, the Company established its corporate governance system. The Articles of Association, the Terms of Reference of the Nomination Committee, the Strategy and Investment Committee, the Remuneration and Evaluation Committee and the Audit and Risk Management Committee, the scope of authority of the Supervisory Committee, and the code of conduct for securities transactions by directors and relevant employees constitute the reference basis of the code of corporate governance of the Company. During the Reporting Period, the Company had complied with the code provisions in the Corporate Governance Code and adopted the recommended best practices if applicable.

Section X Corporate Governance (Corporate Governance Report) (continued)

(II) Risk Management and Internal Control of the Company

The Company formulated complete risk assessment specification. For strategic objective, operation objective, compliance objective and assets safety objective, the Company identified the respective scope of risk assessment, and carried out initial information collection and identification. For the identified risks, at the beginning of each year, the Company comprehensively used the quantitative and qualitative methods to analyze and assess the possibility of the occurrence and degree of impact of risks, identify the importance level of risks according to risk analysis result so as to identify major risks of the Company, and identify the order of precedence for risk management. Upon completion of the risk analysis and assessment, the Company identified the solutions for major risks, and implemented the detailed plans. During the implementation process, the management of the Company carried out dynamic monitoring management on major risks, regularly or irregularly analyzed all kinds of internal and external uncertainties, and took corresponding measures to strengthen control. The Board is responsible for the effectiveness of overall internal control and risk management. The Audit and Risk Management Committee exercised, on behalf of the Board, the supervision and inspection function over the establishment of procedures and systems for the internal control and risk management of the Company as well as the formulation and implementation of major risk management strategy and control measures. The Audit and Risk Management Committee continued to monitor the risk management and internal control systems on behalf of the Board, and ensure to conduct a review on the effectiveness of the risk management and internal control systems of the Company and its subsidiaries at least once a year regarding all significant aspects of risk management and internal control, including financial control, operational control and compliance control. The Board, the Audit and Risk Management Committee and the Supervisory Committee, according to the applicable rules at home and abroad, checked if the Company's operation, financial and accounting policies are in compliance with the laws and regulations, meanwhile coordinate with the management, internal and external auditors to jointly review the adequacy and effectiveness of internal control and risk management of the Company by annual internal control audit, self-assessment and other works. They paid close attention to the major defects and corrective actions, so as to ensure that it can make a full play in internal control and risk management of the Company. To practically fulfill the abovementioned responsibilities, the Board has not only identified the guidelines of "risk management oriented and internal control based", but also realized the integration and effective operation of internal control and risk management system of the Company. By establishing the organization structure of reasonable work allocation, clear definition of responsibilities and clear reporting relationships, the Company stipulated the responsibilities and obligations of internal control and risk management decision-making body, management body, execution body and supervision body, to improve the responsibilities, authorities and the interrelation of internal control and risk management of the Company. The Board acknowledges that such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable but not absolute assurance against material misstatement or loss. During the Reporting Period, the Board has complied with the code provisions of risk management and internal control for listed companies. The Audit and Risk Management Committee of the Board has completed the review of the internal control and risk management systems for the Company and its subsidiaries regarding all significant aspects, including financial control, operational control and compliance control. The Board confirms that such systems are sound and effective.

Section X Corporate Governance (Corporate Governance Report) (continued)

(III) Procedures and Internal Control Measures for the Handling and Dissemination of Inside Information

The Company formulated the Management Rules for Insiders and the Management System for Information Disclosure Deferral and Exemption, which set out the detailed rules for the handling, dissemination and internal control of inside information. In 2020, the Company strictly implemented the abovementioned policies, further strengthened the identification and evaluation work for inside information and narrowed down the scope of insiders as limited as possible. Besides, before the disclosure of inside information in accordance with law, the Company conducted strict registration for and management over the insiders. In case of major events which require deferral or exemption of disclosure, in addition to the registration of the insiders involved in the events, the Company also required the relevant insiders to sign the liability notification, so as to ensure the relevant insiders to fulfill their confidentiality obligation, and effectively prevent the leak of the information which is deferred or exempted from disclosure.

III. BRIEF INTRODUCTION OF GENERAL MEETINGS

The General Meeting is the Company's highest authority, through which the shareholders exercise their rights. The Company ensures that all shareholders enjoy equal status, and that the rights of all shareholders are safeguarded. During the Reporting Period, the Company held one annual General Meeting and three extraordinary General Meetings.

Session of the meeting	Date	Inquiry index at designated website for which the resolutions were published	Disclosure date of the resolutions published
2020 First Extraordinary General Meeting	10 March 2020	The website of the Shanghai Stock Exchange (www.sse.com.cn) and the website of the Hong Kong Stock Exchange (www.hkex.com.hk)	11 March 2020
2020 Second Extraordinary General Meeting	28 April 2020	The website of the Shanghai Stock Exchange (www.sse.com.cn) and the website of the Hong Kong Stock Exchange (www.hkex.com.hk)	29 April 2020
2019 Annual General Meeting	19 June 2020	The website of the Shanghai Stock Exchange (www.sse.com.cn) and the website of the Hong Kong Stock Exchange (www.hkex.com.hk)	20 June 2020
2020 Third Extraordinary General Meeting	19 October 2020	The website of the Shanghai Stock Exchange (www.sse.com.cn) and the website of the Hong Kong Stock Exchange (www.hkex.com.hk)	20 October 2020

Explanation for General Meeting

Applicable Not Applicable

Section X Corporate Governance (Corporate Governance Report) (continued)

IV. SHAREHOLDER RIGHTS

(I) Shareholder(s) to call an extraordinary General Meeting

According to the provisions of the Articles of Association, a shareholder alone or shareholders together holding at least 10 percent of the Company's shares shall have the right to make a request to the Board in writing to convene an extraordinary General Meeting. The Board shall, in accordance with laws and the provisions of the Articles of Association, give a written response on whether or not it agrees to convene such a meeting within 10 days after receipt of the request. If the Board agrees to convene an extraordinary General Meeting, it shall issue a notice convening such meeting within 5 days after it has so resolved. The consent of the relevant shareholder(s) shall be obtained if any change is to be made in the notice to the original request. If the Board does not agree to convene such meeting, or fails to give a response within 10 days after receipt of the request, a shareholder alone or shareholders together holding at least 10 percent of the Company's shares shall have the right to propose to the Supervisory Committee in writing to convene the extraordinary General Meeting. If the Supervisory Committee agrees to call the extraordinary General Meeting, it shall issue a notice convening such meeting within 5 days after receipt of the request. The consent of the relevant shareholder(s) shall be obtained if any change is to be made in the notice to the original request. If the Supervisory Committee fails to issue a notice convening the General Meeting by the prescribed deadline, it shall be deemed to have failed to convene and preside over such meeting, and a shareholder alone or shareholders together having held at least 10 percent of the shares of the Company for at least 90 days in succession may himself/herself/themselves convene and preside over such meeting.

Contact details of the Company:

Address	East, No 40 Fuxing Road, Haidian District, Beijing
Investor relations hotline	010-52688600
Fax	010-52688302
E-mail address	ir@crcc.cn

(II) Procedures for shareholders to make requests to the Board and the Company to provide sufficient contact information for the proper handling of the requests

According to the provisions of the Articles of Association, if a shareholder asks to review or request for relevant information in accordance with the Articles of Association, he or she shall submit to the Company written documents evidencing the class and number of shares he or she holds. The Company shall provide the requested information to the shareholder after authenticating his or her identity and receiving the related fees.

The Company disclosed the details of the Company's address, investor relations hotline number, fax number and email address on the Company website and its periodic reports. Specialists are assigned to answer the calls and handle the mails from investors, and to report timely to the Company's management.

Section X Corporate Governance (Corporate Governance Report) (continued)

(III) Procedures for shareholders to submit proposals to General Meetings and the Company to provide sufficient contact information

In accordance to the Rules of Procedure of General Meetings, a shareholder alone or shareholders together holding at least 3 percent of the shares of the Company may submit new proposal(s) in writing to the convener 10 days prior to the date of such meeting. The convener shall issue a supplementary notice of the General Meeting and make a public announcement of the contents of such new proposals within two days after receipt of the proposals, and submit such new proposal(s) to the General Meeting for consideration. Such new proposal(s) should carry specific subjects and matters to be resolved that fall within the scope of the terms of reference of the General Meetings.

The notice of the General Meeting shall include the following contact information: the date, place and duration of the meeting, the time and place for serving the form of proxy appointed for voting at the meeting, the record date for the shareholders who are entitled to attend the meeting, the name and contact information of the contact person for the meeting. For the detailed contact information of the Company, please refer to "IV. (I) Shareholder(s) to call an extraordinary General Meeting" in this section.

V. THE BOARD OF DIRECTORS

(I) Overview of the Board

The Board is a permanent body of the Company for making business decisions, and shall be accountable to the General Meeting. The Board consists of nine directors, with one chairman, and at least one third of them are independent non-executive directors.

At the beginning of the Reporting Period, the fourth session of the Board comprised nine members, including Mr. CHEN Fenjian, Mr. ZHUANG Shangbiao, Mr. CHEN Dayang and Mr. LIU Ruchen as executive directors, Mr. GE Fuxing as non-executive director, and Mr. WANG Huacheng, Mr. Patrick Sun, Mr. CHENG Wen and Ms. Amanda Xiao Qiang LU as independent non-executive directors. Mr. CHEN Fenjian served as the chairman, and Mr. ZHUANG Shangbiao acted as the president.

The Board of the Company received the letter of resignation from Mr. GE Fuxing, a non-executive director of the Company, on 17 February 2020. Mr. GE Fuxing resigned from the position as a non-executive Director of the Company due to his age and ceased to be a member of Remuneration and Evaluation Committee and Strategy and Investment Committee and the Audit and Risk Management Committee.

Mr. CHEN Fenjian, chairman, executive director, secretary of the Party Committee and chairman of the Nomination Committee of the Board of the Company, passed away on 16 August 2020.

Section X Corporate Governance (Corporate Governance Report) (continued)

On 19 October 2020, upon consideration and approval at the 2020 third extraordinary general meeting of the Company, Mr. WANG Jianping was approved to serve as an executive director of the Company with the term same as the term of the fourth session of the Board of the Company. On 19 October 2020, upon consideration and approval at the forty-eighth meeting of the fourth session of the Board of the Company, Mr. WANG Jianping was elected as the chairman of the Company with the term same as that of the fourth session of the Board of the Company.

By the end of the Reporting Period, the fourth session of the Board comprised eight members, including Mr. WANG Jianping, Mr. ZHUANG Shangbiao, Mr. CHEN Dayang and Mr. LIU Ruchen as executive directors, and Mr. WANG Huacheng, Mr. Patrick Sun, Mr. CHENG Wen and Ms. Amanda Xiao Qiang LU as independent non-executive directors. Mr. WANG Jianping served as the chairman, and Mr. ZHUANG Shangbiao acted as the president.

Save for their services to the Company, there is no financial, commercial and familial connection among the members of the Board, nor any other material relationship among them.

Save for their respective service contracts entered into with the Company, no directors are materially interested, either directly or indirectly, in the contracts of significance entered into by the Company or any of its subsidiaries during the Reporting Period.

During the Reporting Period, the Board held 21 meetings.

(II) The Board and the management

The roles of chairman and president of the Company are exercised by different individuals. The Board and the management carry out their respective duties with synergetic efficiency and in strict compliance with the division of work as specified in the Articles of Association, the Rules of Procedure of the Board of Directors, the Working Rules of the President and other relevant laws and regulations.

Section X Corporate Governance (Corporate Governance Report) (continued)

1. The Board

The Board shall exercise the following functions and duties: to convene the General Meetings and report on its work thereat, and to carry out the resolutions passed at the General Meetings; to decide on the operation plans and annual business objectives of the Company; to decide on the Company's annual financing plans and its annual guarantee plans for subsidiaries, to review and approve investment in third parties (including entrust financing, entrust loans, etc.) with authorization of the General Meeting according to the provisions of the laws and the Articles of Association; to review and approve the Company's connected/related-party transactions according to the provisions of laws, the listing rules of the stock exchange at the place where the shares of the Company are listed and the Articles of Association; to authorize the President of the Company to decide on investment and financing plans, connected transactions and annual guarantee plans for subsidiaries within certain limit; to formulate the Company's annual financial budgets, final accounts, and decide on the Company's donation and sponsorship plans; to formulate the profit distribution plans and plans for making up losses of the Company; to formulate the plans for increasing or reducing the Company's registered capital and issuance of bonds and other securities as well as its listing plan; to draft plans for major acquisitions of the Company and buyback of the Company's own shares or plans for the merger, division, dissolution or changes in the corporate forms of the Company; to formulate amendments to these Articles of Association; to appoint or dismiss the Company's president and Secretary to the Board; to appoint or dismiss the Company's senior management members such as the vice president(s), chief accountant, chief engineer and chief economist of the Company in accordance with the nominations by the president, and decide on matters relating to their remuneration, rewards and punishments; to determine the setting up of internal management institutes and the establishment and cancellation of branches of the Company; to formulate the basic management systems of the Company; to formulate development strategies, long and medium-term development plans and corporate culture development plans, and to monitor the implementation of such plans; to decide on the Company's risk management system, including risk evaluation, financial control, internal audit and legal risk control, and to monitor the implementation of such systems; to manage the information disclosure of the Company; to propose at General Meetings the appointment or change of the accounting firm(s) as the Company's auditors; to listen to the work reports of the president of the Company and inspect his/her work, and to supervise inspection of the execution of the resolutions of the Board; and other functions and powers provided for in laws, the listing rules of the stock exchange at the place where the shares of the Company are listed and the Articles of Association.

The Nomination Committee, the Strategy and Investment Committee, the Remuneration and Evaluation Committee, and the Audit and Risk Management Committee were established under the Board. Each of the special committees has their terms of reference and shall be accountable to the Board. Under the unified leadership of the Board, the special committees shall provide recommendations, opinions and advice for the decisions to be made by the Board. The special committees may engage intermediary organizations to provide independent professional advice, and the relevant expenses therefor shall be borne by the Company.

Section X Corporate Governance (Corporate Governance Report) (continued)

During the Reporting Period, to improve the scientific decision-making and enhance the standardized and effective operation, the Board actively widened the information communication channels, carried out special survey activities, strengthened the communication with the management, and paid attention to major issues in a timely manner.

During the Reporting Period, all members of the Board diligently fulfilled their duties and carried out their work in accordance with the Articles of Association, the Rules of Procedure of the Board of Directors and terms of reference for each special committee. On 28 December 2020, Mr. WANG Jianping, chairman of the Company, and independent non-executive directors, held a meeting without the attendance of other directors according to the requirements of the Corporate Governance Code of the Hong Kong Stock Exchange.

2. The management

The daily production and operation of the Company is carried out under the president accountability system. The Company shall have one president, multiple vice presidents and a chief accountant. The vice presidents and the chief accountant are responsible for assisting the work of the president and serve together with the president as senior management members of the Company.

The president shall be accountable to the Board and exercise the following functions and powers: to be in charge of the production, operation and management of the Company and to organize the implementation of the resolutions of the Board, and report to the Board of Directors; to arrange for the implementation of the Company's annual business plans and investment plans; to propose the establishment of the Company's internal management structure plans; to propose the basic management systems of the Company; to formulate the basic rules and regulations of the Company; to request the Board to engage or dismiss the Company's vice presidents, chief accountant, chief engineer, chief economist, chief legal advisor, chief compliance officer, chief safety officer; to engage or dismiss management personnel other than those to be engaged or dismissed by the Board; to propose to convene extraordinary meetings of the Board and other functions and powers granted by the Board.

At the request of the Board, the president timely reported on important information related to the Company's operating results, major transactions and material contracts, financial condition and business prospects and regularly reported to the Board on his work, and ensured the truthfulness, objectivity and completeness of contents of such reports.

Section X Corporate Governance (Coporate Governance Report) (continued)

VI. PERFORMANCE OF DUTIES OF DIRECTORS

(I) Directors' attendance at the Board meetings and General Meetings

Name of directors	Independent director or not	Required attendance for the year	Attendance at the Board meetings				Absence	Two consecutive absences from the Board meeting	Attendance at the General Meetings	
			Attendance in person	Attendance by communication	Attendance by proxy	Attendance			Number of attendance	Attendance
WANG Jianping	No	6	3	3	0	0	No	100%	/	/
ZHUANG Shangbiao	No	21	7	14	0	0	No	100%	4	100%
CHEN Dayang	No	21	6	14	1	0	No	95.24%	4	100%
LIU Ruchen	No	21	7	14	0	0	No	100%	4	100%
WANG Huacheng	Yes	21	7	14	0	0	No	100%	4	100%
Patrick SUN	Yes	21	7	14	0	0	No	100%	4	100%
CHENG Wen	Yes	21	7	14	0	0	No	100%	4	100%
Amanda Xiao Qiang LU	Yes	21	7	14	0	0	No	100%	4	100%
CHEN Fenjian	No	10	3	7	0	0	No	100%	3	100%
GE Fuxing	No	1	0	0	1	0	No	0	/	/

Notes on the two consecutive absences from the Board meeting

Applicable Not Applicable

Explanation of the non-independent directors' absence at the General Meeting

Applicable Not Applicable

Number of the Board meetings within the year	21
Among which: Number of meetings held on site	7
Number of meetings held by communication	14
Number of meetings held on site in combination with communication	0

(II) Independent Directors' objection to any matters related to the Company

Applicable Not Applicable

Section X Corporate Governance (Corporate Governance Report) (continued)

(III) Others

Applicable Not Applicable

1. Training of directors

Mr. WANG Jianping attended the Online Training Series for the Chairman and President of the China Association of Listed Companies on 11 November 2020.

Mr. ZHUANG Shangbiao successively attended the Online Training Series for the Chairman and President of the China Association of Listed Companies twice on 30 September 2020 and 27 October 2020.

Mr. CHEN Dayang attended the Listed Companies Association of Beijing's sixth session of training for Directors, Supervisors and senior management on 18 September 2020; attended the Online Training Series for the Chairman and President of the China Association of Listed Companies on 12 October 2020; attended the Listed Companies Association of Beijing's eighth session of training for Directors, Supervisors and senior management on 4 November 2020.

Mr. LIU Ruchen attended the Listed Companies Association of Beijing's sixth session of training for Directors, Supervisors and senior management on 18 September 2020; attended the Listed Companies Association of Beijing's eighth session of training for Directors, Supervisors and senior management on 4 November 2020.

Mr. WANG Huacheng attended the second session of follow-up training course for independent directors of listed companies for the year of 2020 from 18 to 24 August 2020.

Mr. Patrick SUN attended the second session of follow-up training course for independent directors of listed companies for the year of 2020 from 18 to 24 August 2020.

Mr. CHENG Wen attended the advanced seminar for directors and supervisors of the companies listed inside and outside of China from 15 to 18 September 2020; attended the training course for external directors, secretary of the board and the director of the board's office of central enterprises for the year of 2020 from 21 to 23 December 2020.

Ms. Amanda Xiao Qiang LU attended the second session of follow-up training course for independent directors of listed companies for the year of 2020 from 18 to 24 August 2020.

Section X Corporate Governance (Corporate Governance Report) (continued)

2. Performance of the duties of corporate governance by the Board

In compliance with the regulatory requirements of the place where the shares of the Company are listed, the Board strictly complied with Article 6 of the Rules of Procedure of the Board of Directors to execute its responsibilities on corporate governance, including but not limited to:

Develop and review the Company's policies and practices on corporate governance.

Review and monitor the training and continuous professional development of directors and senior management. The Board actively arranged directors and senior management to participate in training related to their duties, and communicated with directors and senior management personnel on the updates and changes of regulatory laws and regulations in a timely manner, so that the directors and senior management personnel could sustainably develop their professional competence and improve their capabilities of performance of duties.

Review and monitor the Company's policies and practices on compliance with legal and regulatory requirements. The Board paid close attention to the compliance of the Company's operations and established and refined the general legal consultation system. With the establishment of the legal and compliance department and engagement of law firms, the Company was able to comply with the requirements of laws and regulatory regulations.

Review the Company's compliance with the relevant corporate governance requirements of the listing rules of the stock exchanges where the shares of the Company are listed and the disclosure in the Corporate Governance Report. The Board required the Company to strictly comply with the relevant corporate governance requirements of the listing rules of the stock exchanges where the shares of the Company are listed, and disclose information related to corporate governance in a timely manner.

3. The independence of independent non-executive directors

The Company has appointed sufficient number of independent non-executive directors with relevant professional qualifications including expertise in accounting or financial management according to the regulations of CSRC, the Shanghai Stock Exchange and the requirements of the Hong Kong Listing Rules. The Company has received the annual confirmation issued by all independent non-executive directors to acknowledge their respective independence. After due inquiry, the Board is of the view that each of the four independent non-executive directors of the Company maintains the independence as required by Rule 3.13 of the Hong Kong Listing Rules. They have backgrounds in accounting, finance and corporate management and have abundant professional experience, respectively. They have diligently and earnestly performed their duties, provided professional advice for the Company's steady operation and sustainable development, and carried out monitoring and coordination activities to safeguard the interests of the Company and the shareholders.

Section X Corporate Governance (Corporate Governance Report) (continued)

VII. CHAIRMAN AND PRESIDENT

(I) Chairman of the Board

Mr. WANG Jianping serves as the chairman of the Company. The chairman shall carry out work according to the requirements specified by the corporate governance systems such as the Articles of Association and the Rules of Procedure of the Board of Directors. The chairman is the legal representative of the Company, mainly responsible for convening and presiding over the Board meeting, inspecting the implementation of the resolutions of the Board, attending the annual General Meeting, arranging the chairmen of special committees of the Board to attend the annual General Meetings and answer shareholders' questions, signing documents relating to issuance of securities issued and other important documents, and exercising other functions and powers authorized by the Board. The chairman is responsible to the Board and reports his work to the Board.

(II) President

Mr. ZHUANG Shangbiao serves as the president of the Company, who is responsible for the daily operation of the Company, mainly including presiding over the production and operation management of the Company, implementing strategies and policies approved by the Board, as well as business plans and investment plans of the Company, drafting internal management structure and basic management system of the Company, formulating basic rules and regulations of the Company, proposing to the Board to appoint or dismiss senior management members and exercising other functions and powers authorized by the Articles of Association and the Board. The president takes responsibility to the Board for the operating conditions of the Company and reports his work to the Board on a regular basis.

Section X Corporate Governance (Corporate Governance Report) (continued)

VIII. IMPORTANT OPINIONS AND SUGGESTIONS PROPOSED BY SPECIAL COMMITTEES OF THE BOARD UPON PERFORMANCE OF DUTIES DURING THE REPORTING PERIOD AND DISCLOSURE THE PARTICULARS WITH OBJECTIONS RAISED

Applicable Not Applicable

(I) Nomination Committee

During the Reporting Period, before 16 August 2020, the Nomination Committee of the fourth session of the Board consisted of Mr. CHEN Fenjian (chairman), Mr. CHEN Dayang (executive director), Mr. WANG Huacheng, Mr. Patrick SUN and Mr. CHENG Wen (independent non-executive directors) with Mr. CHEN Fenjian serving as the chairman. Mr. CHEN Fenjian, chairman, executive director, secretary of the Party Committee and chairman of the Nomination Committee of the Board of the Company, passed away on 16 August 2020. On 19 October 2020, upon consideration and approval at the 2020 third extraordinary general meeting of the Company, Mr. WANG Jianping was approved to serve as an executive director of the Company. On 19 October 2020, upon consideration and approval at the forty-eighth meeting of the fourth session of the Board of the Company, Mr. WANG Jianping was elected as the chairman of the Company and the chairman of the Nomination Committee of the Board with the term same as that of the fourth session of the Board of the Company. After 19 October 2020, the Nomination Committee of the fourth session of the Board consisted of Mr. WANG Jianping (chairman), Mr. CHEN Dayang (executive director), Mr. WANG Huacheng, Mr. Patrick SUN and Mr. CHENG Wen (independent non-executive directors) with Mr. WANG Jianping serving as the chairman.

The main duties of the Nomination Committee include regulating the selection standards and procedures of the directors, president and other senior management of the Company, implementing and reviewing the policy on Board diversity, etc.

The main duties and responsibilities of the Nomination Committee include the director nomination policy, which (as set out below) specifies major standards and principles on the nomination of directors of the Company and the measures to be adopted by the Nomination Committee for the implementation of such policy: 1. to examine the structure, number of members and composition (including professional skills, knowledge and expertise related aspects) of the Board at least once a year and provide recommendations to the Board on any changes proposed to complement the Company's strategies; 2. considered the criteria and procedures for the selection of directors, and provide recommendations thereon to the Board; 3. to widely seek for candidates that have the appropriate qualifications to serve as directors; 4. to examine candidates for director and provide recommendations; 5. to evaluate the independence of the independent non-executive directors; 6. to provide recommendations to the Board on matters relevant to the plans for the appointment or reappointment of directors and the plans for succession to the positions of directors; 7. to report to the Board its decisions or recommendations, except those which cannot be reported according to the laws or regulatory restrictions; and 8. when reviewing the scale and composition of the Board and searching for and proposing the candidates for the directors, the Nomination Committee will consider the diversity of the Board from various aspects based on the business mode and specific needs, including but not limited to the gender, age, education background or professional experience. During the Reporting Period, the Nomination Committee strictly followed the above nomination policy.

Section X Corporate Governance (Corporate Governance Report) (continued)

Pursuant to the policy on Board diversity, when reviewing the scale and composition of the Board and searching for and proposing the candidates for the directors, the Nomination Committee will consider the diversity of the Board from various aspects based on the business mode and specific needs, including but not limited to the gender, age, education background or professional experience.

The Nomination Committee performed its duties conscientiously pursuant to the requirements of the Company Law, the Articles of Association, Terms of Reference of the Nomination Committee and relevant laws and regulations and reviewed the structure, number of members and the composition (including skills, knowledge and experience) of the Board.

During the Reporting Period, the Nomination Committee held a total of 1 meeting. The attendance of all members at the meeting is as follows:

Members	Required attendance	Attendance in person	Attendance by proxy	Absence
WANG Jianping	0	0	0	0
CHEN Dayang	1	1	0	0
WANG Huacheng	1	1	0	0
Patrick SUN	1	1	0	0
CHENG Wen	1	1	0	0
CHEN Fenjian	0	0	0	0

(II) Strategy and Investment Committee

During the Reporting Period, before 17 February 2020, the Strategy and Investment Committee of the fourth session of the Board consisted of Mr. ZHUANG Shangbiao (executive director), Mr. LIU Ruchen (executive director), Mr. GE Fuxing (non-executive director), Mr. WANG Huacheng and Mr. Patrick SUN (independent non-executive directors) with Mr. ZHUANG Shangbiao serving as the chairman. The Board of the Company received the letter of resignation from Mr. GE Fuxing, a non-executive director of the Company, on 17 February 2020. Mr. GE Fuxing resigned from the position as a non-executive Director of the Company due to his age and ceased to be a member of Remuneration and Evaluation Committee and Strategy and Investment Committee and the Audit and Risk Management Committee. After 17 February 2020, the Strategy and Investment Committee of the fourth session of the Board consisted of Mr. ZHUANG Shangbiao (executive director), Mr. LIU Ruchen (executive director), Mr. WANG Huacheng and Mr. Patrick SUN (independent non-executive directors) with Mr. ZHUANG Shangbiao serving as the chairman.

Section X Corporate Governance (Corporate Governance Report) (continued)

The main duties of the Strategy and Investment Committee are to study and make recommendations for the development strategies and plans, significant investment decisions of the Company, etc. During the Reporting Period, in accordance with the requirements of the Company Law, the Articles of Association, the Terms of Reference for the Strategy and Investment Committee and other relevant laws and regulations, the Strategy and Investment Committee earnestly performed its duties, assessed the development strategies of the Company and studied and proposed suggestions to significant investments and financings, significant capital operations, capital operation programs and plans on adjustment to organizational structure.

During the Reporting Period, the Strategy and Investment Committee held a total of 19 meetings. The attendance of all members at the meetings is as follows:

Members	Required attendance	Attendance in person	Attendance by proxy	Absence
ZHUANG Shangbiao	19	19	0	0
LIU Ruchen	19	19	0	0
WANG Huacheng	19	19	0	0
Patrick SUN	19	19	0	0
GE Fuxing	1	1	0	0

(III) Remuneration and Evaluation Committee

During the Reporting Period, before 17 February 2020, the Remuneration and Evaluation Committee of the fourth session of the Board consisted of Mr. CHENG Wen (independent non-executive director), Mr. GE Fuxing (non-executive director) and Ms. Amanda Xiao Qiang LU (independent nonexecutive director), with Mr. CHENG Wen serving as the chairman. The Board of the Company received the letter of resignation from Mr. GE Fuxing, a non-executive director of the Company, on 17 February 2020. Mr. GE Fuxing resigned from the position as a non-executive Director of the Company due to his age and ceased to be a member of Remuneration and Evaluation Committee and Strategy and Investment Committee and the Audit and Risk Management Committee. After 17 February 2020, the Remuneration and Evaluation Committee of the fourth session of the Board consisted of Mr. CHENG Wen, Ms. Amanda Xiao Qiang LU (independent nonexecutive director), with Mr. CHENG Wen serving as the chairman.

The main duties of the Remuneration and Evaluation Committee are to formulate and examine the remuneration policies and plans for the directors and senior management members of the Company; to study the evaluation criteria for directors and senior management members of the Company, and to carry out evaluation and make recommendations.

Section X Corporate Governance (Corporate Governance Report) (continued)

The Company has adopted the mode in which the Remuneration and Evaluation Committee makes recommendations on the remuneration for executive directors and senior management members to the Board. During the Reporting Period, in accordance with the requirements of the Company Law, the Articles of Association, the Terms of Reference for the Remuneration and Evaluation Committee and other relevant laws and regulations, the Remuneration and Evaluation Committee earnestly performed their duties, formulated the remuneration management method and remuneration plans for the directors, the chairman of the Supervisory Committee and senior management members of the Company and proposed suggestions on their particular remuneration to the Board.

During the Reporting Period, the Remuneration and Evaluation Committee held a total of 3 meetings. The attendance of all members at the meetings is as follows:

Members	Required attendance	Attendance in person	Attendance by proxy	Absence
CHENG Wen	3	3	0	0
Amanda Xiao Qiang LU	3	3	0	0
GE Fuxing	0	0	0	0

(IV) Audit and Risk Management Committee

During the Reporting Period, before 17 February 2020, the Audit and Risk Management Committee of the fourth session of the Board consisted of Mr. WANG Huacheng (independent non-executive director), Mr. GE Fuxing (non-executive director), Mr. Patrick SUN, Mr. CHENG Wen and Ms. Amanda Xiao Qiang LU (independent non-executive directors), with Mr. WANG Huacheng serving as the chairman. The Board of the Company received the letter of resignation from Mr. GE Fuxing, a non-executive director of the Company, on 17 February 2020. Mr. GE Fuxing resigned from the position as a non-executive Director of the Company due to his age and ceased to be a member of Remuneration and Evaluation Committee and Strategy and Investment Committee and the Audit and Risk Management Committee. After 17 February 2020, the Audit and Risk Management Committee of the fourth session of the Board consisted of Mr. WANG Huacheng, Mr. Patrick SUN, Mr. CHENG Wen and Ms. Amanda Xiao Qiang LU (independent non-executive director), with Mr. WANG Huacheng serving as the chairman.

Section X Corporate Governance (Corporate Governance Report) (continued)

The Audit and Risk Management Committee is mainly responsible for making recommendations on the appointment and change of the external auditors of the Company; the supervision of the internal audit system of the Company; the coordination, supervision and inspection of internal and external audits of the Company; the review of financial information and disclosure thereof; the inspection of internal control systems; the formulation of the Company's risk management strategies and solutions, and the risk control, management, supervision and review of major decision-makings, major events and important business procedures.

During the Reporting Period, in accordance with the requirements of the Company Law, the Articles of Association and the Terms of Reference for the Audit and Risk Management Committee and other relevant laws and regulations, the Audit and Risk Management Committee earnestly performed their duties, jointly reviewed the financial and accounting policies, the internal control system and relevant financial matters of the Company, expressed opinions on the appointment of external auditors and listened to the reports of external auditors on the audit and review of the 2019 annual report and the 2020 interim report to ensure the completeness, fairness and accuracy of the financial statements, reports and other relevant data, and established and improved a complete and effective internal control system.

During the Reporting Period, the Audit and Risk Management Committee held a total of 5 meetings. The attendance of all members at the meetings is as follows:

Members	Required attendance	Attendance in person	Attendance by proxy	Absence
WANG Huacheng	5	5	0	0
Patrick SUN	5	5	0	0
CHENG Wen	5	5	0	0
Amanda Xiao Qiang LU	5	5	0	0
GE Fuxing	0	0	0	0

IX. EXPLANATION ON THE SUPERVISORY COMMITTEE FINDING RISKS IN THE COMPANY

Applicable Not Applicable

Section X Corporate Governance (Corporate Governance Report) (continued)

X. EXPLANATION ON THE COMPANY'S INCAPABILITY TO MAINTAIN INDEPENDENCE AND INDEPENDENT OPERATING ABILITY IN ASPECTS OF BUSINESS, PERSONNEL, ASSETS, INSTITUTIONS AND FINANCE RELATIVE TO THE CONTROLLING SHAREHOLDER

Applicable Not Applicable

Measures, progress and follow-up plans of the Company to tackle with intra-industry competition

Applicable Not Applicable

The Company is strictly independent from the controlling shareholder in respect of business, employees, assets, organization and finance and there is no such case under which the Company and its controlling shareholders are not able to ensure their respective independence and maintain their capacity of independent operation.

On 4 December 2015, the Proposal in Relation to the Appointment of President of China Railway Construction Corporation Limited was considered and approved at the 20th meeting of the third session of the Board and Mr. ZHUANG Shangbiao was appointed as the president of the Company. In April 2017, the Company received the Letter on the Approval of Exempting ZHUANG Shangbiao, the President of China Railway Construction Corporation Limited, from Restriction on Concurrent Positions (Shang Shi Bu Han [2017] No. 323) (《關於同意豁免中國鐵建股份有限公司總裁莊尚標兼職限制的函》(上市部函(2017)323號)) issued by the supervisory department of listed company of CSRC, pursuant to which Mr. ZHUANG Shangbiao was approved to be exempted from the restriction on holding concurrent positions in senior management. On 22 December 2017, the Company convened the 2017 second extraordinary General Meeting at which the re-election of members of the Board was conducted, and the first meeting of the 4th session of the Board at which Mr. ZHUANG Shangbiao was appointed as the president of the Company. The independent directors of the Company were of the view that: during the concurrent position period as the general manager of the controlling shareholder, ZHUANG Shangbiao, the president of the Company, strictly abided by the commitment of no intra-industry competition undertaken by China Railway Construction Corporation Limited, kept loyal, diligent and devoted, performed the duties of the president of the Company as first priority, focused on the promotion of operation, management, reform and development of the Company, dealt well with the relationship between the Company and the controlling shareholders, and effectively safeguarded the interests of the Company and the medium and small shareholders. Therefore, ZHUANG Shangbiao justified the confidence from the Board and shareholders of the Company. There were no activities that might impair the interests of the Company and the medium and small shareholders due to such concurrent position, which was in compliance with the independence requirements of staff of the listed company.

Section X Corporate Governance (Corporate Governance Report) (continued)

XI. THE ESTABLISHMENT AND IMPLEMENTATION OF THE EVALUATION MECHANISM AND INCENTIVE MECHANISM FOR SENIOR MANAGEMENT MEMBERS DURING THE REPORTING PERIOD

Applicable Not Applicable

In accordance with the provisions of the Company's performance method and remuneration management method for senior management members and according to the annual performance evaluation plans for senior management members of the Company considered and determined by the Board meeting, the Remuneration and Evaluation Committee implemented the evaluation for senior management members, of which the results were submitted to Board for consideration and approval and served as the main basis for the remuneration incentives for senior management members. The Remuneration and Evaluation Committee formulated the proposal on the remuneration of senior management members and materialized the annual performance remuneration for senior management members after submitting the proposal to the Board for consideration.

XII. SELF-ASSESSMENT REPORT ON INTERNAL CONTROL DISCLOSED

Applicable Not Applicable

The Company adhered to the working guideline of "Achieving Risk Management through Internal Control" (以風險管理為導向, 以內部控制為手段), standardized the implementation of the basic criteria and supporting guidelines for enterprise internal control, kept on improving the enterprise internal control system, and strengthened the ability and level of risk prevention and control. In accordance with the requirements of the regulation of listed companies, and in light of the development of internal control evaluation, the Internal Control Evaluation Report of 2020 was prepared. For details, please refer to the website of the Shanghai Stock Exchange (www.sse.com.cn), the website of the Hong Kong Stock Exchange (www.hkex.com.hk) and the website of the Company (www.crcc.cn).

Description on significant defects of the internal control during the Reporting Period

Applicable Not Applicable

XIII. RELEVANT ISSUE ON AUDIT REPORT ON INTERNAL CONTROL

Applicable Not Applicable

Deloitte Touche Tohmatsu CPA LLP was appointed by the Company to audit the effectiveness of our internal control for the year ended 31 December 2020, and issued an internal audit report with an unqualified audit opinion. Deloitte Touche Tohmatsu CPA LLP was of the view that, the Company maintained an efficient internal control on financial reporting at all material aspects according to Basic Standards for Corporate Internal Control and relevant requirements.

Section X Corporate Governance (Corporate Governance Report) (continued)

For details of the “Audit Report on Internal Control of the Company”, please refer to the website of the Shanghai Stock Exchange (www.sse.com.cn), the website of the Hong Kong Stock Exchange (www.hkex.com.hk) and the website of the Company (www.crcc.cn).

The inconsistency between the audit report and the Company’s self-evaluation

Applicable Not Applicable

Auditors’ Report on Internal Control disclosed: Yes

Type of opinion on the audit report on internal control: Standard unqualified opinion

XIV. OTHERS

Applicable Not Applicable

(I) Securities Transactions of Directors, Supervisors and Relevant Employees

The Board has adopted the Model Code as the guidance for the securities transactions of directors, supervisors and relevant employees of the Company. After individual inquiry by the Company, all directors, supervisors and relevant employees (as defined in the Model Code) have confirmed that they have acted in compliance with the required standards set out in the guidance.

Section X Corporate Governance (Coporate Governance Report) (continued)

(II) Amendments to the Articles of Association during the Reporting Period

During the Reporting Period, according to the applicable laws and regulations of the places where the shares of the Company are listed and the actual situation of the Company, the Articles of Association were amended once after the consideration and approval in the Board meetings and the General Meetings.

Pursuant to the Reply on Adjusting the Notice Period for General Meetings and Other Matters Applicable to Overseas Listed Companies (Guo Han [2019] No. 97) (《關於調整適用在境外上市公司召開股東大會通知期限等事項規定的批覆》(國函[2019]97號)) issued by the State Council, and combined with the relevant requirements of the regulatory authorities and the actual situation of the Company, the Company makes amendments to the articles in relation to the requirements on registration of change of register of shareholders, notice period and convening procedures for convening general meetings and other relevant articles in the Articles of Association of China Railway Construction Corporation Limited, which were considered and approved at the 2020 First Extraordinary General Meeting held on 10 March 2020. The Articles of Association (amended) were published at the website of the Shanghai Stock Exchange (www.sse.com.cn), the website of the Hong Kong Stock Exchange (www.hkex.com.hk) and the website of the Company (www.crcc.cn) on 11 March 2020.

(III) Remuneration of Auditors

For relevant information on the remuneration of auditors, please refer to “VII Appointment and removal of auditors” of “Section VI Significant Events” in this report.

(IV) Company Secretary

During the Reporting Period, the secretary of the Board and the joint company secretary of the Company had respectively completed relevant professional training of not less than 15 hours.

(V) Directors’ Responsibilities Related to Financial Report (Disclosure Pursuant to the Requirements of the Hong Kong Listing Rules)

The Directors shall bear responsibility to supervise the preparation of financial reports. In terms of the annual financial statements for the year ended 31 December 2020, the Board of Directors has selected and used appropriate accounting policies to make prudent and reasonable judgments and estimates, in order to truly and fairly reflect the financial conditions, performance and cash flows of the Group during the financial year.

The statement of reporting responsibilities of the Company’s auditors has been contained in the “Audit report” of “Section XIII Financial Reports” of the report.

(VI) Dividend Distribution Policy of the Company

For details, please refer to “I. Ordinary share stock profit distribution plan or capital reserve-to-equity” of “Section VI Significant Events” in the report.

Section XI Environmental, Social and Governance Report

I. ENVIRONMENTAL

(I) Emissions

CRCC strictly abided by the Environmental Protection Law of the People's Republic of China, the Air Pollution Prevention and Control Law of the People's Republic of China and other laws and regulations and controlled pollution from the source. It strengthened monitoring and management on dust, water quality and soil on the construction sites and surrounding areas in the course of construction and production, optimized construction plans and approaches, adopted advanced technologies and equipment and consistently reduced the generation and discharging of pollutants in the course of construction and production.

Emissions discharged by the Company in the course of production were primarily carbon dioxide, and non-hazardous waste produced was construction waste. Due to the nature of the industry, the Company seldom produced hazardous waste. Therefore, relevant key performance indicators were not applicable to the Company. Resources consumed in construction and production mainly included electricity, gasoline and diesel, which did not result in emission of oxynitride and oxysulfide. Therefore, relevant key performance indicators were not applicable to the Company. In 2020, the emission of carbon dioxide was 7.3595 million tons, the carbon dioxide density was 9.82 tons/RMB million of operating income; the emission of solid waste was 32.7637 million tons, the solid waste density was 35.61 tons/RMB million of operating income.

The Company continued to advance the implementation of emission reduction and pollution reduction projects, formulated clean production strategies, controlled the discharge of pollutants from the source with advanced environmental protection technology and equipment. The Company explored the methods and technology of applying the recycling of construction waste to reduce waste discharge during the construction process. For example, the municipal engineering project of Zhongwu Road in Xuchang City contracted by China Railway 19th Bureau Group Co., Ltd. (中鐵十九局集團有限公司) used recycled aggregates produced from construction waste of building demolition instead of cement in roadbed construction. More than 220,000 tons of recycled materials of construction waste can be used, which effectively reduced environmental pollution and land occupation, increased the utilization rate of resources and avoided the waste of natural resources such as gravel, as a successful example for the recycling of construction waste.

Section XI Environmental, Social and Governance Report (continued)

(II) Use of resources

CRCC attached great importance to the rational use of resources, strived to control the total amount of energy consumption, rationally adjusted the structure of energy use, as well as comprehensively pushed forward the clean production strategy, discarded obsolete capacity and process to optimize the construction plan, applied advanced technologies to help with energy conservation. The Company actively promoted and applied new technologies, new equipment, new materials and new approaches on energy saving and environmental protection to adjust the energy utilization structure, improve the energy utilization efficiency and control the total energy consumption. The Company enhanced water resource conservation and management, adopted various measures to save water during the course of design and construction and create a water-saving enterprise. Due to the nature of the industry, the Company did not consume any package materials, therefore, relevant performance indicators were not applicable to the Company. The Company enhanced water resource conservation and management, and adopted various measures to save water and improve utilisation efficiency during the course of design and construction. In 2020, the total water consumption of the Company was 279.3426 million cubic meter, the water consumption density was 311 tons/RMB million of operating cost with a significant effect of water saving. The Company required all construction sites under construction to install temporary rainwater collection, construction water and wastewater treatment systems. For example, Southern Airlines in new airport of China Railway Construction Group Co., Ltd. Beijing branch was equipped with wastewater treatment system, which was used to improve on-site wastewater treatment standards and enhance the reuse of water resources. After the installation of the system, the sewage and waste water generated from the office area, living area, construction site of the project department can be treated with the sewage treatment equipment and the reclaimed water can be used in green irrigation, road dust reduction and flushing toilet. The project department, with a construction period of 450 days, has saved water costs of RMB273,000.

The Company was committed to the concept of low-carbon and environmental protection, and strived to develop a long-term green office mechanism to encourage saving of water, electricity, paper and reducing office supplies consumption. The Company adopted LED energy-saving lights and strictly controlled the running time of air conditioner, used infrared sensors for water facilities to make sure no water was wasted, advocated paperless office and promoted video conferencing, reduced the number of business travel, and reduced energy consumption and waste emission produced from office and business travel. In 2020, the total energy consumption of the Company was 5.9413 million tons of standard coal; comprehensive energy consumption per ten thousand of revenue (comparable) was 0.0781 ton of standard coal, representing a year-on-year decrease of 3.22% from the level of 2019; the energy consumption density was 7.81 tons/RMB million of operating income.

Section XI Environmental, Social and Governance Report (continued)

Energy Consumption of 2020

Type	Consumption
Coal (<i>ten thousand tons</i>)	19.54
Electricity (<i>ten thousand kWh</i>)	1,914,927.23
Gasoline (<i>ten thousand tons</i>)	19.85
Diesel (<i>ten thousand tons</i>)	180.59
Fuel oil (<i>ten thousand tons</i>)	3.24
Natural gas (<i>ten thousand standard cubic meter</i>)	624.25

(III) Environment and Natural Resources

CRCC emphasized the concept of green construction, striving to achieve high quality and sustainable development by “staying away from the red line, keeping the bottom line and creating the bright spot”. The Company amended the Measures for the Supervision and Administration of Energy Conservation and Eco-environmental Protection of China Railway Construction Corporation Limited, issued the Compilation of the Laws and Regulations on Energy Conservation, Emission Reduction and Eco-environmental Protection, organized training and study to raise awareness of environmental protection among all employees. All projects under construction were strictly abided by the laws and regulations on environmental protection, controlled the damage to the ecological environment caused by dust pollution, noise pollution, water pollution, light pollution, soil pollution, radioactive material pollution and other pollution at the construction site, and consciously protected wildlife and ecological vegetation.

The Company was committed to building a green and beautiful home, organizing a variety of environmental protection public welfare activities, and driving more social groups to be aware to the environmental issues with enhanced environmental awareness, and jointly protected the beauty of the nature. For example, Beijing Railway Construction Property Management Co., Ltd. has implemented a garbage classification and release management mode of “removing bins and setting up stations with fixed time points for handling garbage” in the communities under its jurisdiction since the implementation of Regulations on the Management of Domestic Waste in Beijing. 11 centralized garbage disposal sites were set up, with fixed times for handling garbage and garbage classification instructors were arranged to guide residents to correctly classify and handle the garbage. At the same time, the company continued to explore new ways to introduce “Zhu Xiaojia”, intelligent garbage classification management station with the functions of policy presentation, voice prompting and human body sensing, so as to facilitate the garbage classification work conducted by the residents and the property personnel in the community. The community was awarded “Beijing Garbage Classification demonstration community”.

Section XI Environmental, Social and Governance Report (continued)

II. SOCIAL

(I) Employment and labor practices

1. Employment

CRCC strictly followed Labour Law of the People's Republic of China, Labour Contract Law of People's Republic of China and relevant laws and regulations, regulated the employment practices, guaranteed legitimate rights and interests of the staff according to laws and ensured harmonious and stable labor relations during the normalized period of pandemic prevention and control. The Company improved the workers' congress system, the operating mechanism of the workers' congress, implemented democratic management system such as equal consultation, collective contracts, democratic appraisal and leading cadres to fundamentally safeguard the legitimate rights and interests of employees. The Company adhered to the principle of equality of employment, insisting on equal pay for equal work. Conditions, such as nationality, race, gender, age, religious belief, were not taken into account for selecting employees and child labour and forced labour were opposed. The remuneration and welfare system was improved, providing the staff with competitive remuneration and various welfare and a standard annuity and supplementary medical insurance system was established. The Company strictly enforced the relevant national regulations on statutory leave, marriage leave, bereavement leave, maternity leave, developing effective implementation plans to promote a flexible vacation system and encouraged the staff to take paid leaves, as well as standardized the confidentiality mechanism of employees' information to protect personal information such as employee files and physical examination reports from being disclosed.

Number of employees in 2020 (by personnel type)

Personnel type	Number	Proportion (%)
Management personnel	60,026	20.97
Professional and technical personnel	152,199	53.17
Skilled personnel	74,017	25.86
Total	286,242	100.00

Section XI Environmental, Social and Governance Report (continued)

Number of employees in 2020 (by educational background)

Educational background	Number	Proportion (%)
Master degree	13,152	4.60
Bachelor degree	162,649	56.82
Junior college	55,209	19.29
Secondary technical school	20,732	7.24
High school and below	34,500	12.05
Total	286,242	100.00

Number of employees in 2020 (by age group)

Age structure	Number	Proportion (%)
35 and below	166,601	58.20
36–40	38,811	13.56
41–45	26,562	9.28
46–50	26,306	9.19
51–54	10,897	3.81
55 and above	17,065	5.96
Total	286,242	100.00

Section XI Environmental, Social and Governance Report (continued)

2. Health and safety

With strict compliance with Law of the People's Republic of China on Work Safety and Law of the People's Republic of China on the Prevention and Control of Occupational Diseases, CRCC held firmly to the philosophy that life and safety is the most important, continuously strengthened the management of production safety to improve responsibility system and the assessment and accountability mechanism, stayed firm to the position responsibility. The Company adhered to the innovation of technology and production modes to ensure safety, safeguard the safety bottom line by measures such as strengthening safety information construction, implementing industrialized production and enhancing specialised construction capacity. Front-line safety production management was strengthened to enhance the emergency response capability and the rectification of violations and positive incentives. With strong attach to staff safety education training, the Company carried out a series of safety production education activities, and raised the safety awareness of all staff by holding safety training courses, safety knowledge competitions and implementing safety emergency drills. The Company continued to deepen the safety risk control and potential risk identification and rectification, launched centralized management and focused on the key points of safety production, strengthened the safety and inspection monitoring, sense of precaution, active and responsibility in the potential risk identification and rectification, implement safety prevention measures and emergency preparedness to eliminate and effectively curb the occurrence of all kinds of potential safety accidents.

The Company paid attention to the physical and mental health of the staff, established and improved the occupational disease prevention system, improved construction site management and delivered labour protection articles in strict compliance with standards. It actively launched promotion and education programmes on occupational health, strength labour protection to stay away from COVID-19 pandemic and to improve staff's production and living conditions, organized regular medical examination for employees, established and improved occupational health records for employees and held psychological seminars to alleviate the mental stress of employees.

3. Development and training

The staff training work of CRCC was closely around enterprise development strategies and the human resources plan, centered on developing "High-Quality CRCC", optimized the quality structure of talents. The Company focused on staff training as a pioneering, fundamental and strategic work to cultivate a team of high-quality professional talents, to strengthen the construction of talent team, to increase training efforts for all types of employees and to enhance the core competitiveness of the enterprise and provide an effective guarantee for the high-quality development of the enterprise.

Section XI Environmental, Social and Governance Report (continued)

Employee training in 2020

Training type	Number of persons	Proportion (%)
Senior management	25,595	2.42
Operation management personnel	188,578	17.79
Professional and technical personnel	655,719	61.86
Party and mass relation management personnel	33,015	3.12
Skilled personnel	157,024	14.81
Total	1,059,931	100.00

4. Labour standards

CRCC strictly abided by labour laws and regulations, adhered to non-discrimination employment policies, i.e. equality of men and women, and equal pay for equal work. CRCC advocated equal opportunity, treated staffs of different nationality, race, gender, age, religion and cultural background fairly, respected customs of ethnic minorities, protected staffs' personal privacy strictly, prohibited and resisted employment of child labor in any form, and objected to forced labor of all forms.

(II) Operation practice

1. Supply chain management

CRCC attached great importance to the development with suppliers, built a transparent and efficient supply chain system. The Company incorporated supplier social responsibility management into daily corporate management to determine the standard of supplier access, evaluation and supervision. While establishing the level-by-level supplier approval system, and strictly complying with the standardized procurement process and green procurement policy, the Company offered suppliers social responsibility education trainings by discussion meetings and workshops, standardised suppliers' conducts, conducted regular supplier performance appraisal, adopted dynamic and quantitative ratings, maintained long-term relationship with suppliers rated as excellent in the appraisal to improve the ability of suppliers so as to fulfill their social responsibilities.

Section XI Environmental, Social and Governance Report (continued)

Domestic material suppliers in 2020

Region	Supplier (number)
Beijing Headquarters	265
Shanghai Headquarters	304
Guangzhou Headquarters	377
Wuhan Headquarters	153
Xi'an Headquarters	166
Chengdu Headquarters	227
Total	1,492

2. Product responsibility

CRCC strictly adhered to laws and regulations such as the Product Quality Law of the People's Republic of China, Law of the People's Republic of China on Work Safety with the goal of building high-quality projects, implementing innovation-driven development, and conducting quality control work, building a safety production line to provide customers with satisfactory products and services. The Company centered on "High-quality CRCC" to push forward the project management idea of "1234 +". It continued to improve the quality control system and gradually implement the project quality supervision system with the quality director as the core by focusing on the projects under construction and aiming at constructing excellent projects with high quality and high standards. The Company made efforts on the work of quality management team and for engineering excellence so as to improve the quality level of the project, participated in the "National Quality Month" campaign, organised quality control cadre training courses, joined in the enterprise staff comprehensive quality control knowledge competition across China to raise the quality awareness of all employees. In 2020, the Company obtained 6 National Construction Luban Prizes, 6 National High-Quality Project Golden Awards and 44 National High-Quality Project Awards.

The Company upheld the "customer-oriented" service concept, resolutely fulfilled every commitment to clients and effectively guaranteed customers' interests. It established a comprehensive service system, innovated customer service mode and developed customer relationship management, smoothed feedback channels for customers, to provide customers with safe, reliable, high-quality and efficient services to consistently enhance clients' satisfaction.

Section XI Environmental, Social and Governance Report (continued)

3. Anti-corruption

CRCC strictly followed laws and regulations released by the PRC authorities and countries and regions where overseas businesses were operated, prohibited any corruption and bribery, and maintained “zero tolerance” to corruption. It issued the Guiding Opinions of Strengthening Political Supervision by the Discipline Inspection Committee of CRCC to promote the concrete and normalized political supervision, strengthening the daily supervision, focusing on the supervision and inspection of democratic consultation, selection and employment, “Implementation Methods of Three Importance and One Large” to promote the institutionalized and standardized daily supervision. The Company also carried out anti-corruption education campaign for a month to create a clean and honest atmosphere.

By multiple supervision mode, which included discipline inspection and monitoring report, inspection tour, audit of discipline execution, economic responsibility audit or special audit, assessment of internal control, supervision on compliance with laws and regulations, anti-fraud and overseas assets, and control of corruption risks, the Company strengthened the education of corruption risk prevention and control and the accountability mechanism in key fields, stages and positions related to restructuring, property transaction, investment and acquisition, tendering and bidding, labour subcontracting, material procurement, equipment leasing, work billing, capital payment. With such efforts, the Company effectively prevented any corruption behavior.

(III) Community

1. Community investment

CRCC actively integrates itself into community and leverages on its own advantages to boost community development and make its contribution to the joint building of a harmonious society. Leveraging on its own strengths, the Company actively participated in community construction to help improving the community environment and strived to give back to the local community. In 2020, the Company made donations of RMB117.9618 million.

In 2020, CRCC took up the corporate responsibility in the face of the severe situation of COVID-19 pandemic. CRCC commando team, CRCC volunteer service team and CRCC medical team were organized to fight against the pandemic, urgently carried out public emergency project and donated more than RMB77 million to the front line of the pandemic prevention campaign.

Section XI Environmental, Social and Governance Report (continued)

Following the working policy of “sincerely making great efforts on poverty alleviation, taking targeted measures to help people lift themselves out of poverty, achieving win-win results on poverty alleviation, making innovations on poverty alleviation and fighting against corruption during poverty alleviation process”, the Company carefully planned the follow-up and continuous assistance work, further increased investment in poverty alleviation, introduced poverty alleviation enterprises, and cultivated entrepreneurial and wealthy leaders and professional and skilled personnel. At the same time, it effectively linked up the rural revitalization strategy and focused on exploring a long-term mechanism for stable poverty alleviation. In 2020, the Company selected outstanding cadres to take up posts in the targeted areas, giving full play to the profession of a construction enterprises, carried out hollow village management, relocation and infrastructure construction such as road traffic, landscaping in squares, drinking water and drainage, to accelerate modernization drive in poor areas. CRCC kept giving priority to recruiting more labors from poor areas, organizing labor skills training to fully professionalize employment for migrant poor workers. It combined resource endowment in poor areas, diversified regional advantages to create distinctive projects for consolidating synergies of the whole system, supported the development of enterprises in targeted poverty alleviation districts and counties such as the rural collective enterprises, agricultural cooperatives and breeding cooperatives in poor areas to grow stronger so as to drive the employment rate of the locals and the income growth. The Company combined business and backend needs for centralizing procurement of products in poor area, encouraged employees to purchase at their own expense according to their personal needs, and broaden sales channels by means of live broadcast sales for poverty alleviation, so as to help boost the income of people in poverty areas. While actively promoting medical assistance such as building medical units, purchasing medical equipment and carrying out free clinic to keep the poor healthy, the Company attached importance to the intellectual assistance of the poor, supported poor students in pairs through investing a large amount of money in constructing and repairing schools in poor areas, setting up libraries and computer rooms, donating tables and chairs. It carried out the joint-construction between schools and enterprises to cultivate technical talents. In 2020, the Company appointed 42 cadres for targeted poverty alleviation, invested poverty alleviation funds of RMB83.03 million and donated RMB2.196 million worth of materials. The Company implemented 49 poverty alleviation projects and 1,049 people on the records were lifted out of poverty.

The Company encouraged employees to participate extensively in volunteer services, and devoted itself to charity activities. It established over 1,800 “learning from Comrade Lei Feng” volunteer service teams that offered regular, normalised and pair-up assistance, launched charity activities with targeted approaches across the country, which included poverty alleviation, voluntary teaching, environmental protection, community services, caring the elderly, and policy promotion. In 2020, the Company participated in 2,095 charity activities and participation of volunteer services reached 39,000 person times.

III. OTHERS

For relevant information on the corporate governance, please refer to “Section X Corporate Governance (Corporate Governance Report)” in this report.

Section XII Particulars of Corporate Bonds

Applicable Not Applicable

I. BASIC INFORMATION OF CORPORATE BONDS

Unit: '000 Currency: RMB

Bond	Short name	Code	Date of issuance	Maturity date	Balance of the bond	Interest (%)	Method for payment of principal and interest	Exchange platform
CRCC 2018 publicly issued renewable corporate bonds (first tranche)	18 CRCC Y1	143502	16 March 2018	The basic term of the bonds will be 3 years. At the end of the agreed basic term and the end of the cycle of each renewal period, the issuer is entitled to exercise the option to renew. The maturity date will extend one cycle (i.e. an extension of 3 years) when the issuer exercises the option to renew. The renewable corporate bonds will become due if the issuer decides not to exercise the option to renew and the full amount is repaid.	2,996,935	5.56	Bond interest will be paid once a year if the Company does not exercise the option of deferred interest payment.	Shanghai Stock Exchange
CRCC 2018 publicly issued renewable corporate bonds (second tranche)	18 CRCC Y2	143961	16 April 2018	The basic term of the bonds will be 3 years. At the end of the agreed basic term and the end of the cycle of each renewal period, the issuer is entitled to exercise the option to renew. The maturity date will extend one cycle (i.e. an extension of 3 years) when the issuer exercises the option to renew. The renewable corporate bonds will become due if the issuer decides not to exercise the option to renew and the full amount is repaid.	1,997,877	5.23	Bond interest will be paid once a year if the Company does not exercise the option of deferred interest payment.	Shanghai Stock Exchange
CRCC 2018 publicly issued renewable corporate bonds (third tranche)	18 CRCC Y3	143978	30 May 2018	The basic term of the bonds will be 3 years. At the end of the agreed basic term and the end of the cycle of each renewal period, the issuer is entitled to exercise the option to renew. The maturity date will extend one cycle (i.e. an extension of 3 years) when the issuer exercises the option to renew. The renewable corporate bonds will become due if the issuer decides not to exercise the option to renew and the full amount is repaid.	1,997,877	5.30	Bond interest will be paid once a year if the Company does not exercise the option of deferred interest payment.	Shanghai Stock Exchange
CRCC 2019 publicly issued renewable corporate bonds to qualified investors (first tranche) (type I)	19 CRCC Y1	155868	28 October 2019	The basic term of the bonds will be 3 years. At the end of the agreed basic term and the end of the cycle of each renewal period, the issuer is entitled to exercise the option to renew. The maturity date will extend one cycle (i.e. an extension of 3 years) when the issuer exercises the option to renew. The renewable corporate bonds will become due if the issuer decides not to exercise the option to renew and the full amount is repaid.	3,498,427	4.03	Bond interest will be paid once a year if the Company does not exercise the option of deferred interest payment.	Shanghai Stock Exchange

Section XII Particulars of Corporate Bonds(continued)

Bond	Short name	Date of Code issuance	Maturity date	Balance of the bond	Interest (%)	Method for payment of principal and interest	Exchange platform	
CRCC 2019 publicly issued renewable corporate bonds to qualified investors (first tranche) (type II)	19 CRCC Y2	155869	28 October 2019	The basic term of the bonds will be 5 years. At the end of the agreed basic term and the end of the cycle of each renewal period, the issuer is entitled to exercise the option to renew. The maturity date will extend one cycle (i.e. an extension of 5 years) when the issuer exercises the option to renew. The renewable corporate bonds will become due if the issuer decides not to exercise the option to renew and the full amount is repaid.	499,775	4.30	Bond interest will be paid once a year if the Company does not exercise the option of deferred interest payment.	Shanghai Stock Exchange
CRCC 2019 publicly issued renewable corporate bonds to qualified investors (second tranche) (type I)	19 CRCC Y3	155855	15 November 2019	The basic term of the bonds will be 3 years. At the end of the agreed basic term and the end of the cycle of each renewal period, the issuer is entitled to exercise the option to renew. The maturity date will extend one cycle (i.e. an extension of 3 years) when the issuer exercises the option to renew. The renewable corporate bonds will become due if the issuer decides not to exercise the option to renew and the full amount is repaid.	3,498,411	4.08	Bond interest will be paid once a year if the Company does not exercise the option of deferred interest payment.	Shanghai Stock Exchange
CRCC 2019 publicly issued renewable corporate bonds to qualified investors (second tranche) (type II)	19 CRCC Y4	155856	15 November 2019	The basic term of the bonds will be 5 years. At the end of the agreed basic term and the end of the cycle of each renewal period, the issuer is entitled to exercise the option to renew. The maturity date will extend one cycle (i.e. an extension of 5 years) when the issuer exercises the option to renew. The renewable corporate bonds will become due if the issuer decides not to exercise the option to renew and the full amount is repaid.	1,499,319	4.39	Bond interest will be paid once a year if the Company does not exercise the option of deferred interest payment.	Shanghai Stock Exchange
CRCC 2019 publicly issued renewable corporate bonds to qualified investors (third tranche) (type I)	19 CRCC Y5	163969	16 December 2019	The basic term of the bonds will be 3 years. At the end of the agreed basic term and the end of the cycle of each renewal period, the issuer is entitled to exercise the option to renew. The maturity date will extend one cycle (i.e. an extension of 3 years) when the issuer exercises the option to renew. The renewable corporate bonds will become due if the issuer decides not to exercise the option to renew and the full amount is repaid.	1,998,990	3.90	Bond interest will be paid once a year if the Company does not exercise the option of deferred interest payment.	Shanghai Stock Exchange

Section XII Particulars of Corporate Bonds (continued)

Bond	Short name	Code	Date of issuance	Maturity date	Balance of the bond	Interest (%)	Method for payment of principal and interest	Exchange platform
CRCC 2019 publicly issued renewable corporate bonds to qualified investors (third tranche) (type II)	19 CRCC Y6	163970	16 December 2019	The basic term of the bonds will be 5 years. At the end of the agreed basic term and the end of the cycle of each renewal period, the issuer is entitled to exercise the option to renew. The maturity date will extend one cycle (i.e. an extension of 5 years) when the issuer exercises the option to renew. The renewable corporate bonds will become due if the issuer decides not to exercise the option to renew and the full amount is repaid.	999,495	4.20	Bond interest will be paid once a year if the Company does not exercise the option of deferred interest payment.	Shanghai Stock Exchange
CRCC 2020 publicly issued renewable corporate bonds to qualified investors (first tranche) (type I)	20 CRCC Y1	175209	25 September 2020	The basic term of the bonds will be 3 years. At the end of the agreed basic term and the end of the cycle of each renewal period, the issuer is entitled to exercise the option to renew. The maturity date will extend one cycle (i.e. an extension of 3 years) when the issuer exercises the option to renew. The renewable corporate bonds will become due if the issuer decides not to exercise the option to renew and the full amount is repaid.	2,198,759	4.43	Bond interest will be paid once a year if the Company does not exercise the option of deferred interest payment.	Shanghai Stock Exchange
CRCC 2020 publicly issued renewable corporate bonds to qualified investors (second tranche) (type II)	20 CRCC Y3	175547	15 December 2020	The basic term of the bonds will be 3 years. At the end of the agreed basic term and the end of the cycle of each renewal period, the issuer is entitled to exercise the option to renew. The maturity date will extend one cycle (i.e. an extension of 3 years) when the issuer exercises the option to renew. The renewable corporate bonds will become due if the issuer decides not to exercise the option to renew and the full amount is repaid.	2,498,645	4.37	Bond interest will be paid once a year if the Company does not exercise the option of deferred interest payment.	Shanghai Stock Exchange

Interest payment status of corporate bonds

Applicable Not Applicable

The Company paid the interest of CRCC 2018 publicly issued renewable corporate bonds (first tranche) from 19 March 2019 to 18 March 2020, on 19 March 2020. In accordance with the Announcement on the Nominal Interest Rate of CRCC 2018 Publicly Issued Renewable Corporate Bonds (First Tranche), nominal interest rate of “18 CRCC Y1” was 5.56%. Interest of RMB55.60 (tax inclusive) was distributed for each lot of “18 CRCC Y1” with a nominal value of RMB1,000.

Section XII Particulars of Corporate Bonds(continued)

The Company paid the interest of CRCC 2018 publicly issued renewable corporate bonds (Second tranche) from 17 April 2019 to 16 April 2020, on 17 April 2020. In accordance with the Announcement on the Nominal Interest Rate of CRCC 2018 Publicly Issued Renewable Corporate Bonds (Second Tranche), nominal interest rate of "18 CRCC Y2" was 5.23%. Interest of RMB52.30 (tax inclusive) was distributed for each lot of "18 CRCC Y2" with a nominal value of RMB1,000.

The Company paid the interest of CRCC 2018 publicly issued renewable corporate bonds (third tranche) from 31 May 2019 to 30 May 2020, on 1 June 2020. In accordance with the Announcement on the Nominal Interest Rate of CRCC 2018 Publicly Issued Renewable Corporate Bonds (Third Tranche), nominal interest rate of "18 CRCC Y3" was 5.30%. Interest of RMB53.00 (tax inclusive) was distributed for each lot of "18 CRCC Y3" with a nominal value of RMB1,000.

The Company paid the interest of CRCC 2019 publicly issued renewable corporate bonds (first tranche) from 29 October 2019 to 28 October 2020, on 29 October 2020. In accordance with the Announcement on the Nominal Interest Rate of CRCC 2019 Publicly Issued Renewable Corporate Bonds (First Tranche), nominal interest rate of "19 CRCC Y1" was 4.03%. Interest of RMB40.30 (tax inclusive) was distributed for each lot of "19 CRCC Y1" with a nominal value of RMB1,000. Nominal interest rate of "19 CRCC Y2" was 4.30%. Interest of RMB43.00 (tax inclusive) was distributed for each lot of "19 CRCC Y2" with a nominal value of RMB1,000.

The Company paid the interest of CRCC 2019 publicly issued renewable corporate bonds (second tranche) from 18 November 2019 to 17 November 2020, on 18 November 2020. In accordance with the Announcement on the Nominal Interest Rate of CRCC 2019 Publicly Issued Renewable Corporate Bonds (Second Tranche), nominal interest rate of "19 CRCC Y3" was 4.08%. Interest of RMB40.80 (tax inclusive) was distributed for each lot of "19 CRCC Y3" with a nominal value of RMB1,000. Nominal interest rate of "19 CRCC Y4" was 4.39%. Interest of RMB43.90 (tax inclusive) was distributed for each lot of "19 CRCC Y4" with a nominal value of RMB1,000.

The Company paid the interest of CRCC 2019 publicly issued renewable corporate bonds (third tranche) from 17 December 2019 to 16 December 2020, on 17 December 2020. In accordance with the Announcement on the Nominal Interest Rate of CRCC 2019 Publicly Issued Renewable Corporate Bonds (Second Tranche), nominal interest rate of "19 CRCC Y5" was 3.90%. Interest of RMB39.00 (tax inclusive) was distributed for each lot of "19 CRCC Y5" with a nominal value of RMB1,000. Nominal interest rate of "19 CRCC Y6" was 4.20%. Interest of RMB42.00 (tax inclusive) was distributed for each lot of "19 CRCC Y6" with a nominal value of RMB1,000.

Additional situation statement of corporate bonds

Applicable Not Applicable

During the Reporting Period, the Company's renewable corporate bonds did not exercise renewal options, interest rate jumps, deferred interest and mandatory interest payments. The issuance of renewable corporate bonds by the Company complies with the definition and classification conditions of equity instruments in the relevant accounting standards, and shall be included in other equity instruments for accounting.

Section XII Particulars of Corporate Bonds (continued)

II. CONTACT PERSON, CONTACT INFORMATION OF CORPORATE BONDS TRUSTEE MANAGER AND CONTACT INFORMATION OF CREDIT RATING ORGANIZATION

Corporate Bond trustee manager	Name	CITIC Securities Co., Ltd
	Office address	22nd floor, CITIC Securities Mansion, No. 48 Liangmaqiao Road, Chaoyang District, Beijing
	Contact person	WANG Yanyan, ZHU Jun
	Contact number	010-60833551、60833585
Credit rating organization	Name	China Chengxin International Credit Rating Co., Ltd. (中誠信國際信用評級有限責任公司)
	Office address	Building 6, Galaxy SOHO, No. 2 Nanzhugan Hutong, Chaoyangmennei Avenue, Dongcheng District, Beijing

Other Explanation:

Applicable Not Applicable

III. UTILIZATION OF PROCEEDS FROM CORPORATE BONDS

Applicable Not Applicable

The utilisation performance procedure, and the operation of the special account of the proceeds raised from the 2018 publicly issued renewable corporate bonds (first, second and third tranche), 2019 publicly issued renewable corporate bonds (type 1 of first tranche, type 2 of first tranche, type 1 of second tranche, type 2 of second tranche, type 1 of third tranche and type 2 of third tranche), 2020 publicly issued renewable corporate bonds (type 1 of first tranche, type 1 of second tranche) to qualified investors of the Company were in strict compliance with the prospectus and Administrative Measures of the Proceeds Raised by China Railway Construction Corporation Limited. Upon the deduction of the issuance fees, all of the proceeds were used for the replenishment of the working capital. At the end of the Reporting Period, the proceeds have been fully utilized.

IV. RATING OF CORPORATE BONDS

Applicable Not Applicable

China Chengxin Securities Rating Co., Ltd. issued a credit rating report for the issuance of the 2018 publicly issued renewable corporate bonds (first, second and third tranche), 2019 publicly issued renewable corporate bonds to qualified investors (first, second and third tranche) and 2020 publicly issued renewable corporate bonds (type 1 of first tranche, type 1 of second tranche) to qualified investors of the Company, assigning an AAA rating to the issuer of the bonds and an AAA rating to the bonds. China Chengxin Securities Rating Co., Ltd. issued the report on 26 April 2020 on the ongoing credit rating of the 2018 publicly issued renewable corporate bonds (first, second and third tranche) and the 2019 publicly issued renewable corporate bonds to qualified investors (first, second and third tranche) of the Company, pursuant to which the ongoing credit rating of the subject is maintained at AAA, the credit rating outlook is stable; the credit rating of the current bonds is maintained at AAA.

For details, please refer to the announcements of the Company dated 7 May 2020 published on China Securities Journal, Shanghai Securities News, Securities Daily, Securities Times and the website of Shanghai Stock Exchange (www.sse.com.cn), the website of Hong Kong Stock Exchange (www.hkex.com.hk) and the website of the Company (www.crcc.cn).

Section XII Particulars of Corporate Bonds(continued)

V. CREDIT ENHANCEMENT MECHANISM, DEBT REPAYMENT SCHEME AND OTHER RELEVANT INFORMATION OF CORPORATE BONDS DURING THE REPORTING PERIOD

Applicable Not Applicable

VI. CONVENING OF THE MEETING OF BONDHOLDERS

Applicable Not Applicable

VII. PERFORMANCE OF CORPORATE BONDS TRUSTEE MANAGER

Applicable Not Applicable

During the Reporting Period, CITIC Securities Co., Ltd., as the bonds trustee manager of the “18 CRCC Y1”, “18 CRCC Y2”, “18 CRCC Y3”, “19 CRCC Y1”, “19 CRCC Y2”, “19 CRCC Y3”, “19 CRCC Y4”, “19 CRCC Y5”, “19 CRCC Y6”, “20 CRCC Y1” and “20 CRCC Y3” was continuously aware of the operations, financial conditions and credit standing of the Company and performed its duties as the trustee manager in strict compliance with the stipulations under the Bonds Trustee Management Agreement (《債券受托管理人協議》).

In October 2018, CITIC Securities Co., Ltd. issued the Interim Report on Trusted Management Affairs for the Public Issuance of 2016 and 2018 Renewable Corporate Bonds of China Railway Construction Corporation Limited. In June 2019, CITIC Securities Co., Ltd. issued the Report on Trusted Management Affairs for the 2016 Corporate Bonds and 2018 Corporate Bonds of China Railway Construction Corporation Limited for the year 2018. In June 2020, CITIC Securities Co., Ltd. issued the Report on Trusted Management Affairs for the Corporate Bonds of China Railway Construction Corporation Limited for the year 2019. For details, please refer to the announcements of the Company dated 1 November 2018, 29 June 2019 and 30 June 2020 respectively published on China Securities Journal, Shanghai Securities News, Securities Daily, Securities Times and the website of Shanghai Stock Exchange (www.sse.com.cn), the website of Hong Kong Stock Exchange (www.hkex.com.hk) and the website of the Company (www.crcc.cn).

Section XII Particulars of Corporate Bonds (continued)

VIII. ACCOUNTING DATA AND FINANCIAL INDICATORS OF THE COMPANY AS AT THE END OF THE REPORTING PERIOD FOR THE LAST TWO YEARS

Applicable Not Applicable

Unit: '000 Currency: RMB

Key indicators	2020	2019	Increase or decrease at this year as compared with the end of last year (%)	Reasons of change
Earnings before interest, tax, depreciation and amortisation (EBITDA)	54,650,355	52,489,617	4.12	
Liquidity ratio	1.12	1.10	1.82	
Quick ratio	0.60	0.59	1.69	
Debt to assets ratio (%)	74.76	75.77	Decreased by 1.01 percentage points	
Total debt ratio of EBITDA	5.88%	6.41%	Decreased by 0.53 point	
Interest coverage ratio	3.22	3.12	3.21	
Cash flow interest coverage	4.98	4.78	4.18	
Interest coverage multiples EBITDA	4.74	4.72	0.42	
Loan repayment ratio (%)	100.00	100.00	–	
Interest repayment ratio (%)	100.00	100.00	–	

IX. INTEREST PAYMENT OF OTHER BONDS AND DEBT FINANCING INSTRUMENTS OF THE COMPANY

Applicable Not Applicable

The principal and interest on other existing bonds and debt financing instruments of the Company have been repaid in a timely manner, and there has been no default so far.

Section XII Particulars of Corporate Bonds(continued)

X. BANKING FACILITIES DURING THE REPORTING PERIOD

Applicable Not Applicable

As of 31 December 2020, the Group has already obtained banking facilities from several domestic and foreign banks of up to RMB1,700.6991 billion, of which an amount of RMB617.2421 billion has been utilized.

XI. FULFILLMENT OF STIPULATIONS OR COMMITMENT IN THE COMPANY'S PROSPECTUS DURING THE REPORTING PERIOD

Applicable Not Applicable

XII. IMPACT OF MAJOR EVENTS ON OPERATING STATUS AND SOLVENCY OF THE COMPANY

Applicable Not Applicable

Independent Auditor's Report

De Shi Bao (Shen) Zi (21) No. P01385

To the shareholders of China Railway Construction Corporation Limited:

I. OPINION

We have audited the accompanying financial statements of China Railway Construction Corporation Limited ("the Company", the Company and its subsidiaries collectively referred to as "the Group"), which comprise the consolidated and the Company's statements of financial position as at 31 December 2020, and the consolidated and the Company's statements of profit or loss and other comprehensive income, the consolidated and the Company's statements of changes in equity and the consolidated and the Company's cash flow statements for the year then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements of China Railway Construction Corporation Limited give a true and fair view, in all material respects, of the consolidated and the Company's financial position as of 31 December 2020, and the consolidated and the Company's financial performance and cash flows for the year then ended in accordance with Accounting Standards for Business Enterprises.

II. BASIS FOR OPINION

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

III. KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The followings are key audit matters that we have determined to communicate in the independent auditor's report.

Independent Auditor's Report (continued)

III. KEY AUDIT MATTERS (Continued)

1. Revenue from construction operations

1.1 Description

As disclosed in Note V. 45 to the consolidated financial statements, the revenue of the Group is mainly derived from construction operations, which has significance to the consolidated financial statements. As stated in Note III.19 to the consolidated financial statements, for most of the Group's construction operations, the Group completes satisfaction of the relevant performance obligations over time. The revenue is recognised during the contract period according to the expected total contract revenue and total contract costs based on the performance progress, which is determined by input method. The expected total contract revenue and total contract costs shall be determined according to the contract budget of the contracted project, which shall be continuously evaluated and revised during the execution of the contract. The relevant contract budget involves the management's use of significant accounting estimations and judgements. We identified the revenue from construction operations as a key audit matter due to the fact that the accounting treatments of which require significant estimations and judgements.

1.2 Audit Response

Our procedures in relation to recognition of revenue from construction operations mainly included:

- (1) Testing and evaluating the effectiveness of the key internal controls in place on budget preparation and revenue recognition of the construction operations;
- (2) Checking on a sample basis, whether the expected total contract revenue and total contract costs are consistent with the project contract and cost budget that they base on;
- (3) Checking construction costs incurred during the year by tracing to support documentation on a sample basis;
- (4) Recalculating the calculation accuracy on performance progress of construction operations by reference to construction contract ledger on a sample basis; and
- (5) Visiting the selected samples of sites of construction projects to observe the progress of the construction work, discussing with the site project managers the extent to which the construction work was completed and evaluating the reasonableness of the performance progress in record.

Independent Auditor's Report (continued)

III. KEY AUDIT MATTERS (Continued)

2. Impairment of trade receivables and contract assets

2.1 Description

As stated in Note III. 32 "Impairment of trade receivables and contract assets" to the consolidated financial statements, the Group measures loss allowances for trade receivables and contract assets based on lifetime expected credit losses. For trade receivables and contract assets which are individually significant and credit-impaired, the Group's management assesses credit losses individually based on the evidence of credit-impairment and forward-looking information. Except for the trade receivables and contract assets whose impairment of credit losses are assessed individually, the Group's management uses provision matrix to assess expected credit losses, which is based on collective credit risk characteristics. The provision rates are based on the Group's historical actual loss rates, taking into consideration forward-looking information. We identified the impairment of trade receivables and contract assets as a key audit matter due to its significance to the consolidated financial statements and its involvement of management's significant accounting estimations and judgements.

2.2 Audit response

Our procedures in relation to the impairment of trade receivables and contract assets mainly included:

- (1) Testing and evaluating the effectiveness of the key internal controls relating to the management and impairment test of trade receivables and contract assets;
- (2) Corroborating the relevant consideration and objective evidences used by the management in assessing the expected credit losses of trade receivables and contract assets;
- (3) For trade receivables and contract assets individually assessed for expected credit losses, reviewing the supporting documentation and assessing the reasonableness of the provision determined by the management based on the customer's financial and credit status, historical payment rate and the forecast of the future financial status on a sample basis; and
- (4) For trade receivables and contract assets assessed by provision matrix based on collective credit risk characteristics for expected credit losses, assessing the reasonableness of the provision rate determined by the management, including recalculation of historical actual loss rates determined by the management, and involving our internal valuation specialists to evaluate the appropriateness of management's assessment of forward-looking information; Meanwhile, checking the appropriateness of classification of trade receivables and contract assets in the provision matrix based on collective credit risk characteristics for expected credit losses on a sample basis.

Independent Auditor's Report (continued)

IV. OTHER INFORMATION

The management of the Company is responsible for the other information. The other information comprises the information included in the 2020 Annual Report, but does not include the financial statements and our independent auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

V. RESPONSIBILITIES OF THE MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

The management of the Company is responsible for the preparation of the financial statements that give a true and fair view in accordance with Accounting Standards for Business Enterprises, and for such internal control as the management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

VI. AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an independent auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with China Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Independent Auditor's Report (continued)

VI. AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (Continued)

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

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

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

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

Independent Auditor's Report (continued)

VI. AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (Continued)

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

Deloitte Touche Tohmatsu CPA LLP
Shanghai China

Chinese Certified Public Accountant: **Ma Yanmei**
(Engagement Partner)

Chinese Certified Public Accountant: **Yin Lili**
(Engagement Partner)

30 March 2021

This independent auditor's report of the financial statements and the accompanying financial statements are English translations of the independent auditor's report and the financial statements prepared under accounting principles and practices generally accepted in the People's Republic of China. These financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in other countries and jurisdictions. In case the English version does not conform to the Chinese version, the Chinese version prevails.

Consolidated Statement of Financial Position

As at 31 December 2020

RMB'000

ASSETS	Note V	31 December 2020	31 December 2019
Current assets			
Cash and bank balances	1	187,997,046	156,887,177
Held-for-trading financial assets	2	587,022	3,587,646
Bills receivable	3	18,242,816	10,305,274
Receivables at FVTOCI	4	3,683,653	2,654,263
Trade receivables	5	125,696,204	112,138,537
Advances to suppliers	6	24,316,491	24,335,981
Other receivables	7	66,383,081	60,100,338
Inventories	8	232,358,730	194,891,575
Contract assets	9	165,030,475	154,903,081
Current portion of non-current assets	12, 22	16,311,081	18,109,883
Other current assets	10	20,161,207	17,900,227
Total current assets		860,767,806	755,813,982
Non-current assets			
Loans and advances to customers	11	2,772,645	2,730,000
Long-term receivables	12	74,472,408	60,804,614
Long-term equity investments	13	70,621,039	49,644,634
Debt investments		41	41
Other debt investments		1,003,745	–
Other non-current financial assets		2,839,530	1,643,494
Other equity instrument investments	14	10,510,397	10,038,609
Investment properties	15	7,254,240	5,357,757
Fixed assets	16	56,111,920	50,891,768
Construction in progress	17	7,552,112	5,614,803
Right-of-use assets	18	5,292,332	5,678,711
Intangible assets	19	70,372,417	59,871,943
Development expenditure		28,612	9,436
Goodwill	20	541,705	118,841
Long-term prepayments		499,927	420,477
Deferred tax assets	21	6,423,173	5,624,947
Other non-current assets	22	65,728,750	66,975,156
Total non-current assets		382,024,993	325,425,231
TOTAL ASSETS		1,242,792,799	1,081,239,213

Consolidated Statement of Financial Position (continued)

As at 31 December 2020

RMB'000

LIABILITIES AND SHAREHOLDERS' EQUITY	<i>Note V</i>	31 December 2020	31 December 2019
Current liabilities			
Short-term loans	23	49,879,073	42,749,266
Due to customers	24	4,815,608	3,820,235
Bills payable	25	84,290,956	69,601,977
Trade payables	26	349,327,324	325,785,304
Advances from customers		126,257	128,914
Contract liabilities	27	131,058,617	108,506,589
Employee benefits payable	28	11,973,312	11,880,367
Taxes payable	29	8,392,379	6,970,004
Other payables	30	79,595,459	70,116,812
Current portion of non-current liabilities	31	28,573,343	34,672,076
Other current liabilities	32	21,592,243	14,747,536
Total current liabilities		769,624,571	688,979,080
Non-current liabilities			
Long-term loans	33	111,018,145	87,936,038
Bonds payable	34	26,111,854	26,143,894
Lease liabilities	35	2,677,405	3,160,980
Long-term payables	36	13,689,068	8,563,197
Long-term employee benefits payable		151,359	233,175
Provisions		590,932	417,208
Deferred income	37	3,786,970	2,842,220
Deferred tax liabilities	21	1,378,201	507,813
Other non-current liabilities		125,204	434,034
Total non-current liabilities		159,529,138	130,238,559
Total liabilities		929,153,709	819,217,639

Consolidated Statement of Financial Position (continued)

As at 31 December 2020

RMB'000

LIABILITIES AND SHAREHOLDERS' EQUITY	Note V	31 December 2020	31 December 2019
Shareholders' equity			
Share capital	38	13,579,542	13,579,542
Other equity instruments	39	68,258,403	40,189,093
Capital reserve	40	44,158,849	44,154,726
Other comprehensive income	41	(1,292,262)	(66,158)
Special reserve	42	—	—
Surplus reserve	43	6,139,569	4,613,506
Retained earnings	44	123,453,661	107,488,965
Total equity attributable to owners of the Company		254,297,762	209,959,674
Non-controlling interests		59,341,328	52,061,900
Total shareholders' equity		313,639,090	262,021,574
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		1,242,792,799	1,081,239,213

The accompanying notes form part of the financial statements.

The financial statements have been signed by:

Chairman of the Company:
WANG Jianping

CFO:
WANG Xiuming

Head of the Finance Department:
GUO Shuanglai

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2020

RMB'000

ITEM	Note V	For the year ended 31 December 2020	For the year ended 31 December 2019
Revenue	45	910,324,763	830,452,157
Less: Cost of sales	45	825,987,266	750,365,068
Taxes and surcharges	46	3,733,320	4,633,550
Selling and distribution expenses	47	5,667,867	5,432,855
General and administrative expenses	48	19,038,444	18,151,260
Research and development expenses	49	18,605,952	16,527,801
Finance costs	50	3,252,809	3,632,348
Including: Interest expenses		5,621,495	6,693,276
Interest income		3,684,788	3,982,445
Add: Other income	53	941,516	415,139
Investment income/(losses)	54	(929,925)	(420,036)
Including: Share of profits of associates and joint ventures		1,637,477	2,396,480
Losses from derecognition of financial assets measured at amortised cost		(2,639,464)	(2,908,505)
Gains on fair value changes	55	105,833	656,543
Impairment losses on assets	51	(1,023,339)	(1,893,643)
Impairment of credit losses	52	(2,701,879)	(3,117,515)
Gains on disposal of assets		589,278	279,016
Operating profit		31,020,589	27,628,779
Add: Non-operating income	56	1,068,358	974,713
Less: Non-operating expenses	57	598,395	576,842
Profit before tax		31,490,552	28,026,650
Less: Income tax expenses	59	5,781,878	5,402,959
Net profit		25,708,674	22,623,691
Classified by the continuity of operation			
Net profit from continuing operations		25,708,674	22,623,691
Net profit from discontinued operations		—	—
Classified by the ownership			
Net profit attributable to owners of the Company		22,392,983	20,197,378
Net profit attributable to non-controlling interests		3,315,691	2,426,313

Consolidated Statement of Profit or Loss and Other Comprehensive Income (continued)

For the year ended 31 December 2020

RMB'000

ITEM	Note V	For the year ended 31 December 2020	For the year ended 31 December 2019
Other comprehensive income/(expense), net of tax	41		
Other comprehensive income/(expense) attributable to owners of the Company, net of tax		(1,228,318)	446,984
Other comprehensive income/(expense) not to be reclassified to profit or loss			
Re-measurement of defined benefit, net of tax		7,966	13,015
Changes in fair value of other equity instrument investments		15,905	301,561
Other comprehensive income/(expense) to be reclassified to profit or loss			
Shares of other comprehensive income/(expense) that will be reclassified subsequently into profit or loss by the investee under equity method		(197,315)	251,093
Changes in fair value of other debt investments		(1,164)	(417)
Exchange differences on translation of foreign operations		(1,054,850)	(113,186)
Others		1,140	(5,082)
Other comprehensive income/(expense) attributable to non-controlling interests, net of tax		(15,902)	(25,487)
Total comprehensive income		24,464,454	23,045,188
Including:			
Total comprehensive income attributable to owners of the Company		21,164,665	20,644,362
Total comprehensive income attributable to non-controlling interests		3,299,789	2,400,826
Earnings per share:			
Basic earnings per share (<i>RMB/share</i>)	60	1.50	1.40
Diluted earnings per share (<i>RMB/share</i>)	60	1.44	1.33

Consolidated Statement of Cash Flows

For the year ended 31 December 2020

RMB'000

ITEM	Note V	For the year ended 31 December 2020	For the year ended 31 December 2019
1. CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from the sale of goods or rendering of services		986,032,268	830,912,219
Refunds of tax		106,094	119,616
Net increase in due to customers and due to banks		995,373	–
Cash received from other operating activities	61(1)	22,830,631	16,512,485
Subtotal of cash inflows from operating activities		1,009,964,366	847,544,320
Cash paid for goods and services		861,968,997	702,630,596
Net increase in loans and advances to customers		30,000	600,000
Net decrease in due to customers and due to banks		–	2,061,262
Net increase in balances with the central bank		141,291	1,346,240
Cash paid to and on behalf of employees		67,478,870	63,879,466
Cash paid for all taxes		26,214,812	26,148,753
Cash paid for other operating activities	61(2)	14,021,148	10,872,165
Subtotal of cash outflows from operating activities		969,855,118	807,538,482
Net cash flows generated from operating activities	62(1)	40,109,248	40,005,838

Consolidated Statement of Cash Flows (continued)

For the year ended 31 December 2020

RMB'000

ITEM	Note V	For the year ended 31 December 2020	For the year ended 31 December 2019
2. CASH FLOWS FROM INVESTING ACTIVITIES:			
Cash received from disposal of investments		5,325,793	6,309,580
Cash received from investment income		1,553,930	1,023,430
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		1,893,816	1,258,099
Net cash received from disposal of subsidiaries		129,966	–
Cash received from other investing activities	61(3)	1,138,677	95,795
Subtotal of cash inflows from investing activities		10,042,182	8,686,904
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		31,388,189	32,264,997
Cash paid for acquisition of investments		24,205,455	23,958,633
Net increase in cash and bank balances with title restrictions		3,592,698	1,533,440
Net cash paid for acquisition of subsidiaries		–	212,883
Cash paid for other investing activities		1,153,511	885,809
Subtotal of cash outflows from investing activities		60,339,853	58,855,762
Net cash flows used in investing activities		(50,297,671)	(50,168,858)

Consolidated Statement of Cash Flows (continued)

For the year ended 31 December 2020

RMB'000

ITEM	Note V	For the year ended 31 December 2020	For the year ended 31 December 2019
3. CASH FLOWS FROM FINANCING ACTIVITIES:			
Cash received as capital contributions		35,852,026	51,276,449
Including: Cash received from non-controlling shareholders of subsidiaries		5,779,641	18,766,645
Cash received from issuing bonds		13,434,057	18,827,127
Cash received from borrowings		157,726,106	137,963,607
Cash received from other financing activities	61(4)	3,438,307	6,507,000
Subtotal of cash inflows from financing activities		210,450,496	214,574,183
Cash repayments for borrowings		148,331,534	163,071,203
Cash paid for distribution of dividends or profits and for interest expenses		19,417,459	16,324,940
Including: Cash paid to non-controlling shareholders for distribution of dividends by subsidiaries		3,068,919	1,819,328
Cash paid for other financing activities	61(5)	4,462,474	14,980,045
Subtotal of cash outflows from financing activities		172,211,467	194,376,188
Net cash flows generated from financing activities		38,239,029	20,197,995
4. EFFECT OF CHANGES IN EXCHANGE RATES ON CASH AND CASH EQUIVALENTS		(674,726)	170,924
5. NET INCREASE IN CASH AND CASH EQUIVALENTS		27,375,880	10,205,899
Add: Cash and cash equivalents at beginning of the year	62(2)	140,293,616	130,087,717
6. CASH AND CASH EQUIVALENTS AT END OF THE YEAR	62(2)	167,669,496	140,293,616

Consolidated Statement of Changes in Equity

For the year ended 31 December 2020

RMB'000

ITEM	For the year ended 31 December 2020									
	Equity attributable to owners of the Company								Non-controlling interests	Total equity
	Share capital	Other equity instruments	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Subtotal		
I. As at 1 January 2020	13,579,542	40,189,093	44,154,726	(66,158)	-	4,613,506	107,488,965	209,959,674	52,061,900	262,021,574
II. Increase/(decrease) during the year	-	28,069,310	4,123	(1,226,104)	-	1,526,063	15,964,696	44,338,088	7,279,428	51,617,516
(I) Total comprehensive income	-	-	-	(1,228,318)	-	-	22,392,983	21,164,665	3,299,789	24,464,454
(II) Capital contributions and withdrawals by shareholders	-	28,069,310	4,123	-	-	-	(23,968)	28,049,465	6,707,790	34,757,255
1. Capital contributions and withdrawals by shareholders	-	-	-	-	-	-	-	-	5,779,641	5,779,641
2. Capital contributions and withdrawals by other equity instruments holders (Note V. 39)	-	28,069,310	18,336	-	-	-	-	28,087,646	-	28,087,646
3. Acquisition of subsidiaries	-	-	-	-	-	-	-	-	976,077	976,077
4. Others	-	-	(14,213)	-	-	-	(23,968)	(38,181)	(47,928)	(86,109)
(III) Profit distribution	-	-	-	-	-	1,526,063	(6,402,105)	(4,876,042)	(2,728,151)	(7,604,193)
1. Appropriation to statutory surplus reserve	-	-	-	-	-	1,526,063	(1,526,063)	-	-	-
2. Distribution to shareholders (Note V. 44)	-	-	-	-	-	-	(4,876,042)	(4,876,042)	(2,728,151)	(7,604,193)
(IV) Special reserve (Note V. 42)	-	-	-	-	-	-	-	-	-	-
1. Appropriated in current year	-	-	-	-	14,356,664	-	-	14,356,664	-	14,356,664
2. Used in current year	-	-	-	-	(14,356,664)	-	-	(14,356,664)	-	(14,356,664)
(V) Others	-	-	-	2,214	-	-	(2,214)	-	-	-
III. As at 31 December 2020	13,579,542	68,258,403	44,158,849	(1,292,262)	-	6,139,569	123,453,661	254,297,762	59,341,328	313,639,090

Consolidated Statement of Changes in Equity (continued)

For the year ended 31 December 2020

RMB'000

ITEM	For the year ended 31 December 2019									
	Equity attributable to owners of the Company								Non-controlling interests	Total equity
	Share capital	Other equity instruments	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Subtotal		
I. As at 1 January 2019	13,579,542	20,392,922	40,434,270	(515,059)	-	3,229,881	92,768,356	169,889,912	37,444,943	207,334,855
II. Increase/(decrease) during the year	-	19,796,171	3,720,456	448,901	-	1,383,625	14,720,609	40,069,762	14,616,957	54,686,719
(I) Total comprehensive income	-	-	-	446,984	-	-	20,197,378	20,644,362	2,400,826	23,045,188
(II) Capital contributions and withdrawals by shareholders	-	19,796,171	3,720,456	-	-	-	-	23,516,627	14,708,804	38,225,431
1. Capital contributions and withdrawals by shareholders	-	-	-	-	-	-	-	-	11,974,506	11,974,506
2. Capital contributions and withdrawals by other equity instruments holders (Note V. 39)	-	20,185,964	(7,896)	-	-	-	-	20,178,068	-	20,178,068
3. Equity transactions with non-controlling shareholders (Note V. 40)	-	-	3,338,559	-	-	-	-	3,338,559	2,734,298	6,072,857
4. Others (Note V. 39)	-	(389,793)	389,793	-	-	-	-	-	-	-
(III) Profit distribution	-	-	-	-	-	1,383,625	(5,474,852)	(4,091,227)	(2,492,673)	(6,583,900)
1. Appropriation to statutory surplus reserve	-	-	-	-	-	1,383,625	(1,383,625)	-	-	-
2. Distribution to shareholders (Note V. 44)	-	-	-	-	-	-	(4,091,227)	(4,091,227)	(2,492,673)	(6,583,900)
(IV) Special reserve (Note V. 42)	-	-	-	-	-	-	-	-	-	-
1. Appropriated in current year	-	-	-	-	12,436,845	-	-	12,436,845	-	12,436,845
2. Used in current year	-	-	-	-	(12,436,845)	-	-	(12,436,845)	-	(12,436,845)
(V) Others	-	-	-	1,917	-	-	(1,917)	-	-	-
III. As at 31 December 2019	13,579,542	40,189,093	44,154,726	(66,158)	-	4,613,506	107,488,965	209,959,674	52,061,900	262,021,574

The Company's Statement of Financial Position

As at 31 December 2020

RMB'000

ASSETS	<i>Note XIV</i>	31 December 2020	31 December 2019
Current assets			
Cash and bank balances		30,836,880	15,303,074
Held-for-trading financial assets		83,507	54,086
Trade receivables	1	4,612,950	5,187,891
Advances to suppliers		168,857	93,263
Other receivables	2	18,417,241	25,767,145
Inventories		1,293	–
Contract assets		1,592,534	309,861
Current portion of non-current assets		7,171,490	8,501,726
Other current assets		173,663	155,106
Total current assets		63,058,415	55,372,152
Non-current assets			
Long-term receivables		36,883,640	23,776,000
Long-term equity investments	3	102,169,338	96,644,338
Other equity instrument investments		312,650	364,646
Fixed assets		39,531	32,278
Construction in progress		48,427	29,691
Right-of-use assets		34,292	63,547
Intangible assets		71,440	49,036
Long-term prepayments		1,028	–
Deferred tax assets		345	348
Other non-current assets		2,759,277	2,640,297
Total non-current assets		142,319,968	123,600,181
TOTAL ASSETS		205,378,383	178,972,333

The Company's Statement of Financial Position (continued)

As at 31 December 2020

RMB'000

LIABILITIES AND SHAREHOLDERS' EQUITY	Note XIV	31 December 2020	31 December 2019
Current liabilities			
Trade payables		8,346,413	6,498,216
Contract liabilities		581,359	168,538
Employee benefits payable		90,818	75,578
Taxes payable		113,785	71,000
Other payables	4	22,109,546	23,360,538
Current portion of non-current liabilities		6,023,106	14,396,304
Other current liabilities		454,682	414,417
Total current liabilities		37,719,709	44,984,591
Non-current liabilities			
Long-term loans	5	2,632,066	3,415,448
Bonds payable	Note V. 34	—	3,298,086
Lease liabilities		1,816	33,295
Long-term payables		2,020,885	2,417,169
Long-term employee benefits payable		11,380	12,440
Deferred tax liabilities		187,805	193,204
Deferred income		141	970
Other non-current liabilities		—	244,414
Total non-current liabilities		4,854,093	9,615,026
Total liabilities		42,573,802	54,599,617
Shareholders' equity			
Share capital	Note V. 38	13,579,542	13,579,542
Capital reserve		46,893,785	46,875,449
Other comprehensive income		68,794	109,164
Other equity instruments	Note V. 39	68,258,403	40,189,093
Special reserve		—	—
Surplus reserve	Note V. 43	6,139,569	4,613,506
Retained earnings		27,864,488	19,005,962
Total shareholders' equity		162,804,581	124,372,716
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		205,378,383	178,972,333

The Company's Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2020

RMB'000

ITEM	Note XIV	For the year ended 31 December 2020	For the year ended 31 December 2019
Revenue	6	16,481,078	17,365,607
Less: Cost of sales	6	16,158,319	16,248,993
Taxes and surcharges		8,386	6,494
Selling and distribution expenses		24,931	26,846
General and administrative expenses		457,553	483,619
Research and development expenses		60,165	55,790
Finance costs	7	(2,722,862)	(13,966)
Including: Interest expenses		1,292,984	2,543,016
Interest income		3,254,489	2,662,929
Add: Other income		6,116	654
Investment income	8	12,486,411	12,913,509
Including: Share of losses of joint ventures		–	(136)
Gains on fair value changes		273,835	624,828
Impairment losses on assets		(6,141)	–
Impairment of credit losses		(39,210)	(116,286)
Gains on disposal of assets		8	–
Operating profit		15,215,605	13,980,536
Add: Non-operating income		56,651	15,151
Less: Non-operating expenses		3,210	1,839
Profit before tax		15,269,046	13,993,848
Less: Income tax expenses		8,415	157,594
Net profit		15,260,631	13,836,254
Classified by the continuity of operation			
Net profit from continuing operations		15,260,631	13,836,254
Net profit from discontinued operations		–	–
Other comprehensive income/(expense), net of tax		(40,370)	23,872
Other comprehensive income/(expense) not to be reclassified to profit or loss			
Re-measurement of defined benefit plan, net of tax		(1,373)	(525)
Changes in fair value of other equity instrument investments		(38,997)	24,397
Total comprehensive income		15,220,261	13,860,126

The Company's Statement of Cash Flows

For the year ended 31 December 2020

RMB'000

ITEM	Note XIV	For the year ended 31 December 2020	For the year ended 31 December 2019
1. CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from the sale of goods or rendering of services		17,238,350	16,406,737
Cash received from other operating activities		14,854,902	35,203,341
Subtotal of cash inflows from operating activities		32,093,252	51,610,078
Cash paid for goods and services		15,335,489	15,470,066
Cash paid to and on behalf of employees		307,029	288,618
Cash paid for all taxes		157,237	125,348
Cash paid for other operating activities		13,484,911	38,255,695
Subtotal of cash outflows from operating activities		29,284,666	54,139,727
Net cash flows generated from/(used in) operating activities	9(1)	2,808,586	(2,529,649)
2. CASH FLOWS FROM INVESTING ACTIVITIES:			
Cash received from investment income		8,774,706	10,438,829
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		21	-
Subtotal of cash inflows from investing activities		8,774,727	10,438,829
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		70,344	43,446
Cash paid for acquisition of investments		5,525,000	2,328,128
Net increase in cash and bank balances with title restrictions		947,110	67,179
Subtotal of cash outflows from investing activities		6,542,454	2,438,753
Net cash flows generated from investing activities		2,232,273	8,000,076

The Company's Statement of Cash Flows (continued)

For the year ended 31 December 2020

RMB'000

ITEM	Note XIV	For the year ended 31 December 2020	For the year ended 31 December 2019
3. CASH FLOWS FROM FINANCING ACTIVITIES:			
Cash received as capital contributions		30,088,646	33,178,069
Cash received from borrowings		1,405,564	7,537,502
Cash received from issuing bonds		–	7,000,000
Subtotal of cash inflows from financing activities		31,494,210	47,715,571
Cash repayments for borrowings		14,027,610	32,925,904
Cash paid for distribution of dividends or profits and for interest expenses		5,725,393	5,496,166
Cash paid for other financing activities		2,034,211	13,043,538
Subtotal of cash outflows from financing activities		21,787,214	51,465,608
Net cash flows generated from/(used in) financing activities		9,706,996	(3,750,037)
4. EFFECT OF CHANGES IN EXCHANGE RATES ON CASH AND CASH EQUIVALENTS		(161,159)	107,730
5. NET INCREASE IN CASH AND CASH EQUIVALENTS		14,586,696	1,828,120
Add: Opening Balance of Cash and Cash Equivalents	9(2)	15,221,695	13,393,575
6. CASH AND CASH EQUIVALENTS AT END OF THE YEAR	9(2)	29,808,391	15,221,695

The Company's Statement of Changes in Equity

For the year ended 31 December 2020

RMB'000

ITEM	For the year ended 31 December 2020							Total equity
	Share capital	Other equity instruments	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	
I. As at 1 January 2020	13,579,542	40,189,093	46,875,449	109,164	-	4,613,506	19,005,962	124,372,716
II. Increase/(decrease) during the year	-	28,069,310	18,336	(40,370)	-	1,526,063	8,858,526	38,431,865
(I) Total comprehensive income	-	-	-	(40,370)	-	-	15,260,631	15,220,261
(II) Capital contributions and withdrawals by shareholders	-	28,069,310	18,336	-	-	-	-	28,087,646
1. Capital contributions and withdrawals by other equity instruments holders (Note V. 39)	-	28,069,310	18,336	-	-	-	-	28,087,646
(III) Profit distribution	-	-	-	-	-	1,526,063	(6,402,105)	(4,876,042)
1. Appropriation to statutory surplus reserve	-	-	-	-	-	1,526,063	(1,526,063)	-
2. Distribution to shareholders (Note V. 44)	-	-	-	-	-	-	(4,876,042)	(4,876,042)
(IV) Special reserve (Note V. 42)	-	-	-	-	-	-	-	-
1. Appropriated in current year	-	-	-	-	320,182	-	-	320,182
2. Used in current year	-	-	-	-	(320,182)	-	-	(320,182)
III. As at 31 December 2020	13,579,542	68,258,403	46,893,785	68,794	-	6,139,569	27,864,488	162,804,581

The Company's Statement of Changes in Equity (continued)

For the year ended 31 December 2020

RMB'000

ITEM	For the year ended 31 December 2019							Total equity
	Share capital	Other equity instruments	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	
I. As at 1 January 2019	13,579,542	20,392,922	46,493,552	85,292	-	3,229,881	10,644,560	94,425,749
II. Increase/(decrease) during the year	-	19,796,171	381,897	23,872	-	1,383,625	8,361,402	29,946,967
(I) Total comprehensive income	-	-	-	23,872	-	-	13,836,254	13,860,126
(II) Capital contributions and withdrawals by shareholders	-	19,796,171	381,897	-	-	-	-	20,178,068
1. Capital contributions and withdrawals by other equity instruments holders (Note V. 39)	-	20,185,964	(7,896)	-	-	-	-	20,178,068
2. Others (Note V. 39)	-	(389,793)	389,793	-	-	-	-	-
(III) Profit distribution	-	-	-	-	-	1,383,625	(5,474,852)	(4,091,227)
1. Appropriation to statutory surplus reserve	-	-	-	-	-	1,383,625	(1,383,625)	-
2. Distribution to shareholders (Note V. 44)	-	-	-	-	-	-	(4,091,227)	(4,091,227)
(IV) Special reserve (Note V. 42)	-	-	-	-	-	-	-	-
1. Appropriated in current year	-	-	-	-	317,516	-	-	317,516
2. Used in current year	-	-	-	-	(317,516)	-	-	(317,516)
III. As at 31 December 2019	13,579,542	40,189,093	46,875,449	109,164	-	4,613,506	19,005,962	124,372,716

Notes to the Financial Statements

For the year ended 31 December 2020

I. CORPORATE INFORMATION

China Railway Construction Corporation Limited (the “Company”) is a joint stock limited company with limited liability registered in Beijing in the People’s Republic of China (the “PRC” or “Mainland China”) on 5 November 2007. The Company’s shares, have been listed on the Shanghai Stock Exchange and the Hong Kong Stock Exchange. The registered address of the Company’s head office is located at East No. 40 Fuxing Road, Haidian District, Beijing, PRC.

The principal activities of the Company and its subsidiaries (collectively referred to as the “Group”) mainly consist of construction operations, survey, design and consultancy operations, trade and logistics, manufacturing operations and real estate development operations.

The Company’s parent and ultimate holding company is China Railway Construction Corporation (referred to as the “Controlling Shareholder”), a company registered in PRC.

These financial statements were approved and authorised for issue by the board of directors of the Company on 30 March 2021.

The scope of consolidated financial statements shall be determined on the basis of control. Refer to Note VI for the changes of consolidation scope for the year.

II. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements have been prepared by the Group on a going-concern basis in accordance with *Accounting Standards for Business Enterprises* and other relevant provisions issued and revised subsequently by the Ministry of Finance (collectively referred to as “Accounting Standards for Business Enterprises”). In addition, the financial statements are also disclosed in accordance with *Information Disclosure and Presentation Rules for Companies Public offering Securities No. 15 – General Provisions on Financial Reporting* (revised by China Securities Regulatory Commission in 2014).

In accordance with the *Consultation Conclusions on Acceptance of Mainland Accounting and Auditing Standards and Mainland Audit Firms for Mainland Incorporated Companies Listed in Hong Kong* issued by the Hong Kong Stock Exchange in December 2010, the corresponding amendments to the Hong Kong Listing Rules, as well as the relevant documents issued by the Ministry of Finance and China Securities Regulatory Commission, the Company ceased to provide financial reports prepared in accordance with *Accounting Standards for Business Enterprises and International Financial Reporting Standards* separately to A-share shareholders and H-share shareholders from the year of 2011 with the approval of the Company’s general meeting of shareholders. Instead, the Company provides all shareholders with financial reports solely prepared in accordance with *Accounting Standards for Business Enterprises*, taking into account the disclosure requirements of the Hong Kong Companies Ordinance and the Hong Kong Listing Rules in preparing such financial reports.

The Group has adopted accrual basis for accounting measurement. The financial statements have been presented under the historical cost, except for certain financial assets which have been measured at fair value. If the assets are impaired, the corresponding provisions for impairment shall be made according to relevant requirements.

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

According to the characteristics of its production and operation, the Group formulated a series of specific accounting policies and accounting estimates, including the impairment of receivables and contract assets, the measurement of inventories, the provisions for decline in value of inventories, the depreciation methods and the depreciation rates of the fixed assets, the amortisation methods of the intangible assets, the method of long-term assets impairment testing, and the policy for revenue recognition, etc.

1. Statement of compliance with Accounting Standards for Business Enterprises

The financial statements present fairly and fully the financial position of the Group and the Company as at 31 December 2020 and the consolidated and the Company's financial performance, changes in equity and cash flows for the year then ended in accordance with Accounting Standards for Business Enterprises.

2. Accounting period

The accounting year of the Group is from 1 January to 31 December of each calendar year.

3. Functional currency

Renminbi ("RMB") is the currency of the primary economic environment in which the Company and its domestic subsidiaries operate. Therefore, the Company and its domestic subsidiaries choose RMB as their functional currency. The overseas subsidiaries of the Company may determine their own functional currencies based on their specific economic environments. The Group adopts RMB to prepare its financial statements.

4. Business combinations

Business combinations are classified into business combinations involving entities under common control and business combinations not involving entities under common control.

4.1 Business combinations involving entities under common control

A business combination involving entities under common control is a business combination in which all of the combining entities are ultimately controlled by the same party or parties both before and after the combination, and that control is not transitory. For a business combination involving entities under common control, the party that, on the combination date, obtains control of another entity participating in the combination is the acquirer, while the other entity participating in the combination is a party being acquired. The combination date is the date on which the acquirer effectively obtains control of the party being acquired.

Assets and liabilities (including the goodwill recognised by the ultimate controlling party in acquisition of the acquiree) that are obtained by the acquirer in a business combination shall be measured at their carrying amounts at the combination date as recorded by the ultimate controlling party. The difference between the carrying amount of the net assets obtained and the carrying amount of the consideration paid for the combination (or the aggregate face value of the shares issued as consideration) is adjusted to share premium under capital reserve. If the capital reserve is not sufficient to absorb the difference, any excess shall be adjusted against retained earnings.

Costs that are directly attributable to the combination are charged to profit or loss in the year in which they are incurred.

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

4. Business combinations (Continued)

4.2 Business combinations involving entities not under common control

A business combination involving entities not under common control is a business combination in which all of the combining entities are not ultimately controlled by the same party or parties both before and after the combination. For a business combination involving entities not under common control, the party that, on the acquisition date, obtains control of another entity participating in the combination is the acquirer, while the other entity participating in the combination is the acquiree. The acquisition date is the date on which the acquirer effectively obtains control of the acquiree.

The cost of combination is the aggregate of the fair values, at the acquisition date, of the assets given, liabilities incurred or assumed, and equity securities issued by the acquirer in exchange for control of the acquiree. The intermediary expenses incurred by the acquirer in respect of auditing, legal services, valuation and consultancy services, etc. and other associated administrative expenses attributable to the business combination are recognised in profit or loss when they are incurred.

The acquirer shall measure the acquiree's identifiable assets, liabilities and contingent liabilities acquired in the business combination at their fair values on the purchase date.

Goodwill is measured at cost being the excess of the aggregate of the fair value of the consideration transferred (or the fair value of the equity securities issued) and any fair value of the acquirer's previously held equity interest in the acquiree over the acquirer's interest in the fair value of the acquiree's net identifiable assets. Goodwill is subsequently measured at cost deducted by accumulated provision. If the aggregate of the fair value of the consideration transferred (or the fair value of the equity securities issued) and any fair value of the acquirer's previously held equity interest in the acquiree is lower than the acquirer's interest in the fair value of the acquiree's net identifiable assets, the difference is, after reassessment of the fair value of each identifiable asset, liability and contingent liability acquired from the acquiree and the fair value of the consideration transferred (or the fair value of the equity securities issued) and any fair value of the acquirer's previously held equity interest in the acquiree, recognised in profit or loss.

If either the fair values of identifiable assets, liabilities and contingent liabilities acquired in a combination or the cost of business combination can be determined only provisionally by the end of the period in which the business combination was effected, the acquirer recognises and measures the combination using those provisional values. Any adjustments to those provisional values within twelve months after the acquisition date are treated as if they had been recognised and measured on the acquisition date.

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

5. Consolidated financial statements

The consolidation scope of the consolidated financial statements is determined on the basis of control. Control exists when the investor has power over the investee; is exposed, or has rights, to variable returns from its involvement with the investee; and has the ability to use its power over the investee to affect its returns. The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes of the above elements of the definition of control.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

For a subsidiary disposed of by the Group, the operating results and cash flows before the date of disposal (the date when control is lost) are included in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows, as appropriate.

For a subsidiary acquired through a business combination not involving enterprises under common control, the operating results and cash flows from the acquisition date (the date when control is obtained) are included in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows, as appropriate.

No matter when the business combination occurs in the reporting period, subsidiaries acquired through a business combination involving enterprises under common control or the party being absorbed under merger by absorption are included in the Group's scope of consolidation as if they had been included in the scope of consolidation from the date when they first came under the common control of the ultimate controlling party. Their operating results and cash flows from the beginning of the earliest reporting period or from the date when they first came under the common control of the ultimate controlling party are included in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows, as appropriate.

The significant accounting policies and accounting periods adopted by the subsidiaries are determined based on the uniform accounting policies and accounting periods set out by the Company.

All intra-group transactions are eliminated on consolidation.

The portion of subsidiaries' equity that is not attributable to the Company is treated as minority interests and presented as "non-controlling interests" in the consolidated statement of financial position within shareholders' equity. The portion of net profits or losses of subsidiaries for the period attributable to non-controlling interests is presented as "net profit attributable to non-controlling interests" in the consolidated statement of profit or loss and other comprehensive income below the "net profit" line item.

When the amount of loss for the period attributable to the minority shareholders of a subsidiary exceeds the minority shareholders' portion of the opening balance of shareholders' equity of the subsidiary, the excess amount are still allocated against non-controlling interests.

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

5. Consolidated financial statements (Continued)

Acquisition of minority interests or disposal of interest in a subsidiary that does not result in the loss of control over the subsidiary is accounted for as equity transactions. The carrying amounts of the Company's interests and minority interests are adjusted to reflect the changes in their relative interests in the subsidiary. The difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is adjusted to capital reserve under shareholders' equity. If the capital reserve is not sufficient to absorb the difference, the excess are adjusted against retained earnings.

When the Group loses control over a subsidiary due to disposal of certain equity interest or other reasons, any retained interest is re-measured at its fair value at the date when control is lost. The difference between (1) the aggregate of the consideration received on disposal and the fair value of any retained interest and (2) the share of the former subsidiary's net assets cumulatively calculated from the acquisition date according to the original proportion of ownership interest is recognised as investment income in the period in which control is lost. Other comprehensive income associated with investment in the former subsidiary is reclassified to investment income in the period in which control is lost.

6. Joint arrangement and joint operations

A joint arrangement is either a joint operation or a joint venture. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

In respect of joint operations, the Group as a party of joint operation recognises its interest in a joint operation: (1) its assets held individually and its share of assets held jointly; (2) its liabilities assumed individually and its share of liabilities assumed jointly; (3) its revenue from the sale of its share of the output arising from the joint operation; (4) its share of the revenue from the sale of the output by the joint operation; and (5) its expenses incurred individually and its share of expenses incurred jointly.

The Group measures its joint ventures under equity method, please refer to Note III. 11.3.2.

7. Cash and cash equivalents

Cash comprises the Group's cash on hand and deposits that can be readily withdrawn on demand. Cash equivalents are short-term, highly liquid investments held by the Group, that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

8. Foreign currency transactions and foreign currency translations

The Group translates the amounts of foreign currency transactions into its functional currency.

Foreign currency transactions are initially recorded using the functional currency spot exchange rate ruling at the dates of the transactions. Monetary items denominated in foreign currencies are translated into functional currencies at the spot exchange rate ruling at the balance sheet date. All differences are recognised in profit or loss, except those related to a specific-purpose borrowing denominated in foreign currency that qualify for capitalisation for the purpose of acquisition, construction or production of qualifying assets. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated into functional currencies using the foreign spot exchange rates at the transaction dates and do not change the amounts of functional currency.

Non-monetary items denominated in foreign currencies that are measured at fair value are translated using the foreign exchange spot rate at the date the fair value is determined; the exchange differences are recognised in profit or loss or other comprehensive income depending on the nature of the non-monetary items.

For foreign operations, the Group translates functional currencies of overseas financial statements into RMB financial statements. All assets and liabilities are translated at the spot exchange rates ruling at the balance sheet date; the shareholders' equity, with the exception of retained earnings, is translated at the spot exchange rates ruling at the transaction dates; all items in the statement of profit or loss and other comprehensive income and items reflect amounts of profit distribution are translated at the spot exchange rates at the transaction dates. The undistributed profit at the beginning of the year equals the translated undistributed profit of the previous year; the undistributed profit at the end of the year is calculated according to the translated profit distribution items. Exchange fluctuations arising from the translations mentioned above are recognised as other comprehensive income. When an overseas business is disposed of, the exchange fluctuation reserve of the overseas business will be transferred to profit or loss in the same period.

Foreign currency cash flows and cash flows of overseas subsidiaries are translated into RMB at the spot exchange rates ruling at the dates of the cash flows. The effect of changes in exchange rates on cash and cash equivalents are presented as a reconciled item separately in the statement of cash flows.

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

9. Financial instruments

The Group recognises a financial asset or a financial liability when it becomes a party to the contractual provisions of a financial instrument. For the financial assets that are purchased and sold under regular ways, the assets to be acquired and the liabilities to be assumed are recognised on the trade days, and the assets sold are derecognised on the trade days.

On initial recognition, financial assets and financial liabilities are recognised at fair value. For financial assets and financial liabilities at fair value through profit or loss, relevant transaction costs are directly recognised in profit or loss; transaction costs relating to other categories of financial assets and financial liabilities are included in the value initially recognised. For trade receivables initially recognised that do not contain a significant financing component or a financing component included in the contracts less than one year which are not considered, which are within the scope of *Accounting Standard for Business Enterprises No. 14 – Revenue* (ASBE No. 14), transaction prices shall be adopted on initial recognition.

The effective interest method is a method that is used in the calculation of the amortised cost of a financial asset or a financial liability and in the allocation of the interest income or interest expense in profit or loss over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the financial asset or financial liability to the carrying amount of a financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Group estimates future cash flows by considering all the contractual terms of the financial asset or financial liability (for example, prepayment, extension, call option or similar options) but shall not consider the expected credit losses.

The amortised cost of a financial asset or a financial liability is the amount of a financial asset or a financial liability initially recognised net of principal repaid, plus or less the cumulative amortised amount arising from amortisation of the difference between the amount initially recognised and the amount at the maturity date using the effective interest method, net of cumulative credit loss allowance (only applicable to financial assets).

9.1 Classification and measurement of financial assets

Subsequent to initial recognition, the Group's financial assets of various categories are subsequently measured at amortised cost, at fair value through other comprehensive income or at fair value through profit or loss.

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

9. Financial instruments (Continued)

9.1 Classification and measurement of financial assets (Continued)

9.1.1 *Financial assets measured as at amortised cost*

If contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, and the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, such asset is classified into financial assets measured at amortised cost. The Group's financial assets measured at amortised cost including cash and bank balances, bills receivable, trade receivables, other receivables, loans and advances to customers, long-term receivables (including current portion of long-term receivables) and debt investments.

The above financial assets are subsequently measured at amortised cost using the effective interest method. Gain or loss arising from impairment or derecognition is recognised in profit or loss.

Interest income from financial assets at amortised cost and at fair value through other comprehensive income is recognised based on the effective interest method. The Group calculates interest income by applying the effective interest rate to the gross carrying amount of the financial asset, except:

- (1) For the purchased or internally generated credit-impaired financial assets, the Group recognises interest income based on amortised cost and credit-adjusted effective interest rate of such financial assets since initial recognition.
- (2) For the purchased or internally generated financial assets without credit-impairment but subsequently becoming credit-impaired, the Group subsequently recognises their interest income based on amortised costs and effective interest rate of such financial assets. If the credit impairment no longer exists due to an improvement in credit risk of the financial instruments subsequently and such improvement is relevant to some events occurred after applying the policies mentioned above, the Group recognises interest income based on applying effective interest rate to gross carrying amount of the financial assets.

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

9. Financial instruments (Continued)

9.1 Classification and measurement of financial assets (Continued)

9.1.2 *Financial assets classified as at fair value through other comprehensive income (FVTOCI)*

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income: the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling; and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial assets classified as at FVTOCI are presented by the Group as other debt investments (non-current assets due within one year and are present as Current portion of non-current assets) and receivables at FVTOCI in financial statements.

Financial assets classified as at FVTOCI's relevant loss/gain on impairment and interest income based on effective interest rate are recognised in profit or loss. Except for the above circumstances, changes in fair value of such financial assets are all recognised in other comprehensive income. Such financial assets' changes that are recognised in profit or loss in each period equal to their changes that are recognised in profit or loss in each period as they are measured at amortised cost from acquisition date. Upon derecognition of the financial assets, cumulative gains or losses previously recognised in other comprehensive income are transferred and included in profit or loss.

9.1.3 *Financial assets designated as at fair value through other comprehensive income*

On initial recognition, the Group may irrevocably designate non-trading equity instruments as financial assets at fair value through other comprehensive income on an individual basis. Financial assets designated as at fair value through other comprehensive income are presented by the Group as other equity instrument investments in financial statements.

The fair value changes of such financial asset is recognised in other comprehensive income. Upon derecognition of the financial asset, cumulative gains or losses previously recognised in other comprehensive income are transferred and included in retained earnings. During the period for which the Group holds the investments in equity instruments, dividend income is recognised in profit or loss for the period when the Group has right to collect dividend, the economic benefits associated with dividend will probably flow into the Group and the amount of dividend can be reliably measured.

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

9. Financial instruments (Continued)

9.1 Classification and measurement of financial assets (Continued)

9.1.4 Financial assets measured at fair value through profit or loss (FVTPL)

Any financial assets that does not qualify for amortised cost measurement or measurement at FVTOCI or designated at FVTOCI are classified into financial assets at FVTPL. FVTPL are presented by the Group as held-for-trading financial assets and other non-current financial assets items in the statement of financial position, based on its liquidity.

The above financial assets are subsequently measured at fair value. Gains or losses arising from fair value changes and dividends and interest income in relation to such financial assets are recognised in profit or loss for the period.

9.2 Impairment of financial assets

The Group recognises loss allowance for financial assets measured as at amortised cost, financial assets classified as at FVTOCI, lease receivables, contract assets and financial guarantee contracts based on expected credit losses ("ECL").

The Group measures loss allowance for contract assets, trade receivables and lease receivables based on the amount of full lifetime ECL.

For other financial instruments, except for the purchased or internally generated credit-impaired financial assets, at each balance sheet date, the Group assesses changes in credit risk of relevant financial instruments since initial recognition. If the credit risk of the above financial instruments has not increased significantly since initial recognition, the Group recognises loss allowance based on 12-month ECL of the financial instrument. If the credit risk of the above financial instruments has increased significantly, the Group measures loss based on the amount of ECL for their full lifetime. The increase or reversal of credit loss allowance is included in profit or loss as loss/gain on impairment. Except for financial assets classified as at FVTOCI, impairment of credit losses decreases the gross carrying amount of financial assets. For financial assets classified as at FVTOCI, the Group recognises credit loss allowance in other comprehensive income and does not decrease the carrying amount of such financial assets in the statement of financial position.

The Group measured loss allowance at the full lifetime ECL of the financial instruments in the prior accounting period. However, at each balance sheet date, for the above financial instruments, due to failure to qualify as significant increase in credit risk since initial recognition, the Group measures loss allowance for the financial instrument at 12-month ECL at each balance sheet date. Relevant reversal of loss allowance is included in profit or loss for the current period as gain on impairment.

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

9. Financial instruments (Continued)

9.2 Impairment of financial assets (Continued)

9.2.1 Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group uses available, reasonable and supportable forward-looking information, to compare the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition in the application of criteria related to the financial instrument for impairment.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly: Whether the actual or expected operating results of the debtor have changed significantly; Whether supervisory, economic or technical environment for the debtor has significant detrimental changes; Whether value of collateral against debt mortgage or guarantee/ credit enhancement provided by a third party has changed significantly. It is expected that the aforesaid changes are economic motives that will lower the debtor's repayment based on contractual stipulation or have an impact on probability of default; Whether the debtor's expected performance and repayment activities have changed significantly; Whether the Group's financial instrument management measures have changed, etc.

At the balance sheet date, the Group assumes that credit risk of the financial instrument has not increased significantly since initial recognition when the Group determines that the financial instrument is only exposed to low credit risk. A financial instrument is determined to have low credit risk if i) it has a low risk of default, ii) the debtor has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the debtor to fulfil its contractual cash flow obligations.

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

9. Financial instruments (Continued)

9.2 Impairment of financial assets (Continued)

9.2.2 Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence of credit-impairment includes observable data about the following events:

- (1) Significant financial difficulty of the issuer or debtor;
- (2) A breach of contract by the debtor, such as a default or overdue in interest or principal payments;
- (3) The creditor, for economic or contractual reasons relating to the debtor's financial difficulty, having granted to the debtor a concession that the creditor would not otherwise consider;
- (4) It becoming probable that the debtor will enter bankruptcy or other financial reorganizations;
- (5) Other objective evidences indicating the impairment of financial assets.

9.2.3 Measurement and recognition of ECL

The Group recognises credit losses for lease receivables and financial guarantee contracts on an individual basis. For trade receivables and contract assets, the Group individually assesses credit losses for those individually significant and credit-impaired and uses provision matrix to assess credit losses for the remaining. For other financial assets measured as at amortised cost and financial assets measured at fair value through other comprehensive income, the Group individually assesses credit losses for those individually significant and uses provision matrix to assess credit losses for the remaining. The Group classifies financial instruments into different groups based on similar credit risk characteristics. Similar credit risk characteristics include: type of financial instruments, credit risk rating, contractual billing period and industry of debtor etc.

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

9. Financial instruments (Continued)

9.2 Impairment of financial assets (Continued)

9.2.3 Measurement and recognition of ECL (Continued)

ECL of relevant financial instruments is recognised based on the following methods:

- (1) For a financial asset, credit loss is the present value of difference between the contractual cash flows and the cash flows that the Group expects to receive.
- (2) For a lease receivable, credit loss is the present value of difference between the contractual cash flows and the cash flows that the Group expects to receive.
- (3) For a financial guarantee contract, credit loss is the present value of difference between the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.
- (4) For credit-impaired financial assets other than the purchased or internally generated of credit-impaired financial assets at the balance sheet date, credit loss is the difference between the gross carrying amount of financial assets and the present value of expected future cash flows discounted at original effective interest rate.

The Group's measurement of ECL of financial instruments reflects factors including unbiased probability weighted average amount recognised by assessing a series of possible results, time value of money, reasonable and supportable information related to historical events, current condition and forecast of future economic position that is available without undue cost or effort at the balance sheet date.

9.2.4 Reduction in financial assets

The Group directly reduces the gross carrying amount of financial assets when ceasing to reasonably expect that the contractual cash flow of such financial assets may be fully or partially recoverable. Such reduction comprises derecognition of relevant financial assets.

9.3 Transfer of financial assets

The Group derecognises a financial asset if one of the following conditions is satisfied: (1) the contractual rights to the cash flows from the financial asset expire; or (2) the financial asset has been transferred and substantially all the risks and rewards of ownership of the financial asset have been transferred to the transferee; or (3) although the financial asset has been transferred and the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, the Group has not retained control of the financial asset.

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

9. Financial instruments (Continued)

9.3 Transfer of financial assets (Continued)

If the Group neither transfers nor retains substantially all the risks and rewards of ownership of a financial asset, it retains control of the financial asset, it recognises the financial asset to the extent of its continuing involvement in the transferred financial asset and recognises an associated liability. Relevant liabilities are measured using the following methods:

- (1) For transferred financial assets carried at amortised cost, the carrying amount of relevant liabilities is the carrying amount of financial assets transferred with continuing involvement less amortised cost of the Group's retained rights (if the Group retains relevant rights upon transfer of financial assets) with addition of amortised cost of obligations assumed by the Group (if the Group assumes relevant obligations upon transfer of financial assets). Relevant liabilities are not designated as financial liabilities at fair value through profit or loss.
- (2) For transferred financial assets carried at fair value, the carrying amount of relevant financial liabilities is the carrying amount of financial assets transferred with continuing involvement less fair value of the Group's retained rights (if the Group retains relevant rights upon transfer of financial assets) with addition of fair value of obligations assumed by the Group (if the Group assumes relevant obligations upon transfer of financial assets). Accordingly, the fair value of relevant rights and obligations shall be measured on an individual basis.

For a transfer of a financial asset in its entirety that satisfies the derecognition criteria, the difference between (1) the carrying amount of the financial asset transferred and the consideration received from the transfer; and (2) the accumulated changes in fair value initially recorded in other comprehensive income is recognised in profit or loss. While regarding non-trading equity instruments designated as at fair value through other comprehensive income, cumulative gains or losses previously recognised in other comprehensive income are transferred and included in retained earnings.

If a part of the transferred financial asset qualifies for derecognition, the overall carrying amount of the financial asset prior to transfer is allocated between the part that continues to be recognised and the part that is derecognised, based on the respective fair values of those parts at the date of transfer. The difference between (1) the consideration received from the transfer; and (2) the cumulative changes in fair value previously recognised in other comprehensive income allocated to the part derecognised plus the carrying amount allocated to the part derecognised is recognised in profit or loss. If the Group transfers a financial asset that belongs to non-trading equity instrument investments designated as at FVTOCI, the cumulative gains or losses previously recognised in other comprehensive income allocated to the part derecognised are transferred and included in retained earnings.

For a transfer of a financial asset in its entirety that does not satisfy the derecognition criteria, the Group continues to recognise the transferred financial asset in its entirety and recognises the consideration received as a liability.

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

9. Financial instruments (Continued)

9.4 Classification and measurement of financial liabilities

The Group's financial instruments or their components are, on initial recognition, classified into financial liabilities or equity instruments on the basis of contractual terms for issuance and the economic substance reflected by such terms and in combination with definitions of financial liability and equity instruments, instead of only on the basis of the legal form.

On initial recognition, financial liabilities are classified into financial liabilities at fair value through profit or loss and other financial liabilities.

9.4.1 Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss consist of financial liabilities held for trading (including derivative instruments that are financial liabilities) and those designated as at fair value through profit or loss.

Held-for-trading financial liabilities are subsequently measured at fair value, any gains or losses arising from changes in fair value and any dividend or interest income earned on the financial liabilities are recognised in profit or loss.

9.4.2 Other financial liabilities

The Group shall classify all financial liabilities as subsequently measured at amortised cost, except for financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, gains or losses arising from derecognition or amortisation are recognised in profit or loss for the period.

9.4.2.1 Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder of the contract for a loss it incurs when a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. Subsequent to initial recognition, financial guarantee contracts that are not designated as financial liabilities at fair value through profit or loss are measured at the higher of: (1) amount of loss provision; and (2) the amount initially recognised less cumulative amortisation amount during the guarantee period.

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

9. Financial instruments (Continued)

9.5 Derecognition of financial liabilities

The Group derecognises a financial liability (or part of it) when the underlying present obligation (or part of it) is discharged. An agreement between the Group (the debtor) and the creditor to replace the original financial liability with a new financial liability with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

When the Group derecognises a financial liability or a part of it, it recognises the difference between the carrying amount of the financial liability (or part of the financial liability) derecognised and the consideration paid (including any non-cash assets transferred or new financial liabilities assumed) in profit or loss.

9.6 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued (including refinanced), repurchased, sold and cancelled by the Group are recognised as changes of equity. Changes of fair value of equity instruments is not recognised by the Group. Transaction costs related to equity transactions are deducted from equity.

The Group recognises the distribution to holders of the equity instruments as distribution of profits, dividends paid do not affect total amount of shareholders' equity.

9.7 Derivatives and embedded derivatives

Derivative financial instruments related to the Group include option contracts. Derivatives are initially measured at fair value at the date when the derivative contracts are entered into and are subsequently re-measured at fair value. The changes in fair value is recognised in profit or loss.

For hybrid contract constituted by embedded derivatives and host contract, if the host contract is a financial asset, the embedded derivative is not separated from the hybrid contract, and the hybrid contract shall be taken as a whole to apply to the accounting standards for the classification of financial assets.

If the host contract included in the hybrid contract is not a financial asset and meets all of the following criteria, the embedded derivative shall be separated from the hybrid contract by the Group and treated as a standalone derivative.

- (1) The economic characteristics and risks of the embedded derivative are not highly related to the economic characteristics and risks of the host contract;
- (2) A separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and
- (3) The hybrid instrument is not designated as a financial asset or financial liability at fair value through profit or loss.

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

9. Financial instruments (Continued)

9.7 Derivatives and embedded derivatives (Continued)

If the embedded derivative is separated from the hybrid contract, the host contract shall be accounted for in accordance with the appropriate standards. If the Group is unable to measure reliably the fair value of an embedded derivative on the basis of its terms and conditions, the fair value of the embedded derivative is the difference between the fair value of the hybrid contract and the fair value of the host. If the Group is still unable to measure the fair value of the embedded derivative separately either at acquisition or at a subsequent reporting dates after the above methods are applied, it designates the entire hybrid contract as a financial instrument at fair value through profit or loss.

9.8 Convertible bonds

Convertible bonds issued by the Group that contain liability and conversion option are classified separately into respective items on initial recognition. Conversion option that is settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is accounted for as equity rather than conversion option derivatives.

Convertible bonds are initially recognised at fair value at the issue date. If the convertible bonds include equity instruments, the fair value of liability component of the convertible bonds is determined based on the market value of similar bonds which have no conversion option. The balance of issue price and the fair value of liability is the value of conversion option and is recognised in shareholders' equity. The liability and conversion-embedded derivatives of the convertible bonds which include conversion embedded derivatives are initially recognised at fair value at the issue date.

In subsequent periods, the liability component of the convertible bonds is carried at amortised cost using the effective interest method. The derivative financial instruments are measured at fair value with changes in fair value recognised in profit or loss. The conversion option classified as equity remains in equity. No gain or loss is recognised in profit or loss upon conversion or expiration of the option.

Transaction costs incurred for the issue of the convertible bonds are allocated to the liability, equity and derivative financial instruments components in proportion to their respective fair values. Transaction costs relating to the liability component are included in the carrying amount of the liability component and amortised over the period of the convertible bonds using the effective interest method. Transaction costs relating to the equity component are charged directly to equity. Transaction costs relating to the derivative financial instruments are charged to profit or loss.

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

9. Financial instruments (Continued)

9.9 Offsetting financial assets and financial liabilities

Where the Group has a legal right that is currently enforceable to set off the recognised financial assets and financial liabilities, and intends either to settle on a net basis, or to realize the financial asset and settle the financial liability simultaneously, a financial asset and a financial liability shall be offset and the net amount is presented in the statement of financial position. Except for the above circumstances, financial assets and financial liabilities shall be presented separately in the statement of financial position and shall not be offset.

10. Inventories

Inventories include raw materials, work in progress, finished goods, turnover materials, properties under development and completed properties held for sale. Costs of properties under development and completed properties held for sale mainly consist of the acquisition cost of land use rights, expenditures of land development, construction costs, infrastructure costs, costs of supporting facilities and other relevant costs.

Inventories are initially measured at actual cost. Cost of inventories comprises all costs of purchase, costs of conversion and other costs. The actual cost of inventories transferred out is determined using the first-in first-out method. Turnover materials include low value consumables and packing materials. Low value consumables and packing materials are amortised using immediate write-off, and other turnover materials are amortised based on the number of times that they are estimated to be used.

Inventories are accounted for using the perpetual inventory system.

At each balance sheet date, inventories shall be measured at the lower of cost and net realizable value. If the cost is in excess of net realizable value, provision for inventories is recognised in the statement of profit or loss. When the circumstances that previously caused inventories to be written down below cost no longer exist and the net realizable value is higher than the carrying amount, the original amount of the write-down is reversed and charged to the profit or loss for the current period.

Net realizable value is the estimated selling price under normal business terms deducted by the estimated costs to completion, the estimated selling expenses and related taxes. Provision is considered on a category basis for inventories in large quantity and with relatively low unit prices and on an individual basis for all other inventories.

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

11. Long-term equity investments

11.1 Basis for determining joint control and significant influence

Control exists when the investor has power over the investee; is exposed, or has rights, to variable returns from its involvement with the investee; and has the ability to use its power over the investee to affect its returns. Joint control is the contractually agreed sharing of control over an economic activity, and exists only when the strategic financial and operating policy decisions relating to the activity require the unanimous consent of the parties sharing control. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. When determining whether an investing enterprise is able to exercise control or significant influence over an investee, the effect of potential voting rights of the investee (for example, warrants and convertible debts) held by the investing enterprises or other parties that are currently exercisable or convertible shall be considered.

11.2 Determination of initial investment cost

For a long-term equity investment acquired through a business combination involving enterprises under common control, the initial investment cost of the long-term equity investment is the attributable share of the carrying amount of the shareholders' equity of the acquiree on the date of combination in the consolidated financial statements of the ultimate controlling party. The difference between the initial investment cost and the carrying amount of cash paid, non-cash assets transferred and liabilities assumed adjusted to capital reserve. If the balance of capital reserve is not sufficient, any excess is adjusted to retained earnings.

For a long-term equity investment acquired through business combination not involving enterprises under common control, the initial investment cost of the long-term equity investment is the cost of acquisition on the date of combination. For the stepwise acquisition of equity interest till acquiring control after a few transactions and leading to business combination not under common control, this should be dealt with for whether this belongs to 'package deal': if it belongs to 'package deal', transactions will be dealt as one transaction to acquire control. If it does not belong to 'package deal', the investment cost of the long-term equity investment is the aggregate of the carrying amount of the equity interest held in the acquiree prior to the acquisition date and the cost of the additional investment at the acquisition date. When the equity held was accounted for under equity method, relevant other comprehensive income is not accounted temporarily; when the equity held was accounted for other investments in equity instruments, the difference between the fair value and carrying amount, together with the cumulative changes in fair value recognised in other comprehensive income are included in retained earnings for the current period.

The intermediary fees incurred by the absorbing party or acquirer such as audit, legal, valuation and consulting fee, etc. and other related administrative expenses attributable to the business combination are recognised in profit or loss when they are incurred.

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

11. Long-term equity investments (Continued)

11.2 Determination of initial investment cost (Continued)

The long-term equity investment acquired otherwise than through a business combination is initially measured at its cost. When the entity is able to exercise significant influence or joint control (but not control) over an investee due to additional investment, the cost of long-term equity investments is the sum of the fair value of previously-held equity investments determined in accordance with *Accounting Standard for Business Enterprises No. 22-Financial Instruments; Recognition and Measurement* (ASBE No. 22) and the additional investment cost.

11.3 Subsequent measurement and recognition of profit or loss

11.3.1 Long-term equity investment accounted for using the cost method

Long-term equity investments in subsidiaries are accounted for using the cost method in the Company's separate financial statements. A subsidiary is an investee that is controlled by the Group.

Under the cost method, a long-term equity investment is measured at initial investment cost. When additional investment is made or the investment is recouped, the cost of the long-term equity investment is adjusted accordingly. Investment income is recognised in the period in accordance with the attributable share of cash dividends or profit distributions declared by the investee.

11.3.2 Long-term equity investment accounted for using the equity method

The Group accounts for investment in associates and joint ventures using the equity method. An associate is an entity over which the Group has significant influence and a joint venture is a joint arrangement whereby the Group has rights to the net assets of the arrangement.

Under the equity method, where the initial investment cost of a long-term equity investment exceeds the Group's share of the fair value of the investee's identifiable net assets at the time of acquisition, no adjustment is made to the initial investment cost. Where the initial investment cost is less than the Group's share of the fair value of the investee's identifiable net assets at the time of acquisition, the difference is recognised in profit or loss for the period, and the cost of the long-term equity investment is adjusted accordingly.

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

11. Long-term equity investments (Continued)

11.3 Subsequent measurement and recognition of profit or loss (Continued)

11.3.2 Long-term equity investment accounted for using the equity method (Continued)

Under the equity method, the Group recognises its share of the net profit or loss and other comprehensive income of the investee for the period as investment income or other comprehensive income respectively for the period. Meanwhile, the carrying amount of long-term equity investments will be adjusted accordingly; for the share of the investee's profit or cash dividends declared by the investee, the carrying amount of long-term equity should be decreased accordingly; for changes in owner's equity rather than the investee's net profit or loss, other comprehensive income and profit distribution, carrying amount of long-term equity investments should be adjusted and included in capital reserve. The Group recognises its share of the investee's net profit or loss based on the fair value of the investee's individual separately identifiable assets, etc. at the acquisition date after making appropriate adjustments. When the investee adopts different accounting policies and accounting period with the Company's, the financial statements are adjusted in accordance with the Company's accounting policies and accounting period, and then investment income and other comprehensive income are recognised. Unrealized profits or losses resulting from the Group's transactions with its associates and joint ventures and contributions or sales of assets that do not constitute business are recognised as investment income or loss to the extent that those attributable to the Group's equity interest are eliminated. However, unrealized profit or loss resulting from the Group's transactions with its investee which represent impairment losses on the transferred assets are not eliminated.

The Group discontinues recognizing its share of net losses of the investee after the carrying amount of the long-term equity investment together with any long-term interests that in substance form part of its net investment in the investee is reduced to zero. If the Group has incurred obligations to assume additional losses of the investee, a provision is recognised according to the expected obligation, and recorded as investment loss for the period. Where net profits are subsequently made by the investee, the Group resumes recognizing its share of those profits only after its share of the profits exceeds the share of losses previously not recognised.

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

11. Long-term equity investments (Continued)

11.4 Disposal of long-term equity investments

For disposal of long-term equity investments, the difference between the carrying amount and the consideration shall be recorded through profit or loss in the current period. For a long-term equity investment accounted for using the equity method, if remaining shares after the disposal are still accounted for using the equity method, other comprehensive income is accounted on the basis of directly disposed related assets and liabilities of investee, recognised in profit or loss of current period and carried forward proportionately; other shareholders' equity recognised from changes of shareholders' equity except for net profit or loss, other comprehensive income and profit distribution is recognised in profit or loss of current period and carried forward proportionately. For a long-term equity investment accounted for using the cost method, if remaining shares after the disposal are still accounted for using the cost method, other comprehensive income recognised before controlling the investee according to equity method or recognition and measurement of financial instruments, is accounted for on the basis of directly disposed related assets and liabilities of the investee, and recognised in profit or loss for the period and carried forward proportionately; changes of shareholders' equity except for net profit or loss, other comprehensive income and profit distribution are recognised in profit or loss for the current period and carried forward proportionately.

The Group loses control on investee due to disposal of part of shares, when preparing separate financial statement, remaining shares after disposal which can make joint control or significant influence on investee, are accounted under equity method, and are adjusted as they are accounted under equity method from acquisition date; if remaining shares after disposal cannot make joint control or significant influence on investee, they are accounted according to recognition and measurement of financial instrument, and the difference between fair value on date of losing control and carrying amount is recognised in profit or loss for the current period.

12. Investment properties

Investment property is property held to earn rentals or for capital appreciation or for both purposes. It includes land use rights that are leased out; land use rights held for transfer upon capital appreciation; and buildings that are leased out.

An investment property is measured initially at cost. Subsequent expenditures incurred for such investment property are included in the cost of the investment property if it is probable that economic benefits associated with an investment property will flow to the Group and the subsequent expenditures can be measured reliably. Other subsequent expenditures are recognised in profit or loss in the period in which they are incurred.

The Group uses the cost model for subsequent measurement of investment properties, and adopts a depreciation or amortisation policy for the investment property which is consistent with that for buildings or land use rights.

When an investment property is sold, transferred, retired or damaged, the Group recognises the amount of any proceeds on disposal net of the carrying amount and related taxes in profit or loss for the period.

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

12. Investment properties (Continued)

When the Group has evidence indicating the self-occupied houses and buildings are converted to leasing or leasing out its properties held for sale under operating leases, the carrying amount of such fixed assets, intangible assets or inventories before the conversion are transferred to investment properties.

When the Group has evidence indicating the property held to earn rentals or for capital appreciation are converted to self-occupation or the property intended for operating lease purpose are open for sale, the carrying amount of such properties before the conversion are transferred to fixed assets, intangible asset or inventories.

13. Fixed assets

A fixed asset is a tangible asset whose useful life exceeds one accounting year and which is held for production of goods, rendering services, offering leases or operation and management. A fixed asset is recognised only when the economic benefits associated with the asset will probably flow to the Group and the cost of the asset can be measured reliably. Subsequent expenditure incurred for a fixed asset that meets the recognition criteria shall be included in the cost of the fixed asset, and the carrying amount of the component of the fixed asset that is replaced shall be derecognised. Otherwise, such expenditure shall be recognised in profit or loss for the period in which it is incurred.

Fixed assets are initially measured at cost. The purchase cost of a fixed asset comprises its purchase price, related taxes and any directly attributable expenditure for bringing the asset to its working condition for its intended use, such as transportation costs and installation expenses. If the payment for a purchased fixed asset is deferred beyond the normal credit terms, the cost of the fixed asset shall be determined based on the present value of the instalment payments. The difference between the actual payment and the present value of the purchase price is recognised in profit or loss over the credit period, except for such difference that is capitalised according to *Accounting Standard for Business Enterprises No. 17 – Borrowing Costs* (ASBE No. 17).

The accelerated depreciation method is adopted for depreciation of the fixed assets specifically used for research and development. The units of production method is adopted for the depreciation of the large-scaled construction equipment. For other fixed assets, the straight-line method is adopted.

For fixed assets depreciated with the straight-line method, the estimated useful lives, estimated residual values rates and annual depreciation rates by category are as follows:

Category	Estimated residual value rates	Useful lives	Annual depreciation rates
Buildings	5%	20-35 years	2.71%-4.75%
Machinery	5%	10-25 years	3.80%-9.50%
Vehicles	5%	5-10 years	9.50%-19.00%
Production equipment	5%	5-10 years	9.50%-19.00%
Measuring and testing equipment	5%	5 years	19.00%
Others	5%	3-5 years	19.00%-31.67%

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

13. Fixed assets (Continued)

Where the individual component parts of a fixed asset have different useful lives or provide benefits to the enterprise in different patterns, different depreciation rates are applied.

If a fixed asset is upon disposal or no future economic benefits are expected to be generated from its use or disposal, the fixed asset is derecognised. When a fixed asset is sold, transferred, retired or damaged, the amount of any proceeds on disposal of the asset net of the carrying amount and related taxes is recognised in profit or loss for the period.

The Group reviews the useful life and estimated net residual value of a fixed asset and the depreciation method applied at least at the end of each year, makes adjustments and accounts for any change as a change in an accounting estimate when necessary.

14. Construction in progress

Construction in progress is recognised based on the actual construction expenditures incurred. It consists of all types of expenditures necessarily to be incurred, capitalised borrowing costs on related borrowings before the asset is ready for its intended use, and other related expenditures during the period of construction.

Construction in progress is transferred to fixed assets when the asset is ready for its intended use.

15. Borrowing costs

Borrowing costs are interest and other costs arising from the Group's borrowings. Borrowing costs include interest, amortisation of discounts or premiums, ancillary expenses and exchange differences arising from foreign currency borrowings.

Borrowing costs directly attributable to the construction or production of qualifying assets are capitalised and other borrowing costs are recognised as expenses. A qualifying asset is defined as a fixed asset or inventory that necessarily takes a substantially long period of time to get ready for its intended use or sale.

Capitalisation of borrowing costs commences only when all of the following conditions are satisfied:

- (1) expenditures for the asset have incurred;
- (2) borrowing costs have incurred; and
- (3) activities relating to the acquisition, construction or production of the asset that are necessary to bring the asset to get ready for its intended use or sale have commenced.

Capitalisation of borrowing costs ceases when the qualifying asset being acquired, constructed or produced becomes ready for its intended use or sale. Any borrowing costs subsequently incurred are recognised as expenses in the period in which they are incurred.

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

15. Borrowing costs (Continued)

During the capitalisation period, the amount of interest to be capitalised for each accounting period shall be determined as follows:

- (1) for specific borrowings, the borrowing costs eligible for capitalisation are the actual borrowing costs incurred during the current period deducted by any temporary interest or investment income; and
- (2) for general borrowings, the borrowing costs eligible for capitalisation are determined by applying a capitalisation rate to the capital expenditure that accumulated capital expenditures exceed the specific borrowings.

Capitalisation of borrowing costs is suspended during extended periods in which the acquisition or construction of a fixed asset is interrupted abnormally and the interruption lasts for more than three months, until the acquisition or construction is resumed. Borrowing costs incurred during the suspension period are recognised as expenses until the acquisition or construction of a fixed asset is resumed.

16. Intangible assets

The Group's intangible assets include land use rights, concession rights, software licenses, mining rights and others.

An intangible asset shall be recognised only when it is probable that the related economic benefits will flow to the Group and the costs of which can be measured reliably. Intangible assets are measured initially at cost. However, intangible assets acquired in a business combination involving entities not under common control with a fair value that can be measured reliably are recognised separately as intangible assets and measured initially at fair value at the date of acquisition.

The useful lives of intangible assets are assessed based on estimated economic benefit periods. Those intangible assets without foreseeable economic benefit periods are classified as intangible assets with indefinite useful lives.

Intangible assets with finite useful lives are amortised over the useful lives on the traffic volume basis, straight-line basis or unit of production basis. The Group reviews the useful lives and the amortisation method of intangible assets with finite useful lives, and adjusts if appropriate, at least at each year end.

16.1 Land use rights

Land use rights represent costs incurred for a certain lease period of land.

The Group accounts for its land use rights as intangible assets. The land use rights of self-developed buildings including plants are measured as intangible assets and buildings are measured as fixed assets. With respect to the land use rights purchased together with buildings, the acquisition cost is allocated between the two parts proportionately, or otherwise, is wholly accounted for as fixed assets.

Land use rights of the Group are amortised on the straight-line basis according to the useful lives approved in the obtained land use certificates.

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

16. Intangible assets (Continued)

16.2 Concession rights

The Group engages in certain service concession arrangements in which the Group carries out construction work (such as turnpike highways and bridges) for the granting authority and receives in exchange a right to operate the assets concerned in accordance with the pre-established conditions set by the granting authority. The assets under the concession arrangements may be calculated according to their arrangement nature.

The Group recognises revenue and a contract asset or a financial asset to the extent that it has an unconditional contractual right to receive a specified or determinable amount of cash or another financial asset from the granting authority, or to receive the shortfall, if any, between amounts received from users of the public service and specified or determinable amounts.

If the Group receives a right to charge users of public service, with an undeterminable amount, the assets are classified as intangible assets and the Group recognises revenue at the same time in the "concession rights" under intangible assets included in the statement of financial position. The amortisation approach, either the traffic volume method or the straight-line method, should be selected for concession operation projects based on the pattern in which the asset's future economic benefits are expected to be realized at the commencement of operations.

16.3 Software licenses

The software licenses are recorded at the price actually paid upon acquisition and are amortised equally over the estimated useful life of one to ten years.

16.4 Mining rights

Mining rights are stated at cost incurred to obtain the mining license. Amortisation is calculated in adoption of the unit of production method based on proved mining reserves.

16.5 Development expenditure

The Group classifies the expenditure in an internal research and development project into expenditure in the research phase and expenditure in the development phase. Expenditure in the research phase is recognised in profit or loss for the period in which it is incurred. Expenditure in the development phase is capitalised when the Group can demonstrate all of the following: (1) the technical feasibility of completing the intangible asset so that it will be available for use or sale; (2) the intention to complete the intangible asset and use or sell it; (3) how the intangible asset will generate probable future economic benefits. Among other things, the Group can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset; (4) the availability of adequate technical, financial and other resources to complete the development and the ability to use or sell the intangible asset; and (5) the expenditure attributable to the intangible asset during its development can be measured reliably. Expenditure in the development phase that does not meet the above criteria is recognised in profit or loss for the period in which it is incurred.

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

17. Long-term prepayments

Long-term prepayments represent expenditures incurred which should be recognised as expenses over one year and should be allocated in current and subsequent periods, including costs of improvements to fixed assets under operating leases. Long-term prepayments are amortised on the straight-line basis over the estimated beneficial period. Expenditure incurred during the pre-operating period should be recognised in profit or loss immediately as incurred.

18. Provisions

Except for contingent liabilities assumed in business combinations involving entities not under common control, the Group recognises an obligation related to a contingency as a provision when all of the following conditions are satisfied:

- (1) the obligation is a present obligation of the Group;
- (2) it is probable that an outflow of economic benefits from the Group will be required to settle the obligation; and
- (3) the amount of the obligation can be measured reliably.

A provision is initially measured at the best estimate of the expenditure required to settle the related present obligation, with a comprehensive consideration of factors such as the risks, uncertainty and time value of money relating to a contingency. The carrying amount of a provision is reviewed at each balance sheet date. If there is clear evidence that the carrying amount does not reflect the current best estimate, the carrying amount is adjusted to the best estimate.

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

19. Revenue

The revenue of the Group is mainly generated from business types as follows:

- The construction operations, which mainly comprises the construction of infrastructure such as railways, highways, metropolitan railways and real estate projects;
- The survey, design and consultancy operations, which mainly comprises the provision of survey, design and consultancy services for civil engineering and infrastructure construction, such as railways, highways and urban rail transport, etc.;
- The manufacturing operations, which mainly comprises the research and development, production and sale of mechanical equipment, such as the large railway track maintenance machinery, tunnel boring machinery as well as the manufactures of track system, etc.;
- The real estate development operations, which mainly comprises the development, construction and sale of residential properties and commercial properties;
- The other business operations, which mainly comprises trade and logistics, finance and insurance brokerage and highway operation.

When (or as) a performance obligation in a contract is satisfied, i.e., when (or as) the customer obtains control of relevant goods or services, the Group recognises as revenue the amount of the transaction price that is allocated to that performance obligation.

A performance obligation is the Group's promise to transfer to a customer a good or service (or a bundle of goods or services) that is distinct, in a contract with the customer.

The Group assesses a contract at contract inception, identifies each individual performance obligation included in the contract, and determines whether the Group satisfies the performance obligation over time or the Group satisfies the performance obligation at a point in time. Revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met: (1) the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs; (2) the Group's performance creates or enhances an asset that the customer controls as the Group performs; or (3) the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

For most of the Group's construction operations, the Group completes satisfaction of the relevant performance obligations over time and the revenue is recognised during the contract period based on the performance progress, which is determined by input method, which is to recognise revenue on the basis of the Group's efforts or inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation, that best depict the Group's performance in transferring control of goods or services. When the Group is not able to reasonably measure its performance progress, the Group recognises revenue only to the extent of the recoverable amount of costs incurred until such time that it can reasonably measure the performance progress.

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

19. Revenue (Continued)

For survey, design and consultancy operations, manufacturing operations, real estate development operations and other business operations, revenue is recognised over the contract period based on the performance progress, or recognised at a point in time when the customer obtains control of relevant goods or services.

The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties and amounts that the Group expects to refund to the customer.

Variable consideration

For contracts that contain variable consideration, the Group estimates the amount of consideration to which it will be entitled using either (a) the expected value method or (b) the most likely amount. The estimated amount of variable consideration is included in the transaction price only to the extent that it is highly probable that such an inclusion will not result in a significant revenue reversal in the future when the uncertainty associated with the variable consideration is subsequently resolved. At each balance sheet date, the Group updates the estimated transaction price.

Significant financing component

For contracts that contain significant financing components, the Group determines the transaction price based on the amount payable under the assumption that the customer pays that amount payable in cash when the control of goods or services is transferred to the customer. The difference between the transaction price and the contract consideration shall be amortised within the contract period using effective interest rate. For contracts where the period between payment and transfer of the associated goods or services is less than one year, the Group applies the practical expedient of not adjusting the transaction price for any significant financing component.

Consideration payable to a customer

If the contract includes consideration payable to a customer, the Group shall account for consideration payable to a customer as a reduction of the transaction price unless the payment to the customer is in exchange for a distinct good or service, and shall recognise the reduction of revenue when (or as) the later of either of the following events occurs: (1) the Group recognises revenue for the transfer of the related goods or services to the customer; and (2) the Group pays or promises to pay the consideration.

If the contract includes two or more performance obligations, at contract inception, the Group allocates the transaction price to each performance obligation on a basis of relative stand-alone selling price, at which an entity would sell a promised good or service separately to a customer. When an entity has observable evidence that the contract discount or the variable consideration relates to only one or more, but not all, performance obligations in a contract, the entity shall allocate the contract discount or the variable consideration to one or more, but not all, performance obligations in the contract.

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

19. Revenue (Continued)

Consideration payable to a customer (Continued)

The stand-alone selling price is the price at which the Group would sell a promised good or service separately to a customer. If a stand-alone selling price is not directly observable, the Group shall consider all information that is reasonably available to the Group and maximize the use of observable inputs and apply estimation methods consistently in similar circumstances.

Sales with warranties

For sales with warranties, if the warranties are separate services to the customer other than serving as an assurance that the products sold comply with agreed-upon specifications, the warranties constitute single performance obligations. Otherwise, the Group accounts for warranties in accordance with the *Accounting Standards for Business Enterprises No. 13 – Contingencies* (ASBE No. 13).

Principal versus agent

The Group assesses whether it controls each specified good or service before that good or service is transferred to the customer to determine whether the Group is a principal or an agent. If the Group controls the specified good or service before that good or service is transferred to a customer, the Group is a principal and recognises revenue in the gross amount of consideration received or receivable. Otherwise, the Group is an agent and recognises revenue in the amount of any fee or commission to which it expects to be entitled. The fee or commission is the net amount of consideration that the Group retains after paying the other party the consideration received in exchange for the goods or services to be provided by that party, or is determined by some established amounts or proportions.

Incremental costs of obtaining a contract

Incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. The Group recognises such costs as an asset if it expects to recover these costs. The Group applies the practical expedient of expensing all incremental costs to obtain a contract if these costs would otherwise have been fully amortised to profit or loss within one year. Other costs of obtaining a contract are recognised in profit or loss when they occur, unless they are going to be reimbursed by customers. The asset is presented as other current assets or other non-current assets according to whether the amortisation period exceeds one normal operating period.

Costs to fulfill a contract

If the costs incurred in fulfilling a contract are not within the scope of any standards other than ASBE No. 14, the Group recognises an asset from the costs incurred to fulfill a contract only if those costs meet all of the following criteria: (1) the costs relate directly to a contract or to an anticipated contract that the Group can specifically identify; (2) the costs generate or enhance resources of the Group that will be used in satisfying performance obligations in the future; and (3) the costs are expected to be recovered. The asset is presented as inventories or other non-current assets according to whether the amortisation period exceeds one normal operating period.

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

19. Revenue (Continued)

Costs to fulfill a contract (Continued)

The asset mentioned above shall be amortised on a basis that is consistent with the transfer to the customer of the goods or services to which the asset relates and recognised as expenses in relevant periods.

The Group shall recognise an impairment loss to the extent that the carrying amount of the asset mentioned above exceeds:

- (1) the remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the asset relates; less
- (2) the estimated costs that relate to providing those goods or services and that have not been recognised as expenses.

The Group shall, after the impairment has been provided, recognise in profit or loss a reversal of some or all of an impairment loss previously recognised when the impairment conditions no longer exist or have improved. The increased carrying amount of the asset shall not exceed the carrying amount that would have been determined if no impairment loss had been recognised previously.

Contract assets

Contract assets refer to the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer when that right is conditioned on something other than the passage of time. Accounting policies relating to contract assets are specified in Note III. 9.2. The Group's unconditional (i.e., depending on the passage of time only) right to receive consideration from the customer is separately presented as receivables.

Contract liabilities

Contract liabilities refer to the Group's obligation to transfer goods or services to a customer for which the Group has received consideration or the amount is due from the customer.

20. Government grants

Government grants are transfer of monetary assets and non-monetary assets from the government to the Group at no consideration. A government grant is recognised only when the Group can comply with the conditions attached and the Group would receive the grant.

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

20. Government grants (Continued)

If a government grant is in the form of a transfer of a monetary asset, it is measured at the amount received or receivable. If a government grant is in the form of a non-monetary asset, it is measured at fair value of the asset. If the fair value cannot be reliably determined, it is measured at a nominal amount. A government grant measured at a nominal amount is recognised immediately in profit or loss for the period.

20.1 Judgment basis and accounting treatments for government grants related to assets

Government grants related to assets refer to those acquired by the Group for the purpose of purchasing or constructing or forming long-term assets.

Government grants related to assets are charged against carrying amount in related assets when related assets become ready for their intended use.

20.2 Judgment basis and accounting treatments for government grants related to income

Government grants related to income refer to those other than grants related to assets.

For a government grant related to income, if the grant is a compensation for related expenses or losses to be incurred in subsequent periods, the grant is recognised as deferred income, and recognised in profit or loss over the periods in which the related expenses are recognised. If the grant is a compensation for related expenses or losses already incurred, the grant is recognised immediately in profit or loss for the period.

Government grants related to the Group's daily activities are included in other income in accordance with its economic substance. Otherwise, government grants are included in non-operating income or expense.

For repayment of a government grant already recognised, if government grants were charged against carrying amount of the related assets at initial recognition, the repayment adjusts the carrying amount of assets. If there is related deferred income, the repayment is offset against the gross carrying amount of the deferred income, and any excess is recognised in profit or loss for the period. If there is no related deferred income, the repayment is recognised immediately in profit or loss for the period.

20.3 Relocation compensation received due to public interests

The Group receives relocation compensation directly from the government for the benefit of public interests such as urban overall planning, reservoir construction, and renovation of shanty towns and subsidence area control. The relocation compensation is paid out of financial budgets by the government and is recognised as special payable when received. Therein compensation granted for losses of fixed assets and intangible assets, expenses incurred, losses from suspension of projects, and assets to be constructed after the relocation, should be transferred to deferred income and recognised as government grants relating to assets and government grants related to income accordingly. Excess of the relocation compensation over the amount transferred to deferred income should be recorded in capital reserve.

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

21. Income tax

Income tax expenses comprise current and deferred tax. Current tax expenses and deferred tax expenses are recognised as income or expenses in profit or loss for the current period, except for the deferred tax as an adjustment of goodwill arising from a business combination, or the current tax expenses and the deferred tax expenses to be recognised directly in other comprehensive income or shareholders' equity, which arise from transactions or events that should be recognised directly in other comprehensive income or shareholders' equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered or paid according to the taxation laws and regulations.

Based on the temporary differences between the carrying amount of an asset or liability on the balance sheet date and its tax base, and the differences between the carrying amount of some items that have a tax base but are not recognised as assets and liabilities and their tax base, the Group adopts the liability method for the provision for deferred tax.

A deferred tax liability is recognised for all taxable temporary differences, except:

- (1) where taxable temporary differences arise from the initial recognition of goodwill, or the initial recognition of an asset or liability in a transaction that is not a business combination, and at the time of the transaction, it affects neither accounting profit nor taxable profit or loss;
- (2) taxable temporary differences associated with investments in subsidiaries, joint ventures and associates, where the timing of the reversal of the temporary differences can be controlled by the Group and it is probable that the temporary differences will not reverse in the foreseeable future.

A deferred tax asset is recognised for deductible temporary differences, carry forward of unused deductible tax losses and tax credits, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of deductible tax losses and tax credits can be utilised, except:

- (1) where the deferred tax asset arises from a transaction that is not a business combination and, at the time of the transaction, it affects neither the accounting profit nor taxable profit or loss;
- (2) deductible temporary differences associated with investments in subsidiaries, joint ventures and associates, a deferred tax asset is only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised in the future.

At the balance sheet date, deferred tax assets and liabilities are measured at the tax rates that are estimated to apply to the period when the asset is realized or the liability is settled, according to the requirements of tax laws. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the balance sheet date, to recover the assets or settle the liabilities.

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

21. Income tax (Continued)

The carrying amount of deferred tax assets is reviewed at the balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available in future periods to allow the deferred tax assets to be utilised. Unrecognised deferred tax assets are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow the deferred tax asset to be recovered.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

22. Leases

A contract is, or contains, a lease if the contract conveys the right to control the use of an identical asset for a period of time in exchange for consideration.

For contracts entered into, the Group assesses whether the contract is, or contains, a lease at inception or modification date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

22.1 As a lessee

Separating components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Right-of-use assets

Except for short-term leases and leases of low-value assets, the Group recognises a right-of-use asset at the commencement date of the lease. The commencement date of the lease is the date on which a lessor makes an underlying asset available for use. The right-of-use asset is measured at cost. The cost of the right-of-use asset shall include:

- (1) the amount of the initial measurement of the lease liability;
- (2) any lease payments made at or before the commencement date, less any lease incentives received;
- (3) any initial direct costs incurred by the Group; and
- (4) an estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

22. Leases (Continued)

22.1 As a lessee (Continued)

Right-of-use assets (Continued)

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease terms are depreciated from commencement date to the end of their useful lives.

Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of their estimated useful lives and the lease terms.

The Group assesses and determines whether the right-of-use asset is impaired and accounts for any impairment loss identified in accordance with *Accounting Standards for Business Enterprises No. 8 – Impairment of Assets* (ASBE No.8).

Lease liabilities

Except for short-term leases and leases of low-value assets, at the commencement date of a lease, the Group recognises the lease liability at the present value of the lease payments that are not paid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determined.

The lease payments are payments to the lessor for the right to use the underlying asset during the lease term made by the Group:

- (1) fixed payments, including in-substance fixed payments, less any lease incentives receivable, if applicable;
- (2) the exercise price of a purchase option reasonably certain to be exercised by the Group;
- (3) payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

After the commencement date, the Group recognises interest expenses in each accounting periods during the lease, based on a constant periodic rate of interest on the remaining balance of the lease liabilities. The interest expenses are recognised into profit or loss for the current period or the cost of the related assets.

After the commencement date, if the lease term or the assessment of purchase option changes, the Group shall remeasure the lease liability, according to modified lease payments and present value with modified discount rates, and make corresponding adjustments to the related right-of-use asset. If the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Group shall recognise any remaining amount of the remeasurement in profit or loss.

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

22. Leases (Continued)

22.1 As a lessee (Continued)

Short-term leases and leases of low-value assets

The Group elects not to recognise right-of-use assets and lease liabilities for short-term leases of machinery and vehicles and leases of low-value assets. A short-term lease is a lease that at the commencement date, has a lease term of 12 months or less and does not contain any purchase options. A lease of a low-value asset, is a lease that the single underlying asset, when is new, is of low value. The Group shall recognise the lease payments associated with short-term leases and leases of low-value assets as the cost of the related assets or profit or loss on a straight-line basis over the lease term.

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- (1) the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- (2) the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group reallocates the consideration in the contract, and re-measures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

22.2 As a lessor

Separating components of a contract

For a contract that contains lease components and non-lease components, the Group applies ABSE No.14 to allocate consideration in a contract to lease and non-lease components. Non-lease components are separated from lease component on the basis of their relative stand-alone selling prices.

Classification of leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Other leases which are not finance leases are operating leases.

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

22. Leases (Continued)

22.2 As a lessor (Continued)

Recognition and measurement as a lessor of an operating lease

The Group recognises lease receivables from operating leases as income on a straight-line basis over the lease term. The Group adds initial direct costs incurred in obtaining an operating lease to the carrying amount of the underlying asset and recognises those costs as an expense over the lease term on the same basis as the lease income.

For the contingent receivables not included in the operating lease receivables, the Group recognises into profit or loss when received.

22.3 Sale and leaseback transactions

As a seller-lessee

The Group applies the requirements of ASBE No.14 to assess whether the sale and leaseback transaction constitutes a sale by the Group as a seller-lessee. For the sales and leaseback transaction that does not constitute a sale, the Group continues to recognise the transferred asset, and recognises a financial liability which equals to the transfer proceeds and accounts for the financial liability applying ASBE No. 22. If the sales and leaseback transaction constitutes a sale, the Group measures the right-of-use asset arising from the leaseback at the proportion of the previous carrying amount of the asset that relates to the right of use retained, and recognises only the amount of any gain or loss that relates to the rights transferred to the buyer-lessor.

23. Impairment of long-term assets

The Group determines the impairment of assets, other than the impairment of inventories, deferred tax assets, financial assets, contract assets and assets related to the costs incurred in fulfilling a contract, using the following methods:

The Group assesses at the balance sheet date whether there is any indication that the assets may be impaired. If any indication exists that an asset may be impaired, the Group estimates the recoverable amount of the asset. Goodwill arising from a business combination and an intangible asset with an indefinite useful life is tested for impairment at least at each year end, irrespective of whether there is any indication that the asset may be impaired. Intangible assets that have not been ready for intended use are tested for impairment each year.

The Group estimates the recoverable amount on an individual basis. If it is not possible to estimate the recoverable amount of the individual asset, the Group determines the recoverable amount of the asset group to which the asset belongs. The recoverable amount of an asset or an asset group is the higher of its fair value less costs to sell and the present value of the future cash flows estimated to be derived from the asset or the asset group.

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

23. Impairment of long-term assets (Continued)

When the recoverable amount of an asset or an asset group is less than its carrying amount, the difference is recognised as a provision for impairment loss and profit or loss for the current period.

For the purpose of impairment testing, the carrying amount of goodwill acquired in a business combination is allocated from the acquisition date on a reasonable basis to each of the related asset groups; if it is impossible to allocate to the related asset groups, it is allocated to each of the related set of asset groups. Each of the related asset groups or set of asset groups is an asset group or set of asset groups that is able to benefit from the synergies of the business combination and shall not be larger than a reportable segment determined by the Group.

In impairment testing for goodwill, if there is any indication of impairment, the Group first tests the asset group or set of asset groups excluding the amount of goodwill allocated for impairment, i.e., it determines and compares the recoverable amount with the related carrying amount and recognised any impairment loss. After that, the Group tests the asset group or set of asset groups including goodwill for impairment, the carrying amount (including the portion of the carrying amount of goodwill allocated) of the related asset group or set of asset groups is compared to its recoverable amount. If the carrying amount of the asset group or set of asset groups is higher than its recoverable amount, the amount of the impairment loss is first reduced by the carrying amount of the goodwill allocated to the asset group or set of asset groups, and then the carrying amount of other assets (other than the goodwill) within the asset group or set of asset groups, pro rata based on the carrying amount of each asset.

Once the above impairment loss is recognised, it cannot be reversed in subsequent periods.

24. Employee benefits

Employee benefits are all forms of considerations given by an entity in exchange for services rendered by employees or for the termination of employment. Employee benefits include short-term benefits, post-employment benefits, termination benefits and other long-term employee benefits. The benefits the Group provided to employees' spouses, children, dependent, and families of deceased employees and other beneficiaries also belong to employee benefits.

24.1 Short-term benefits

In the period of employee services, short-term benefits are actually recognised as liabilities and charged to profit or loss or the related costs of assets for the current period.

24.2 Post-employment benefits (defined contribution plans)

If employees of the Group participate in the basic pension insurance and unemployment insurance plans managed by local governments and participate in the supplementary pension insurance of the Group as well, the relevant expenditures are recorded in the relevant capital costs and expenses in the period when incurred.

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

24. Employee benefits (Continued)

24.3 Post-employment benefits (defined benefit plans)

The Group provides benefit plans for long-term post-leaving personnel, which are considered as defined benefit plans. The Group does not put any funds in the plans; the costs of the defined benefit plans are measured using the projected cumulative unit credit method.

Any re-measurement caused by the defined benefit plans, including actuarial gains or losses, is recognised in the statement of financial position immediately and recorded in equity as other comprehensive income in the accounting period the re-measurement occurred. Those losses and gains should not be reversed to profit or loss in the subsequent accounting periods.

The past service costs should be recognised as current expenses at the earlier of the following dates: (1) when the Group modifies the defined benefit plans; and (2) when the Group recognises relevant restructuring costs or termination benefits.

Net interest equals to the net defined benefit liability multiply by the discount rate. The Group recognised changes in the net defined benefit obligation as general and administrative expenses in the statement of profit or loss and other comprehensive income. Those changes include service costs, including current service costs, past service costs and gains and losses on settlement, and net interest, which are the interest expenses of the plan.

24.4 Termination benefits

The Group recognises a liability and expenses for termination benefits at the earlier of the following dates: (1) when the Group can no longer unilaterally withdraw the offer of those benefits for proposals or suggestions for termination of employment; and (2) when the Group recognises costs or expenses for restructuring and involves the payment of termination costs or expenses.

24.5 Housing funds

All full-time employees of the Group in Mainland China are entitled to participate in various government-sponsored housing funds. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees.

24.6 Bonus entitlements

The estimated cost of bonus payments is recognised as a liability when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made. Liabilities for bonuses are estimated to be settled within 12 months and are measured at the amounts estimated to be paid when they are settled.

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

25. Debt restructuring

25.1 Recording of debt restructuring obligation as the debtor

When a debt is settled by an asset in a debt restructuring, the Group derecognises the relevant asset and the debt settled when the derecognition criteria for the asset and the debt are satisfied. The difference between the carrying amount of the debt settled and the carrying amount of the asset transferred is recognised in profit or loss for the current period.

When a debt is converted into an equity instrument in a debt restructuring, the Group derecognises the debt settled when the derecognition criteria for the debt are satisfied. On initial recognition, the equity instrument are recognised at fair value. When the fair value of the equity instrument cannot be measured reliably, the equity instruments are recognised at the fair value of the debt. The difference between the carrying amount of the debt and the carrying amount of the equity instrument is recognised in profit or loss for the current period.

When a debt restructuring involves the modification of other terms of a debt, the Group recognises and measures the debt restructured in accordance with ASBE No. 22 and *Accounting Standard for Business Enterprises No.37- Presentation of Financial Instruments* (ASBE No. 37).

When a debt is settled by multiple assets or combination of various methods in a debt restructuring, the Group recognises and measures the equity instrument and the debt restructured in accordance with the policies regarding debts settled by assets and debts converted into equity instruments, as mentioned above. The difference between the carrying amount of the debt and the sum of the carrying amount of the assets transferred, the carrying amount of the equity instrument recognised and the carrying amount of the debt restructured, is recognised in profit or loss for the current period.

25.2 Recording of debt restructuring obligation as the creditor

When a debt is settled by assets in a debt restructuring, on initial recognition of the assets other than financial assets, the assets are recognised at cost.

- (1) The cost of inventories includes the fair value of the debt receivable and any directly attributable expenditure, including taxes, transportation costs, handling costs, insurance and other costs, for bringing the assets to the current position and condition;
- (2) The cost of fixed assets includes the fair value of the debt receivable and any directly attributable expenditure, including taxes, transportation costs, handling costs, installation costs, professional service costs and other costs, for bringing the assets to working condition for intended use.

The difference between the fair value and the carrying amount of the debt receivable is recognised in profit or loss for the current period.

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

25. Debt restructuring (Continued)

25.2 Recording of debt restructuring obligation as the creditor (Continued)

When the debt restructuring causes the Group to convert the debt receivable to an equity investment of joint ventures or associates, the creditor shall measure the equity investment based on the sum of the fair value of debt receivable, and any directly attributable taxes and other costs of the investment. The difference between the fair value and the carrying amount of the debt receivable is recognised in profit or loss for the current period.

When a debt restructuring involves the modification of other terms of a debt, the Group recognises and measures the restructured debt receivable in accordance with ASBE No. 22.

When a debt is settled by multiple assets or combination of various methods in a debt restructuring, the Group first recognises and measures the financial assets received and restructured debt receivable in accordance with ASBE No. 22, and then allocates the net value, which is the fair value of the debt receivable deducted by the recognised total carrying amount of financial assets received and restructured debt receivable, to the costs of non-financial assets received based on their relative fair value. The difference between the fair value and the carrying amount of the debt receivable is recognised in profit or loss for the current period.

26. Nonmonetary Transactions

When the non-monetary assets are of commercial substance and the fair value of assets received or the assets given up can be measured reliably, the nonmonetary transactions are measured at fair value. For the asset received, the fair value of the asset given up and related taxes payable are recognised as the cost at initial recognition; For the asset given up, at derecognition, the difference between the fair value and the carrying amount is recognised in profit or loss for the current period. When there is clear evidence indicating that the fair value of the received asset is more reliable, for the asset received, the fair value of the asset received and related taxes payable are recognised as the cost at initial recognition; For the asset given up, at derecognition, the difference between the fair value of the asset received and the carrying amount of the asset given up is recognised in profit or loss for the current period.

When the nonmonetary transactions fail to meet criteria to be measured at fair value, the transactions are measured at carrying amounts. For the asset received, the carrying amount of the asset given up and relevant taxes payable are recognised as the cost of at initial recognition. For the asset given up, at derecognition, no profit or loss is recognised.

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

26. Nonmonetary Transactions (Continued)

When several assets are received at the same time in a nonmonetary transaction, if the transaction is measured at fair value, the cost of each asset other than financial assets received is determined by apportioning the net amount, which is the total fair value of all assets given up deducted by the fair value of the financial assets received, based on the proportion of the fair value of each asset received, and plus related taxes payable, at initial recognition; When there is clear evidence indicating that the fair value of the received assets is more reliable, the fair value of each asset received and related taxes payable are recognised as cost of each asset received at initial recognition; If the transaction is measured at carrying amounts, the cost of each asset received is determined by apportioning the total carrying amounts of all assets given up based on the proportion of the fair value of each asset received to the total fair value of all assets received.

When several assets are given up at the same time in a nonmonetary transaction, if the transaction is measured at fair value, at each asset's derecognition, the difference between each asset's fair value and carrying amount is recognised in profit or loss for the current period; When there is clear evidence indicating that the fair value of the received assets is more reliable, the profit or loss, recognised for the current period, of derecognition of each asset given up is the net amount, which is the apportioning of the total fair value of the assets received, based on the proportion of the fair value of each asset given up to the total fair value of all assets given up, deducted by the carry amount of each asset given up; if the transaction is measured by carrying amounts, no profit or loss of derecognition of assets given up, is recognised.

27. Profit distribution

The cash dividend of the Company is recognised as a liability upon approval in the annual shareholders' meeting.

28. Renewable corporate bonds and other financial instruments

The renewable corporate bonds and other financial instruments issued by the Group shall be classified as equity instruments if no contractual obligations of one party (the issuer) to deliver cash or another financial asset to another party (the holder), or to exchange financial assets or liabilities under conditions that are potentially unfavorable.

For renewable corporate bonds and other financial instruments classified as equity instruments, distribution of interests and dividends are recognised into distribution of equity. Its repurchase and cancellation are recognised as changes of equity and transaction costs related to equity transactions are deducted from equity.

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

29. Production safety expenses

The Group accrues for production safety expenses pursuant to the *Circular on Printing and Issuing the Management Measures on the Enterprise Production Safety Expenses Appropriation and Utilisation* (Cai Qi [2012] No.16) and the *Management Measures on the Enterprises Production Safety Expenses Appropriation and Utilisation*, issued by the Ministry of Finance and the State Administration of Work Safety.

Production safety expenses accrued based on the aforesaid regulations shall be recorded in the costs of related products or expenses in profit or loss for the current period, and provided as a fund in the special reserve. When the expenditures are utilised as expenses, they should be recognised in the statement of profit or loss and other comprehensive income and offset against the special reserve; when the expenditures incurred relate to fixed assets, they shall be recognised in the cost of fixed assets, which will be recognised when it is ready for use. The same amount as the expenditure will be offset against the special reserve and recorded as accumulated depreciation equivalent at the same time.

30. Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Regardless of whether that price is directly observable or estimated using another valuation technique, fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis.

Fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety:

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that they can access at the measurement date;

Level 2: Inputs are inputs, other than quoted process included within level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3: Inputs are unobservable inputs for the asset or liability.

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

31. Asset securitization

The Group has securitized a portion of receivables (“underlying assets”) where underlying assets are sold and transferred to a special purpose entity (“SPE”). The SPE issues senior and subordinate assets-backed securities to investors, while the Group holds some portion of subordinate assets-backed securities which are not transferrable until the principal and interests of the senior assets-backed securities have been repaid. The Group acts as an asset service provider to provide services such as asset management and collection, contract revision and other services. The cash received from the underlying assets during the periods of collection, after paying SPE taxation and relevant fees, will be firstly used to repay the principal and interests of the senior assets-backed securities; the remaining cash after paying the principal and interests in full is treated as income from subordinate assets-backed securities. The Group shares relevant income based on its proportion of subordinate assets-backed securities.

When applying the accounting policy of securitization of financial assets, the Groups has already taken into account the extent of transfer of the risks and rewards of those assets transferred to the other entity, as well as the extent of control over such entity by the Group:

- (1) When the Group has transferred substantially all the risks and rewards of ownership of a financial asset, it shall derecognise the relevant financial asset;
- (2) When the Group has retained substantially all the risks and rewards of ownership of a financial asset, it shall continue to recognise the relevant financial asset;
- (3) When the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, it shall determine whether it has retained control of the financial asset transferred. If the Group has not retained control, it shall derecognise the financial asset and recognise the rights retained or obligations arising from the transfer as an asset or a liability respectively. If the Group has retained control, it shall recognise the financial asset to the extent of its continuing involvement in the transferred financial asset.

The Group securitized a portion of the retention receivables by selling and transferring the retention receivables to a special-purpose entity. The above accounting policy for securitized financial assets is applied by reference to the condition that the performance obligations relating to the construction of the project have been completed and the contractor has undertaken to complete the performance obligations relating to the liability for defects.

32. Significant accounting judgments and estimates

The preparation of the financial statements requires management to make judgments, estimates and assumptions that will affect the reported amounts of revenue, expenses, assets and liabilities, and the disclosure of contingent liabilities at each balance sheet date. However, uncertainty about these assumptions and estimates may result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities in the future.

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

32. Significant accounting judgments and estimates (Continued)

At the balance sheet date, key assumptions and uncertainties that probably lead to significant future adjustments on the carrying amount of assets and liabilities are as follows:

Revenue from construction operations

For most of the Group's construction operations, the Group completes satisfaction of the relevant performance obligations over time and the revenue is recognised during the contract period based on the performance progress, which is determined by input method. The Group's management makes reasonable estimates on the expected total contract revenue and total contract costs based on the budgets prepared for construction operations to determine the performance progress and identify onerous contracts. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately. Due to the nature of activities associated with construction, the Group has to continuously review and revise budget prepared for each construction operation throughout the contract period. Revision may have effect on revenue, profit and other items related to construction operations during the period when the revision incurred.

Impairment of trade receivables and contract assets

For trade receivables and contract assets scoped in ASBE No. 14, the Group measures loss allowances for trade receivables and contract assets based on lifetime ECL. For trade receivables and contract assets which are individually significant and credit-impaired, the Group's management assesses credit losses individually, based on the evidence of credit-impairment and forward-looking information. Except for trade receivables and contract assets which are individually significant and credit-impaired, the Group's management uses provision matrix to assess ECL, which is based on collective credit risk characteristics. The provision rates are based on the Group's historical actual loss rates, taking into consideration forward-looking information. The impairment of trade receivables and contract assets involves management's accounting estimations and judgements. If the result of reassessment is different from the current estimation, such differences may have influence on the profit and carrying amount of trade receivables and contract assets during the period when the reassessment incurred.

Impairment of other financial assets

For financial assets which are not scoped in ASBE No. 14, the Group assesses changes in credit risk of relevant financial instruments since initial recognition at each balance sheet date and calculates the ECL through default exposure and the expected credit loss rate for the next 12 months or the full lifetime. The calculation of ECL involves management's judgment on whether significant increase in credit risk and management's estimation on future contractual cash flows. If the result of reassessment is different from the current estimation, such differences may have influence on the profit and carrying amount of financial assets during the period which the reassessment incurred.

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

32. Significant accounting judgments and estimates (Continued)

Impairment of properties under development and completed properties held for sale

The Group has to evaluate the net realizable values for properties under development and completed properties held for sale at each balance sheet date. When the net realizable values are lower than the carrying amounts, a provision is made by the Group.

The principal assumptions for the Group's estimation of the net realizable values of the properties under development include those related to prevailing market prices for similar properties in the same location and condition, estimated costs to be incurred to completion of the properties and discount rates.

The Group estimates the net realizable value for completed properties held for sale based on the selling price, sales projections, sales expenses to be incurred and relevant tax expenses, with reference to the current market prices and actual sale progress.

Impairment of concession rights

The Group assesses at the balance sheet date whether there is any indication that the concession rights may be impaired. If there is any indication of impairment, the Group will estimate the recoverable amount and perform the impairment test. The provision for impairment loss is recognised according to the difference where the recoverable amount of an asset is less than its carrying amount and charged to the impairment loss.

The recoverable amount of the franchise rights is the higher of its fair value less costs of disposal and the present value of the estimated future cash flows. The present value of estimated future cash flows is determined based on the present value of estimated future cash flows during the period of the concession rights, i.e. based on the estimated future cash flows generated by the concession rights in the continuous use and discounted to the present value by selecting the appropriate discount rates. The estimated future cash flows are estimated based on the expected revenue of services rendered under concession arrangements and other income from the concession rights, net of necessary maintenance expenses and operating costs.

Contingent liabilities arising from litigation and claims

The Group is involved in a number of litigation and claims in respect of certain construction work performed at present and in the past. Contingent liabilities arising from these litigation and claims have been assessed by management with reference to legal advice. Provisions on the probable obligations have been made based on management's best estimates and judgments.

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

32. Significant accounting judgments and estimates (Continued)

Useful lives and residual values of fixed assets

The useful lives of fixed assets are estimated based on historical experience of the Group with similar assets used in a similar way. If useful lives of the fixed assets are estimated to be shorter than previously estimated, the Group will increase the depreciation rates accordingly, or dispose of those assets that are idle or technically obsolete.

In determining the useful lives and residual values of fixed assets, the Group periodically reviews the changes in market conditions, estimated physical wear and tear, and the maintenance of an asset. The estimation of the useful life of the asset is based on historical experience of the Group with similar assets that are used in a similar way. The depreciation amount will be adjusted if the estimated useful lives and/or the residual values of fixed assets are less than previous estimation. Useful lives and residual values are reviewed, at the end of each reporting period, based on changes in circumstances.

Amortisation of concession rights of highways

If the assets under the concession arrangement acquired by the Group's participating in the construction of the expressway is applicable to intangible asset model, the concession rights is amortised at the early stage of operation period based on expected realization approach of associated economic benefits using traffic volume method or straight-line method. In the case of traffic volume method amortisation (namely, calculating the total annual amortisation amount based on the percentage of actual traffic volume in certain years in the estimated total traffic volumes), amortisation calculation is initiated since the operation of the relevant turnpike highways.

The Group's management made judgments on the proportion of actual traffic volume in the total estimated traffic volume. Where the difference between the actual amount and the estimation is substantial, the management will re-estimate the total estimated traffic volume based on the actual traffic volume and adjust the amortisation of annual provisions for standard traffic volumes in subsequent years.

Income tax and deferred tax assets

The Company and its subsidiaries are subject to income taxes in numerous jurisdictions in domestic provinces and certain overseas countries. In order to reliably estimate and judge, the income tax provision is required to be determined based on existing tax laws, regulations and practices, if the relevant affairs of income tax have not yet been confirmed by relevant tax authorities. Where the final tax outcome of these matters is different from the amounts originally recorded, the differences will impact on the current period income tax provisions in the periods in which the differences arise.

Deferred tax assets relating to certain deductible temporary differences and tax losses are recognised as management considers it is probable that future taxable profit will be available against which the deductible temporary differences or tax losses can be utilised. In cases where the actual future profits generated are different from the estimation, such difference will influence on or change the deferred tax assets and income tax recognised in the relevant period.

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

32. Significant accounting judgments and estimates (Continued)

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the present value of the future expected cash flows from the asset groups or set of asset groups to which the goodwill is allocated. Estimating the present value requires the Group to make an estimate of the expected future cash flows from the asset groups or set of asset groups and also choose a suitable discount rate in order to calculate the present value of those cash flows.

IV. TAXATION

1. Major categories of taxes and respective tax rates

Category	Tax basis	Tax rate
Value-added tax ("VAT")	Sales revenue and construction installation income in accordance with relevant tax law	3%, 6%, 9% (10% before 1 April 2019), 13% (16% before 1 April 2019)
Enterprise income tax ("EIT")	Taxable income	All enterprises are subject to EIT at 25% except for some domestic subsidiaries qualified for tax preferential (Note IV. 2) and overseas subsidiaries that are subject to EIT in accordance with the local tax laws applicable to the jurisdiction where the company was registered.
City maintenance and construction tax ("CCT")	Based on the actual VAT and circulation tax payment	1%, 5%, 7%
Educational surcharge	Based on the actual VAT and circulation tax payment	3%
Local educational surcharge	Based on the actual VAT and circulation tax payment	2%
Land appreciation tax ("LAT")	Calculate LAT based on the appreciation amount arising from the transfer of properties and the extra progressive tax rate	Extra progressive tax rate: 30%, 40%, 50%, 60%

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

IV. TAXATION (Continued)

2. Tax preferential

Super deduction of research and development (R&D) expenses

Pursuant to Chapter IV, Item 1 of Article 30 of the *Law of the PRC on Enterprise Income Tax Law* (the “New EIT Law”), the *Notice of the Ministry of Finance, the State Administration of Taxation and the Ministry of Science and Technology on Improving the Policies for the Weighted Pre-tax Deduction of Research and Development Expenses* (Cai Shui [2015] No. 119) and *Notice of the Ministry of Finance, the State Administration of Taxation and the Ministry of Science and Technology on Improving the Policies for the Weighted Pre-tax Deduction Proportion of Research and Development Expenses* (Cai Shui [2018] No. 99), the Company and its subsidiaries complying with the relevant provisions can make a super deduction on their research and development expenditures when calculating the taxable income.

Tax preferential for the Western Region Development

Pursuant to the *Circular on Issues Concerning Tax Policies for In-depth Implementation of Western Development Strategies of the State Administration of Taxation, the Ministry of Finance and General Administration of Customs* (Cai Shui [2011] No. 58), the tax preference for the Western Region Development are valid until 2020. According to the Circular, “from 1 January 2011 to 31 December 2020, enterprise income tax may be levied at a reduced tax rate of 15% for enterprises established in the western region and engaged in encouraged industries. The above-mentioned industries shall refer to enterprises whose principal businesses are the industrial projects prescribed in the *Catalogue of Encouraged Industries in the Western Region*, the income of which accounts for more than 70% of the total income of such enterprises. The *Catalogue of Encouraged Industries in the Western Region* shall be issued separately.”

Pursuant to the *Announcement of the Ministry of Finance, the State Taxation Administration and the National Development and Reform Commission on Continuing the Enterprise Income Tax Policies for Western Development Strategies* (Cai Shui [2020] No. 23), the tax preference for the Western Region Development are valid until 2030. According to the Circular, “from 1 January 2021 to 31 December 2030, enterprise income tax may be levied at a reduced tax rate of 15% for enterprises established in the western region and engaged in encouraged industries. The above-mentioned industries shall refer to enterprises whose principal businesses are the industrial projects prescribed in the *Catalogue of Encouraged Industries in the Western Region*, the income of which accounts for more than 60% of the total income of such enterprises. The *Catalogue of Encouraged Industries in the Western Region* has been issued by National Development and Reform Commission. If the catalogue is modified during the period of the announcement, the modified version shall apply since the date of implementation.”

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

IV. TAXATION (Continued)

2. Tax preferential (Continued)

Tax preferential for the Western Region Development (Continued)

At present, the *Catalogue of Encouraged Industries in the Western Region* has been approved by the State Council and has been implemented since 1 October 2014. Certain subsidiaries of the Company, including China Railway 11th Bureau Group 5th Engineering Co., Ltd. (中鐵十一局集團第五工程有限公司), China Railway 12th Bureau Group 1st Engineering Co., Ltd. (中鐵十二局集團第一工程有限公司), China Railway 12th Bureau Group 4th Engineering Co., Ltd. (中鐵十二局集團第四工程有限公司), China Railway 12th Bureau Group Railway Maintenance Engineering Co., Ltd. (中鐵十二局集團鐵路養護工程有限公司), China Railway 12th Bureau Group (Tibet) Engineering Co., Ltd. (中鐵十二局集團(西藏)工程有限公司), China Railway Construction Bridge Engineering Bureau Group 5th Engineering Co., Ltd. (中鐵建大橋工程局集團第五工程有限公司), China Railway 15th Bureau Group 1st Engineering Co., Ltd. (中鐵十五局集團第一工程有限公司), China Railway 15th Bureau Group Tibet Engineering Co., Ltd. (中鐵十五局集團西藏工程有限公司), China Railway 16th Bureau Group Tibet Engineering Co., Ltd. (中鐵十六局集團西藏工程有限公司), China Railway 17th Bureau Group 2nd Engineering Co., Ltd. (中鐵十七局集團第二工程有限公司), China Railway 17th Bureau Group 4th Engineering Co., Ltd. (中鐵十七局集團第四工程有限公司), China Railway 17th Bureau Group Tibet Engineering Co., Ltd. (中鐵十七局集團西藏工程有限公司), China Railway 18th Bureau Group Tunnel Engineering Co., Ltd. (中鐵十八局集團隧道工程有限公司), China Railway 18th Bureau Group Tibet Engineering Co., Ltd. (中鐵十八局集團西藏工程有限公司), China Railway 19th Bureau Group Tibet Engineering Co., Ltd. (中鐵十九局集團西藏工程有限公司), China Railway 20th Bureau Group Co., Ltd. (中鐵二十局集團有限公司), China Railway 20th Bureau Group 2nd Engineering Co., Ltd. (中鐵二十局集團第二工程有限公司), China Railway 20th Bureau Group 3rd Engineering Co., Ltd. (中鐵二十局集團第三工程有限公司), China Railway 20th Bureau Group 5th Engineering Co., Ltd. (中鐵二十局集團第五工程有限公司), China Railway 20th Bureau Group 6th Engineering Co., Ltd. (中鐵二十局集團第六工程有限公司), China Railway 20th Bureau Group Electrical Engineering Co., Ltd. (中鐵二十局集團電氣化工程有限公司), China Railway 20th Bureau Group Municipal Engineering Co., Ltd. (中鐵二十局集團市政工程有限公司), China Railway Guizhou Engineering Co., Ltd. (中鐵貴州工程有限公司), China Railway 21st Bureau Group Co., Ltd. (中鐵二十一局集團有限公司), China Railway 21st Bureau Group 1st Engineering Co., Ltd. (中鐵二十一局集團第一工程有限公司), China Railway 21st Bureau Group 2nd Engineering Co., Ltd. (中鐵二十一局集團第二工程有限公司), China Railway 21st Bureau Group 3rd Engineering Co., Ltd. (中鐵二十一局集團第三工程有限公司), China Railway 21st Bureau Group 4th Engineering Co., Ltd. (中鐵二十一局集團第四工程有限公司), China Railway 21st Bureau Group 5th Engineering Co., Ltd. (中鐵二十一局集團第五工程有限公司), China Railway 21st Bureau Group Electrical Engineering Co., Ltd. (中鐵二十一局集團電務電化工程有限公司), China Railway 21st Bureau Group Road & Bridge Engineering Co., Ltd. (中鐵二十一局集團路橋工程有限公司), China Railway 22nd Bureau Group 5th Engineering Co., Ltd. (中鐵二十二局集團第五工程有限公司), China Railway 23rd Bureau Group Co., Ltd. (中鐵二十三局集團有限公司), China Railway 23rd Bureau Group 3rd Engineering Co., Ltd. (中鐵二十三局集團第三工程有限公司), China Railway 23rd Bureau Group 4th Engineering Co., Ltd. (中鐵二十三局集團第四工程有限公司), China Railway 23rd Bureau Group 6th Engineering Co., Ltd. (中鐵二十三局集團第六工程有限公司), China Railway 23rd Bureau Group Rail Transit Chengdu Engineering Co., Ltd. (中鐵二十三局集團軌道交通成都工程有限公司), China Railway 23rd Bureau Group Tibet Engineering Co., Ltd. (中鐵二十三局集團西藏工程有限公司), China Railway 23rd Bureau Group Survey & Design Institute Co., Ltd. (中鐵二十三局集團建築設計研究院有限公司), China Railway 25th

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

IV. TAXATION (Continued)

2. Tax preferential (Continued)

Tax preferential for the Western Region Development (Continued)

Bureau Group (Ganzhou) Engineering Co., Ltd. (中鐵二十五局集團(贛州)工程有限公司), China Railway Construction Electrification Bureau Group Xi'an Electrical Product Co., Ltd. (中鐵建電氣化局集團西安電氣化製品有限公司), China Railway Chongqing Urban Rail Transit Engineering Co., Ltd. (中鐵建重慶軌道環線建設有限公司), China Railway First Survey and Design Institute Group Co., Ltd. (中鐵第一勘察設計院集團有限公司), Shaanxi Xingan Runtong Electrification Co., Ltd. (陝西興安潤通電氣化有限公司), Gansu Runtong Telecom Engineering Co., Ltd. (甘肅潤通電信與自動化控制工程有限公司), Lanzhou Railway Survey and Design Institute Co., Ltd. (蘭州鐵道設計院有限公司), China Railway SIYUAN Group Nanning Survey and Design Co., Ltd. (中鐵四院集團南寧勘察設計院有限公司), China Railway SIYUAN Group Southwest Survey and Design Co., Ltd. (中鐵四院集團西南勘察設計有限公司), China Railway Material Group Southwest Co., Ltd. (中鐵物資集團西南有限公司), CRCC High-tech Equipment Co., Ltd. (中國鐵建高新裝備股份有限公司), China Railway Construction Heavy Industry Xinjiang Co., Ltd. (鐵建重工新疆有限公司), China Railway Longchang Materials Co., Ltd. (中鐵隆昌鐵路器材有限公司), Chongqing China Petroleum & Railway Construction Industrial Co., Ltd. (重慶中油鐵建實業有限公司), Chongqing Tiefa Suiyu Highway Co., Ltd. (重慶鐵發遂渝高速公路有限公司), CRCC Chongqing Investment Group Co., Ltd. (中鐵建重慶投資集團有限公司), CRCC Chongqing Petrochemical Sales Co., Ltd. (中鐵建重慶石化銷售有限公司), China Railway Construction Kunlun Metro Investment Construction Management Co., Ltd. (中鐵建昆侖地鐵投資建設管理有限公司), CRCC Kunlun Investment Co., Ltd. (中國鐵建昆侖投資集團有限公司), China Railway Construction Guizhou Construction Co., Ltd. (中鐵建貴州建設有限公司), China Railway Construction Yunnan Transportation Construction Management Co., Ltd. (中鐵建雲南交通建設管理有限公司), China Railway Construction Yunnan Investment Co., Ltd. (中鐵建雲南投資有限公司), CRCC Kunlun Tianfu Greenway Chengdu Co., Ltd. (中鐵建昆侖天府綠道成都有限公司), Chengdu CRCC Kunlun Rail Engineering Co., Ltd. (成都中鐵建昆侖軌道工程有限公司), Chengdu CRCC City Investment Composite Pipe Gallery Construction Management Co., Ltd. (成都中鐵建城投綜合管廊建設管理有限公司), CRCC Beibuwan Construction and Investment Co., Ltd. (中鐵建北部灣建設投資有限公司), China Railway Construction Northwest Investment & Construction Co., Ltd. (中鐵建西北投資建設有限公司), China Railway Construction (Yinchuan) City Development Co., Ltd. (中鐵建(銀川)城市發展有限公司), China Railway Material Group Yunnan Co., Ltd. (中鐵物資集團雲南有限公司), and Chongqing Jinlu Traffic Engineering Co., Ltd. (重慶金路交通工程有限責任公司) met requirements of "enterprises located in the Western Region, whose principal businesses are encouraged industries, and the income of which accounts for more than 70% of the total income of such enterprises", and are applicable to preferential income tax rate of 15% for the Western Region Development in 2019 and 2020.

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

IV. TAXATION (Continued)

2. Tax preferential (Continued)

Other preferential tax for the Company's subsidiaries

China Railway 11th Bureau Group Co., Ltd. (中鐵十一局集團有限公司): (1) its subsidiaries including China Railway 11th Bureau Group 1st Engineering Co., Ltd. (中鐵十一局集團第一工程有限公司), China Railway 11th Bureau Group 2nd Engineering Co., Ltd. (中鐵十一局集團第二工程有限公司), China Railway 11th Bureau Group 3rd Engineering Co., Ltd. (中鐵十一局集團第三工程有限公司), China Railway 11th Bureau Group 4th Engineering Co., Ltd. (中鐵十一局集團第四工程有限公司) and China Railway 11th Bureau Group City Rail Engineering Co., Ltd. (中鐵十一局集團城市軌道工程有限公司) have been recognised as High-tech Enterprises by Hubei Provincial Science and Technology Department, Hubei Provincial Department of Finance, and Hubei Provincial Tax Service, State Taxation Administration since 2019, and are entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2019 to 31 December 2021; (2) its subsidiary China Railway 11th Bureau Group Bridge Engineering Co., Ltd. (中鐵十一局集團橋樑有限公司) has been recognised as a High-tech Enterprise by Jiangxi Provincial Science and Technology Department, Jiangxi Provincial Department of Finance, and Jiangxi Provincial Tax Service, State Taxation Administration since 2019, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2019 to 31 December 2021; (3) its subsidiary China Railway 11 Bureau Group 6th Engineering Co., Ltd. of (中鐵十一局集團第六工程有限公司) has been recognised as a High-tech Enterprise by Hubei Provincial Science and Technology Department, Hubei Provincial Department of Finance, and Hubei Provincial Tax Service, State Taxation Administration since 2020, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2020 to 31 December 2022; and (4) its subsidiaries including China Railway 11th Bureau Hanjiang Heavy Industry Co., Ltd. (中鐵十一局集團漢江重工有限公司), China Railway 11th Bureau Electrical Engineering Co., Ltd. (中鐵十一局集團電務工程有限公司) and China Railway 11th Bureau Construction and Installation Engineering Co., Ltd. (中鐵十一局集團建築安裝工程有限公司) have been recognised as High-tech Enterprises by Hubei Provincial Science and Technology Department, Hubei Provincial Department of Finance, and Hubei Provincial Tax Service, State Taxation Administration since 2018, and are entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2018 to 31 December 2020.

China Railway 12th Bureau Group Co., Ltd. (中鐵十二局集團有限公司): (1) its subsidiary China Railway 12th Bureau Group 7th Engineering Co., Ltd. (中鐵十二局集團第七工程有限公司) has been recognised as a High-tech Enterprise by Hunan Provincial Science and Technology Department, Hunan Provincial Department of Finance, and Hunan Provincial Tax Service, State Taxation Administration since 2019, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2019 to 31 December 2021; (2) its subsidiary China Railway 12th Bureau Construction and Installation Engineering Co., Ltd. (中鐵十二局集團建築安裝工程有限公司) has been recognised as a High-tech Enterprise by Shanxi Provincial Science and Technology Department, Shanxi Provincial Department of Finance, and Shanxi Provincial Tax Service, State Taxation Administration since 2020, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2020 to 31 December 2022; (3) its subsidiaries including China Railway 12th Bureau Group 2nd Engineering Co., Ltd. (中鐵十二局集團第二工程有限公司) and China Railway 12th Bureau Group 3rd Engineering Co., Ltd. (中鐵十二局集團第三工程有限公司) have been recognised as High-tech enterprises by the Shanxi Science and Technology Department, Department of Finance of Shanxi, and Shanxi Provincial Tax Service, State Taxation Administration since 2018, and are entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2018 to 31 December 2020; and (4) its subsidiary Electrification Engineering Co., Ltd. of China Railway 12th Bureau Group (中鐵十二局集團電氣化工程有限公司) has been recognised as a High-tech enterprise by Tianjin Municipal Science and Technology Bureau, Tianjin Finance Bureau, and Tianjin Municipal Tax Service, State Taxation Administration since 2018, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2018 to 31 December 2020.

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

IV. TAXATION (Continued)

2. Tax preferential (Continued)

Other preferential tax for the Company's subsidiaries (Continued)

China Railway Construction Bridge Engineering Bureau Group Co., Ltd. (中國鐵建大橋工程局集團有限公司): (1) China Railway Construction Bridge Engineering Bureau Group Co., Ltd. (中國鐵建大橋工程局集團有限公司) has been recognised as a High-tech enterprise by Tianjin Municipal Science and Technology Bureau, Tianjin Finance Bureau, and Tianjin Municipal Tax Service, State Taxation Administration since 2019, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2019 to 31 December 2021; (2) its subsidiary China Railway Construction Bridge Engineering Bureau Group 1st Engineering Co., Ltd. (中國鐵建大橋工程局集團第一工程有限公司) has been recognised as a High-tech Enterprise by Dalian Science and Technology Bureau, Dalian Municipal Bureau of Finance, and Dalian Tax Service, State Taxation Administration since 2018, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2018 to 31 December 2020; (3) its subsidiary China Railway Construction Bridge Engineering Bureau Group 2nd Engineering Co., Ltd. (中國鐵建大橋工程局集團第二工程有限公司) has been recognised as a High-tech Enterprise by Shenzhen Science and Technology Bureau, Shenzhen Municipal Bureau of Finance, and Shenzhen Tax Service, State Taxation Administration since 2020, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2020 to 31 December 2022; (4) its subsidiary China Railway Construction Bridge Engineering Bureau Group 4th Engineering Co., Ltd. (中國鐵建大橋工程局集團第四工程有限公司) has been recognised as a High-tech Enterprise by Heilongjiang Provincial Science and Technology Department, Heilongjiang Provincial Department of Finance, and Heilongjiang Provincial Tax Service, State Taxation Administration since 2019, and are entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2019 to 31 December 2021; (5) its subsidiary China Railway Construction Bridge Engineering Bureau Group 6th Engineering Co., Ltd. (中國鐵建大橋工程局集團第六工程有限公司) has been recognised as a High-tech Enterprise by Jilin Provincial Science and Technology Bureau, Jilin Province Bureau of Finance, and Jilin Provincial Tax Service, State Taxation Administration since 2020, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2020 to 31 December 2022; (6) its subsidiary China Railway Bridge Engineering Group Electrification Engineering Co., Ltd. (中鐵建大橋工程局集團電氣化工程有限公司) has been recognised as a High-tech Enterprise by Tianjin Municipal Science and Technology Bureau, Tianjin Finance Bureau, and Tianjin Municipal Tax Service, State Taxation Administration since 2020, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2020 to 31 December 2022; (7) its subsidiary China Railway Modern Survey and Design Institute Group Co., Ltd. (中鐵現代勘察設計院有限公司) has been recognised as a High-tech Enterprise by Jilin Provincial Science and Technology Department, Jilin Province Department of Finance, and Jilin Provincial Tax Service, State Taxation Administration since 2018, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2018 till 31 December 2020; and (8) its subsidiary China Railway Jinqiao Engineering Testing Co., Ltd. (中鐵津橋工程檢測有限公司) has been recognised as a High-tech Enterprise by Jilin Provincial Science and Technology Bureau, Jilin Province Bureau of Finance, and Jilin Provincial Tax Service, State Taxation Administration since 2019, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2019 to 31 December 2021.

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

IV. TAXATION (Continued)

2. Tax preferential (Continued)

Other preferential tax for the Company's subsidiaries (Continued)

China Railway 14th Bureau Group Co., Ltd. (中鐵十四局集團有限公司): (1) its subsidiary China Railway 14th Bureau Group Fangshan Bridge Co., Ltd. (中鐵十四局集團房橋有限公司) has been recognised as a High-tech Enterprise by the Beijing Municipal Science & Technology Commission, Beijing Finance Bureau, and Beijing Municipal Tax Service, State Taxation Administration since 2018, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2018 to 31 December 2020; (2) its subsidiaries including Electrification Engineering Co., Ltd. of China Railway 14th Bureau Group (中鐵十四局集團電氣化工程有限公司), and Shandong Tiezheng Testing Technology Co., Ltd. (山東鐵正工程試驗檢測中心有限公司) have been recognised as High-tech Enterprises by Department of Science & Technology of Shandong Province, Shandong Provincial Department of Finance, and Shandong Provincial Tax Service, State Taxation Administration since 2018, and are entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2018 to 31 December 2020; (3) its subsidiary China Railway 14th Bureau Group 3rd Engineering Co., Ltd. (中鐵十四局集團第三工程有限公司) has been recognised as a High-tech Enterprise by Department of Science & Technology of Shandong Province, Shandong Provincial Department of Finance, and Shandong Provincial Tax Service, State Taxation Administration since 2019, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2019 to 31 December 2021; and (4) its subsidiary China Railway 14th Bureau Group Tunnel Engineering Co., Ltd. (中鐵十四局集團隧道工程有限公司) has been recognised as a High-tech Enterprise by Department of Science & Technology of Shandong Province, Shandong Provincial Department of Finance, and Shandong Provincial Tax Service, State Taxation Administration since 2020, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2020 to 31 December 2022.

China Railway 15th Bureau Group Co., Ltd. (中鐵十五局集團有限公司): (1) its subsidiary China Railway 15th Bureau Group 3rd Engineering Co., Ltd. (中鐵十五局集團第三工程有限公司) has been recognised as a High-tech Enterprise by Science & Technology Department of Sichuan Province, Sichuan Provincial Finance Department, and Sichuan Provincial Tax Service, State Taxation Administration since 2019, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2019 to 31 December 2021; (2) its subsidiary China Railway 15th Bureau Group 4th Engineering Co., Ltd. (中鐵十五局集團第四工程有限公司) has been recognised as a High-tech Enterprise by the Henan Science and Technology Department, Henan Provincial Department of Finance, and Henan Provincial Tax Service, State Taxation Administration since 2018, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2018 to 31 December 2020; (3) its subsidiary China Railway 15th Bureau Group 5th Engineering Co., Ltd. (中鐵十五局集團第五工程有限公司) has been recognised as a High-tech Enterprise by Tianjin Municipal Science and Technology Bureau, Tianjin Finance Bureau, and Tianjin Municipal Tax Service, State Taxation Administration since 2018, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2018 to 31 December 2020.

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

IV. TAXATION (Continued)

2. Tax preferential (Continued)

Other preferential tax for the Company's subsidiaries (Continued)

China Railway 16th Bureau Group Co., Ltd. (中鐵十六局集團有限公司): (1) China Railway 16th Bureau Group Co., Ltd. (中鐵十六局集團有限公司) and its subsidiaries including China Railway 16th Bureau Group 1st Engineering Co., Ltd. (中鐵十六局集團第一工程有限公司) and China Railway 16th Bureau Group Subway Engineering Co., Ltd. (中鐵十六局集團地鐵工程有限公司) have been recognised as High-tech Enterprises by Beijing Municipal Science & Technology Commission, Beijing Finance Bureau, and Beijing Municipal Tax Service, State Taxation Administration since 2018, and are entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2018 to 31 December 2020; (2) its subsidiaries including China Railway 16th Bureau Group 4th Engineering Co., Ltd. (中鐵十六局集團第四工程有限公司), China Railway 16th Bureau Group Beijing Metro Engineering Co., Ltd. (中鐵十六局集團北京軌道交通工程建設有限公司) and China Railway 16th Bureau Group Electrification Engineering Co., Ltd. (中鐵十六局集團電氣化工程有限公司) have been recognised as High-tech Enterprises by Beijing Municipal Science & Technology Commission, Beijing Finance Bureau, and Beijing Municipal Tax Service, State Taxation Administration since 2019, and are entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2019 to 31 December 2021; (3) its subsidiary China Railway 16th Bureau Group 5th Engineering Co., Ltd. (中鐵十六局集團第五工程有限公司) has been recognised as a High-tech Enterprise by Hebei Provincial Department of Science and Technology, Hebei Provincial Department of Finance, and Hebei Provincial Tax Service, State Taxation Administration since 2019, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2019 to 31 December 2021; (4) its subsidiary China Railway 16th Bureau Group 3rd Engineering Co., Ltd. (中鐵十六局集團第三工程有限公司) has been recognised as a High-tech Enterprise by Zhejiang Provincial Science and Technology Bureau, Zhejiang Provincial Department of Finance, and Zhejiang Provincial Tax Service, State Taxation Administration since 2020, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2020 to 31 December 2022; (5) its subsidiaries including China Railway 16th Bureau Group City Construction Development Co., Ltd. (中鐵十六局集團城市建設發展有限公司) and China Railway 16th Bureau Group Road & Bridge Engineering Co., Ltd. (中鐵十六局集團路橋工程有限公司) has been recognised as High-tech Enterprises by Beijing Municipal Science and Technology Commission, Beijing Finance Bureau, and Beijing Municipal Tax Service, State Taxation Administration since 2020, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2020 to 31 December 2022; (6) its subsidiary China Railway 16th Bureau Group 2nd Engineering Co., Ltd. (中鐵十六局集團第二工程有限公司) has been recognised as a High-tech Enterprise by Tianjin Municipal Science and Technology Bureau, Tianjin Finance Bureau, and Tianjin Municipal Tax Service, State Taxation Administration since 2018, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2018 to 31 December 2020; and (7) its subsidiary China Railway 16th Bureau Group Railway Transportation Engineering Co., Ltd. (中鐵十六局集團鐵運工程有限公司) has been recognised as a High-tech Enterprise by Inner Mongolia Autonomous Region Science & Technology Department, Inner Mongolia Autonomous Region Department of Finance, and Inner Mongolia Autonomous Region Tax Service, State Taxation Administration since 2018, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2018 to 31 December 2020.

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

IV. TAXATION (Continued)

2. Tax preferential (Continued)

Other preferential tax for the Company's subsidiaries (Continued)

China Railway 17th Bureau Group Co., Ltd. (中鐵十七局集團有限公司): (1) its subsidiary China Railway 17th Bureau 1st Engineering Co., Ltd. (中鐵十七局集團第一工程有限公司) has been recognised as a High-tech Enterprise by Department of Science & Technology of Shandong Province, Shandong Province Finance Bureau, and Shandong Provincial Tax Service, State Taxation Administration since 2019, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2019 to 31 December 2021; (2) its subsidiary China Railway 17th Bureau 3rd Engineering Co., Ltd. (中鐵十七局集團第三工程有限公司) has been recognised as a High-tech Enterprise by Hebei Provincial Department of Science and Technology, Hebei Provincial Department of Finance, and Hebei Provincial Tax Service, State Taxation Administration since 2020, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2020 to 31 December 2022; (3) its subsidiary China Railway 17th Bureau 5th Engineering Co., Ltd. (中鐵十七局集團第五工程有限公司) has been recognised as a High-tech Enterprise by Shanxi Provincial Science and Technology Department, Shanxi Provincial Department of Finance, and Shanxi Provincial Tax Service, State Taxation Administration since 2020, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2020 to 31 December 2022; (4) its subsidiary China Railway(Guizhou) Municipal Engineering Co., Ltd. (中鐵(貴州)市政工程有限公司) has been recognised as a High-tech Enterprise by Guizhou Provincial Department of Science and Technology, Guizhou Provincial Finance Bureau, and Guizhou Provincial Tax Service, State Taxation Administration since 2018, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2018 till 31 December 2020; (5) its subsidiary China Railway 17th Bureau Shanghai Rail Transit Engineering Co., Ltd. (中鐵十七局集團上海軌道交通工程有限公司) has been recognised as a High-tech Enterprise by Science and Technology Commission Shanghai Municipality, Shanghai Municipal Finance Bureau, and Shanghai Municipal Tax Service, State Taxation Administration since 2018, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2018 till 31 December 2020; (6) its subsidiaries including China Railway 17th Bureau Group Electrification Engineering Co., Ltd. (中鐵十七局集團電氣化工程有限公司) and China Railway 17th Bureau Group Construction Engineering Co., Ltd. (中鐵十七局集團建築工程有限公司) have been recognised as High-tech Enterprises by Shanxi Provincial Science and Technology Department, Shanxi Provincial Department of Finance, and Shanxi Provincial Tax Service, State Taxation Administration since 2019, and are entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2019 to 31 December 2021.

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

IV. TAXATION (Continued)

2. Tax preferential (Continued)

Other preferential tax for the Company's subsidiaries (Continued)

China Railway 18th Bureau Group Co., Ltd. (中鐵十八局集團有限公司): (1) its subsidiaries China Railway 18th Bureau Group 1st Engineering Co., Ltd. (中鐵十八局集團第一工程有限公司) and China Railway 18th Bureau Group 2nd Engineering Co., Ltd. (中鐵十八局集團第二工程有限公司) have been recognised as High-tech Enterprises by Hebei Provincial Department of Science and Technology, Hebei Provincial Department of Finance, and Hebei Provincial Tax Service, State Taxation Administration since 2020, and are entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2020 to 31 December 2022; (2) its subsidiary China Railway 18th Bureau Group 3rd Engineering Co., Ltd. (中鐵十八局集團第三工程有限公司) has been recognised as a High-tech Enterprise by Zhuozhou Municipal Science and Technology Bureau, Zhuozhou Municipal Bureau of Finance, and Zhuozhou Municipal Tax Service, State Taxation Administration since 2018, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2018 till 31 December 2020; (3) its subsidiary China Railway 18th Bureau Group 4th Engineering Co., Ltd. (中鐵十八局集團第四工程有限公司) has been recognised as a High-tech Enterprise by Tianjin Municipal Science and Technology Bureau, Tianjin Finance Bureau, and Tianjin Municipal Tax Service, State Taxation Administration since 2018, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2018 to 31 December 2020; (4) its subsidiary China Railway 18th Bureau Group 5th Engineering Co., Ltd. (中鐵十八局集團第五工程有限公司) has been recognised as a High-tech Enterprise by Tianjin Municipal Science and Technology Bureau, Tianjin Finance Bureau, and Tianjin Municipal Tax Service, State Taxation Administration since 2020, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2020 to 31 December 2022; and (5) its subsidiary China Railway 18th Bureau Group Construction and Installation Engineering Co., Ltd. (中鐵十八局集團建築安裝工程有限公司) has been recognised as a High-tech Enterprise by Tianjin Municipal Science and Technology Bureau, Tianjin Finance Bureau, and Tianjin Municipal Tax Service, State Taxation Administration since 2019, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2019 to 31 December 2021.

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

IV. TAXATION (Continued)

2. Tax preferential (Continued)

Other preferential tax for the Company's subsidiaries (Continued)

China Railway 19th Bureau Group Co., Ltd. (中鐵十九局集團有限公司): (1) its subsidiaries including China Railway 19th Bureau Group Rail Transit Engineering Co., Ltd. (中鐵十九局集團軌道交通工程有限公司) and China Railway 19th Bureau Group Mining Investment Co., Ltd. (中鐵十九局集團礦業投資有限公司) have been recognised as High-tech Enterprises by Beijing Municipal Science & Technology Commission, Beijing Finance Bureau, and Beijing Municipal Tax Service, State Taxation Administration since 2018, and are entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2018 to 31 December 2020; (2) its subsidiary China Railway 19th Bureau Group 5th Engineering Co., Ltd. (中鐵十九局集團第五工程有限公司) has been recognised as a High-tech Enterprise by Dalian Science and Technology Bureau, Dalian Municipal Bureau of Finance, and Dalian Tax Service, State Taxation Administration since 2019, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2019 to 31 December 2021; (3) its subsidiaries including China Railway 19th Bureau Group 1st Engineering Co., Ltd. (中鐵十九局集團有限公司第一工程有限公司) and China Railway 19th Bureau Group 2nd Engineering Co., Ltd. (中鐵十九局集團有限公司第二工程有限公司) have been recognised as High-tech Enterprises by Department of Science & Technology of Liaoning Province, Liaoning Province Finance Department, and Liaoning Provincial Tax Service, State Taxation Administration since 2020, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2020 to 31 December 2022; (4) its subsidiary China Railway 19th Bureau Group Corporation Electric Engineering Co., Ltd. (中鐵十九局集團電務工程有限公司) has been recognised as a High-tech Enterprise by Beijing Municipal Science & Technology Commission, Beijing Finance Bureau, and Beijing Municipal Tax Service, State Taxation Administration since 2020, and are entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2020 to 31 December 2022; (5) its subsidiary China Railway 19th Bureau Group 3rd Engineering Co., Ltd. (中鐵十九局集團有限公司第三工程有限公司) has been recognised as a High-tech Enterprise by Department of Science & Technology of Liaoning Province, Liaoning Province Finance Department, and Liaoning Provincial Tax Service, State Taxation Administration since 2018, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2018 to 31 December 2020; (6) its subsidiary China Railway 19th Bureau Group 6th Engineering Co., Ltd. (中鐵十九局集團有限公司第六工程有限公司) has been recognised as High-tech Enterprises by Department of Science & Technology of Jiangsu Province, Department of Finance of Jiangsu Province, and Jiangsu Provincial Tax Service, State Taxation Administration since 2020, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2020 to 31 December 2022; (7) its subsidiary China Railway 19th Bureau Group 7th Engineering Co., Ltd. (中鐵十九局集團有限公司第七工程有限公司) has been recognised as High-tech Enterprises by Department of Science & Technology of Guangdong Province, Department of Finance of Guangdong Province, and Guangdong Provincial Tax Service, State Taxation Administration since 2018, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2018 to 31 December 2020; and (8) its subsidiary China Railway 19th Bureau Group Guangzhou Engineering Co., Ltd. (中鐵十九局集團廣州工程有限公司) has been recognised as High-tech Enterprises by Department of Science & Technology of Guangdong Province, Department of Finance of Guangdong Province, and Guangdong Provincial Tax Service, State Taxation Administration since 2020, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2020 to 31 December 2022.

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

IV. TAXATION (Continued)

2. Tax preferential (Continued)

Other preferential tax for the Company's subsidiaries (Continued)

China Railway 20th Bureau Group Co., Ltd. (中鐵二十局集團有限公司): (1) its subsidiary China Railway 20th Bureau Group 4th Engineering Co., Ltd. (中鐵二十局集團第四工程有限公司) has been recognised as a High-tech Enterprise by Qingdao Science and Technology Bureau, Qingdao Municipal Bureau of Finance, and Qingdao Tax Service, State Taxation Administration since 2019, and is entitled to enjoy the preferential income tax rate at 15% from 1 January 2019 to 31 December 2021; and (2) its subsidiary China Railway Building and Installing Engineering Design Institute Co., Ltd. (中鐵建安工程設計院有限公司) has been recognised as a High-tech Enterprise by Hebei Provincial Department of Science and Technology, Hebei Provincial Department of Finance, and Hebei Provincial Tax Service, State Taxation Administration since 2018, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2018 to 31 December 2020.

China Railway 21st Bureau Group Co., Ltd. (中鐵二十一局集團有限公司): China Railway 21st Bureau Group Metro Engineering Co., Ltd. (中鐵二十一局集團軌道交通工程有限公司) has been recognised as a High-tech Enterprises by Department of Science & Technology of Shandong Province, Shandong Province Finance Bureau, and Shandong Provincial Tax Service, State Taxation Administration since 2019, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2019 to 31 December 2021.

China Railway 22nd Bureau Group Co., Ltd. (中鐵二十二局集團有限公司): (1) China Railway 22nd Bureau Group Co., Ltd. (中鐵二十二局集團有限公司) and its subsidiary China Railway 22nd Bureau Group Metro Co., Ltd. (中鐵二十二局集團軌道工程有限公司) have been recognised as High-tech Enterprises by Beijing Municipal Science & Technology Commission, Beijing Finance Bureau, and Beijing Municipal Tax Service, State Taxation Administration since 2019, and are entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2019 to 31 December 2021; (2) its subsidiary China Railway 22nd Bureau Group 4th Engineering Co., Ltd. (中鐵二十二局集團有限公司第四工程有限公司) has been recognised as a High-tech Enterprise by Tianjin Municipal Science and Technology Bureau, Tianjin Finance Bureau, and Tianjin Municipal Tax Service, State Taxation Administration since 2019, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2019 to 31 December 2021; (3) its subsidiary China Railway 22nd Bureau Group 3rd Engineering Co., Ltd. (中鐵二十二局集團有限公司第三工程有限公司) has been recognised as a High-tech Enterprise by Xiamen Science and Technology Bureau, Xiamen Municipal Bureau of Finance, and Xiamen Tax Service, State Taxation Administration since 2018, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2018 to 31 December 2020; and (4) its subsidiary China Railway 22nd Bureau Group Electrification Engineering Co., Ltd. (中鐵二十二局集團電氣化工程有限公司) has been recognised as a High-tech Enterprise by Beijing Municipal Science & Technology Commission, Beijing Finance Bureau, and Beijing Municipal Tax Service, State Taxation Administration since 2020, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2020 to 31 December 2022.

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

IV. TAXATION (Continued)

2. Tax preferential (Continued)

Other preferential tax for the Company's subsidiaries (Continued)

China Railway 23rd Bureau Group Co., Ltd. (中鐵二十三局集團有限公司): its subsidiary China Railway 23rd Bureau Group Rail Transit Engineering Co., Ltd. (中鐵二十三局集團軌道交通工程有限公司) has been recognised as a High-tech Enterprise by Shanghai Municipal Science & Technology Commission, Shanghai Finance Bureau, and Shanghai Municipal Tax Service, State Taxation Administration since 2020, and are entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2020 to 31 December 2022;

China Railway 24th Bureau Group Co., Ltd. (中鐵二十四局集團有限公司): China Railway 24th Bureau Group Co., Ltd. (中鐵二十四局集團有限公司) has been recognised as a High-tech Enterprise by Shanghai Municipal Science & Technology Commission, Shanghai Finance Bureau, and Shanghai Municipal Tax Service, State Taxation Administration since 2019, and are entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2019 to 31 December 2021;

China Railway 25th Bureau Group Co., Ltd. (中鐵二十五局集團有限公司): (1) China Railway 25th Bureau Group Co., Ltd. (中鐵二十五局集團有限公司) and its subsidiary China Railway 25th Bureau Group 1st Engineering Co., Ltd. (中鐵二十五局集團第一工程有限公司) have been recognised as High-Tech Enterprises by Department of Science & Technology of Guangdong Province, Department of Finance of Guangdong Province, and Guangdong Provincial Tax Service, State Taxation Administration since 2018, and are entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2018 to 31 December 2020; (2) its subsidiary China Railway 25th Bureau Group 4th Engineering Co., Ltd. (中鐵二十五局集團第四工程有限公司) has been recognised as a High-tech Enterprise by Department of Science and Technology of Guangxi Zhuang Autonomous Region, Department of Finance of Guangxi Zhuang Autonomous Region, and Guangxi Zhuang Autonomous Region Tax Service, State Taxation Administration since 2019, and is entitled to enjoy the preferential income tax rate at 15% from 1 January 2019 to 31 December 2021; (3) its subsidiary China Railway 25th Bureau Group 5th Engineering Co., Ltd. (中鐵二十五局集團第五工程有限公司) has been recognised as a High-tech Enterprise by Qingdao Science and Technology Bureau, Qingdao Municipal Bureau of Finance, and Qingdao Tax Service, State Taxation Administration since 2018, and is entitled to enjoy the preferential income tax rate at 15% from 1 January 2018 to 31 December 2020; (4) its subsidiary China Railway 25th Bureau Group 3rd Engineering Co., Ltd. (中鐵二十五局集團第三工程有限公司) has been recognised as a High-tech Enterprise by Hunan Provincial Science and Technology Department, Hunan Provincial Department of Finance, and Hunan Provincial Tax Service, State Taxation Administration since 2019, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2019 to 31 December 2021; (5) its subsidiaries including Guangzhou Tiecheng Engineering Inspection Co., Ltd. (廣州鐵誠工程質量檢測有限公司) and China Railway 25th Bureau Group Electric Engineering Co., Ltd. (中鐵二十五局集團電務工程有限公司) have been recognised as High-tech Enterprises by Department of Science & Technology of Guangdong Province, Department of Finance of Guangdong Province, and Guangdong Provincial Tax Service, State Taxation Administration since 2019, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2019 to 31 December 2021; and (6) its subsidiary Liuzhou Railway Engineering Quality Testing Center Co., Ltd. (柳州鐵路工程質量檢測中心有限公司) has been recognised as a High-tech Enterprise by Department of Science and Technology of Guangxi Zhuang Autonomous Region, Department of Finance of Guangxi Zhuang Autonomous Region, and Guangxi Zhuang Autonomous Region Tax Service, State Taxation Administration since 2020, and is entitled to enjoy the preferential income tax rate at 15% from 1 January 2020 to 31 December 2022;

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

IV. TAXATION (Continued)

2. Tax preferential (Continued)

Other preferential tax for the Company's subsidiaries (Continued)

China Railway Construction Corporation(中鐵建設集團有限公司): (1) China Railway Construction Corporation(中鐵建設集團有限公司) has been recognised as a High-tech Enterprise by Beijing Municipal Science & Technology Commission, Beijing Finance Bureau, and Beijing Municipal Tax Service, State Taxation Administration since 2020, and are entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2020 to 31 December 2022; (2) its subsidiaries Beijing CRCC Decoration Engineering Co., Ltd. (北京中鐵裝飾工程有限公司), Beijing CRCC Architecture & Technology Co., Ltd. (北京中鐵建築科技有限公司) and Beijing CRCC Elevator Engineering Co., Ltd. (北京中鐵電梯工程有限公司) have been recognised as High-tech Enterprises by Beijing Municipal Science & Technology Commission, Beijing Finance Bureau, and Beijing Municipal Tax Service, State Taxation Administration since 2018, and are entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2018 till 31 December 2020; (3) its subsidiaries China Railway Construction Group Equipment Co., Ltd. (中鐵建設集團設備安裝有限公司) and China Railway Construction Group Infrastructure Construction Co., Ltd. (中鐵建設集團基礎設施建設有限公司) have been recognised as High-tech Enterprises by Beijing Municipal Science & Technology Commission, Beijing Finance Bureau, and Beijing Municipal Tax Service, State Taxation Administration since 2019, and are entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2019 to 31 December 2021; and (4) its subsidiary China Railway Construction Group South Engineering Co., Ltd. (中鐵建設集團南方工程有限公司) has been recognised as a High-tech Enterprises by Department of Science & Technology of Guangdong Province, Department of Finance of Guangdong Province, and Guangdong Provincial Tax Service, State Taxation Administration since 2019, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2019 to 31 December 2021.

China Railway Construction Electrification Bureau Group Co., Ltd. (中國鐵建電氣化局集團有限公司): (1) China Railway Construction Electrification Bureau Group Co., Ltd. (中國鐵建電氣化局集團有限公司) and its subsidiary Beijing CRCC Electrification Design Institute Co., Ltd. (北京中鐵建電氣化設計研究院有限公司) have been recognised as High-tech Enterprises by Beijing Municipal Science & Technology Commission, Beijing Finance Bureau, and Beijing Municipal Tax Service, State Taxation Administration since 2018, and are entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2018 to 31 December 2020; (2) its subsidiary China Railway Construction Electrification Bureau Group 1st Engineering Co., Ltd. (中鐵建電氣化局集團第一工程有限公司) has been recognised as a High-tech Enterprise by the Henan Science and Technology Department, Henan Provincial Department of Finance, and Henan Provincial Tax Service, State Taxation Administration since 2019, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2019 to 31 December 2021; (3) its subsidiary China Railway Construction Electrification Bureau Group 3rd Engineering Co., Ltd. (中鐵建電氣化局集團第三工程有限公司) has been recognised as a High-tech Enterprise by Hebei Provincial Department of Science and Technology, Hebei Provincial Department of Finance, and Hebei Provincial Tax Service, State Taxation Administration since 2019, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2019 to 31 December 2021; (4) its subsidiary China Railway Construction Electrification Bureau Group 4th Engineering Co., Ltd. (中鐵建電氣化局集團第四工程有限公司) has been recognised as a High-tech Enterprise by Hunan Provincial Science and Technology Department, Hunan Provincial Department of Finance, and Hunan Provincial Tax Service, State Taxation Administration since 2020, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2020 to 31 December 2022; (5) its

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

IV. TAXATION (Continued)

2. Tax preferential (Continued)

Other preferential tax for the Company's subsidiaries (Continued)

subsidiary China Railway Construction Electrification Bureau Group 5th Engineering Co., Ltd. (中國鐵建電氣化局集團第五工程有限公司) has been recognised as a High-tech Enterprise by Science & Technology Department of Sichuan Province, Sichuan Provincial Finance Department, and Sichuan Provincial Tax Service, State Taxation Administration since 2019, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2019 till 31 December 2021; (6) its subsidiary China Railway Construction Electrification Bureau Group Kang Yuan New Material Co., Ltd. (中鐵建電氣化局集團康遠新材料有限公司) has been recognised as a High-tech Enterprise by Department of Science & Technology of Jiangsu Province, Department of Finance of Jiangsu Province, and Jiangsu Provincial Tax Service, State Taxation Administration since 2020, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2020 to 31 December 2022; (7) its subsidiary China Railway Construction Electrification Bureau Group South Engineering Co., Ltd. (中鐵建電氣化局集團南方工程有限公司) has been recognised as a High-tech Enterprise by Hubei Provincial Science and Technology Department, Hubei Provincial Department of Finance, and Hubei Provincial Tax Service, State Taxation Administration since 2018, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2018 to 31 December 2020; (8) its subsidiary China Railway Construction Electrification Bureau Group Science and Technology Co., Ltd. (中鐵建電氣化局集團科技有限公司) has been recognised as a High-tech Enterprise by Hebei Provincial Department of Science and Technology, Hebei Provincial Department of Finance, and Hebei Provincial Tax Service, State Taxation Administration since 2018, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2018 to 31 December 2020; (9) its subsidiary China Railway Construction Electrification Bureau Group Metro Engineering Machinery Co., Ltd. (中鐵建電氣化局集團軌道交通器材有限公司) has been recognised as a High-tech Enterprise by Jiangsu Provincial Science and Technology Department, Department of Finance of Jiangsu Province, and Jiangsu Provincial Tax Service, State Taxation Administration since 2018, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2018 to 31 December 2020; and (10) its subsidiary China Railway Construction Electrification Bureau Group North Engineering Co., Ltd. (中國鐵建電氣化局集團北方工程有限公司) has been recognised as a High-tech Enterprise by Beijing Municipal Science & Technology Commission, Beijing Finance Bureau, and Beijing Municipal Tax Service, State Taxation Administration since 2020, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2020 to 31 December 2022.

CRCC Harbour and Channel Engineering Bureau Group Co., Ltd. (中國鐵建港航局集團有限公司): (1) CRCC Harbour and Channel Engineering Bureau Group Co., Ltd. (中國鐵建港航局集團有限公司) has been recognised as a High-tech Enterprise by Department of Science & Technology of Guangdong Province, Department of Finance of Guangdong Province, and Guangdong Provincial Tax Service, State Taxation Administration since 2020, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2020 to 31 December 2022; and (2) its subsidiary CRCC Harbour and Channel Engineering Bureau Group Survey & Design Institute Co., Ltd. (中鐵建港航局集團勘察設計院有限公司) has been recognised as a High-tech Enterprise by Department of Science & Technology of Guangdong Province, Department of Finance of Guangdong Province, and Guangdong Provincial Tax Service, State Taxation Administration since 2018, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2018 to 31 December 2020.

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

IV. TAXATION (Continued)

2. Tax preferential (Continued)

Other preferential tax for the Company's subsidiaries (Continued)

China Railway Urban Construction Group Co., Ltd. (中鐵城建集團有限公司): (1) China Railway Urban Construction Group Co., Ltd. (中鐵城建集團有限公司) has been recognised as a High-tech Enterprise by Hunan Provincial Science and Technology Department, Hunan Provincial Department of Finance, and Hunan Provincial Tax Service, State Taxation Administration since 2018, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2018 to 31 December 2020; (2) its subsidiary Beijing Engineering Company Limited of China Railway Urban Construction Group (中鐵城建北京工程有限公司) has been recognised as a High-tech Enterprise by Beijing Municipal Science & Technology Commission, Beijing Finance Bureau, and Beijing Municipal Tax Service, State Taxation Administration since 2020, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2020 to 31 December 2022; (3) its subsidiary China Railway Urban Construction Group 1st Engineering Co., Ltd. (中鐵城建集團第一工程有限公司) has been recognised as a High-tech Enterprise by the Shanxi Science and Technology Department, Department of Finance of Shanxi, and Shanxi Provincial Tax Service, State Taxation Administration since 2018, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2018 to 31 December 2020; (4) its subsidiary China Railway Urban Construction Group 2nd Engineering Co., Ltd. (中鐵城建集團第二工程有限公司) has been recognised as a High-tech Enterprise by Department of Science & Technology of Guangdong Province, Department of Finance of Guangdong Province, and Guangdong Provincial Tax Service, State Taxation Administration since 2018, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2018 to 31 December 2020; (5) its subsidiary China Railway Urban Construction Group 3rd Engineering Co., Ltd. (中鐵城建集團第三工程有限公司) has been recognised as a High-tech Enterprise by Tianjin Municipal Science and Technology Bureau, Tianjin Finance Bureau, and Tianjin Municipal Tax Service, State Taxation Administration since 2018, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2018 to 31 December 2020; and (6) its subsidiary China Railway Urban Construction Group Nanchang Construction Co., Ltd. (中鐵城建集團南昌建設有限公司) has been recognised as a High-tech Enterprise by Jiangxi Provincial Science and Technology Department, Jiangxi Provincial Department of Finance, and Jiangxi Provincial Tax Service, State Taxation Administration since 2020, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2020 to 31 December 2022.

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

IV. TAXATION (Continued)

2. Tax preferential (Continued)

Other preferential tax for the Company's subsidiaries (Continued)

China Railway SIYUAN Survey and Design Group Co., Ltd. (中鐵第四勘察設計院集團有限公司): (1) China Railway SIYUAN Survey and Design Group Co., Ltd. (中鐵第四勘察設計院集團有限公司) and its subsidiary Railway SIYUAN (Hubei) Engineering Supervision Consulting Co., Ltd. (鐵四院(湖北)工程監理諮詢有限公司) have been recognised as High-tech Enterprises by Hubei Provincial Science and Technology Department, Hubei Provincial Department of Finance, and Hubei Provincial Tax Service, State Taxation Administration since 2020 and are entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2020 to 31 December 2022; (2) its subsidiaries including China Railway SIYUAN Survey and Design Group Engineering Construction Co., Ltd. (中鐵四院集團工程建設有限責任公司) and Wuhan Tiechen Engineering Testing Co., Ltd. (武漢鐵辰工程檢測有限公司) have been recognised as High-tech Enterprises by Hubei Provincial Science and Technology Department, Hubei Provincial Department of Finance, and Hubei Provincial Tax Service, State Taxation Administration since 2018 and are entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2018 to 31 December 2020; (3) its subsidiary New Rail Transit Design and Research Institute Co., Ltd. of China Railway SIYUAN Survey and Design Group Co., Ltd. (中鐵四院集團新型軌道交通設計研究院有限公司) has been recognised as a High-tech Enterprise by Jiangsu Provincial Science and Technology Department, Department of Finance of Jiangsu Province, and Jiangsu Provincial Tax Service, State Taxation Administration since 2018 and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2018 till 31 December 2020; (4) its subsidiary Wuhan Railway SIYUAN Engineering Consulting Co., Ltd. (武漢鐵四院工程諮詢有限公司) has been recognised as a High-tech Enterprise by Hubei Provincial Science and Technology Department, Hubei Provincial Department of Finance, and Hubei Provincial Tax Service, State Taxation Administration since 2019 and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2019 to 31 December 2021; and (5) its subsidiary Guangzhou Holding Company of The China Railway SIYUAN Survey and Design Group Co., Ltd. (中鐵四院集團廣州設計院有限公司) has been recognised as High-tech Enterprises by Department of Science & Technology of Guangdong Province, Department of Finance of Guangdong Province, and Guangdong Provincial Tax Service, State Taxation Administration since 2020, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2020 to 31 December 2022.

China Railway Fifth Survey and Design Institute Group Co., Ltd. (中鐵第五勘察設計院集團有限公司): China Railway Fifth Survey and Design Institute Group Co., Ltd. (中鐵第五勘察設計院集團有限公司) and its subsidiaries including Beijing Railway Fifth Group Engineering Machinery Co., Ltd. (北京鐵五院工程機械有限公司) and Beijing China Railway Construction North Road & Bridge Engineering Co., Ltd. (北京中鐵建北方路橋工程有限公司) have been recognised as High-tech Enterprises by Beijing Municipal Science & Technology Commission, Beijing Finance Bureau, and Beijing Municipal Tax Service, State Taxation Administration since 2020, and are entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2020 to 31 December 2022.

China Railway Construction Heavy Industry Corporation Limited (中國鐵建重工集團股份有限公司): China Railway Construction Heavy Industry Corporation Limited (中國鐵建重工集團股份有限公司) and its subsidiary Zhuzhou China Railway Electric Materials Co., Ltd. (株洲中鐵電氣物資有限公司) have been recognised as a High-tech Enterprises by China Hunan Provincial Science & Technology Department, Hunan Provincial Department of Finance, and Hunan Provincial Tax Service, State Taxation Administration since 2020, and are entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2020 to 31 December 2022.

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

IV. TAXATION (Continued)

2. Tax preferential (Continued)

Other preferential tax for the Company's subsidiaries (Continued)

China Civil Engineering Construction Corporation (中國土木工程集團有限公司): its subsidiary China Railway CCECC Fuzhou Survey & Design Institute Co., Ltd. (中土集團福州勘察設計研究院有限公司) has been recognised as a High-tech Enterprise by Fujian Provincial Department of Science and Technology, Fujian Provincial Department of Finance, and Fujian Provincial Tax Service, State Taxation Administration since 2020, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2020 to 31 December 2022.

China Railway Shanghai Design Institute Group Co., Ltd. (中鐵上海設計院集團有限公司): China Railway Shanghai Design Institute Group Co., Ltd. (中鐵上海設計院集團有限公司) has been recognised as a High-tech Enterprise by Science and Technology Commission Shanghai Municipality, Shanghai Municipal Finance Bureau, and Shanghai Municipal Tax Service, State Taxation Administration since 2018, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2018 to 31 December 2020.

CRCC High-Tech Equipment Corporation Limited (中國鐵建高新裝備股份有限公司): its subsidiary Beijing Ruiweitong Engineering Machinery Co., Ltd. (北京瑞維通工程機械有限公司) has been recognised as a High-tech Enterprise by Beijing Municipal Science & Technology Commission, Beijing Finance Bureau, and Beijing Municipal Tax Service, State Taxation Administration since 2018, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2018 to 31 December 2020.

China Railway Maglev Transportation Investment Construction Co., Ltd. (中鐵磁浮交通投資建設有限公司): China Railway Maglev Transportation Investment Construction Co., Ltd. (中鐵磁浮交通投資建設有限公司) has been recognised as a High-tech Enterprise by Hubei Provincial Science and Technology Department, Hubei Provincial Department of Finance, and Hubei Provincial Tax Service, State Taxation Administration since 2020, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2020 to 31 December 2022.

CRCC Cyber Information Technology Co., Ltd. (中鐵建網絡信息科技有限公司): CRCC Cyber Information Technology Co., Ltd. (中鐵建網絡信息科技有限公司) has been recognised as a High-tech Enterprise by Beijing Municipal Science & Technology Commission, Beijing Finance Bureau, and Beijing Municipal Tax Service, State Taxation Administration since 2019, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2019 to 31 December 2021.

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

1. Cash and bank balances

RMB'000

Item	31 December 2020	31 December 2019
Cash on hand	63,475	97,202
Cash at banks	173,759,526	142,462,384
Other cash and bank balances	7,475,759	7,770,596
Mandatory reserves placed by CRCC Finance Company Limited with the central bank	6,698,286	6,556,995
Total	187,997,046	156,887,177

The restricted cash and bank balances of the Group are stated in Note V. 63.

As at 31 December 2020, the Group held foreign cash and bank balances amounting to RMB13,646,348,000 (31 December 2019: RMB9,263,845,000), and held no restricted deposits (31 December 2019: Nil).

RMB'000

Item	31 December 2020	31 December 2019
Cash and bank balances at the end of the year	187,997,046	156,887,177
Less: Mandatory reserves placed by CRCC Finance Company Limited with the central bank	6,698,286	6,556,995
Less: Other restricted cash and bank balances	7,402,151	7,708,492
Less: Non-pledged time deposits with original maturity of three months or more when acquired	6,227,113	2,328,074
Cash and cash equivalents at the end of the year	167,669,496	140,293,616

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. Held-for-trading financial assets

RMB'000

Item	31 December 2020	31 December 2019
Monetary fund products	–	3,009,186
Equity instruments	150,183	168,119
Others	436,839	410,341
Total	587,022	3,587,646

3. Bills receivable

RMB'000

Item	31 December 2020	31 December 2019
Commercial acceptance bills	17,702,191	10,260,964
Bank acceptance bills	606,185	91,053
Less: Impairment of credit losses	65,560	46,743
Total	18,242,816	10,305,274

The restricted bills receivable of the Group are stated in Note V. 63.

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

4. Receivables at FVTOCI

RMB'000

Item	31 December 2020	31 December 2019
Bank acceptance bills	3,683,653	2,654,263
Total	3,683,653	2,654,263

As at 31 December 2020, the Group had RMB3,870,101,000 (31 December 2019: RMB1,098,468,000) non-matured bills receivable which had right of recourse and had been discounted or endorsed to other parties. The Group derecognised those bills receivable as the Group considered that all risks and rewards of the ownership had been transferred from the discounted or endorsed bills receivable since there was extremely low risk of the acceptor's inability to cash the bills upon expiry due to the acceptor's good reputation.

5. Trade receivables

An aging analysis of trade receivables is listed as follows:

RMB'000

Aging	31 December 2020	31 December 2019
Within 1 year	102,570,270	92,147,207
1 to 2 years	16,542,230	14,220,068
2 to 3 years	6,122,823	6,306,436
Over 3 years	8,728,128	6,077,845
Subtotal	133,963,451	118,751,556
Less: Impairment of credit losses	8,267,247	6,613,019
Total	125,696,204	112,138,537

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5. Trade receivables (Continued)

Movements in impairment of credit losses for trade receivables are listed as follows:

	<i>RMB'000</i>	
Item	2020	2019
Opening balance of current year	6,613,019	4,705,845
Provision for the year	3,270,335	2,939,511
Less: Reversal for the year	1,310,500	898,997
Less: Write-off for the year	138,917	99,405
Others	(166,690)	(33,935)
Closing balance of current year	8,267,247	6,613,019

The movements in detail of impairment of credit losses for the year ended 31 December 2020 are presented in Note VIII. 3.

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5. Trade receivables (Continued)

Trade receivables and impairment of credit losses by category are listed as follows:

RMB'000

Category	Gross carrying amount		31 December 2020 Impairment of credit losses		Carrying amount
	Amount	Percentage (%)	Amount	Percentage (%)	
Impairment of credit losses assessed individually	7,086,982	5.29	4,308,160	60.79	2,778,822
Impairment of credit losses assessed by credit risk portfolio	126,876,469	94.71	3,959,087	3.12	122,917,382
Total	133,963,451	100.00	8,267,247	6.17	125,696,204

RMB'000

Category	Gross carrying amount		31 December 2019 Impairment of credit losses		Carrying amount
	Amount	Percentage (%)	Amount	Percentage (%)	
Impairment of credit losses assessed individually	5,337,174	4.49	3,394,656	63.60	1,942,518
Impairment of credit losses assessed by credit risk portfolio	113,414,382	95.51	3,218,363	2.84	110,196,019
Total	118,751,556	100.00	6,613,019	5.57	112,138,537

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5. Trade receivables (Continued)

As at 31 December 2020, trade receivables whose impairment of credit losses were assessed individually are listed as follows:

RMB'000

Company name	Gross carrying amount	Impairment of credit losses	Provision percentage (%)	Reasons
Company 1	575,639	342,873	59.56	Note
Company 2	240,519	240,519	100.00	Note
Company 3	226,220	24,568	10.86	Note
Company 4	212,523	212,523	100.00	Note
Company 5	180,836	81,376	45.00	Note
Others	5,651,245	3,406,301	60.28	–
Total	7,086,982	4,308,160	60.79	–

Note: According to the recoverability of receivables, the Group recorded all or a portion of impairment of credit losses.

As at 31 December 2020, trade receivables whose impairment of credit losses were assessed by credit risk portfolio are listed as follows:

RMB'000

Aging	31 December 2020			
	Gross carrying amount		Impairment of credit losses	
	Amount	Percentage (%)	Amount	Percentage (%)
Within 1 year	102,228,891	80.57	921,696	0.90
1 to 2 years	15,418,657	12.15	821,763	5.33
2 to 3 years	5,390,735	4.25	628,209	11.65
Over 3 years	3,838,186	3.03	1,587,419	41.36
Total	126,876,469	100.00	3,959,087	3.12

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5. Trade receivables (Continued)

As at 31 December 2020, trade receivables from the five largest customers are listed as follows:

RMB'000

Company name	Relationship with the Group	Amount	Aging	Percentage of total trade receivables (%)
Company 1	Third party	1,890,532	Within 1 year	1.41
Company 2	Third party	1,626,577	Within 1 year	1.21
Company 3	Third party	1,124,370	Within 1 year	0.84
Company 4	Third party	800,980	Within 1 year	0.60
Company 5	Third party	771,589	Within 1 year	0.58
Total	–	6,214,048	–	4.64

For the year ended 31 December 2020, the write-off of trade receivables amounted to RMB138,917,000 (For the year ended 31 December 2019: RMB99,405,000)

Transferred trade receivables that are derecognised are analyzed as follows:

For the year ended 31 December 2020, the Group derecognised trade receivables of RMB55,699,312,000 (For the year ended 31 December 2019: RMB52,130,810,000) due to transfer of financial assets and recognised losses from derecognition of financial assets, amounting to RMB2,639,464,000 (For the year ended 31 December 2019: RMB2,720,403,000).

Assets and liabilities recognised due to continuing involvement in the transferred asset:

As at 31 December 2020, the Group recognised assets of RMB381,000,000 and liabilities of RMB381,000,000 (As at 31 December 2019: RMB374,000,000 and RMB374,000,000) related to continuing involvement of transferred trade receivables.

The restricted trade receivables of the Group are stated in Note V. 63.

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

6. Advances to suppliers

An aging analysis of advances to suppliers is listed as follows:

RMB'000

Aging	31 December 2020		31 December 2019	
	Gross carrying amount	Percentage (%)	Gross carrying amount	Percentage (%)
Within 1 year	23,782,856	97.81	23,826,757	97.91
1 to 2 years	294,588	1.21	261,322	1.07
2 to 3 years	225,999	0.93	191,190	0.79
Over 3 years	13,048	0.05	56,712	0.23
Total	24,316,491	100.00	24,335,981	100.00

As at 31 December 2020, there were no significant advances to suppliers aged over one year.

As at 31 December 2020, advances to the five largest suppliers are listed as follows:

RMB'000

Company name	Relationship with the Group	Amount	Time for prepayment	Percentage of total advances to suppliers (%)
Company 1	Third party	270,000	Within 1 year	1.11
Company 2	Third party	204,416	Within 1 year	0.84
Company 3	Third party	181,210	Within 1 year	0.75
Company 4	Third party	180,212	Within 1 year	0.74
Company 5	Third party	147,103	Within 1 year	0.60
Total	—	982,941	—	4.04

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

7. Other receivables

An aging analysis of other receivables is listed as follows:

RMB'000

Aging	31 December 2020	31 December 2019
Within 1 year	53,477,470	50,868,850
1 to 2 years	7,123,511	6,229,654
2 to 3 years	5,852,947	2,998,293
Over 3 years	5,085,125	4,770,025
Subtotal	71,539,053	64,866,822
Less: Impairment of credit losses	5,155,972	4,766,484
Total	66,383,081	60,100,338

Movements in the impairment of credit losses of other receivables are listed as follows:

RMB'000

Item	2020	2019
Opening balance of the current year	4,766,484	3,828,719
Provision for the year	1,032,493	1,000,212
Less: Reversal for the year	361,562	272,810
Less: Write-off for the year	216,753	53,916
Others	(64,690)	264,279
Closing balance of the current year	5,155,972	4,766,484

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

7. Other receivables (Continued)

- (1) As at 31 December 2020, analysis of impairment of credit losses of other receivables at phase I by portfolio is listed as follows:

RMB'000

Nature	Gross carrying amount	Impairment of credit losses	Provision percentage (%)
Loans for cooperative development project	36,839,524	41,726	0.11
Security deposit and cash pledged	18,390,168	558,684	3.04
Advance payments	5,534,511	83,121	1.50
Others	5,293,861	289,863	5.48
Total	66,058,064	973,394	1.47

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

7. Other receivables (Continued)

- (2) As at 31 December 2020, analysis of impairment of credit losses of other receivables at phase II is listed as follows:

RMB'000

Category	31 December 2020				Carrying amount
	Gross carrying amount Amount	Percentage (%)	Impairment of credit losses Amount	Percentage (%)	
Impairment of credit losses assessed by credit risk portfolio	1,604,508	100.00	511,336	31.87	1,093,172
Total	1,604,508	100.00	511,336	31.87	1,093,172

- (3) As at 31 December 2020, analysis of impairment of credit losses of other receivables at phase III is listed as follows:

RMB'000

Category	31 December 2020				Carrying amount
	Gross carrying amount Amount	Percentage (%)	Impairment of credit losses Amount	Percentage (%)	
Impairment of credit losses assessed individually	3,373,867	87.03	3,204,477	94.98	169,390
Impairment of credit losses assessed by credit risk portfolio	502,614	12.97	466,765	92.87	35,849
Total	3,876,481	100.00	3,671,242	94.71	205,239

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

7. Other receivables (Continued)

Impairment of credit losses assessed individually of other receivables are listed as follows:

RMB'000

Company name	Gross carrying amount	Impairment of credit losses	Provision percentage (%)	Reasons
Company 1	446,618	446,618	100.00	Note
Company 2	233,186	183,186	78.56	Note
Company 3	193,168	193,168	100.00	Note
Company 4	118,947	95,158	80.00	Note
Company 5	109,252	109,252	100.00	Note
Others	2,272,696	2,177,095	95.79	–
Total	3,373,867	3,204,477	94.98	–

Note: According to the recoverability of other receivables, the Group recorded all or a portion of impairment of credit losses.

For the year ended 31 December 2020, the write-off of other receivables amounted to RMB216,753,000 (for the year ended 31 December 2019: RMB53,916,000).

Gross carrying amount of other receivables categorized by nature is listed as follows:

RMB'000

Nature	31 December 2020	31 December 2019
Loans for cooperative development project	36,839,524	28,657,086
Security deposit and cash pledged	19,973,944	17,947,945
Advance payments	5,834,607	7,363,930
Others	8,890,978	10,897,861
Total	71,539,053	64,866,822

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

7. Other receivables (Continued)

As at 31 December 2020, other receivables from the five largest customers are listed as follows:

RMB'000

Company name	Gross carrying amount	Percentage of total other receivables (%)	Nature	Aging	Impairment of credit losses
Company 1	2,879,247	4.02	Loans for cooperative development project	Within 3 years	2,879
Company 2	2,072,975	2.90	Loans for cooperative development project	Within 2 years	2,073
Company 3	2,060,932	2.88	Loans for cooperative development project	Within 1 years	289
Company 4	1,721,574	2.41	Loans for cooperative development project	Within 1 year	1,722
Company 5	1,611,118	2.25	Loans for cooperative development project	Within 4 years	1,611
Total	10,345,846	14.46	–	–	8,574

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

8. Inventories

RMB'000

Item	31 December 2020		Carrying amount
	Gross carrying amount	Provision for decline in value	
Raw materials	23,653,604	22,508	23,631,096
Work in progress	2,550,805	–	2,550,805
Finished goods	6,066,574	153,248	5,913,326
Turnover materials	11,407,895	99,514	11,308,381
Properties under development (1)	158,221,386	730,436	157,490,950
Completed properties held for sale (2)	32,361,699	897,527	31,464,172
Total	234,261,963	1,903,233	232,358,730

RMB'000

Item	31 December 2019		Carrying amount
	Gross carrying amount	Provision for decline in value	
Raw materials	22,367,821	14,056	22,353,765
Work in progress	2,095,484	–	2,095,484
Finished goods	5,998,048	197,507	5,800,541
Turnover materials	10,299,081	99,514	10,199,567
Properties under development (1)	123,214,723	840,394	122,374,329
Completed properties held for sale (2)	32,635,344	567,455	32,067,889
Total	196,610,501	1,718,926	194,891,575

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

8. Inventories (Continued)

Movements in the provision for decline in value of inventories are listed as follows:

RMB'000

Item	1 January 2020	Additions		Reductions		31 December 2020
		Provision	Others	Reversal	Write-off and Others	
Raw materials	14,056	9,724	–	1,232	40	22,508
Finished goods	197,507	1,789	–	32,843	13,205	153,248
Turnover materials	99,514	–	–	–	–	99,514
Properties under development	840,394	47,457	–	–	157,415	730,436
Completed properties held for sale	567,455	362,190	160,025	13,180	178,963	897,527
Total	1,718,926	421,160	160,025	47,255	349,623	1,903,233

RMB'000

Item	1 January 2019	Additions		Reductions		31 December 2019
		Provision	Others	Reversal	Write-off and Others	
Raw materials	21,815	3,321	–	–	11,080	14,056
Finished goods	168,380	41,341	–	6,986	5,228	197,507
Turnover materials	99,514	–	–	–	–	99,514
Properties under development	1,099,596	51,747	20,118	–	331,067	840,394
Completed properties held for sale	394,619	113,658	257,881	–	198,703	567,455
Total	1,783,924	210,067	277,999	6,986	546,078	1,718,926

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

8. Inventories (Continued)

(1) Details of the properties under development are listed as follows:

RMB'000

Project name	Construction commencement date	Estimated latest completion date	Estimated aggregate investment amount	31 December 2020	31 December 2019
Tianjin Guoyin Wenyuan Project	October 2018	September 2021	10,009,470	7,325,443	6,474,997
Xipai Jinsha Residence Project	May 2020	January 2022	10,301,036	6,961,243	810,000
Wenzhou Lucheng Future Community	September 2020	August 2023	10,705,140	5,207,538	-
CRCC Haiyu Xi'an Project	August 2019	April 2022	11,276,542	5,008,482	3,978,450
CRCC Xipai City Project	September 2017	June 2022	12,427,584	4,649,034	3,776,429
International Mansion Project	July 2019	May 2022	5,576,179	4,414,447	4,117,115
Nanjing Huayu Xi'an Residence Project	June 2020	August 2022	5,223,862	3,708,244	1,285,000
Chongqing Dadukou Project	July 2019	September 2022	5,889,404	3,563,598	3,085,278
Shaoxing Huayujiangnan Mansion Project	August 2019	December 2021	5,808,849	3,268,356	2,817,615
CRCC Huayutang Project	December 2019	December 2022	5,900,000	3,214,315	2,870,085
CRCC Huayu City Project	July 2020	May 2022	6,091,326	2,974,903	2,552,919
Wutong Bay Project	December 2018	April 2021	3,048,462	2,722,750	2,354,323
Jinan Wutongyuan Project	November 2019	December 2022	4,665,170	2,510,764	2,326,046
Suzhou Jingwan - Huayu Tianjing Huating Project	July 2020	December 2022	3,081,720	2,497,191	-
Lingxiu Mansion South Zone Project	December 2018	December 2021	3,733,690	2,392,050	2,179,894
Huayu Tianjingfu Project	August 2019	June 2021	3,081,720	2,314,548	2,063,841
Huayu Lingnanyuan Project	November 2019	December 2022	3,137,800	2,281,873	2,096,593
Nanchoumingju Project	August 2020	September 2021	3,792,080	2,126,539	1,821,846
Wutonggang Jiayan Project (Original name: Shuiniufang Land Parcel Project)	May 2020	November 2022	2,895,104	2,115,406	1,956,787
Yinghao Wealth Plaza Project	August 2018	June 2021	3,391,300	2,095,168	-
Others	-	-	296,635,828	86,869,494	76,647,505
Total	-	-	416,672,266	158,221,386	123,214,723

As at 31 December 2020, the aggregate carrying amount of borrowing costs capitalised in properties under development was RMB10,528,744,000 (31 December 2019: RMB8,235,648,000). Borrowing costs capitalised for the year ended 31 December 2020 amounted to RMB5,114,789,000 (for the year ended 31 December 2019: RMB3,867,604,000). The capitalisation rates of borrowing costs ranged from 3.50%~8.00% (2019: 3.66%-8.20%).

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

8. Inventories (Continued)

(2) Details of the completed properties held for sale are listed as follows:

RMB'000

Project name	Latest completion date	1 January 2020 Gross carrying amount	Additions	Reductions	31 December 2020 Gross carrying amount
Lingxiu Mansion North Zone Project	December 2020	–	3,282,353	441,547	2,840,806
Guiyang CRCC International City Project	December 2019	1,686,074	–	118,790	1,567,284
Chengdu Beihu Xinqu Project	December 2019	1,923,173	–	422,793	1,500,380
Tiejian Tower Project	December 2020	–	1,557,558	92,831	1,464,727
Tianjin CRCC International City Project	April 2019	1,547,422	116,754	212,012	1,452,164
Beijing CRCC International City Project	September 2019	1,110,366	28,643	4,575	1,134,434
Nananhuayu Project	October 2018	1,389,829	–	288,614	1,101,215
Xiangxie International Project	April 2019	2,473,146	–	1,409,762	1,063,384
CRCC Southern Headquarter Base Project	June 2019	1,469,376	–	437,876	1,031,500
CRCC Chengdu Xipai City Project (No. 7 Lot)	November 2020	335,298	1,670,121	1,052,445	952,974
CRCC Fuzhou Langqi Shanyucheng Project	December 2020	–	1,670,541	758,808	911,733
Dalian Qingxiu Lanwan Project	December 2018	1,073,636	–	273,611	800,025
CRCC Xipai City Project	December 2019	1,090,728	–	291,829	798,899
Yuehu International Project	November 2020	435,064	771,732	419,855	786,941
Guian Shanyucheng Project	December 2020	128,881	1,332,944	721,928	739,897
Changchun Xipai Tangsong Project	December 2020	–	914,701	234,279	680,422
Jiucheng Yihao Project	December 2017	667,944	–	19,892	648,052
CRCC Yujing Yangguang Project	December 2020	–	1,783,069	1,185,775	597,294
CRCC Xishan Wutong Project	December 2020	–	1,681,969	1,175,956	506,013
Hangzhou CRCC International City Project	October 2020	23,329	831,319	354,770	499,878
Others	–	17,281,078	14,578,950	20,576,351	11,283,677
Total	–	32,635,344	30,220,654	30,494,299	32,361,699

The restricted inventories of the Group are stated in Note V. 63.

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

9. Contract assets

Contract assets are from the Group's construction operations. The Group provides construction services in accordance with the construction contract entered into with customers and recognises revenue based on performance progress over the contract period. According to the contract term, customers of the Group make progress billings with the Group based on the performance progress and make payment for the progress billings within the credit term. Revenue recognised based on performance progress in excess of progress billings is presented as contract asset, and is disclosed in contract assets/other non-current assets based on liquidity. While progress billings in excess of revenue recognised based on performance progress is presented as contract liabilities.

RMB'000

Item	31 December 2020		Carrying amount
	Gross carrying amount	Impairment losses on assets	
Contract assets	170,497,190	5,466,715	165,030,475

RMB'000

Item	31 December 2019		Carrying amount
	Gross carrying amount	Impairment losses on assets	
Contract assets	160,274,029	5,370,948	154,903,081

The movements of impairment losses for contract assets for the year ended 31 December 2020 are presented in Note VIII. 3.

10. Other current assets

RMB'000

Item	31 December 2020	31 December 2019
	Prepaid taxes and VAT input to be deducted	19,617,127
Others	544,080	570,741
Total	20,161,207	17,900,227

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

11. Loans and advances to customers

RMB'000

Item	31 December 2020	31 December 2019
Loans to customers	2,772,645	2,730,000

12. Long-term receivables

RMB'000

Item	31 December 2020		
	Gross carrying amount	Impairment of credit losses	Carrying amount
Long-term project receivables	27,649,820	555,095	27,094,725
Long-term loans to customers	27,528,420	174,651	27,353,769
Land development receivables	9,981,764	45,369	9,936,395
Others	16,972,797	77,182	16,895,615
Total	82,132,801	852,297	81,280,504
Less: Current portion of non-current assets:	6,842,426	34,330	6,808,096
Including: Long-term project receivables	3,028,254	15,637	3,012,617
Long-term loans to customers	2,126,182	10,607	2,115,575
Land development receivables	1,572,892	7,513	1,565,379
Others	115,098	573	114,525
Long-term receivables due after one year	75,290,375	817,967	74,472,408

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

12. Long-term receivables (Continued)

RMB'000

Item	31 December 2019		Carrying amount
	Gross carrying amount	Impairment of credit losses	
Long-term project receivables	29,711,700	518,519	29,193,181
Long-term loans to customers	21,037,729	139,544	20,898,185
Land development receivables	10,357,357	50,625	10,306,732
Others	10,615,141	53,245	10,561,896
Total	71,721,927	761,933	70,959,994
Less: Current portion of non-current assets:			
Including: Long-term project receivables	10,207,608	52,228	10,155,380
Long-term loans to customers	3,696,172	21,366	3,674,806
Land development receivables	3,127,905	13,945	3,113,960
Others	3,293,487	16,467	3,277,020
Long-term receivables due after one year	90,044	450	89,594
	61,514,319	709,705	60,804,614

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

12. Long-term receivables (Continued)

The Group assesses ECL of long-term receivables on an individual or a collective basis of credit risk characteristics.

RMB'000

Category	Gross carrying amount		31 December 2020 Impairment of credit losses		Carrying amount
	Amount	Percentage (%)	Amount	Provision percentage (%)	
Impairment of credit losses assessed individually	1,059,281	1.29	408,786	38.59	650,495
Impairment of credit losses assessed by credit risk portfolio	81,073,520	98.71	443,511	0.55	80,630,009
Total	82,132,801	100.00	852,297	1.04	81,280,504

As at 31 December 2020, long-term receivables with significant financing component were presented in accordance with the net amount after discount. The discount rate is 4.75%-5.50% (31 December 2019: 4.35%-5.50%).

Movements in the impairment of credit losses of long-term receivables were as follows:

RMB'000

Item	2020	2019
Opening balance of the current year	761,933	491,547
Provision for the year	128,276	325,863
Less: Reversal for the year	64,375	55,646
Less: Write-off for the year	4,394	–
Others	30,857	169
Closing balance of the current year	852,297	761,933

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

12. Long-term receivables (Continued)

Long-term receivables derecognised due to the transfer of financial assets:

In 2020, the Group has no long-term receivables derecognised due to the transfer of financial assets (as at 31 December 2019: RMB2,902,721,000), and has not recognised losses on derecognition (2019: recognised losses on derecognition of RMB158,656,000).

Assets and liabilities recognised due to continuing involvement of transferred long-term receivables:

As at 31 December 2020, the Group recognised assets of RMB15,250,000 and liabilities of RMB15,250,000 (As at 31 December 2019: RMB15,250,000 and RMB15,250,000) due to continuing involvement of transferred long-term receivables in previous years.

The restricted long-term receivables of the Group are stated in Note V. 63.

13. Long-term equity investments

RMB'000

Item		31 December 2020	31 December 2019
Investments in unlisted companies			
– equity method			
Joint ventures	(1)	32,741,001	24,533,795
Associates	(2)	37,929,246	25,160,118
Less: Provision for impairment of long-term equity investments		49,208	49,279
Total		70,621,039	49,644,634

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

13. Long-term equity investments (Continued)

(1) Investment in joint ventures

31 December 2020:

RMB'000

Investee	Investment cost	1 January 2020	Changes for the year				Others	31 December 2020	Provision for impairment at the end of year
			Transfer to/ Increase in investment	Decrease in investment	Investment profits or losses under equity method	Declaration of cash dividends			
Sichuan Tianfu Airport Expressway Co., Ltd.	3,624,600	3,100,000	524,600	-	-	-	-	3,624,600	-
Hohhot Metro Line 2 Construction & Management Co., Ltd. (Note 1)	3,610,664	3,310,664	300,000	-	-	-	-	3,610,664	-
Yunnan Yulin Expressway Construction Co., Ltd.	3,192,991	2,078,996	1,113,995	-	-	-	-	3,192,991	-
Qingdao Blue Silicon Valley Intercity Rail Transit Co., Ltd.	1,688,159	1,688,099	-	-	2	-	-	1,688,101	-
CRCC Shaanxi Highway Co., Ltd.	1,597,200	1,149,366	447,820	-	(23)	-	-	1,597,163	-
Chongqing Tiefa Jianxin Highway Co., Ltd.	1,554,400	1,554,400	-	-	(199,014)	-	-	1,355,386	-
China Railway Construction Real Estate Group Jinan 6th Continent Real Estate Co., Ltd. (Note 2)	1,021,998	1,009,176	-	-	15,445	-	-	1,024,621	-
China-Africa Lekkil Investment Co., Ltd. (Note 3)	851,410	866,213	-	-	3,092	-	-	869,305	-
Chongqing Tiefa Shuanghe Expressway Co., Ltd.	850,000	850,000	-	-	-	-	-	850,000	-
Chongqing Rail Transit Line 18 Construction and Operation Co., Ltd.	671,073	244,870	426,203	-	-	-	-	671,073	-
Others	-	8,632,803	6,534,557	(383,900)	1,024,571	(1,575,311)	(24,831)	14,207,889	(49,208)
Total	-	24,484,587	9,347,175	(383,900)	844,073	(1,575,311)	(24,831)	32,691,793	(49,208)

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

13. Long-term equity investments (Continued)

(1) Investment in joint ventures (Continued)

31 December 2019:

RMB'000

Investee	Investment cost	1 January 2019	Transfer to/ Increase in investment	Decrease in investment	Changes for the year			Others	31 December 2019	Provision for impairment at the end of year
					Investment profits or losses under equity method	Declaration of cash dividends	Provision for impairment of long-term equity investments			
Hohhot Metro Line 2 Construction & Management Co., Ltd. (Note 1)	3,310,664	1,240,000	2,070,664	-	-	-	-	3,310,664	-	
Sichuan Tianfu Airport Expressway Co., Ltd.	3,100,000	1,900,000	1,200,000	-	-	-	-	3,100,000	-	
Yunnan Yulin Expressway Construction Co., Ltd.	2,078,996	289,770	1,789,226	-	-	-	-	2,078,996	-	
Qingdao Blue Silicon Valley Intercity Rail Transit Co., Ltd.	1,688,159	1,838,159	-	(150,000)	(60)	-	-	1,688,099	-	
Chongqing Tiefa Jianxin Highway Co., Ltd.	1,554,400	854,400	700,000	-	-	-	-	1,554,400	-	
CRCC Shaanxi Highway Co., Ltd.	1,149,360	190,020	959,360	-	(14)	-	-	1,149,366	-	
China Railway Construction Real Estate Group Jinan 6th Continent Real Estate Co., Ltd. (Note 2)	1,021,998	1,018,247	-	-	(9,071)	-	-	1,009,176	-	
China-Africa Lekkil Investment Co., Ltd. (Note 3)	851,410	870,188	-	-	(475)	(3,500)	-	866,213	-	
Chongqing Tiefa Shuanghe Expressway Co., Ltd.	850,000	470,000	380,000	-	-	-	-	850,000	-	
Kunming Kunlun Shouzhi Real Estate Co., Ltd.	598,200	-	598,200	-	(313)	-	-	597,887	-	
Others	-	4,414,634	2,798,657	(154,557)	1,842,440	(522,590)	(49,208)	(49,590)	8,279,786	(49,208)
Total	-	13,085,418	10,496,107	(304,557)	1,832,507	(526,090)	(49,208)	(49,590)	24,484,587	(49,208)

Note 1: According to the articles of association of Hohhot Metro Line 2 Construction & Management Co., Ltd., the major decisions made in the shareholders' meeting shall be subject to more than two-thirds of voting rights of shareholders. As the Group holds 51.00% shares in Hohhot Metro Line 2 Construction & Management Co., Ltd., it can jointly control the entity with other shareholders but not wholly control it. Therefore, it is accounted for a joint venture of the Group.

Note 2: According to the articles of association of China Railway Construction Real Estate Group Jinan 6th Continent Real Estate Co., Ltd. ("The 6th Continent"), all the decisions made in the shareholders' meeting shall be subject to 100% of voting rights of shareholders. As the Group holds 70.00% shares in the entity, it can jointly control the entity with other shareholders but not wholly control it. Therefore, it is accounted for a joint venture of the Group.

Note 3: According to the articles of association of China-Africa Lekkil Investment Co., Ltd. ("China-Africa Lekkil"), the major decisions made in shareholders' meeting shall be subject to more than three-quarters of voting rights of shareholders. As the Group holds 74.47% shares in the entity, it can jointly control the entity with other shareholders but not wholly control it. Therefore, it is accounted for a joint venture of the Group.

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

13. Long-term equity investments (Continued)

(2) Investment in associates

31 December 2020:

RMB'000

Investee	Investment cost	Transfer to/		Changes for the year				31 December 2020	Provision for impairment at the end of year	
		1 January 2020	Increase in investment	Decrease in investment	Investment profits or losses under equity method	Other comprehensive income	Declaration of cash dividends			Others
Kunming Metro Line 5 Construction & Operation Co., Ltd. (Note 1)	2,637,980	775,400	1,862,580	-	-	-	-	2,637,980	-	
CRCC Financial Leasing Co., Ltd. (Note 2)	1,747,618	2,075,531	-	-	311,141	-	63,877	2,450,549	-	
Hengda Real Estate (Shenzhen) Co., Ltd.	2,313,506	2,313,506	-	-	(134)	-	(127,849)	2,185,523	-	
Ningxia Inter-City Railway Co., Ltd.	1,924,675	2,036,500	-	(111,825)	-	-	-	1,924,675	-	
CRCC Gansu Zhangbian Highway Co., Ltd.	1,465,800	750,615	725,950	-	26,363	-	-	1,502,928	-	
CRCC-Tongguan Investment Co., Ltd.	1,472,366	1,660,258	-	-	(29,530)	(197,315)	-	1,433,413	-	
Beijing City Vice-Center Investment Fund Partnership (Limited Partnership) (Note 3)	980,000	560,000	420,000	-	-	-	-	980,000	-	
CRCC Investment Shandong Xiaoqinghe Development Co., Ltd.	980,000	420,000	560,000	-	-	-	-	980,000	-	
Hangqiu Railway Co., Ltd.	975,725	292,532	683,368	-	(4,706)	-	-	971,194	-	
Yunnan Kunchu Highway Investment & Development Co., Ltd. (Note 4)	930,494	660,099	270,395	-	-	-	-	930,494	-	
Others	-	13,615,606	8,156,456	(189,051)	490,270	-	(149,271)	8,480	21,932,490	-
Total	-	25,160,047	12,678,749	(300,876)	793,404	(197,315)	(149,271)	(55,492)	37,929,246	-

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

13. Long-term equity investments (Continued)

(2) Investment in associates (Continued)

31 December 2019:

RMB'000

Investee	Investment cost	1 January 2019	Transfer to/ Increase in investment	Decrease in investment	Changes for the year			Others	31 December 2019	Provision for impairment at the end of year
					Investment profits or losses under equity method	Other comprehensive income	Declaration of cash dividends			
Hengda Real Estate (Shenzhen) Co., Ltd.	2,313,506	-	2,313,506	-	-	-	-	2,313,506	-	
CRCC Financial Leasing Co., Ltd. (Note 2)	1,747,618	1,718,427	-	-	332,638	-	-	24,466	2,075,531	-
Ningxia Inter-City Railway Co., Ltd.	2,036,500	2,236,500	-	(200,000)	154,315	-	(154,315)	-	2,036,500	-
CRCC-Tongguan Investment Co., Ltd.	1,472,366	1,449,910	-	-	(28,163)	238,511	-	-	1,660,258	-
Kunming Metro Line 5 Construction & Operation Co., Ltd. (Note 1)	775,400	409,400	366,000	-	-	-	-	-	775,400	-
CRCC Gansu Zhangbian Highway Co., Ltd.	739,850	254,240	485,610	-	10,765	-	-	-	750,615	-
Yunnan Kunchu Highway Investment & Development Co., Ltd. (Note 4)	660,099	300,000	360,099	-	-	-	-	-	660,099	-
Tianjin Tiejian Hongtu Fengchuang Investment Partnership (Limited Partnership)	575,017	575,017	-	-	38,164	-	(38,164)	-	575,017	-
Chongqing Yurong Highway Co., Ltd.	853,960	566,549	-	-	7,196	-	-	-	573,745	-
Beijing City Vice-Center Investment Fund Partnership (Limited Partnership) (Note 3)	560,000	-	560,000	-	-	-	-	-	560,000	-
Others	-	8,383,094	4,926,336	(102,306)	49,058	12,582	(87,988)	(1,400)	13,179,376	(71)
Total	-	15,893,137	9,011,551	(302,306)	563,973	251,093	(280,467)	23,066	25,160,047	(71)

Note 1: According to the articles of association of Kunming Metro Line 5 Construction & Operation Co., Ltd. ("Kunming Metro Line 5"), the decisions made in the shareholders' meetings of determining business policies and investment plans and approving the board's reports shall be subject to more than half of voting rights of attending shareholders. The Group holds 9.40% shares in Kunming Metro Line 5 and has sent one director to the board of directors. It can neither control nor jointly control the entity with other shareholders over the entity, but has significant influence. Therefore, it is accounted for an associate of the Group.

Note 2: According to the articles of association of CRCC Financial Leasing Co., Ltd., the decisions of amending the company's articles of association, increasing the registered capital, resolutions of the company merger, division, dissolution, changing the company form, scope of operations, issuing of corporate bonds and selecting the directors shall be subject to more than two-thirds of voting rights of shareholders. Others shall be subject to more than half of voting rights of shareholders. As the Group holds 50.00% shares in CRCC Financial Leasing Co., Ltd., it can neither control nor jointly control the entity with other shareholders, but has significant influence over the entity. Therefore, it is accounted for an associate of the Group.

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

13. Long-term equity investments (Continued)

(2) Investment in associates (Continued)

Note 3: According to rules of procedure of Beijing City Vice-Center Investment Fund Partnership (Limited Partnership) ("City Vice-Center Fund Partnership"), The City Vice-Center Fund Partnership has established an investment decision-making committee (hereinafter referred to as the "investment committee"). The resolutions made by the investment committee shall be subject to more than half (excluding half) of members' consent. The investment committee consists of 9 members, one of which can be nominated by the Group. The Group can neither control nor jointly control the entity with other shareholders, but has significant influence over the entity. Therefore, it is accounted for an associate of the Group.

Note 4: According to the shareholders' agreement and the articles of association of Yunnan Kunchu Highway Investment & Development Co., Ltd. ("Yunnan Kunchu"), the decisions made in the shareholders' meetings of increasing or decreasing the registered capital, transferring shareholders' shares, establishing and amending the company's articles of association shall be subject to 100% consent of voting rights of shareholders. Other decisions shall be subject to more than three quarters of voting rights of shareholders. The Group holds 72.00% of the voting rights of Yunnan Kunchu. The Group can neither control nor jointly control the entity with other shareholders, but has significant influence over the Company. Therefore, it is accounted for an associate of the Group.

14. Other equity instrument investments

RMB'000

Item	31 December 2020	31 December 2019
Equity investments in listed companies	2,167,237	2,130,633
Equity investments in unlisted companies	8,343,160	7,907,976
Total	10,510,397	10,038,609

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

14. Other equity instrument investments (Continued)

2020:

RMB'000

Item	Changes for the year					31 December 2020	Dividends recognised for the year
	1 January 2020	Increase of investment	Decrease of investment	Changes in fair value	Others		
Other equity instrument investments	10,038,609	436,300	(3,950)	39,438	–	10,510,397	118,395

2019:

RMB'000

Item	Changes for the year					31 December 2019	Dividends recognised for the year
	1 January 2019	Increase of investment	Decrease of investment	Changes in fair value	Others		
Other equity instrument investments	8,268,378	1,673,638	(260,000)	353,903	2,690	10,038,609	187,668

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

15. Investment properties

Subsequent measurement under cost method

2020:

RMB'000

	Buildings and land use right	Total
I. Original costs		
1 January 2020	6,470,785	6,470,785
Increase	2,466,363	2,466,363
Additions	404,091	404,091
Transferred in from inventories	903,141	903,141
Transferred in from fixed assets	425,623	425,623
Acquired from business combinations involving entities not under common control (<i>Note VI. 1</i>)	101,094	101,094
Transferred in	632,414	632,414
Decrease	351,779	351,779
Disposal	343,065	343,065
Transferred out to fixed assets	8,714	8,714
31 December 2020	8,585,369	8,585,369
II. Accumulated depreciation and amortisation		
1 January 2020	843,791	843,791
Increase	241,916	241,916
Provision	190,017	190,017
Transferred in from fixed assets	51,899	51,899
Decrease	35,103	35,103
Disposal	29,574	29,574
Transferred out to fixed assets	5,529	5,529
31 December 2020	1,050,604	1,050,604
III. Provision for impairment		
1 January 2020	269,237	269,237
Provision	19,780	19,780
Decrease	8,492	8,492
31 December 2020	280,525	280,525
IV. Carrying amount		
Closing balance	7,254,240	7,254,240
Opening balance	5,357,757	5,357,757

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

15. Investment properties (Continued)

Subsequent measurement under cost method (Continued)

2019:

	Buildings and land use right	<i>RMB'000</i> Total
I. Original costs		
1 January 2019	6,336,471	6,336,471
Increase	522,581	522,581
Additions	18,239	18,239
Transferred in from inventories	278,746	278,746
Transferred in from fixed assets	224,398	224,398
Transferred in	1,198	1,198
Decrease	388,267	388,267
Transferred out to fixed assets	102,500	102,500
Transferred out	285,767	285,767
31 December 2019	6,470,785	6,470,785
II. Accumulated depreciation and amortisation		
1 January 2019	646,646	646,646
Increase	219,451	219,451
Provision	201,900	201,900
Transferred in from fixed assets	17,551	17,551
Decrease	22,306	22,306
Transferred out to fixed assets	4,378	4,378
Transferred out	17,928	17,928
31 December 2019	843,791	843,791
III. Provision for impairment		
1 January 2019	45,745	45,745
Provision	64,184	64,184
Transferred in	159,308	159,308
31 December 2019	269,237	269,237
IV. Carrying amount		
Closing balance	5,357,757	5,357,757
Opening balance	5,644,080	5,644,080

As at 31 December 2020, the Group has no investment properties of which the title certificates are in the process of handling (as at 31 December 2019: RMB51,503,000).

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

16. Fixed assets

2020:

RMB'000

Item	Buildings	Machinery	Vehicles	Other equipment	Total
I. Original costs					
1 January 2020	21,367,307	46,224,246	15,242,414	50,443,234	133,277,201
Increase	4,266,136	6,021,399	1,141,629	9,535,769	20,964,933
Additions	503,772	4,659,103	1,019,806	8,790,879	14,973,560
Transferred in from construction in progress	1,070,124	1,344,418	121,823	652,290	3,188,655
Acquired from business combinations involving entities not under common control	524,404	17,878	–	3,267	545,549
Transferred in (<i>Note</i>)	2,167,836	–	–	89,333	2,257,169
Decrease	630,703	3,546,275	1,493,289	4,411,464	10,081,731
Disposal or retirement	154,890	2,937,499	1,463,478	4,402,309	8,958,176
Transferred out to investment properties	425,623	–	–	–	425,623
Transferred out	50,190	608,776	29,811	9,155	697,932
31 December 2020	25,002,740	48,699,370	14,890,754	55,567,539	144,160,403
II. Accumulated depreciation					
1 January 2020	4,982,575	28,505,796	11,925,504	36,796,901	82,210,776
Increase	662,686	4,125,526	1,089,998	8,363,937	14,242,147
Provision	657,157	4,125,526	1,089,998	8,363,937	14,236,618
Transferred in	5,529	–	–	–	5,529
Decrease	138,659	2,722,474	1,371,268	4,339,627	8,572,028
Disposal or retirement	75,053	2,261,685	1,351,078	4,334,407	8,022,223
Transferred out to investment properties	51,899	–	–	–	51,899
Transferred out	11,707	460,789	20,190	5,220	497,906
31 December 2020	5,506,602	29,908,848	11,644,234	40,821,211	87,880,895
III. Provision for impairment					
1 January 2020	76,521	71,787	830	25,519	174,657
Transferred out	5,439	–	–	1,630	7,069
31 December 2020	71,082	71,787	830	23,889	167,588
IV. Carrying amount					
31 December 2020	19,425,056	18,718,735	3,245,690	14,722,439	56,111,920
1 January 2020	16,308,211	17,646,663	3,316,080	13,620,814	50,891,768

Note: Transferred in of the year is mainly fixed assets obtained by the Group to offset the Group's creditors right.

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

16. Fixed assets (Continued)

2019:

RMB'000

Item	Buildings	Machinery	Vehicles	Other equipment	Total
I. Original costs					
1 January 2019	20,471,891	43,379,123	14,388,468	44,074,335	122,313,817
Increase	1,485,978	4,991,132	1,679,793	10,236,390	18,393,293
Additions	122,693	4,056,656	1,678,994	9,562,384	15,420,727
Transferred in from construction in progress	1,186,021	932,654	–	672,802	2,791,477
Transferred in from investment properties	102,500	–	–	–	102,500
Transferred in	74,764	1,822	799	1,204	78,589
Decrease	590,562	2,146,009	825,847	3,867,491	7,429,909
Disposal or retirement	335,276	1,559,537	825,847	3,840,383	6,561,043
Transferred out to investment properties	224,398	–	–	–	224,398
Transferred out	30,888	586,472	–	27,108	644,468
31 December 2019	21,367,307	46,224,246	15,242,414	50,443,234	133,277,201
II. Accumulated depreciation					
1 January 2019	4,634,087	25,838,583	11,522,575	31,233,393	73,228,638
Increase	535,409	4,271,887	1,110,019	9,002,469	14,919,784
Provision	531,031	4,271,887	1,110,019	9,002,469	14,915,406
Transferred in from investment properties	4,378	–	–	–	4,378
Decrease	186,921	1,604,674	707,090	3,438,961	5,937,646
Disposal or retirement	154,367	1,411,379	707,090	3,438,560	5,711,396
Transferred out to investment properties	17,551	–	–	–	17,551
Transferred out	15,003	193,295	–	401	208,699
31 December 2019	4,982,575	28,505,796	11,925,504	36,796,901	82,210,776
III. Provision for impairment					
1 January 2019	74,128	74,794	902	25,589	175,413
Provision	2,397	–	–	–	2,397
Disposal or retirement	4	3,007	72	70	3,153
31 December 2019	76,521	71,787	830	25,519	174,657
IV. Carrying amount					
31 December 2019	16,308,211	17,646,663	3,316,080	13,620,814	50,891,768
1 January 2019	15,763,676	17,465,746	2,864,991	12,815,353	48,909,766

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

16. Fixed assets (Continued)

The restricted fixed assets of the Group are stated in Note V. 63.

As at 31 December 2020, the amount of interest expenses capitalised in the balance of fixed assets was RMB60,153,000 (31 December 2019: RMB35,866,000). For the year ended 31 December 2020, there is RMB24,287,000 of interest expenses capitalised which was transferred in from construction in progress (2019: RMB3,129,000).

As at 31 December 2020, the Group had no significant fixed assets that were temporarily idle (31 December 2019: Nil).

As at 31 December 2020, the Group was in the process of applying for and handling registration or transfer of the title certificates of certain buildings with an aggregate carrying amount of RMB2,278,025,000 (31 December 2019: RMB1,631,534,000). The Company's management is of the view that the Group is entitled to lawfully and validly occupy and use such buildings. The Company's management is also of the opinion that the matter did not have any adverse significant impact on the Group's financial position as at 31 December 2020.

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

17. Construction in progress

RMB'000

Item	31 December 2020			31 December 2019		
	Gross carrying amount	Provision for impairment	Carrying amount	Gross carrying amount	Provision for impairment	Carrying amount
CRCC Wisdom Port	752,509	-	752,509	-	-	-
Hengqin Tiejian Plaza Project (Original name: Zhuhai Tiejian Plaza Project)	681,746	-	681,746	568,508	-	568,508
Public Wharf of Qiwei Operating Area, Taixing Port Area, Taizhou Port	644,771	-	644,771	369,230	-	369,230
Guanggu Hi-Tech Innovation Base Project	451,041	-	451,041	227,186	-	227,186
Tiejian Tower Project (Original name: Zhuhai Tiejian Tower Project)	434,589	-	434,589	264,829	-	264,829
Tiejian Building Phase II Project	420,316	-	420,316	318,428	-	318,428
Yangtze River Wharf Project	300,856	-	300,856	327,869	-	327,869
New office building of Jian'an Company (Original name: Hengda Weilai City Phase II Office Building No.3)	297,064	-	297,064	146,956	-	146,956
Shanghai Baoshan New City Yanghang Yangxin Community Unit BSPO-0601 07-08 Lot Rental Housing Project	273,549	-	273,549	9,455	-	9,455
Prefabricated Industrial Park Construction Project (Original name: Prefabricated Construction Base)	239,868	-	239,868	214,425	-	214,425
Others	3,065,366	9,563	3,055,803	3,177,480	9,563	3,167,917
Total	7,561,675	9,563	7,552,112	5,624,366	9,563	5,614,803

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

17. Construction in progress (Continued)

2020:

RMB'000

Item	Budget	1 January 2020	Additions	Transfer out	Others	31 December 2020	Source of funds	Proportion of investment to budget (%)
CRCC Wisdom Port	1,207,543	-	752,509	-	-	752,509	Self-funding/ loan	62
Hengqin Tiejian Plaza Project (Original name: Zhuhai Tiejian Plaza Project)	2,056,000	568,508	113,238	-	-	681,746	Self-funding/ loan	33
Public Wharf of Qiwei Operating Area, Taixing Port Area, Taizhou Port	1,211,836	369,230	275,541	-	-	644,771	Self-funding	53
Guanggu Hi-Tech Innovation Base Project	822,482	227,186	223,855	-	-	451,041	Self-funding	55
Tiejian Tower Project (Original name: Zhuhai Tiejian Tower Project)	524,600	264,829	169,760	-	-	434,589	Self-funding/ loan	83
Tiejian Building Phase II Project	446,000	318,428	101,888	-	-	420,316	Self-funding	94
Yangtze River Wharf Project	461,250	327,869	56,917	83,930	-	300,856	Self-funding/ loan	83
New office building of Jian'an Company (Original name: Hengda Weilai City Phase II Office Building No.3)	316,437	146,956	150,108	-	-	297,064	Self-funding	94
Shanghai Baoshan New City Yanghang Yangxin Community Unit BSPO-0601 07-08 Lot Rental Housing Project	1,000,000	9,455	273,548	9,454	-	273,549	Self-funding	28
Prefabricated Industrial Park Construction Project (Original name: Prefabricated Construction Base)	467,300	214,425	36,132	10,689	-	239,868	Self-funding/ loan	54
Others	-	3,177,480	3,143,475	3,255,589	-	3,065,366	Self-funding/ loan	-
Total	-	5,624,366	5,296,971	3,359,662	-	7,561,675	-	-
Less: Provision for impairment	-	9,563	-	-	-	9,563	-	-
Net value at the end of the year	-	5,614,803	5,296,971	3,359,662	-	7,552,112	-	-

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

17. Construction in progress (Continued)

2019:

Item	Budget	1 January 2019	Additions	Transfer out	Disposals	Others	31 December 2019	Source of funds	Proportion of investment to
									budget (%)
Zhuhai Tiejian Plaza Project	2,056,000	-	568,508	-	-	-	568,508	Self-funding/ loan	28
Public Wharf of Qiwei Operating Area, Taixing Port Area, Taizhou Port	1,211,836	74,983	294,247	-	-	-	369,230	Self-funding	30
Yangtze River Wharf Project	371,250	87,446	240,423	-	-	-	327,869	Self-funding	88
Tiejian Building Phase II Project	446,000	265,840	52,588	-	-	-	318,428	Self-funding	71
Zhuhai Tiejian Tower Project	510,030	175,781	89,048	-	-	-	264,829	Self-funding/ loan	52
Wuhu Tunnel Boring Machine Construction Project	499,000	170,978	68,824	-	-	-	239,802	Self-funding/ loan	48
Guanggu Hi-Tech Innovation Base Project	822,482	92,316	134,870	-	-	-	227,186	Self-funding	28
Prefabricated Construction Base	467,300	4,215	210,210	-	-	-	214,425	Self-funding/ loan	46
TBM (Tunnel Boring Machine) (S1051) Renovation Project	250,000	-	191,514	-	-	-	191,514	Self-funding	77
Hengda Weilai City Phase II Office Building No.3	276,937	-	146,956	-	-	-	146,956	Self-funding	53
Others	-	3,566,388	2,231,051	3,015,123	27,397	700	2,755,619	Self-funding/ loan	--
Total	-	4,437,947	4,228,239	3,015,123	27,397	700	5,624,366	-	-
Less: Provision for impairment	-	9,563	-	-	-	-	9,563	-	-
Net value at the end of the period	-	4,428,384	4,228,239	3,015,123	27,397	700	5,614,803	-	-

For the year ended 31 December 2020, construction in progress with a carrying amount of RMB3,188,655,000 (2019: RMB2,791,477,000), RMB40,538,000 (2019: RMB19,017,000) and RMB41,138,000 (2019: Nil) had been transferred to fixed assets, intangible assets and investment properties respectively.

The restricted construction in progress of the Group are stated in Note V. 63.

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

17. Construction in progress (Continued)

The amounts of interest expenses capitalised in the balance of construction in progress and the capitalisation rates are listed as follows:

2020:

RMB'000

Item	Progress as at 31 December 2020 (%)	Accumulated amount of interest capitalised as at 31 December 2020	Interest capitalised during the year	Capitalisation rate during the year (%)
Jingjiang Bridge Science and Technology Industrial Park	34	24,426	10,872	3.47
Yangtze River Wharf Project	83	12,433	7,712	3.46
CRCC Wisdom Port	62	12,108	12,108	4.90
North Blue Ocean Production Base	60	11,492	7,008	4.35
Tiejian Tower Project (Original name: Zhuhai Tiejian Tower Project)	83	6,844	911	5.10
Others	–	10,760	8,398	–
Total	–	78,063	47,009	–

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

17. Construction in progress (Continued)

2019:

RMB'000

Item	Progress as at 31 December 2019 (%)	Accumulated amount of interest capitalised as at 31 December 2019	Interest capitalised during the year	Capitalisation rate during the year (%)
Wuhu Tunnel Boring Machine Construction Project	48	17,392	6,783	4.74
Jingjiang Bridge Science and Technology Industrial Park	13	13,554	8,934	3.74
Yangtze River Wharf Project	88	10,657	7,239	3.79
Zhuhai Tiejian Tower Project	52	5,933	4,986	4.89
North Blue Ocean Production Base	54	4,484	1,185	4.35
Others	–	1,985	1,850	–
Total	–	54,005	30,977	–

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

18. Right-of-use assets

2020:

RMB'000

Item	Buildings	Machinery	Vehicles	Other equipment	Total
I. Original costs					
1 January 2020	1,210,511	5,839,786	537,643	125,789	7,713,729
Additions	1,034,298	1,105,854	85,923	6,956	2,233,031
Disposal or retirement	109,628	939,271	108,266	5,269	1,162,434
31 December 2020	2,135,181	6,006,369	515,300	127,476	8,784,326
II. Accumulated depreciation					
1 January 2020	346,832	1,601,672	57,796	28,718	2,035,018
Provision	518,114	1,481,475	102,117	19,798	2,121,504
Disposal or retirement	59,863	589,680	11,019	3,966	664,528
31 December 2020	805,083	2,493,467	148,894	44,550	3,491,994
III. Carrying amount					
Closing balance	1,330,098	3,512,902	366,406	82,926	5,292,332
Opening balance	863,679	4,238,114	479,847	97,071	5,678,711

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

18. Right-of-use assets (Continued)

2019:

RMB'000

Item	Buildings	Machinery	Vehicles	Other equipment	Total
I. Original costs					
1 January 2019	907,708	5,131,559	1,010,508	94,538	7,144,313
Additions	449,687	902,548	–	40,744	1,392,979
Disposal or retirement	146,884	194,321	472,865	9,493	823,563
31 December 2019	1,210,511	5,839,786	537,643	125,789	7,713,729
II. Accumulated depreciation					
1 January 2019	–	–	–	–	–
Provision	348,636	1,606,072	59,898	30,073	2,044,679
Disposal or retirement	1,804	4,400	2,102	1,355	9,661
31 December 2019	346,832	1,601,672	57,796	28,718	2,035,018
III. Carrying amount					
Closing balance	863,679	4,238,114	479,847	97,071	5,678,711
Opening balance	907,708	5,131,559	1,010,508	94,538	7,144,313

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

19. Intangible assets

2020:

RMB'000

Item	Land use rights	Concession rights	Software licenses	Mining rights and others	Total
I. Original costs					
1 January 2020	7,565,424	55,776,599	811,147	736,003	64,889,173
Increase	820,529	11,703,954	209,856	921,218	13,655,557
Additions	820,529	9,654,696	143,465	24,223	10,642,913
Transferred in from construction in progress	–	–	40,538	–	40,538
Acquired from business combinations involving entities not under common control (Note VI. 1)	–	2,049,258	25,853	896,995	2,972,106
Decrease	86,970	2,036,845	39,559	64,916	2,228,290
Disposal or retirement	86,970	–	38,863	64,916	190,749
Disposal of subsidiaries	–	2,036,845	696	–	2,037,541
31 December 2020	8,298,983	65,443,708	981,444	1,592,305	76,316,440
II. Accumulated amortisation					
1 January 2020	1,516,449	1,911,077	421,188	98,465	3,947,179
Increase	147,979	477,276	151,810	213,104	990,169
Provision	147,979	477,276	151,810	213,104	990,169
Decrease	17,581	8,974	36,388	433	63,376
Disposal or retirement	17,581	–	35,741	433	53,755
Disposal of subsidiaries	–	8,974	647	–	9,621
31 December 2020	1,646,847	2,379,379	536,610	311,136	4,873,972
III. Provision for impairment					
1 January 2020 and 31 December 2020	9,043	1,060,130	–	878	1,070,051
IV. Carrying amount					
Closing balance	6,643,093	62,004,199	444,834	1,280,291	70,372,417
Opening balance	6,039,932	52,805,392	389,959	636,660	59,871,943

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

19. Intangible assets (Continued)

2019:

RMB'000

Item	Land use rights	Concession rights	Software licenses	Mining rights and others	Total
I. Original costs					
1 January 2019	7,193,473	45,497,193	605,610	776,159	54,072,435
Increase	529,508	11,723,703	220,982	13,299	12,487,492
Additions	529,508	11,723,703	201,965	13,299	12,468,475
Transferred in from construction in progress	–	–	19,017	–	19,017
Decrease	157,557	1,444,297	15,445	53,455	1,670,754
Disposal of subsidiaries	–	1,444,297	–	–	1,444,297
Disposal or retirement	157,557	–	15,445	53,455	226,457
31 December 2019	7,565,424	55,776,599	811,147	736,003	64,889,173
II. Accumulated amortisation					
1 January 2019	1,321,363	1,691,133	286,279	94,511	3,393,286
Increase	216,458	219,944	141,665	29,639	607,706
Provision	216,458	219,944	141,665	29,639	607,706
Decrease	21,372	–	6,756	25,685	53,813
Disposal or retirement	21,372	–	6,756	25,685	53,813
31 December 2019	1,516,449	1,911,077	421,188	98,465	3,947,179
III. Provision for impairment					
1 January 2019	11,265	–	–	878	12,143
Provision	–	1,060,130	–	–	1,060,130
Disposal	2,222	–	–	–	2,222
31 December 2019	9,043	1,060,130	–	878	1,070,051
IV. Carrying amount					
Closing balance	6,039,932	52,805,392	389,959	636,660	59,871,943
Opening balance	5,860,845	43,806,060	319,331	680,770	50,667,006

As at 31 December 2020, there were no intangible assets recognised through internal research and development (31 December 2019: Nil).

The restricted intangible assets of the Group are stated in Note V. 63.

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

19. Intangible assets (Continued)

As at 31 December 2020, the Group was in the process of applying for the title certificates of certain parcels of its land in the PRC with an aggregate carrying amount of RMB727,130,000 (31 December 2019: RMB78,326,000). The Company's management is of the view that the Group is entitled to lawfully and validly occupy and use such land, and also of the opinion that the matter did not have any significant adverse impact on the Group's financial position as at 31 December 2020.

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

19. Intangible assets (Continued)

The amounts of interest capitalised in the balance of intangible assets and the capitalisation rates are analyzed as follows:

2020:

RMB'000

Item	Progress as at 31 December 2020 (%)	Accumulated amount of interest capitalised as at 31 December 2020	Interest capitalised during the period	Capitalisation rate during the period (%)
Sichuan Jianpu Highway Project concession rights	100	1,151,795	–	–
Sichuan Dejian Highway Project concession rights	97	964,813	378,341	4.53
Guangxi Ziyuan (Meixi) to Xing'an Highway BOT project concession rights	100	546,609	–	–
Sichuan Dedu Highway Project concession rights	80	409,202	193,325	4.69
Hunan Anxiang to Cili Highway Project concession rights	77	253,490	167,823	4.39
Yusui Highway Project concession rights	100	192,971	–	–
Guizhou Anshun to Ziyun Highway Project concession rights	100	165,669	–	–
Beijing New Airport North Line Highway project (middle part)	100	57,579	–	–
Beijing Xingyan Highway Project concession rights	100	45,554	–	–
Jiyang Yellow River Bridge concession rights	100	23,564	–	–
S404 from Sucheng, Suzhou to demarcation between Anhui and Jiangsu concession rights	100	20,720	–	–
Others	–	21,065	11,563	–
Total	–	3,853,031	751,052	–

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

19. Intangible assets (Continued)

The amounts of interest capitalised in the balance of intangible assets and the capitalisation rates are analyzed as follows: (Continued)

2019:

RMB'000

Item	Progress as at 31 December 2019 (%)	Accumulated amount of interest capitalised as at 31 December 2019	Interest capitalised during the period	Capitalisation rate during the period (%)
Sichuan Jianpu Highway Project concession rights	100	1,151,795	–	–
Sichuan Dejian Highway Project concession rights	80	586,472	309,936	4.76
Guangxi Ziyuan (Meixi) to Xing'an Highway BOT project concession rights	100	546,609	–	–
Sichuan Dedu Highway Project concession rights	56	215,877	133,665	4.88
Yusui Highway Project concession rights	100	192,971	–	–
Guizhou Anshun to Ziyun Highway Project concession rights	100	165,669	–	–
Hunan Anxiang to Cili Highway Project concession rights	48	85,667	58,465	4.60
Beijing New Airport North Line Highway project (middle part)	100	57,579	7,201	4.45
Beijing Xingyan Highway Project concession rights	100	45,554	–	–
Jiyang Yellow River Bridge concession rights	100	23,564	–	–
S404 from Sucheng, Suzhou to demarcation between Anhui and Jiangsu concession rights	48	20,720	20,720	5.00
Others	–	12,295	11,586	–
Total	–	3,104,772	541,573	–

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

20. Goodwill

2020:

Original costs

RMB'000

Item	1 January 2020	Increase	Decrease	Exchange differences on translation of foreign operations	31 December 2020
Acquisition of ALDESA Company (Note 1)	–	412,481	–	18,963	431,444
Acquisition of Hangsheng Company (Note 2)	100,135	–	–	–	100,135
Acquisition of CIDEON Company (Note 3)	91,369	–	–	–	91,369
Others	44,199	–	–	–	44,199
Total	235,703	412,481	–	18,963	667,147

Accumulated depreciation

RMB'000

Item	1 January 2020	Increase	Decrease	31 December 2020
Acquisition of Hangsheng Company (Note 2)	100,135	–	–	100,135
Acquisition of CIDEON Company (Note 3)	15,656	8,580	–	24,236
Others	1,071	–	–	1,071
Total	116,862	8,580	–	125,442

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

20. Goodwill (Continued)

2019:

Original costs

Item				<i>RMB'000</i>
	1 January 2019	Increase	Decrease	31 December 2019
Acquisition of Hangsheng Company (Note 2)	100,135	–	–	100,135
Acquisition of CIDEON Company (Note 3)	91,369	–	–	91,369
Others	38,280	5,919	–	44,199
Total	229,784	5,919	–	235,703

Accumulated depreciation

Item				<i>RMB'000</i>
	1 January 2019	Increase	Decrease	31 December 2019
Acquisition of Hangsheng Company (Note 2)	–	100,135	–	100,135
Acquisition of CIDEON Company (Note 3)	–	15,656	–	15,656
Others	1,071	–	–	1,071
Total	1,071	115,791	–	116,862

Note 1: The goodwill of RMB412,481,000 was acquired in the business combination involving entities not under common control of GRUPO ALDESA, S.A. (See Note VI. 1 for details) on 8 May 2020.

Note 2: The goodwill of RMB100,135,000 was acquired in the business combination involving entities not under common control of Guangdong Hangsheng Group Construction Co., Ltd. ("Hangsheng Company") in 2012. In 2019, due to internal business restructuring and institutional reform, the synergies of the business combination no longer existed and the Group accrued impairment of the goodwill of RMB100,135,000.

Note 3: On 29 February 2016, the Group purchased CIDEON Engineering GmbH&Co.KG, CIDEON Engineering Verwaltungs GmbH and CIDEON Schweiz AG (collectively referred to as "CIDEON Company"), which is a business combination involving entities not under common control and resulted in the increase in goodwill by RMB91,369,000. The group accrued impairment of the goodwill of RMB8,580,000 in 2020 (2019: RMB15,656,000).

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

21. Deferred tax assets/liabilities

RMB'000

Item	31 December 2020		31 December 2019	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Deferred tax assets				
Provision for long-term post-leaving benefits	235,913	52,594	352,843	73,006
Provision for impairment of assets and credit losses	12,515,583	2,518,637	11,228,915	2,253,061
Deductible tax losses	3,309,749	643,154	2,771,562	511,742
Revaluation surplus from restructuring	1,291,263	319,517	1,383,180	341,388
Unrealised profits of intra-group transactions	5,873,768	1,375,549	4,714,240	1,093,891
Changes in fair value of other equity instrument investments	258,048	53,603	306,758	64,654
Interest expenses that can be carried forward for deduction	952,471	238,117	–	–
Others	5,961,789	1,433,110	5,745,402	1,389,770
Total	30,398,584	6,634,281	26,502,900	5,727,512

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

21. Deferred tax assets/liabilities (Continued)

Item	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Deferred tax liabilities				
Changes in fair value of other equity instrument investments	1,233,898	233,607	1,207,810	227,163
Asset appreciation from appraisal for business combinations involving entities not under common control	821,926	209,428	–	–
Book-tax temporary differences for revenue recognition	3,106,988	776,747	881,425	220,356
Others	1,834,332	369,527	742,388	162,859
Total	6,997,144	1,589,309	2,831,623	610,378

Deferred tax assets and deferred tax liabilities that are presented at the net amount after offset:

RMB'000

Item	Offset amount between deferred tax assets and liabilities at the end of the year	Closing balance of deferred tax assets or liabilities after offset	Offset amount between deferred tax assets and liabilities at the beginning of the year	Opening balance of deferred tax assets or liabilities after offset
Deferred tax assets	211,108	6,423,173	102,565	5,624,947
Deferred tax liabilities	211,108	1,378,201	102,565	507,813

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

21. Deferred tax assets/liabilities (Continued)

Deductible temporary differences and deductible tax losses for which deferred tax assets are not recognised are listed as follows:

RMB'000

Item	31 December 2020	31 December 2019
Deductible temporary differences	12,789,866	11,291,639
Deductible tax losses	13,358,364	11,563,321
Total	26,148,230	22,854,960

Deductible losses, for which no deferred tax assets are recognised, will expire in the following years:

RMB'000

Year	31 December 2020	31 December 2019
2020	–	726,436
2021	749,592	758,148
2022	1,423,477	1,533,850
2023	3,315,590	3,607,344
2024	2,692,330	4,154,083
2025	3,525,758	25,675
2026	35,299	35,299
2027	130,889	130,889
2028	295,292	295,292
2029	295,344	296,305
2030	894,793	–
Total	13,358,364	11,563,321

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

22. Other non-current assets

RMB'000

Item	31 December 2020	31 December 2019
Retention receivables	61,772,918	62,759,430
Contract assets derived from land development receivables and other project receivables	10,310,299	7,439,734
Others	3,089,146	4,575,347
Subtotal	75,172,363	74,774,511
Less: Current portion of non-current assets	9,443,613	7,799,355
Including: Retention receivables	9,443,613	7,799,355
Total	65,728,750	66,975,156

The restricted other non-current assets of the Group are stated in Note V. 63.

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

23. Short-term loans

RMB'000

Item	31 December 2020	31 December 2019
Pledged loans (<i>Note 1, Note 2, Note 3</i>)	1,762,489	1,799,449
Mortgaged loans (<i>Note V. 33 (Note 6)</i>)	–	112,873
Guaranteed loans (<i>Note 4</i>)	4,203,911	5,093,140
Credit loans	43,912,673	35,743,804
Total	49,879,073	42,749,266

Note 1: As at 31 December 2020, short-term loans with a carrying amount of RMB735,666,000 (31 December 2019: RMB1,236,968,000) were secured by the pledge of the Group's trade receivables and all the interests and gains under the contracts thereof with a carrying amount of RMB735,666,000 (31 December 2019: RMB1,245,243,000).

Note 2: As at 31 December 2020, short-term loans with a carrying amount of RMB926,823,000 (31 December 2019: RMB562,481,000) were secured by the pledge of the Group's bills receivable with a carrying amount of RMB926,823,000 (31 December 2019: RMB562,481,000).

Note 3: As at 31 December 2020, short-term loans with a carrying amount of RMB100,000,000 (31 December 2019: Nil) were secured by the pledge of the Group's royalties with a carrying amount of RMB668,895,000 (31 December 2019: Nil).

Note 4: As at 31 December 2020, all guaranteed loans were guaranteed by the entities comprising the Group (31 December 2019: all guaranteed loans were guaranteed by the entities comprising the Group).

As at 31 December 2020, annual interest rates of above short-term loans ranged from 0.43% to 7.00% (31 December 2019: 2.15% to 7.99%).

As at 31 December 2020, the Group had no overdue short-term loans (31 December 2019: Nil).

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

24. Due to customers

RMB'000

Item	31 December 2020	31 December 2019
Due to customers	4,815,608	3,820,235

25. Bills payable

RMB'000

Item	31 December 2020	31 December 2019
Commercial acceptance bills	25,472,104	17,409,156
Bank acceptance bills	58,818,852	52,192,821
Total	84,290,956	69,601,977

As at 31 December 2020 the Group had no unpaid overdue bills payable (31 December 2019: Nil).

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

26. Trade payables

Aging of trade payables is listed as follows:

	<i>RMB'000</i>	
Item	31 December 2020	31 December 2019
Within 1 year	340,777,759	318,511,674
1 to 2 years	6,038,420	5,059,474
2 to 3 years	1,499,873	1,050,771
Over 3 years	1,011,272	1,163,385
Total	349,327,324	325,785,304

As at 31 December 2020, trade payables aged over one year amounted to RMB8,549,565,000 (31 December 2019: RMB7,273,630,000), primarily consisted of payables for construction contracts and materials. Since the progress of relevant projects had not reached the point of payments, these trade payables had not been settled.

27. Contract liabilities

	<i>RMB'000</i>	
Item	31 December 2020	31 December 2019
Advances for construction contracts	72,901,759	61,232,083
Advances for the sale of properties (<i>Note</i>)	52,259,745	41,866,261
Advances for the sale of materials	4,189,679	4,040,219
Advances for the sale of goods	682,891	353,972
Others	1,024,543	1,014,054
Total	131,058,617	108,506,589

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

27. Contract liabilities (Continued)

Note: Details of advances for the sale of properties are listed as follows:

RMB'000

Project name	31 December 2020	Percentage of accumulated pre-sales as at 31 December 2020 %	Estimated completion date
Shaoxing Huayujiangnan Mansion Project	5,127,031	77	December 2021
Nanjing Huayu Xi'an Residence Project	2,078,298	51	August 2022
CRCC Haiyu Xi'an Project	2,061,503	36	April 2022
Xi'an CRCC International City II Project	1,932,686	71	November 2021
Wutong Bay Project	1,746,942	70	April 2021
CRCC Xipai City Project	1,555,255	45	June 2022
Xi'an Tiexing Xipai International Project	1,446,888	85	December 2021
Xi'an CRCC International City III Project	1,412,218	71	January 2021
CRCC Wutongyuan Project	1,352,514	88	June 2021
Huayu Tianjingfu Project	1,276,994	59	June 2021
Yushuilanwan Project Phase 1	1,152,024	58	October 2021
CRCC Donglindao Project	1,136,476	46	December 2021
Xiangman Xi'an Project	1,130,364	91	June 2021
Tiejian Tower Project	1,040,623	57	December 2020
CRCC Bailubandao Project	998,266	65	March 2021
CRCC Wuyunqingxiu Project	861,463	90	July 2021
CRCC Yipinhuaifu	850,165	91	June 2021
Tianjin Guoyin Wenyuan Project	826,278	22	September 2021
Guian Shanyucheng Project	806,625	90	December 2021
CRCC Yangchun Hupan Project	805,035	77	December 2021
CRCC Shanyu Lanting Project	750,259	30	October 2021
CRCC Huayu Jiangnan City Project	741,315	15	May 2021
CRCC Huayu City Project	739,835	21	May 2022
CRCC Caidian Zhiyu City Project	738,282	31	December 2021
Hefei Qingxiucheng Project	686,808	93	December 2021
CRCC Fengling International City Project	681,317	97	June 2021
CRCC Nansha Haiyue International Project	610,116	25	January 2022
CRCC Wutongyuan·Qiaoxinyuan Project	604,703	93	December 2021
Nanning Anji Shanyu City Project	600,368	71	March 2021
CRCC Chengdu Xipai City Project (No. 7 Lot)	587,198	88	November 2020
Others	15,921,896	—	—
Total	52,259,745	—	—

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

27. Contract liabilities (Continued)

As at the balance sheet date, significant contract liabilities aged over one year are listed as follows:

RMB'000

Company name	Relationship with the Group	31 December 2020	Reasons
Company 1	Third party	1,003,934	Work performed but not billed
Company 2	Third party	429,070	Work performed but not billed
Company 3	Third party	414,226	Work performed but not billed
Company 4	Third party	344,545	Work performed but not billed
Company 5	Third party	341,378	Work performed but not billed
Total	–	2,533,153	–

28. Employee benefits payable

2020:

RMB'000

Item	1 January 2020	Accrued	Paid	31 December 2020
Short-term benefits	10,228,668	61,768,898	61,642,911	10,354,655
Post-employment benefits (defined contribution plans)	1,651,699	5,686,531	5,719,573	1,618,657
Total	11,880,367	67,455,429	67,362,484	11,973,312

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

28. Employee benefits payable (Continued)

2019:

RMB'000

Item	1 January 2019	Accrued	Paid	31 December 2019
Short-term benefits	9,717,291	57,590,072	57,078,695	10,228,668
Post-employment benefits (defined contribution plans)	1,563,280	6,673,519	6,585,100	1,651,699
Total	11,280,571	64,263,591	63,663,795	11,880,367

Short-term benefits:

2020:

RMB'000

Item	1 January 2020	Accrued	Paid	31 December 2020
Salaries, bonuses, allowances and subsidies	7,365,466	44,114,629	44,086,170	7,393,925
Staff welfare	–	3,898,083	3,898,083	–
Social insurance	1,095,988	3,333,405	3,389,803	1,039,590
Including: Medical insurance	956,719	3,030,694	3,071,975	915,438
Work injury insurance	86,125	187,454	190,952	82,627
Maternity insurance	53,144	115,257	126,876	41,525
Housing funds	674,487	3,520,030	3,542,707	651,810
Union fund and employee education fund	585,986	1,244,420	1,170,640	659,766
Others	506,741	5,658,331	5,555,508	609,564
Total	10,228,668	61,768,898	61,642,911	10,354,655

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

28. Employee benefits payable (Continued)

Short-term benefits: (Continued)

2019:

Item	<i>RMB'000</i>			31 December 2019
	1 January 2019	Accrued	Paid	
Salaries, bonuses, allowances and subsidies	6,978,400	41,585,790	41,198,724	7,365,466
Staff welfare	–	3,571,972	3,571,972	–
Social insurance	1,110,730	3,481,968	3,496,710	1,095,988
Including: Medical				
insurance	970,674	3,038,880	3,052,835	956,719
Work injury insurance	91,072	236,105	241,052	86,125
Maternity insurance	48,984	206,983	202,823	53,144
Housing funds	684,423	3,161,120	3,171,056	674,487
Union fund and employee education fund	569,131	1,198,488	1,181,633	585,986
Others	374,607	4,590,734	4,458,600	506,741
Total	9,717,291	57,590,072	57,078,695	10,228,668

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

28. Employee benefits payable (Continued)

Defined contribution plan:

2020:

RMB'000

Item	1 January 2020	Accrued	Paid	31 December 2020
Basic pension insurance	1,182,798	3,753,721	3,857,550	1,078,969
Unemployment insurance	91,367	145,419	159,201	77,585
Supplementary pension insurance	377,534	1,787,391	1,702,822	462,103
Total	1,651,699	5,686,531	5,719,573	1,618,657

2019:

RMB'000

Item	1 January 2019	Accrued	Paid	31 December 2019
Basic pension insurance	1,146,935	5,074,155	5,038,292	1,182,798
Unemployment insurance	91,745	194,898	195,276	91,367
Supplementary pension insurance	324,600	1,404,466	1,351,532	377,534
Total	1,563,280	6,673,519	6,585,100	1,651,699

Defined contribution plan includes basic pension insurance and unemployment insurance managed by local governments and the Group's supplementary pension insurance. In addition to the monthly payments, the Group is no longer liable for further payments. Relevant expenditures are capitalised or expensed in the period when incurred.

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

29. Taxes payable

RMB'000

Item	31 December 2020	31 December 2019
VAT	3,591,537	2,264,422
EIT	2,639,368	2,352,430
Others	2,161,474	2,353,152
Total	8,392,379	6,970,004

30. Other payables

RMB'000

Item	31 December 2020	31 December 2019
Guarantees and deposits	22,030,794	18,653,879
Payables for advances	26,554,366	21,365,743
Amounts due to related parties	8,477,965	7,589,027
Dividends payable	779,570	977,453
Others	21,752,764	21,530,710
Total	79,595,459	70,116,812

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

30. Other payables (Continued)

As at 31 December 2020, significant other payables aged over one year are listed as follows:

RMB'000

Company name	Relationship with the Group	31 December 2020	Reasons
Company 1	Third party	234,500	Payables not settled
Company 2	Third party	213,576	Payables not settled
Company 3	Third party	161,012	Payables not settled
Company 4	Third party	141,596	Payables not settled
Company 5	Third party	124,548	Payables not settled
Total	–	875,232	–

31. Current portion of non-current liabilities

RMB'000

Item	31 December 2020	31 December 2019
Current portion of long-term loans (Note V. 33)	15,381,398	16,914,489
Current portion of bonds payable (Note V. 34)	8,342,887	13,565,374
Current portion of long-term payables	2,670,332	2,140,031
Current portion of lease liabilities (Note V. 35)	1,942,562	1,920,949
Current portion of provisions	151,610	11,565
Current portion of post-employment benefits payable	84,554	119,668
Total	28,573,343	34,672,076

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

31. Current portion of non-current liabilities (Continued)

The current portion of long-term loans is presented as follows:

Item	<i>RMB'000</i>	
	31 December 2020	31 December 2019
Credit loans	8,849,570	10,034,266
Guaranteed loans (<i>Note V. 33 (Note 9)</i>)	2,072,624	3,363,450
Mortgaged loans (<i>Note V. 33 (Note 6)</i>)	2,418,711	2,569,180
Pledged loans (<i>Note V. 33 (Note 1, Note 4)</i>)	2,040,493	947,593
Total	15,381,398	16,914,489

32. Other current liabilities

Item	<i>RMB'000</i>	
	31 December 2020	31 December 2019
Amounts to be transferred to output VAT	19,059,566	14,449,127
Short-term unsecured financing bonds (<i>Note 1</i>)	2,106,771	–
Others	425,906	298,409
Total	21,592,243	14,747,536

Note 1: Short-term unsecured financing bonds bear a fixed interest rate. The principal and the interest will be repaid in a lump sum at the end of the term.

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

32. Other current liabilities (Continued)

The movement of short-term unsecured financing bonds is listed as follows:

RMB'000

Bond name	Par value	Issuance date	Bond term	Opening balance	Net amount of issuance during the year	Interests accrued	Amortisation of discounts and premium and effects of exchange rate	Repayment of principal and interest for the year	Closing balance
China Railway Construction Real Estate Group Co., Ltd. 2020 first issue short-term financing bond	1,400,000	13 March 2020	12 months	-	1,398,090	27,340	1,367	-	1,426,797
China Railway Construction Real Estate Group Co., Ltd. 2020 second issue short-term financing bond	600,000	24 March 2020	12 months	-	599,163	11,540	642	-	611,345
Aldesa Agrupación Empresarial, S.A.U. EUR 5.9 million short-term commercial bills	EUR 5.90 million	3 December 2020	6 months	-	46,467	-	546	-	47,013
Aldesa Agrupación Empresarial, S.A.U. EUR 2.7 million short-term commercial bills	EUR 2.70 million	3 December 2020	3 months	-	21,370	-	246	-	21,616
Total	-	-	-	-	2,065,090	38,880	2,801	-	2,106,771

33. Long-term loans

RMB'000

Item	31 December 2020	31 December 2019
Pledged loans (Note 1, Note 2, Note 3, Note 4)	46,322,599	35,091,405
Mortgaged loans (Note 5, Note 6, Note 7, Note 8)	11,296,894	6,639,979
Guaranteed loans (Note 9)	14,096,548	21,249,507
Credit loans	39,302,104	24,955,147
Total	111,018,145	87,936,038

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

33. Long-term loans (Continued)

Note 1: As at 31 December 2020, long-term loans with a carrying amount of RMB37,750,629,000, including current portion of long-term loans of RMB175,710,000 (31 December 2019: RMB33,787,052,000, including current portion of long-term loans of RMB114,500,000) were secured by pledges of the Group's concession rights with a carrying amount of RMB59,148,340,000 (31 December 2019: RMB48,874,715,000).

Note 2: As at 31 December 2020, long-term loans with a carrying amount of RMB720,001,000, none of which was due within one year (31 December 2019: Nil), were secured by pledges of the Group's land use rights with a carrying amount of RMB4,398,531,000 (31 December 2019: Nil).

Note 3: As at 31 December 2020, long-term loans with a carrying amount of RMB342,154,000, none of which was due within one year (31 December 2019: Nil), were secured by pledge of the Group's trade receivables with a carrying amount of RMB431,357,000 (31 December 2019: Nil).

Note 4: As at 31 December 2020, long-term loans with a carrying amount of RMB9,550,308,000, including current portion of long-term loans of RMB1,864,783,000 (31 December 2019: RMB2,251,946,000, including current portion of long-term loans of RMB833,093,000) were secured by pledges of the Group's contract assets of BT projects with a carrying amount of RMB7,526,905,000 (31 December 2019: RMB4,779,563,000) and the Group's long-term receivables with a carrying amount of RMB10,472,021,000 (31 December 2019: RMB133,142,000).

Note 5: As at 31 December 2020, long-term loans with a carrying amount of RMB49,381,000, including no current portion of long-term loans (31 December 2019: RMB43,653,000, including current portion of long-term loans of RMB18,880,000) were secured by mortgages of the Group's fixed assets with a carrying amount of RMB60,290,000 (31 December 2019: RMB263,379,000).

Note 6: As at 31 December 2020, long-term loans with a carrying amount of RMB13,452,678,000, including current portion of long-term loans of RMB2,418,711,000 (31 December 2019: short-term loans with a carrying amount of RMB112,873,000 and long-term loans with a carrying amount of RMB8,865,506,000, including current portion of long-term loans of RMB2,550,300,000) were secured by mortgages of the Group's inventories with a carrying amount of RMB36,791,724,000 (31 December 2019: RMB25,977,309,000).

Note 7: As at 31 December 2020, long-term loans with a carrying amount of RMB213,546,000, none of which was due within one year (31 December 2019: Nil), were secured by mortgages of the Group's construction in progress with a carrying amount of RMB681,746,000 (31 December 2019: Nil).

Note 8: As at 31 December 2020, long-term loans with a carrying amount of RMB0, including no current portion of long-term loans (31 December 2019: RMB300,000,000, including no current portion of long-term loans) were secured by mortgages of the Group's long-term receivables with a carrying amount of RMB0 (31 December 2019: RMB1,291,510,000).

Note 9: As at 31 December 2020, the guaranteed long-term loans, including current portion of long-term loans of RMB2,072,624,000 (31 December 2019: RMB3,363,450,000), were all internally guaranteed by the entities comprising the Group.

As at 31 December 2020, the Group had no overdue long-term loans (31 December 2019: Nil).

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

33. Long-term loans (Continued)

The maturity profile of the long-term loans as at the end of the year is listed as follows:

RMB'000

Item	31 December 2020	31 December 2019
Within one year or paid on demand (<i>Note V. 31</i>)	15,381,398	16,914,489
In the second year (<i>inclusive</i>)	25,051,038	16,265,195
In the third to fifth year (<i>inclusive</i>)	35,874,440	29,947,337
Over five years	50,092,667	41,723,506
Total	126,399,543	104,850,527

34. Bonds payable

Bonds payable include: (1) unsecured medium-term notes, private placement notes, and assets-backed notes guaranteed by the Group with a fixed interest rate issued by the Company and its subsidiaries in the National Inter Bank Bond Market. The bonds' interest is paid on schedule whereas the principal is paid at the maturity date; (2) the 5-year zero-interest US dollar and 5-year RMB Convertible Bond issued by the Company in the international market with a fixed interest rate with interest repayable semi-annually and the principal repayable upon maturity; and (3) the 10-year US dollar bond with a fixed interest rate issued by its overseas subsidiaries and guaranteed by the Company. The bonds' interest is repayable semi-annually whereas the principal is repayable upon maturity.

RMB'000

Item	31 December 2020	31 December 2019
Bonds payable	34,454,741	39,709,268
Less: Current portion of bonds payable (<i>Note V. 31</i>)	8,342,887	13,565,374
Non-current portion of bonds payable	26,111,854	26,143,894

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

34. Bonds payable (Continued)

As at 31 December 2020, balances of bonds payable are listed as follows:

RMB'000

Bonds	Par value	Issue date	Maturity	Amount	Annual interest rate	1 January 2020	Amount issued	Interest accrued in the year	Discount or premium amortisation and exchange effects	Principle and interest paid in the year	31 December 2020
CRCC Yuxiang Limited Guaranteed Note due in 2023 with principal of USD800 million and interest rate of 3.5%	USD800,000	16 May 2013	10 years	USD800,000	3.50%	5,583,848	-	190,478	(353,932)	192,058	5,228,336
China Railway Construction Corporation Limited -USD500 million Zero Coupon Convertible Bond due 2021 (Note 2)	USD500,000	29 January 2016	5 years	USD500,000	0.00%	3,298,086	-	-	(35,636)	-	3,262,450
China Railway Construction Real Estate Group Co., Ltd. - 2020 first issue of public placement corporate bonds to professional investors	3,590,000	15 September 2020	5 years	3,590,000	4.05%	-	3,082,888	36,349	119	-	3,119,356
China Railway Construction Real Estate Group Co., Ltd. - 2019 first issue of public placement Corporate bond (variety I)	2,700,000	15 March 2019	5 years	2,700,000	4.25%	2,776,436	-	114,750	2,112	114,750	2,778,548
China Railway Construction Real Estate Group Co., Ltd. - 2016 first issue of Corporate bond	2,800,000	8 January 2016	5 years	2,800,000	3.70%	2,889,402	-	103,601	5,136	252,487	2,745,652
China Railway Construction Real Estate Group Co., Ltd. - 2018 first issue of medium term note	2,200,000	19 January 2018	5 years	2,200,000	5.94%	2,314,209	-	130,680	1,514	130,680	2,315,723
China Railway Construction Real Estate Group Co., Ltd. - 2020 first issue of medium term note	2,100,000	12 March 2020	5 years	2,100,000	3.27%	-	2,093,935	50,400	988	-	2,145,323
China Railway Construction Real Estate Group Co., Ltd. - 2019 first issue of private placement Corporate bond (variety I)	1,500,000	10 January 2019	3 years	1,500,000	4.73%	1,562,120	-	70,950	1,399	70,950	1,563,519
China Railway Construction Real Estate Group Co., Ltd. - 2019 first issue of private placement Corporate bond (variety II)	1,500,000	10 January 2019	5 years	1,500,000	4.90%	1,562,366	-	73,500	1,102	73,500	1,563,468
China Railway Construction Investment Group Co., Ltd. - 2019 first issue of public placement Corporate bond	1,200,000	9 April 2019	3 years	1,200,000	3.98%	1,233,869	-	48,423	683	47,760	1,235,215
China Railway Construction Real Estate Group Co., Ltd. - 2016 third issue of Corporate bond	1,500,000	19 April 2016	5 years	1,500,000	4.75%	1,292,065	-	59,850	5,876	179,850	1,177,941
China Railway 16th Bureau Group Co., Ltd. - 2019 private placement Corporate bond	1,000,000	30 October 2019	10 years	1,000,000	4.73%	1,008,015	-	47,168	-	47,300	1,007,883
China Railway Construction Real Estate Group Co., Ltd. - 2016 fourth issue of Corporate bond	1,500,000	24 May 2016	5 years	1,500,000	4.70%	969,341	-	44,650	5,003	44,650	974,344
China Railway Construction Investment Group Co., Ltd. - 2020 first issue of public placement Corporate bond (variety I)	800,000	11 March 2020	3 years	800,000	3.18%	-	799,094	21,200	258	-	820,552
China Railway SIYUAN Survey and Design Group Co., Ltd. - 2020 first issue of medium term note	1,000,000	24 April 2020	3 years	1,000,000	2.50%	-	700,000	11,805	-	-	711,805
CRCC (Beijing) Property Management Co., Ltd. - 2017 first issue of private placement assets-backed note	960,000	13 December 2017	7 years	960,000	6.90%	823,130	-	50,530	959	183,475	691,144
China Railway Construction Real Estate Group Co., Ltd. - 2019 first phase of debt financing plan	654,000	5 December 2019	3 years	654,000	6.10%	654,000	-	39,894	(1,616)	39,894	652,384
China Railway Construction Real Estate Group Co., Ltd. - 2020 second issue of medium term note	900,000	23 March 2020	5 years	900,000	3.34%	-	597,517	22,140	351	-	620,008
China Railway Construction Investment Group Co., Ltd. - 2020 first issue of public placement Corporate bond (variety II)	600,000	11 March 2020	5 years	600,000	3.45%	-	599,321	17,250	112	-	616,683
China Railway Construction Investment Group Co., Ltd. - 2020 second issue of public placement Corporate bond (COVID-19 prevention and control bond)	500,000	16 March 2020	3 years	500,000	3.20%	-	499,434	13,333	161	-	512,928
China Railway Construction Real Estate Group Co., Ltd. 2019 second issue of private placement Corporate bond	300,000	18 March 2019	5 years	300,000	4.90%	309,952	-	14,700	233	14,700	310,185
China Railway Construction Real Estate Group Co., Ltd. Beijing Financial Assets Exchange debt financing plan - 20 Jing China Railway Construction Real Estate Co., Ltd. ZR002	300,000	16 April 2020	3 years	300,000	5.38%	-	298,645	10,443	348	7,821	301,615

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

34. Bonds payable (Continued)

Bonds	Par value	Issue date	Maturity	Amount	Annual interest rate	1 January 2020	Amount issued	Interest accrued in the year	Discount or premium amortisation and exchange effects	Principle and interest paid in the year	31 December 2020
China Railway Construction Real Estate Group Co., Ltd. Beijing Financial Assets Exchange debt financing plan – 20 Jing China Railway Construction Real Estate Co., Ltd. ZR001	100,000	27 March 2020	3 years	100,000	5.67%	–	99,549	4,144	130	4,144	99,679
China Railway Construction Corporation Limited – First issue of medium-term notes in 2013	10,000,000	20 June 2013	7 years	10,000,000	5.10%	10,261,286	–	239,697	9,017	10,510,000	–
China Railway Construction Corporation Limited – RMB3.45 billion Convertible Bond with 1.5% Coupon due in 2021 (Note 1)	3,450,000	21 December 2016	5 years	3,450,000	1.50%	146,205	–	142	8,860	155,207	–
China Railway Construction Real Estate Group Co., Ltd. – 2015 first issue of Corporate bond	3,000,000	29 September 2015	5 years	3,000,000	4.80%	3,024,938	–	108,000	11,062	3,144,000	–
Total	–	–	–	–	–	39,709,268	8,770,383	1,524,077	(335,761)	15,213,226	34,454,741
Less: Current portion of bonds payable	–	–	–	–	–	13,565,374	–	–	–	–	8,342,887
Non-current portion of bonds payable	–	–	–	–	–	26,143,894	–	–	–	–	26,111,854

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

34. Bonds payable (Continued)

As at 31 December 2019, balances of bonds payable are listed as follows:

RMB'000

Bonds	Par value	Issue date	Maturity	Amount	Annual interest rate	1 January 2019	Amount issued	Interest accrued in the year	Discount or premium amortisation and exchange effects	Principle paid in the year	31 December 2019
China Railway Construction Corporation Limited – First issue of medium-term notes in 2013	10,000,000	20 June 2013	7 years	10,000,000	5.10%	9,979,362	–	509,256	11,621	510,000	10,261,286
CRCC Yuxiang Limited Guaranteed Note due in 2023 with principal of USD800 million and interest rate of 3.5%	USD800,000	16 May 2013	10 years	USD800,000	3.50%	5,463,582	–	194,223	95,849	193,827	5,583,848
China Railway Construction Corporation Limited – USD500 million Zero Coupon Convertible Bond due 2021 (Note 2)	USD500,000	29 January 2016	5 years	USD500,000	0.00%	3,040,981	–	–	257,105	–	3,298,086
China Railway Construction Real Estate Group Co., Ltd. – 2015 first issue of Corporate bond	3,000,000	29 September 2015	5 years	3,000,000	4.80%	2,971,853	–	144,000	17,084	144,000	3,024,938
China Railway Construction Real Estate Group Co., Ltd. – 2016 first issue of Corporate bond	2,800,000	8 January 2016	5 years	2,800,000	3.70%	2,789,332	–	103,600	5,103	103,600	2,889,402
China Railway Construction Real Estate Group Co., Ltd. – 2019 first issue of public placement Corporate bond (variety I)	2,700,000	15 March 2019	5 years	2,700,000	4.25%	–	2,688,840	86,063	1,533	–	2,776,436
China Railway Construction Real Estate Group Co., Ltd. – 2018 first issue of medium term note	2,200,000	19 January 2018	5 years	2,200,000	5.94%	2,192,819	–	130,680	1,601	130,680	2,314,209
China Railway Construction Real Estate Group Co., Ltd. – 2019 first issue of private placement Corporate bond (variety II)	1,500,000	10 January 2019	5 years	1,500,000	4.90%	–	1,494,028	67,375	963	–	1,562,366
China Railway Construction Real Estate Group Co., Ltd. – 2019 first issue of private placement Corporate bond (variety I)	1,500,000	10 January 2019	3 years	1,500,000	4.73%	–	1,496,009	65,038	1,073	–	1,562,120
China Railway Construction Real Estate Group Co., Ltd. – 2016 third issue of Corporate bond	1,500,000	19 April 2016	5 years	1,500,000	4.75%	1,494,698	–	63,900	(2,533)	312,000	1,292,065
China Railway Construction Investment Group Co., Ltd. – 2019 first issue of public placement Corporate bond	1,200,000	9 April 2019	3 years	1,200,000	3.98%	–	1,198,642	35,157	70	–	1,233,869
China Railway 16th Bureau Group Co., Ltd. – 2019 private placement Corporate bond	1,000,000	30 October 2019	10 years	1,000,000	4.73%	–	1,000,000	8,015	–	–	1,008,015

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

34. Bonds payable (Continued)

Bonds	Par value	Issue date	Maturity	Amount	Annual interest rate	1 January 2019	Amount issued	Interest accrued in the year	Discount or premium amortisation and exchange effects	Principle and interest paid in the year	31 December 2019
China Railway Construction Real Estate Group Co., Ltd. – 2016 fourth issue of Corporate bond	1,500,000	24 May 2016	5 years	1,500,000	4.70%	1,494,453	–	57,921	(1,158)	626,500	969,341
CRCC (Beijing) Property Management Co., Ltd. – 2017 first issue of private placement assets-backed note	960,000	13 December 2017	7 years	960,000	6.90%	868,360	–	57,549	1,203	132,411	823,130
China Railway Construction Real Estate Group Co., Ltd. – 2019 first phase of debt financing plan	654,000	5 December 2019	3 years	654,000	6.10%	–	654,000	–	–	–	654,000
China Railway Construction Real Estate Group Co., Ltd. – 2019 second issue of private placement Corporate bond	300,000	18 March 2019	5 years	300,000	4.90%	–	298,758	11,025	169	–	309,952
China Railway Construction Corporation Limited – RMB3.45 billion 1.5% Coupon Convertible Bond due 2021 (Note 1)	3,450,000	21 December 2016	5 years	3,450,000	1.50%	3,172,629	–	50,332	268,511	3,346,750	146,205
China Railway Construction Real Estate Group Co., Ltd. – 2016 second issue of Corporate bond	3,000,000	20 January 2016	3 years	3,000,000	4.58%	2,990,353	–	11,450	9,647	3,137,400	–
China Railway 15th Bureau Group Co., Ltd. – 2016 first issue of private placement note	400,000	4 March 2016	3 years	400,000	4.50%	400,000	–	2,900	–	418,000	–
China Railway 24th Bureau Group Co., Ltd. – 2016 second issue of private placement note	600,000	24 March 2016	3 years	600,000	4.13%	600,000	–	5,507	–	624,780	–
China Railway 16th Bureau Group Co., Ltd. – 2016 first issue of private placement Corporate bond	1,000,000	6 September 2016	3 years	1,000,000	4.00%	1,000,000	–	30,000	–	1,040,000	–
Total	–	–	–	–	–	38,458,422	8,830,277	1,633,991	667,841	10,719,948	39,709,268
Less: Current portion of bonds payable	–	–	–	–	–	1,000,000	–	–	–	–	13,565,374
Non-current portion of bonds payable	–	–	–	–	–	37,458,422	–	–	–	–	26,143,894

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

34. Bonds payable (Continued)

Note 1: The Company issued a five-year 1.5% Coupon Convertible Bond at RMB3.45 billion on 21 December 2016 (settled by US Dollar). The conversion period is from 31 January 2017 or later to the close of business of the tenth operation day before expiration. The initial conversion price, at which the shares will be issued if conversion rights are executed, is set to be HKD13.775 per H share (calculated in a fixed exchange rate by HKD1 to RMB0.8898), and will be subject to adjustments under certain circumstances. The debt component of the convertible bond is initially recognised at fair value at the issue date, and the issue price in excess of the initially recognised liability is recognised as equity. On 23 December 2019, the Company redeemed and cancelled the principal of the convertible bonds of RMB3.295 billion, and the remaining part was fully redeemed on 23 January 2020.

Note 2: The Company issued a five-year Convertible Bond at zero interest rate with the principal of USD500 million on 29 January 2016. The conversion period is from 10 March 2016 or later to the close of business of the tenth operation day before expiration. The initial conversion price, at which the shares will be issued if conversion rights are executed, was set to be HKD10.30 per H share, and will be subject to adjustments under certain circumstances. The embedded derivatives of the convertible bond is initially recognised at fair value at the issue date, and the issue price in exceed of the fair value of derivative financial instruments is recognised as debt instruments. As at 31 December 2020, the debt instruments amounted to RMB 3,262,450,000 and was included in current portion of non-current liabilities according to liquidity

35. Lease liabilities

RMB'000

Item	31 December 2020	31 December 2019
Lease liabilities	4,619,967	5,081,929
Less: Total current portion of lease liabilities (<i>Note V. 31</i>)	1,942,562	1,920,949
Total non-current portion of lease liabilities	2,677,405	3,160,980

36. Long-term payables

RMB'000

Item	31 December 2020	31 December 2019
Retention payables	10,268,528	7,515,958
Payables for specific items	1,489,000	–
Special payables (<i>Note 1</i>)	74,060	99,222
Others	1,857,480	948,017
Total	13,689,068	8,563,197

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

36. Long-term payables (Continued)

Note 1:

2020:

RMB'000

Item	1 January 2020	Additions	Reductions	31 December 2020
Specific project funds	88,416	122,182	147,697	62,901
Research and development funds	10,806	4,285	3,932	11,159
Total	99,222	126,467	151,629	74,060

2019:

RMB'000

Item	1 January 2019	Additions	Reductions	31 December 2019
Specific project funds	96,285	73,417	81,286	88,416
Research and development funds	58,984	7,271	55,449	10,806
Total	155,269	80,688	136,735	99,222

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

37. Deferred income

2020:

RMB'000

Item	1 January 2020	Additions	Reductions	31 December 2020
Government grants related to assets	1,850,593	1,198,596	29,000	3,020,189
Government grants related to income	438,057	861,419	907,194	392,282
Others	553,570	12,397	191,468	374,499
Total	2,842,220	2,072,412	1,127,662	3,786,970

2019:

RMB'000

Item	1 January 2019	Additions	Reductions	31 December 2019
Government grants related to assets	1,070,289	1,249,714	469,410	1,850,593
Government grants related to income	46,471	791,295	399,709	438,057
Others	1,147,023	164,926	758,379	553,570
Total	2,263,783	2,205,935	1,627,498	2,842,220

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

37. Deferred income (Continued)

As at 31 December 2020, projects related to governments grants are listed as follows:

RMB'000

Project	1 January 2020	Additions	Included in non-operating income/other income in the year	Other changes (Note)	31 December 2020	Related to assets /income
Sichuan Dedu Highway Project Enterprise	1,717,200	1,100,000	–	–	2,817,200	Related to assets
Development and Support Fund	77,179	372,246	(340,721)	(21,167)	87,537	Related to assets/income
Others	494,271	587,769	(572,565)	(1,741)	507,734	–
Total	2,288,650	2,060,015	(913,286)	(22,908)	3,412,471	–

As at 31 December 2019, projects related to governments grants are listed as follows:

RMB'000

Project	1 January 2019	Additions	Included in non-operating income/other income in the year	Other changes (Note)	31 December 2019	Related to assets/ income
Sichuan Dedu Highway Project Enterprise	500,000	1,217,200	–	–	1,717,200	Related to assets
Development and Support Fund	463	214,286	(137,570)	–	77,179	Related to assets/income
Others	616,297	609,523	(276,623)	(454,926)	494,271	–
Total	1,116,760	2,041,009	(414,193)	(454,926)	2,288,650	–

Note: Government grants related to assets are used to offset against the carrying amount of relevant assets when relevant assets become ready for their intended use.

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

38. Share capital

2020:

RMB'000

Item	1 January 2020	Increase	Decrease	31 December 2020
Unrestricted shares				
– RMB ordinary shares	11,258,246	–	–	11,258,246
– Overseas listed foreign shares	2,076,296	–	–	2,076,296
– National Social Security Fund	245,000	–	–	245,000
Total	13,579,542	–	–	13,579,542

2019:

RMB'000

Item	1 January 2019	Increase	Decrease	31 December 2019
Unrestricted shares				
– RMB ordinary shares	11,258,246	–	–	11,258,246
– Overseas listed foreign shares	2,076,296	–	–	2,076,296
– National Social Security Fund	245,000	–	–	245,000
Total	13,579,542	–	–	13,579,542

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

39. Other equity instruments

RMB'000

Item		31 December 2020	31 December 2019
2020 renewable loans	Note 1	22,400,000	–
2019 renewable loans	Note 2	13,200,000	15,201,000
2019 renewable corporate bonds	Note 3	11,994,417	11,994,417
2018 renewable corporate bonds	Note 4	6,992,689	6,992,689
2019 CRCC medium-term notes	Note 5	5,982,651	5,982,651
2020 renewable corporate bonds	Note 6	4,697,404	–
2020 medium-term notes Phase I	Note 7	2,991,242	–
2016 convertible bonds	Note 8	–	18,336
Total		68,258,403	40,189,093

Note 1: In 2020, the Company issued RMB22,400,000,000 in an aggregate principal amount of renewable loans. According to the terms of the contract, the Company had no contractual obligation to deliver cash or other financial assets to the holders. The Company considered that the loans did not satisfy the definition of financial liabilities and included the loans in other equity instruments.

Note 2: In 2019, the Company acquired RMB15,201,000,000 in an aggregate principal amount of renewable loans. According to the terms of the contract, the Company had no contractual obligation to deliver cash or other financial assets to the holders. The Company considered that the loans did not satisfy the definition of financial liabilities and included the loans in other equity instruments. In 2020, the Company redeemed the principal of renewable loans amounting to RMB2,001,000,000.

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

39. Other equity instruments (Continued)

Note 3: In 2019, the Company issued RMB12,000,000,000 in an aggregate principal amount of three tranches of renewable corporate bonds. According to the terms of the contract, the Company had no contractual obligation to deliver cash or other financial assets to the holders. The Company considered that the bonds did not satisfy the definition of financial liabilities. The net proceeds from the issuance amounting to RMB11,994,417,000, net of the relevant expenses of issuance of RMB5,583,000 were included in other equity instruments.

Note 4: In 2018, the Company issued RMB7,000,000,000 in an aggregate principal amount of renewable corporate bonds. According to the terms of the contract, the Company had no contractual obligation to deliver cash or other financial assets to the holders. The Company considered that the bonds did not satisfy the definition of financial liabilities. The net proceeds from the issuance amounting to RMB6,992,689,000, net of the relevant expenses of issuance of RMB7,311,000 were included in other equity instruments.

Note 5: In 2019, the Company issued RMB6,000,000,000 in an aggregate principal amount of two tranches of medium-term notes. According to the terms of the contract, the Company had no contractual obligation to deliver cash or other financial assets to the holders. The Company considered that the notes did not satisfy the definition of financial liabilities. The net proceeds from the issuance amounting to RMB5,982,651,000, net of the relevant expenses of issuance of RMB17,349,000 were included in other equity instruments.

Note 6: In 2020, the Company issued RMB4,700,000,000 in an aggregate principal amount of renewable corporate bonds. According to the terms of the contract, the Company had no contractual obligation to deliver cash or other financial assets to the holders. The Company considered that the bonds did not satisfy the definition of financial liabilities. The net proceeds from the issuance amounting to RMB4,697,404,000, net of the relevant expenses of issuance of RMB2,596,000 were included in other equity instruments.

Note 7: In 2020, the Company issued RMB3,000,000,000 in an aggregate principal amount of medium-term notes. According to the terms of the contract, the Company had no contractual obligation to deliver cash or other financial assets to the holders. The Company considered that the notes did not satisfy the definition of financial liabilities. The net proceeds from the issuance amounting to RMB2,991,242,000, net of the relevant expenses of issuance of RMB8,758,000 were included in other equity instruments.

Note 8: The Company issued a five-year 1.5% Coupon Convertible Bond at RMB3.45 billion on 21 December 2016 and the part which was recognised as equity amounted to RMB408,129,000. On 23 December 2019, the Company redeemed an aggregate principal amount of RMB3,295,000,000 (representing approximately 95.51% of the initial aggregate principal amount) and transferred the carrying amount of the corresponding equity component, amounting to RMB389,793,000, into capital reserve. The remaining part of the convertible bond has been fully redeemed on 23 January 2020 and the remaining part recognised as equity with a carrying amount of RMB18,336,000 has been transferred into capital reserve.

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

40. Capital reserve

2020:

RMB'000

Item	1 January 2020	Increase	Decrease	31 December 2020
Share premium	41,241,813	–	–	41,241,813
Relocation compensation granted by government	160,961	–	–	160,961
Equity transactions with non-controlling shareholders	2,876,681	2,048	–	2,878,729
Others (Note V. 39 (Note 8))	(124,729)	18,336	16,261	(122,654)
Total	44,154,726	20,384	16,261	44,158,849

2019:

RMB'000

Item	1 January 2019	Increase	Decrease	31 December 2019
Share premium	41,241,813	–	–	41,241,813
Relocation compensation granted by government	160,961	–	–	160,961
Equity transactions with non-controlling shareholders (Note 1)	(461,878)	4,020,273	681,714	2,876,681
Others (Note V. 39 (Note 8))	(506,626)	389,793	7,896	(124,729)
Total	40,434,270	4,410,066	689,610	44,154,726

Note 1: On 18 December 2019, the Company and its subsidiaries including China Railway 11th Bureau Group Co., Ltd., China Railway Construction Group Co., Ltd., China Railway Construction Investment Group Co., Ltd. and CRCC Kunlun Investment Group Co., Ltd. ("the Target Companies") entered into Capital Contribution Agreements and Investment Agreements with several third-party investors. Pursuant to the agreements, the third-party investors respectively made capital contributions to the Target Companies in cash. Upon completion of the capital contribution, the Company's shareholding proportion of the Target Companies decreased from 100% to 81.62%, 85.64%, 87.34% and 70.77% respectively, but the Company will not lose actual control over the Target Companies. The capital contributions made by the third-party investors amounted to RMB11,000,000,000 in aggregate. These transactions resulted in an increase of capital reserve amounting to RMB2,996,354,000 and an increase of non-controlling interests amounting to RMB8,003,646,000 in the consolidated financial statements of the Group as at 31 December 2019.

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

40. Capital reserve (Continued)

In December 2019, the Company's subsidiaries including China Railway 14th Bureau Group Co., Ltd., China Railway 16th Bureau Group Co., Ltd., China Railway 18th Bureau Group Co., Ltd., China Railway 19th Bureau Group Co., Ltd., China Railway 21st Bureau Group Co., Ltd. and China Railway Urban Construction Group Co., Ltd. and their subsidiaries entered into Capital Contribution Agreements and Equity Transferring Agreements with several third-party investors. Pursuant to the agreements, the third-party investors made capital contributions amounting to RMB5,950,000,000 in aggregate to the subsidiaries. These transactions resulted in an increase of capital reserve amounting to RMB1,022,523,000 and an increase of non-controlling interests amounting to RMB4,927,477,000 in the consolidated financial statements of the Group as at 31 December 2019.

41. Other comprehensive income

Accumulated balances of other comprehensive income attributable to owners of the Company in the consolidated statement of financial position:

RMB'000

Item	1 January 2019	Increase/ (decrease)	Less: Other comprehensive income carried forward to retained earnings	1 January	Increase/ (decrease)	Less: Other comprehensive income carried forward to retained earnings	31 December
				2020	2020	2020	2020
Re-measurement of defined benefit	9,126	15,729	(2,021)	26,876	8,933	(2,214)	38,023
Effect of deferred tax from changes in re-measurement of defined benefit	(48,240)	(2,714)	-	(50,954)	(967)	-	(51,921)
Other comprehensive income to be reclassified to profit or loss in subsequent periods, share of other comprehensive income of investee, under the equity method	(122,580)	251,093	-	128,513	(197,315)	-	(68,802)
Changes in fair value of other debt investments	513	(417)	-	96	(1,164)	-	(1,068)
Changes in fair value of other equity instrument investments	219,896	382,311	-	602,207	32,335	-	634,542
Effect of deferred tax from changes in fair value of other equity instrument investments	(45,720)	(80,750)	-	(126,470)	(16,430)	-	(142,900)
Changes in fair value of receivables at FVTOCI	-	(7,785)	-	(7,785)	3,019	-	(4,766)
Effect of deferred tax from changes in fair value of receivables at FVTOCI	-	2,703	-	2,703	(1,879)	-	824
Exchange differences on translation of foreign operations	(528,054)	(113,186)	104	(641,344)	(1,054,850)	-	(1,696,194)
Total	(515,059)	446,984	(1,917)	(66,158)	(1,228,318)	(2,214)	(1,292,262)

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

41. Other comprehensive income (Continued)

Other comprehensive income in the statement of profit or loss:

2020:

RMB'000

Item	Other comprehensive income before tax	Less: Income tax effect	Attributable to owners of the Company	Attributable to non-controlling interests
Other comprehensive income not to be reclassified to profit or loss				
Re-measurement of defined benefit	8,634	672	7,966	(4)
Changes in fair value of other equity instrument investments	39,438	17,495	15,905	6,038
Other comprehensive income to be reclassified to profit or loss				
Share of other comprehensive income of the investee under the equity method	(197,315)	–	(197,315)	–
Changes in fair value of other debt investments	(1,770)	(442)	(1,164)	(164)
Changes in fair value of receivables at FVTOCI	4,913	1,879	1,140	1,894
Exchange differences on translation of foreign operations	(1,078,516)	–	(1,054,850)	(23,666)
Total	(1,224,616)	19,604	(1,228,318)	(15,902)

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

41. Other comprehensive income (Continued)

2019:

	<i>RMB'000</i>			
Item	Other comprehensive income before tax	Less: Income tax effect	Attributable to owners of the Company	Attributable to non-controlling interests
Other comprehensive income not to be reclassified to profit or loss				
Re-measurement of defined benefit	15,729	2,714	13,015	–
Changes in fair value of other equity instrument investments	353,903	76,481	301,561	(24,139)
Other comprehensive income to be reclassified to profit or loss				
Share of other comprehensive income of the investee under the equity method	251,093	–	251,093	–
Changes in fair value of other debt investments	(417)	–	(417)	–
Changes in fair value of receivables at FVTOCI	(10,327)	(2,703)	(5,082)	(2,542)
Exchange differences on translation of foreign operation	(111,992)	–	(113,186)	1,194
Total	497,989	76,492	446,984	(25,487)

42. Special reserve

The Group provided for the safety production expenses at 1.5% and 2% of the cost of construction projects, and utilised them according to the *Management Measures on the Enterprises Production Safety Expense of Enterprises Appropriation and Utilisation* (Cai Qi [2012] No. 16) issued by the Ministry of Finance and the State Administration of Work Safety. Further details are stated in Note III. 29.

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

43. Surplus reserve

2020:

RMB'000

Item	1 January 2020	Increase	31 December 2020
Statutory surplus reserve (<i>Note</i>)	4,613,506	1,526,063	6,139,569

2019:

RMB'000

Item	1 January 2019	Increase	31 December 2019
Statutory surplus reserve (<i>Note</i>)	3,229,881	1,383,625	4,613,506

Note: In accordance with the Company Law and the Company's articles of association, the Company appropriated 10% of the net profit to the surplus reserve. Where the accumulated amount of the surplus reserve reaches 50% of the Company's registered capital, additional appropriation will not be needed.

The Company and certain of its subsidiaries are authorised to allocate the discretionary surplus reserve from profit after tax after the allocation of the statutory reserve. Upon the approval of the board, the discretionary surplus reserve can be used to offset previous years' losses or increase the share capital.

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

44. Retained earnings

Item	RMB'000	
	2020	2019
Retained earnings at the beginning of the year	107,488,965	92,768,356
Net profit attributable to the owners of the Company	22,392,983	20,197,378
Less: Appropriation to statutory surplus reserve	1,526,063	1,383,625
Cash dividend declared for ordinary Shares (<i>Note 1</i>)	2,851,704	2,851,704
Interest distributed to other equity instruments holders (<i>Note 2</i>)	2,024,338	1,239,523
Others	(26,182)	(1,917)
Retained earnings at the end of the year (<i>Note 3</i>)	123,453,661	107,488,965

Note 1: In accordance with the resolution at the 2019 annual general meeting of shareholders on 19 June 2020, the Company declared a cash dividend for the year ended 31 December 2019 of RMB0.21 per share (2019: RMB0.21 per share), which amounted to RMB2,851,704,000 (2019: RMB2,851,704,000) based on 13,579,541,500 ordinary shares in issue. The above dividends have been paid on 27 July 2020, and 11 August 2020.

Note 2: For the year ended 31 December 2020, the Company accrued interest of other equity instruments holders amounting to RMB2,024,338,000 (2019: RMB1,239,523,000).

Note 3: On 31 December 2020, there is no amount attributable to other equity instruments holders in the balance of the Group's retained earnings (31 December 2019: Nil).

45. Revenue and cost of sales

Item	2020		2019	
	Revenue	Cost of sales	Revenue	Cost of sales
Revenue from principal operations	902,956,052	820,353,184	824,182,647	746,000,147
Other operating revenue	7,368,711	5,634,082	6,269,510	4,364,921
Total	910,324,763	825,987,266	830,452,157	750,365,068

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

45. Revenue and cost of sales (Continued)

(1) Revenue is listed as follows:

RMB'000

Sector	2020	2019
Construction operations	795,121,482	713,557,663
Real estate development operations	40,928,924	41,297,403
Manufacturing operations	15,545,978	16,379,287
Survey, design and consultancy operations	18,453,059	17,946,952
Other business operations	40,275,320	41,270,852
Total	910,324,763	830,452,157

(2) Disaggregation of revenue:

RMB'000

	Construction operations	Real estate development operations	Manufacturing operations	Survey, design and consultancy operations	Other business operations	Total
Timing of revenue recognition						
Over time	795,121,482	-	-	16,476,484	3,662,043	815,260,009
A point in time	-	40,928,924	15,545,978	1,976,575	36,613,277	95,064,754
Total	795,121,482	40,928,924	15,545,978	18,453,059	40,275,320	910,324,763

(3) The construction services provided by the Group are mainly identified as single performance obligation and met the criteria of performance obligation performed over time. As at 31 December 2020, for the construction services in progress, the transaction prices allocated to their unsatisfied (including partially unsatisfied) performance obligations are based on their performance progress over the relevant construction contract periods and would be recognised as revenue based on their performance progress in future construction contract periods.

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

46. Taxes and surcharges

<i>RMB'000</i>		
Item	2020	2019
City maintenance and construction tax	746,674	768,925
Stamp duty	492,980	391,191
Property tax	235,843	224,007
Others	2,257,823	3,249,427
Total	3,733,320	4,633,550

47. Selling and distribution expenses

<i>RMB'000</i>		
Item	2020	2019
Employee compensation costs	2,979,979	2,713,083
Advertising and publicity expenses	1,641,838	1,469,782
Transportation expenses	206,191	329,224
Others	839,859	920,766
Total	5,667,867	5,432,855

48. General and administrative expenses

<i>RMB'000</i>		
Item	2020	2019
Employee compensation costs	13,801,756	13,019,187
Depreciation expenses of fixed assets	781,148	679,006
Office, travelling and transportation expenses	938,580	1,227,660
Others	3,516,960	3,225,407
Total	19,038,444	18,151,260

The above general and administrative expenses include audit fees for the year 2020, amounting to RMB29,880,000.

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

49. Research and development expenses

RMB'000

Item	2020	2019
Employee compensation costs and material costs	18,605,952	16,527,801

50. Finance costs

RMB'000

Item	2020	2019
Interest expenses	11,534,826	11,118,265
Less: Interest income	3,684,788	3,982,445
Less: Interest capitalised	5,913,331	4,424,989
Exchange gains	(82,451)	(473,879)
Bank charges and others	1,398,553	1,395,396
Total	3,252,809	3,632,348

The amount of capitalised interest had been included in the balances of construction in progress (Note V. 17), intangible assets (Note V. 19) and properties under development (Note V. 8 (1)).

51. Impairment losses on assets

RMB'000

Item	2020	2019
Losses from impairment of intangible assets	—	(1,060,130)
Losses from decline in value of inventories	(373,905)	(203,081)
Losses from impairment of contract assets	(619,203)	(399,844)
Others	(30,231)	(230,588)
Total	(1,023,339)	(1,893,643)

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

52. Impairment of credit losses

<i>RMB'000</i>		
Item	2020	2019
Losses from impairment of receivables	(2,714,524)	(3,102,515)
Losses from impairment of loans to customers	12,645	(15,000)
Total	(2,701,879)	(3,117,515)

53. Other income

<i>RMB'000</i>		
Item	2020	2019
Government grants relating to daily operations	739,216	322,530
Others	202,300	92,609
Total	941,516	415,139

54. Investment income/(losses)

<i>RMB'000</i>		
Item	2020	2019
Share of profits of long-term equity investments under the equity method	1,637,477	2,396,480
Investment income from disposal of long-term equity investments	29,366	166,307
Gains from the re-measurement at fair values of remaining equity investments when losing controls of subsidiaries	—	2,964
Losses from derecognition of financial assets measured at amortised cost	(2,639,464)	(2,908,505)
Investment income from holding other equity instruments	118,395	187,668
Investment income from holding and disposal of held-for-trading financial assets	65,895	36,902
Others	(141,594)	(301,852)
Total	(929,925)	(420,036)

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

55. Gains on fair value changes

		<i>RMB'000</i>	
Item	2020	2019	
Financial assets and liabilities at fair value through profit or loss	105,833	656,543	

56. Non-operating income

		<i>RMB'000</i>	
Item	2020	2019	Non-recurring profit or loss of the year
Government grants	202,455	96,503	202,455
Approved unpayable balances	284,463	357,294	284,463
Gains on compensation, penalties and fines	210,644	193,443	210,644
Others	370,796	327,473	370,796
Total	1,068,358	974,713	1,068,358

Government grants credited to profit or loss for the period are listed as follows:

		<i>RMB'000</i>	
Nature	2020	2019	Related to assets/income
Enterprise development funds	366,089	227,688	Related to income
Relocation compensation	22,886	32,270	Related to assets/income
Refund of taxes	106,094	119,616	Related to income
Others	446,602	39,459	Related to income
Total	941,671	419,033	–
Including: Other income	739,216	322,530	–
Non-operating income	202,455	96,503	–

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

57. Non-operating expenses

RMB'000

Item	2020	2019	Non-recurring profit or loss of the year
Loss on compensation, penalties and fines	287,598	351,321	287,598
Donations	117,962	42,328	117,962
Others	192,835	183,193	192,835
Total	598,395	576,842	598,395

58. Costs and expenses classified by nature

Supplementary information of the Group's costs of sales, selling and distribution expenses, general and administrative expenses, research and development expenses categorized by nature is listed as follows:

RMB'000

Item	2020	2019
Cost of services rendered	689,240,479	615,339,670
Cost of goods sold	73,761,895	72,949,220
Employee benefits (<i>Note V. 28</i>)	67,455,429	64,263,591
Depreciation expenses on fixed assets (<i>Note V. 16</i>)	14,236,618	14,915,406
Depreciation expenses on right-of-use assets (<i>Note V. 18</i>)	2,121,504	2,044,679
Amortisation expenses on intangible assets (<i>Note V. 19</i>)	990,169	607,706
Depreciation expenses on investment properties (<i>Note V. 15</i>)	190,017	201,900

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

59. Income tax expenses

RMB'000

Item	2020	2019
Current tax expenses – Mainland China	5,595,522	5,807,731
Current tax expenses – Others	109,727	111,014
Deferred tax expenses	76,629	(515,786)
Total	5,781,878	5,402,959

A reconciliation of the income tax expense applicable to profit before tax is listed as follows:

RMB'000

Item	2020	2019
Profit before tax	31,490,552	28,026,650
Income tax at the statutory income tax rate of 25%	7,872,638	7,006,662
Tax effect of preferential tax rates for some subsidiaries	(1,160,272)	(922,320)
Tax effect of share of profits and losses of joint ventures and associates	(409,369)	(599,120)
Effect of non-taxable income	(494,879)	(354,350)
Effect of non-deductible expenses	440,632	336,766
Effect of utilisation of unrecognised deductible tax losses	(475,740)	(286,635)
Income tax benefits on research and development expenses (<i>Note</i>)	(1,128,009)	(1,106,615)
Effect of unrecognised deductible tax losses	1,098,719	1,112,597
Deductible temporary differences not recognised as deferred tax assets	197,534	190,022
Adjustments in respect of current income tax of previous years	(179,136)	6,379
Others	19,760	19,573
Income tax expense at the Group's effective tax rate	5,781,878	5,402,959

Note: According to the provisions of Cai Shui [2018] No. 99, the pre-tax weighted deduction ratio for enterprise research and development expenses is increased to 75% for the period from 1 January 2018 to 31 December 2020.

The income tax of the Group is calculated based on the estimated taxable profit arising in China and the applicable tax rate. Tax arising from the taxable income in other regions is calculated at the statutory tax rate according to existing laws, interpretations and practices of the country or jurisdiction in which the Group operates.

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

60. Earnings per share

The basic earnings per share is calculated based on the net profit for the year attributable to ordinary shareholders of the Company and the weighted average number of outstanding ordinary shares during the year.

Item	<i>RMB'000</i>	
	2020	2019
Earnings		
Net profit attributable to shareholders of the Company	22,392,983	20,197,378
Including: profit or loss from continuing operations	22,392,983	20,197,378
Less: attributable to holder of other equity instruments (Note V. 44)	2,024,338	1,239,523
Net profit attributable to ordinary shareholders	20,368,645	18,957,855
Shares		
Number of the outstanding ordinary shares of the Company	13,579,541,500	13,579,541,500
Basic earnings per share (<i>RMB/share</i>)	1.50	1.40
Diluted earnings per share (<i>RMB/share</i>) (Note)	1.44	1.33

Note: A Coupon Convertible Bond at USD500 million with the issue date on 29 January 2016 and the part of a Coupon Convertible Bond at RMB3.45 billion with the issue date on 21 December 2016 which were redeemed in 2020 have been taken into consideration.

61. Notes to items in the statement of cash flows

Item	<i>RMB'000</i>	
	2020	2019
(1) Cash received from other operating activities:		
Rental income of fixed assets	888,761	809,958
Sale of raw materials	1,937,045	684,650
Government grants	941,671	419,033
Others	19,063,154	14,598,844
Total	22,830,631	16,512,485

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

61. Notes to items in the statement of cash flows (Continued)

RMB'000

Item	2020	2019
(2) Cash paid for other operating activities:		
Office and travelling expenses	1,144,771	1,556,884
Repair and maintenance costs	439,423	451,788
Advertising and publicity expenses	1,641,838	1,469,782
Others	10,795,116	7,393,711
Total	14,021,148	10,872,165

RMB'000

Item	2020	2019
(3) Cash received from other investing activities:		
Net cash inflow of acquisition of subsidiary	850,315	–
Others	288,362	95,795
Total	1,138,677	95,795

RMB'000

Item	2020	2019
(4) Cash received from other financing activities:		
Cash receipts from financing	3,438,307	6,507,000
Total	3,438,307	6,507,000

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

61. Notes to items in the statement of cash flows (Continued)

Item	<i>RMB'000</i>	
	2020	2019
(5) Cash paid for other financing activities:		
Redemption of other equity instrument	2,001,000	13,000,000
Acquisition of non-controlling interests	69,848	–
Cash paid for lease liabilities	2,391,626	1,970,045
Others	–	10,000
Total	4,462,474	14,980,045

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

62. Supplementary information to the consolidated statement of cash flows

(1) Supplementary information to the statement of cash flows

	2020	2019
<i>RMB'000</i>		
Reconciliation of net profit to cash flows generated from operating activities:		
Net profit	25,708,674	22,623,691
Add: Impairment losses on assets	1,023,339	1,893,643
Impairment of credit losses	2,701,879	3,117,515
Depreciation of fixed assets	14,236,618	14,915,406
Depreciation of right-of-use assets	2,121,504	2,044,679
Amortisation of intangible assets	990,169	607,706
Amortisation of investment properties	190,017	201,900
Amortisation of long-term prepayments	207,772	167,709
Gains from disposal of fixed assets, intangible assets and other long-term assets	(515,870)	(211,564)
Gains on fair value changes	(105,833)	(656,543)
Finance costs	5,262,583	5,597,643
Investment income	(1,844,663)	(2,790,321)
Decrease (increase) in deferred tax assets	64,703	(691,355)
(Decrease) Increase in deferred tax liabilities	(79,574)	180,975
Increase in inventories	(37,841,060)	(34,935,209)
Increase in contract assets	(10,572,334)	(31,067,140)
Increase in operating receivables	(10,828,377)	(19,788,821)
Increase in operating payables	49,530,992	80,142,164
Decrease in the deposits with the central bank	(141,291)	(1,346,240)
Net cash flows used in operating activities	40,109,248	40,005,838

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

62. Supplementary information to the consolidated statement of cash flows (Continued)

(1) Supplementary information to the statement of cash flows (Continued)

Net changes in cash and cash equivalents:

	<i>RMB'000</i>	
Item	2020	2019
Cash at the end of the year	160,935,485	134,751,232
Less: Opening balance of cash	134,751,232	128,786,704
Add: Closing balance of cash equivalents	6,734,011	5,542,384
Less: Opening balance of cash equivalents	5,542,384	1,301,013
Net increase in cash and cash equivalents	27,375,880	10,205,899

(2) Cash and cash equivalents

	<i>RMB'000</i>	
Item	31 December 2020	31 December 2019
Cash	160,935,485	134,751,232
Including: Cash on hand	63,475	97,202
Cash with banks/financial institutions without restriction	160,872,010	134,654,030
Cash equivalents	6,734,011	5,542,384
Closing balance of cash and cash equivalents	167,669,496	140,293,616

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

63. Assets with title restrictions

RMB'000

Item	31 December 2020	31 December 2019	Reason
Intangible assets	64,215,766	48,874,715	Pledged for loans
Inventories	36,791,724	25,977,309	Mortgaged for loans
Cash and bank balances	14,100,437	14,265,487	Note
Long-term receivables (pledged)	10,472,021	133,142	Pledged for loans
Other non-current assets	7,526,905	4,779,563	Pledged for loans
Trade receivables	1,167,023	1,245,243	Pledged for loans
Bills receivable	926,823	562,481	Pledged for loans
Construction in progress	681,746	–	Mortgaged for loans
Fixed assets	60,290	263,379	Mortgaged for loans
Long-term receivables (mortgaged)	–	1,291,510	Mortgaged for loans
Total	135,942,735	97,392,829	–

Note: As at 31 December 2020, the Group held frozen deposits of RMB794,376,000 (31 December 2019: RMB284,785,000). The residual amount of RMB6,607,775,000 (31 December 2019: RMB7,423,707,000) was comprised of several kinds of deposits. CRCC Finance Company Limited placed RMB6,698,286,000 (31 December 2019: RMB6,556,995,000) in the central bank as statutory reserves.

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

64. Foreign currency monetary items

31 December 2020:

Item	Closing balance of foreign currencies (<i>'000</i>)	Exchange rate	Closing balance in RMB
			<i>RMB'000</i>
Cash and bank balances			12,040,937
Including: U.S. Dollar	1,636,646	6.5249	10,678,954
Euro	72,795	8.0250	584,179
Others			777,804
Trade receivables			2,199,903
Including: U.S. Dollar	169,576	6.5249	1,106,469
Algeria Dinars	15,979,084	0.0493	788,403
Others			305,031
Other receivables			226,652
Including: U.S. Dollar	11,223	6.5249	73,232
Others			153,420
Trade payables			1,163,627
Including: U.S. Dollar	135,664	6.5249	885,195
Algeria Dinars	1,065,471	0.0493	52,570
Others			225,862
Other payables			263,672
Including: U.S. Dollar	27,659	6.5249	180,470
Others			83,202
Short-term loans			5,156,995
Including: U.S. Dollar	210,000	6.5249	1,370,229
Euro	405,000	8.0250	3,250,125
Saudi Riyal	200,391	1.7410	348,874
Qatari Riyal	104,688	1.7936	187,767
Others			-
Long-term loans			2,326,777
Including: U.S. Dollar	215,053	6.5249	1,403,199
Euro	114,476	8.0250	918,667
Others			4,911
Bonds payable (including current portion of bonds payable)			8,490,786
Including: U.S. Dollar	1,301,290	6.5249	8,490,786

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

VI. CHANGES OF CONSOLIDATION SCOPE

1. Business combinations involving entities not under common control

- (1) Business combination involving entities not under common control occurred in the current period

On 8 May 2020, the Company's subsidiary CRCC International Investment Co., Ltd. acquired 75% equity of GRUPO ALDESA, S.A. by means of equity acquisition and capital contribution through its wholly owned subsidiary EUROINFRA INVERSION, S.L.U. in Spain. The acquisition date of this transaction is 8 May 2020, which is the date on which the Group actually acquired control over GROUP ALDESA, S.A.

RMB'000

Acquiree	Date of acquisition	Equity acquisition cost	Proportion (%)	Means of equity acquisition	Acquisition date	Basis for determining the acquisition date	Revenue of acquiree from the acquisition date to the period-end	Net profit of acquiree from the acquisition date to the period-end
GRUPO ALDESA, S.A.	8 May 2020	2,232,829	75	Capital contribution and equity acquisition	8 May 2020	Acquisition of control	2,174,933	(739,033)

- (1) *Cost of acquisition and goodwill*

RMB'000

Cost of acquisition	GRUPO ALDESA, S.A.
– Cash	2,232,829
Total cost of acquisition	2,232,829
Less: Share obtained of the fair value of identifiable net assets	1,820,348
Goodwill	412,481

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

VI. CHANGES OF CONSOLIDATION SCOPE (Continued)

1. Business combinations involving entities not under common control (Continued)

(1) Business combination involving entities not under common control occurred in the current period (Continued)

(2) *Identifiable assets and liabilities of acquiree at the acquisition date*

RMB'000

GRUPO ALDESA, S.A.		
	Carrying amount on the date of acquisition	Fair value on the date of acquisition
Assets:		
Cash and bank balances	2,293,218	2,293,218
Trade receivables	879,226	879,226
Advances to suppliers	350,480	350,480
Other receivables	64,856	64,856
Inventories	436,187	475,895
Contract assets	2,285,004	2,285,004
Current portion of non-current assets	17,535	17,535
Other current assets	577,662	577,662
Long-term receivables	34,833	34,833
Long-term equity investments	70,865	124,618
Investment properties	91,400	101,094
Fixed assets	534,212	545,197
Construction in progress	26,119	26,119
Right-of-use assets	64,282	64,282
Intangible assets	635,496	2,972,106
Deferred tax assets	788,920	921,643
Other non-current assets	273,296	191,961
Total assets:	9,423,591	11,925,729

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

VI. CHANGES OF CONSOLIDATION SCOPE (Continued)

1. Business combinations involving entities not under common control (Continued)

(1) Business combination involving entities not under common control occurred in the current period (Continued)

(2) *Identifiable assets and liabilities of acquiree at the acquisition date (Continued)*

RMB'000

GRUPO ALDESA, S.A.		
	Carrying amount on the date of acquisition	Fair value on the date of acquisition
Liabilities:		
Short-term loans	1,200,463	1,200,463
Bills payable	184,465	184,465
Trade payables	989,671	989,671
Contract liabilities	832,359	832,359
Employee benefits payable	61,396	61,396
Taxes payable	223,881	223,881
Other payables	881,526	881,526
Current portion of non-current liabilities	119,757	119,757
Other current liabilities	3,238,709	3,549,964
Lease liabilities	48,770	48,770
Long-term payables	337,992	337,992
Deferred income	12,190	12,190
Provisions	109,628	109,628
Deferred tax liabilities	259,477	943,518
Total Liabilities:	8,500,284	9,495,580
Net assets		
Less: Non-controlling interests	—	609,801
Net assets obtained	—	1,820,348
Acquisition consideration	—	2,232,829
Goodwill	—	412,481

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

VII. EQUITY IN OTHER ENTITIES

1. Subsidiaries

(1) Particulars of the principal subsidiaries of the Company are listed as follows:

Subsidiaries acquired through establishment or investment

RMB'000

Company name	Principal place of business	Place of registration	Principal activities	Registered capital	Shareholding proportion %	
					Direct	Indirect
China Civil Engineering Construction Corporation	Beijing	Beijing	Construction	3,000,000	100.00	-
China Railway 11th Bureau Group Co., Ltd.	Wuhan, Hubei	Wuhan, Hubei	Construction	6,162,382	81.62	-
China Railway 12th Bureau Group Co., Ltd.	Taiyuan, Shanxi	Taiyuan, Shanxi	Construction	5,060,677	100.00	-
China Railway Construction Bridge Engineering Bureau Group Co., Ltd.	Tianjin	Tianjin	Construction	3,200,000	100.00	-
China Railway 14th Bureau Group Co., Ltd.	Jinan, Shandong	Jinan, Shandong	Construction	3,110,000	100.00	-
China Railway 15th Bureau Group Co., Ltd.	Shanghai	Shanghai	Construction	3,000,000	100.00	-
China Railway 16th Bureau Group Co., Ltd.	Beijing	Beijing	Construction	3,000,000	100.00	-
China Railway 17th Bureau Group Co., Ltd.	Taiyuan, Shanxi	Taiyuan, Shanxi	Construction	3,021,226	100.00	-
China Railway 18th Bureau Group Co., Ltd.	Tianjin	Tianjin	Construction	3,000,000	100.00	-
China Railway 19th Bureau Group Co., Ltd.	Beijing	Beijing	Construction	5,080,000	100.00	-
China Railway 20th Bureau Group Co., Ltd.	Xi'an, Shaanxi	Xi'an, Shaanxi	Construction	3,130,000	100.00	-
China Railway 21st Bureau Group Co., Ltd.	Lanzhou, Gansu	Lanzhou, Gansu	Construction	2,038,000	100.00	-
China Railway 22nd Bureau Group Co., Ltd.	Beijing	Beijing	Construction	2,000,000	100.00	-
China Railway 23rd Bureau Group Co., Ltd.	Chengdu, Sichuan	Chengdu, Sichuan	Construction	2,000,000	100.00	-
China Railway 24th Bureau Group Co., Ltd.	Shanghai	Shanghai	Construction	2,000,000	100.00	-
China Railway 25th Bureau Group Co., Ltd.	Guangzhou, Guangdong	Guangzhou, Guangdong	Construction	2,000,000	100.00	-
China Railway First Survey and Design Institute Group Co., Ltd.	Xi'an, Shaanxi	Xi'an, Shaanxi	Survey and design	1,000,000	100.00	-
China Railway SIYUAN Survey and Design Group Co., Ltd.	Wuhan, Hubei	Wuhan, Hubei	Survey and design	1,000,000	100.00	-

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

VII. EQUITY IN OTHER ENTITIES (Continued)

1. Subsidiaries (Continued)

- (1) Particulars of the principal subsidiaries of the Company are listed as follows:
(Continued)

Subsidiaries acquired through establishment or investment (Continued)

RMB'000

Company name	Principal place of business	Place of registration	Principal activities	Registered capital	Shareholding proportion %	
					Direct	Indirect
China Railway Construction Group Co., Ltd.	Beijing	Beijing	Construction	3,502,971	85.64	-
China Railway Construction Electrification Bureau Group Co., Ltd.	Beijing	Beijing	Construction	3,800,000	100.00	-
China Railway Material Group Co., Ltd.	Beijing	Beijing	Purchase and sales of goods and materials	3,000,000	100.00	-
CRCC High-Tech Equipment Corporation Limited	Kunming, Yunnan	Kunming, Yunnan	Manufacturing operations	1,519,884	63.70	1.30
China Railway Construction Real Estate Group Co., Ltd.	Beijing	Beijing	Real estate development and operation	7,000,000	100.00	-
China Railway Construction Heavy Industry Corporation Limited	Changsha, Hunan	Changsha, Hunan	Manufacturing operations	3,855,540	99.50	0.50
China Railway Construction Investment Group Co., Ltd.	Zhuhai, Guangdong	Zhuhai, Guangdong	Project investment, Construction	12,067,086	87.34	-
CRCC Finance Company Limited	Beijing	Beijing	Finance service	9,000,000	94.00	-
China Railway Construction Corporation (International) Limited	Beijing	Beijing	Construction	3,000,000	100.00	-
CRCC Capital Holdings Group Co., Ltd.	Shenzhen, Guangdong	Shenzhen, Guangdong	Finance service	9,000,000	100.00	-
China Railway Urban Construction Group Co., Ltd.	Changsha, Hunan	Changsha, Hunan	Construction	2,000,000	100.00	-
CRCC Kunlun Investment Group Co., Ltd.	Chengdu, Sichuan	Chengdu, Sichuan	Project investment, Construction	5,087,166	70.77	-
CRCC Chongqing Investment Group Co., Ltd.	Chongqing	Chongqing	Project investment, Construction	3,000,000	100.00	-

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

VII. EQUITY IN OTHER ENTITIES (Continued)

1. Subsidiaries (Continued)

(2) The subsidiaries with significant non-controlling interests are listed as follows:

31 December 2020:

RMB'000

Subsidiary	Shareholding proportion (%)	Net profit or loss attributable to non-controlling interests	Dividends distribute to non-controlling shareholders	Accumulated balances of non-controlling interests at the reporting date
China Railway Construction Investment Group Co., Ltd.	12.66	595,617	486,914	12,323,550
China Railway 11th Bureau Group Co., Ltd.	18.38	340,643	248,791	4,185,517
CRCC Kunlun Investment Group Co., Ltd.	29.23	198,834	100,973	3,860,281
China Railway Construction Group Co., Ltd.	14.36	159,274	93,661	3,025,047

RMB'000

Subsidiary	31 December 2020					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
China Railway Construction Investment Group Co., Ltd.	27,894,274	114,357,909	142,252,183	50,103,556	61,920,071	112,023,627
China Railway 11th Bureau Group Co., Ltd.	43,441,784	11,423,528	54,865,312	40,849,220	1,187,436	42,036,656
CRCC Kunlun Investment Group Co., Ltd.	14,266,334	21,716,723	35,983,057	22,338,146	3,529,791	25,867,937
China Railway Construction Group Co., Ltd.	65,375,626	11,121,202	76,496,828	61,502,496	3,505,419	65,007,915

RMB'000

Subsidiary	31 December 2019					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
China Railway Construction Investment Group Co., Ltd.	24,006,529	96,570,729	120,577,258	44,952,443	48,863,994	93,816,437
China Railway 11th Bureau Group Co., Ltd.	41,572,344	10,884,610	52,456,954	38,234,426	984,895	39,219,321
CRCC Kunlun Investment Group Co., Ltd.	13,325,620	15,558,632	28,884,252	18,503,784	1,171,698	19,675,482
China Railway Construction Group Co., Ltd.	50,901,650	10,444,807	61,346,457	48,875,440	2,347,464	51,222,904

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

VII. EQUITY IN OTHER ENTITIES (Continued)

1. Subsidiaries (Continued)

- (2) The subsidiaries with significant non-controlling interests are listed as follows:
(Continued)

RMB'000

Subsidiary	2020			
	Revenue	Net profit	Total comprehensive income	Net cash flows generated from operating activities
China Railway Construction Investment Group Co., Ltd.	32,310,456	2,143,952	2,154,595	3,772,268
China Railway 11th Bureau Group Co., Ltd.	70,685,909	1,368,986	1,374,946	2,353,198
CRCC Kunlun Investment Group Co., Ltd.	28,539,844	1,753,201	1,753,201	5,116,901
China Railway Construction Group Co., Ltd.	72,023,447	1,044,778	1,051,069	(2,339,338)

RMB'000

Subsidiary	2019			
	Revenue	Net profit	Total comprehensive income	Net cash flows generated from operating activities
China Railway Construction Investment Group Co., Ltd.	27,633,955	979,237	1,086,963	6,934,333
China Railway 11th Bureau Group Co., Ltd.	64,670,305	1,411,892	1,397,881	784,059
CRCC Kunlun Investment Group Co., Ltd.	26,847,112	1,645,249	1,645,249	2,397,849
China Railway Construction Group Co., Ltd.	51,848,110	783,937	787,410	2,176,597

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

VII. EQUITY IN OTHER ENTITIES (Continued)

2. Equity in joint ventures and associates

Principle joint ventures and associates

RMB'000

Name of principle joint ventures and associates	Principal place of business	Place of registration	Principal activities	Shareholding proportion %		Measurement of joint ventures and associates
				Direct	Indirect	
Hohhot Metro Line 2 Construction & Management Co., Ltd.	Hohhot, Inner Mongolia	Hohhot, Inner Mongolia	Rail Transit Project Investment & Development	51	-	Equity method
Sichuan Tianfu Airport Expressway Co., Ltd.	Chengdu, Sichuan	Chengdu, Sichuan	Highway Project Investment & Management	50	-	Equity method
Hengda Real Estate (Shenzhen) Co., Ltd.	Shenzhen, Guangdong	Shenzhen, Guangdong	Real estate development	49	-	Equity method
CRCC Financial Leasing Co., Ltd.	Tianjin	Tianjin	Finance lease	50	-	Equity method

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

VII. EQUITY IN OTHER ENTITIES (Continued)

2. Equity in joint ventures and associates (Continued)

Major financial information of principle joint ventures

RMB'000

	31 December 2020/For the year ended 31 December 2020		31 December 2019/For the year ended 31 December 2019	
	Hohhot Metro Line 2 Construction & Management Co., Ltd.	Sichuan Tianfu Airport Expressway Co., Ltd.	Hohhot Metro Line 2 Construction & Management Co., Ltd.	Sichuan Tianfu Airport Expressway Co., Ltd.
Current assets	2,260,207	271,270	2,118,045	957,208
Including: Cash and cash equivalents	976,668	199,884	738,451	885,882
Non-current assets	12,959,133	32,873,476	10,056,891	27,949,797
Total assets	15,219,340	33,144,746	12,174,936	28,907,005
Current liabilities	2,349,258	326,243	1,312,572	298,602
Non-current liabilities	5,858,032	25,793,903	4,560,350	22,408,403
Total liabilities	8,207,290	26,120,146	5,872,922	22,707,005
Non-controlling interests	–	–	–	–
Total equity attributable to owners of the company	7,012,050	26	6,302,014	6,200,000
The net assets multiplied by the shareholding proportion	3,576,146	3,512,300	3,214,027	3,100,000
Adjustment event				
– Others	34,518	112,300	96,637	–
Carrying amount of investments in the joint ventures attributable to the Group	3,610,664	3,624,600	3,310,664	3,100,000

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

VII. EQUITY IN OTHER ENTITIES (Continued)

2. Equity in joint ventures and associates (Continued)

Major financial information of principle joint ventures (Continued)

RMB'000

	31 December 2020/For the year ended 31 December 2020		31 December 2019/For the year ended 31 December 2019	
	Hohhot Metro Line 2 Construction & Management Co., Ltd.	Sichuan Tianfu Airport Expressway Co., Ltd.	Hohhot Metro Line 2 Construction & Management Co., Ltd.	Sichuan Tianfu Airport Expressway Co., Ltd.
Revenue	232,915	-	-	-
Finance costs	71,088	-	-	-
Income tax expenses	(9,354)	-	-	-
Net profit	35,035	-	-	-
Other comprehensive income	-	-	-	-
Total comprehensive income	35,035	-	-	-
Dividends from joint ventures for the year	-	-	-	-
Total assets	11,298,169	46,192,054	10,912,457	48,565,281
Total liabilities	6,607,915	40,606,790	6,221,768	43,602,472

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

VII. EQUITY IN OTHER ENTITIES (Continued)

2. Equity in joint ventures and associates (Continued)

Major financial information of principle joint ventures (Continued)

RMB'000

	31 December 2020/For the year ended 31 December 2020		31 December 2019/For the year ended 31 December 2019	
	Hohhot Metro Line 2 Construction & Management Co., Ltd.	Sichuan Tianfu Airport Expressway Co., Ltd.	Hohhot Metro Line 2 Construction & Management Co., Ltd.	Sichuan Tianfu Airport Expressway Co., Ltd.
Non-controlling interests	-	-	-	-
Total equity attributable to owners of the company	4,690,254	5,585,264	4,690,689	4,962,809
The net assets multiplied by the shareholding proportion	2,298,224	2,792,632	2,298,438	2,481,405
Adjustment issue				
- Unrealized profits of intra-group transactions	(127,849)	(339,636)	-	(403,514)
- Others	15,148	(2,447)	15,068	(2,360)
Carrying amount of investments in the associates attributable to the Group	2,185,523	2,450,549	2,313,506	2,075,531
Revenue	916	4,545,063	982	4,843,951
Finance costs	(72)	-	420	-
Income tax expenses	-	211,647	-	231,932
Net profit	(435)	622,455	1,258	665,275
Other comprehensive income	-	-	-	-
Total comprehensive income	(435)	622,455	1,258	665,275
Dividends from associates for the year	-	-	-	-

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

VII. EQUITY IN OTHER ENTITIES (Continued)

2. Equity in joint ventures and associates (Continued)

The aggregate financial information of the individually insignificant joint ventures:

	<i>RMB'000</i>	
Item	31 December 2020	31 December 2019
Shares of net profit of the joint ventures attributable to the Group	844,073	1,832,507
Shares of total comprehensive income of the joint ventures attributable to the Group	844,073	1,832,507
Carrying amount of investments in the joint ventures attributable to the Group	25,456,529	18,073,923

The aggregate financial information of the individually insignificant associates:

	<i>RMB'000</i>	
Item	31 December 2020	31 December 2019
Shares of net profit of the associates attributable to the Group	482,397	231,335
Shares of other comprehensive income (loss) of the associates attributable to the Group	(197,315)	251,093
Shares of total comprehensive income of the associates attributable to the Group	285,082	482,428
Carrying amount of investments in the associates attributable to the Group	33,293,174	20,771,010

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

VII. EQUITY IN OTHER ENTITIES (Continued)

3. Equity in structured entities that have not been merged into the consolidated financial statements

As of December 31, 2020, the scale of major structured entities that the Group participated in and that were not included in the consolidated financial statements totaled approximately RMB22,870,846,000. Among them, the subscription amount of the Group was approximately RMB4,028,222,000 and that of other investors was approximately RMB18,842,624,000. The Group has no control over this category of structured entity, so the structured entities have not been merged into the consolidated financial statements. As of December 31, 2020, the actual subscription amount paid by the Group was approximately RMB1,251,767,000, of which RMB76,637,000 was accounted in held-for-trading financial assets and RMB1,175,130,000 was accounted in other non-current financial assets. The Group's largest risk exposure in these structured entities is the amount of capital contributed by the Group as of the balance sheet date. The Group has no obligation or intention to provide financial support to the structured entities.

As of December 31, 2020, the Group's cumulative issuance amount of asset-backed securities and asset-backed notes was RMB44,724,699,000. The subordinated tranche of the asset-backed securities and asset-backed notes was RMB2,387,840,000. On December 31, 2020, the subordinated tranche of asset-backed securities and asset-backed notes held by the Group was RMB401,250,000, of which RMB305,000,000 was accounted in held-for-trading financial assets and RMB96,250,000 was accounted in other non-current financial assets.

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

VIII. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS

1. Financial instruments by category

The carrying amount of each category of financial instruments at the balance sheet date are as follows:

31 December 2020:

Financial assets

RMB'000

Item	Classified as financial assets at fair value through other comprehensive income	Designated as financial assets at fair value through other comprehensive income	Financial assets at fair value through profit or loss	Financial assets measured at amortised cost	Total
Bills receivable	-	-	-	18,242,816	18,242,816
Trade receivables	-	-	-	125,696,204	125,696,204
Receivables at FVTOCI	3,683,653	-	-	-	3,683,653
Loans and advances to customers	-	-	-	2,772,645	2,772,645
Other receivables (excluding petty cash)	-	-	-	65,869,102	65,869,102
Other current assets	-	-	-	45,670	45,670
Long-term receivables	-	-	-	74,472,408	74,472,408
Cash and bank balances	-	-	-	187,997,046	187,997,046
Held-for-trading financial assets	-	-	587,022	-	587,022
Debt investments	-	-	-	41	41
Other debt investments	1,003,745	-	-	-	1,003,745
Other equity instrument investments	-	10,510,397	-	-	10,510,397
Other non-current financial assets	-	-	2,839,530	-	2,839,530
Current portion of non-current assets	16,584	-	-	6,808,096	6,824,680
Total	4,703,982	10,510,397	3,426,552	481,904,028	500,544,959

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

VIII. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (Continued)

1. Financial instruments by category (Continued)

31 December 2020: (Continued)

Financial liabilities

RMB'000

Item	Other financial liabilities	Total
Short-term loans	49,879,073	49,879,073
Due to customers	4,815,608	4,815,608
Bills payable	84,290,956	84,290,956
Trade payables	349,327,324	349,327,324
Other payables	79,595,459	79,595,459
Current portion of non-current liabilities (excluding current portion of long-term employee benefits payable, provisions and lease liabilities)	26,394,617	26,394,617
Other current liabilities	2,417,770	2,417,770
Long-term loans	111,018,145	111,018,145
Bonds payable	26,111,854	26,111,854
Long-term payables (excluding special payables)	13,615,008	13,615,008
Other non-current liabilities	85,250	85,250
Total	747,551,064	747,551,064

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

VIII. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (Continued)

1. Financial instruments by category (Continued)

The carrying amount of each categories of financial instruments at the balance sheet date are as follows: (Continued)

31 December 2019:

Financial assets

RMB'000

Item	Classified as financial assets at fair value through other comprehensive income	Designated as financial assets at fair value through other comprehensive income	Financial assets at fair value through profit or loss	Financial assets measured at amortised cost	Total
Bills receivable	–	–	–	10,305,274	10,305,274
Trade receivables	–	–	–	112,138,537	112,138,537
Receivables at FVTOCI	2,654,263	–	–	–	2,654,263
Loans and advances to customers	–	–	–	2,730,000	2,730,000
Other receivables (excluding petty cash)	–	–	–	59,544,500	59,544,500
Other current assets	–	–	–	225,545	225,545
Long-term receivables	–	–	–	60,804,614	60,804,614
Cash and bank balances	–	–	–	156,887,177	156,887,177
Held-for-trading financial assets	–	–	3,587,646	–	3,587,646
Debt investments	–	–	–	41	41
Other equity instrument investments	–	10,038,609	–	–	10,038,609
Other non-current financial assets	–	–	1,643,494	–	1,643,494
Current portion of non-current assets	101,930	–	–	10,155,380	10,257,310
Total	2,756,193	10,038,609	5,231,140	412,791,068	430,817,010

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

VIII. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (Continued)

1. Financial instruments by category (Continued)

31 December 2019: (Continued)

Financial liabilities

RMB'000

Item	Financial liabilities at fair value through profit or loss	Other financial liabilities	Total
Short-term loans	–	42,749,266	42,749,266
Due to customers	–	3,820,235	3,820,235
Bills payable	–	69,601,977	69,601,977
Trade payables	–	325,785,304	325,785,304
Other payables	–	70,116,812	70,116,812
Current portion of non-current liabilities (excluding current portion of long-term employee benefits payable, provisions and lease liabilities)	–	32,619,894	32,619,894
Other current liabilities	–	218,000	218,000
Long-term loans	–	87,936,038	87,936,038
Bonds payable	–	26,143,894	26,143,894
Long-term payables (excluding special payables)	–	8,463,975	8,463,975
Other non-current liabilities	244,414	171,250	415,664
Total	244,414	667,626,645	667,871,059

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

VIII. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (Continued)

2. Transfer of financial assets

Transferred financial assets that are derecognised in their entirety but continuously involved

As at 31 December 2020, the Group had endorsed and discounted bank acceptance bills which are not yet due amounting to RMB3,870,101,000 (31 December 2019: RMB1,098,468,000). As at 31 December 2020, for bills within 12 months, if acceptance banks dishonored the bills, endorsees shall have the right to turn to the Group for recourse according to the Law of Bill. The Group considered the risks and rewards of the bills had been transferred. Therefore, the Group had derecognised the related bills receivable and trade payables that had been settled by the bills. The undiscounted cash flows and maximum losses of continuing involvement and repurchase equaled to the book value of the bills. The Group considered the fair value of continuing involvement to be not significant.

In 2020, the Group did not recognise any profit or loss at the date of transfer. The Group had no current or accumulated gains or expenses related to continuing involvement of financial assets which had been derecognised. The endorsement and discount happens evenly throughout the year.

Transferred financial assets that are not derecognised in their entirety

In 2020, the trade receivables and long-term receivables that have been transferred but not derecognised in their entirety are stated in Note V. 5 and Note V. 12 respectively.

3. Financial instrument risks

The Group's major financial instruments include loans, due to customers, bonds and convertible bonds, and other equity instruments, etc. The purpose of these financial instruments is to support daily operations of the Group. The Group also has various financial assets and liabilities arising from operation, such as cash and bank balances, bills receivable, trade receivables, receivables at FVTOCI, other receivables, long-term receivables, bills payable, trade payables, other payables and long-term payables.

The major risks from the Group's financial instruments are credit risk, liquidity risk and market risk. The management will hold meetings at least four times a year to analyze and make plans to manage these risks. Besides, the board will hold meetings at least twice a year to discuss and approve the suggestions from management. Generally, the Group introduces conservative strategies in risk management. As these risks for the Group are kept at a low level, the Group does not use any derivative instrument and other instruments to hedge these risks in the whole year.

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

VIII. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (Continued)

3. Financial instrument risks (Continued)

Credit risk

The Group trades only with recognised and creditworthy customers. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, the balances and collection of trade receivables, contract assets and long-term receivables are monitored on an ongoing basis to ensure that the Group's exposure to credit loss is not significant. For transactions that are not denominated in the functional currency of the relevant operating unit, the Group does not offer credit terms without the specific approval of the Department of Credit Control in the Group. Besides, the Group reviews collections of financial assets at each balance sheet date to ensure sufficient provisions for estimated credit loss have been made for relevant financial assets.

Other financial assets of the Group include cash and bank balances, bills receivable, receivables at FVTOCI, other receivables, debt investments and loans and advances to customers. Credit risk of such financial assets is resulted from defaults of counterparties. The largest risk exposure equals to the carrying amount of these instruments. The Group is also exposed to credit risk through the granting of financial guarantees, further details of which are disclosed in Note XI. 3 to the financial statements. Substantially all of the Group's cash and bank balances are held in major financial institutions located in the PRC, which management believes are of high credit quality. The Group has policies to control the size of the deposits to be placed with various reputable financial institutions according to their market reputation, operating scale and financial background with a view to limit the amount of credit exposure to any single financial institution.

The Group adopts the provision matrix based on portfolio to assess the credit losses of trade receivables, except for trade receivables that are individually significant and credit-impaired. The Group's trade receivables involve a large number of customers. Aging information may reflect these customers' solvency in regard of such trade receivables. According to the credit risk characteristics of different types of customers, trade receivables are divided into several group. The Group calculates the historical actual loss rate of different aging periods based on historical data, taking into consideration of the forward-looking information like growth rate of GDP and CPI, and makes adjustments to estimate the provision rate. For contract assets and long-term receivables, the Group comprehensively considers billing period, contractual payment period, the debtor's financial position and economic situation of the debtor's industry, takes into account the above forward-looking information and makes adjustments, and works out reasonable assessment on ECL. For other financial assets, the Group calculates ECL through default exposure and the expected credit loss rate for the next 12 months or the full lifetime.

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

VIII. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (Continued)

3. Financial instrument risks (Continued)

Credit risk (Continued)

As at 31 December 2020, the credit risk exposure and expected credit-impairment losses of trade receivables are disclosed as follows:

RMB'000

	Gross carrying amount		
	Not credit impaired	Credit impaired	Total
31 December 2020	126,876,469	7,086,982	133,963,451

	Impairment of credit losses		
	Not credit impaired	Credit impaired	Total
1 January 2020	3,218,363	3,394,656	6,613,019
Transferred to impairment of credit losses occurred	(47,509)	47,509	–
Provision for the year	2,246,822	1,023,513	3,270,335
Reversal for the year	(1,284,814)	(25,686)	(1,310,500)
Write-off for the year	–	(138,917)	(138,917)
Others	(173,775)	7,085	(166,690)
31 December 2020	3,959,087	4,308,160	8,267,247

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

VIII. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (Continued)

3. Financial instrument risks (Continued)

Credit risk (Continued)

As at 31 December 2020, there is no significant credit impaired contract asset in the Group. The Group measure the provision according to the lifetime amount of credit losses in the whole duration, based on the billing period, settlement overdue time, the financial status of the debtor and the economic situation of the industry which the debtor is located of different types of construction projects.

RMB'000

	1 January 2020	Provision for the year	Reversal for the year	Others	31 December 2020
Impairment losses on assets	5,370,948	1,167,295	(722,355)	(349,173)	5,466,715

As at 31 December 2020, the credit risk exposure and ECL of long-term receivables (including current portion of long-term receivables) generated from transactions scoped in ASBE No. 14 are disclosed as follows:

RMB'000

	Gross carrying amount		Total
	Not credit impaired	Credit impaired	
31 December 2020	36,572,303	1,059,281	37,631,584

	Impairment of credit losses		Total
	Not credit impaired	Credit impaired	
1 January 2020	192,316	376,828	569,144
Transferred to impairment of credit losses occurred	(4,394)	4,394	–
Provision for the year	53,989	4,500	58,489
Reversal for the year	(53,231)	–	(53,231)
Write-off for the year	–	(4,394)	(4,394)
Others	2,998	27,458	30,456
31 December 2020	191,678	408,786	600,464

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

VIII. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (Continued)

3. Financial instrument risks (Continued)

Credit risk (Continued)

As at 31 December 2020, the Group's contract assets in other non-current assets including retention receivables, land development receivables and other project receivables (includes retention receivables due within one year), are amounting to RMB72,083,217,000, with no credit impaired. The Group recognises loss provision amounting to RMB957,149,000 based on lifetime ECL.

As at 31 December 2020, external financial guarantees and mortgages for real estate development operations provided by the Group amounted to RMB2,792,705,000 and RMB23,737,531,000 respectively. Details of financial guarantee contracts are set out in Note XI. 3. Management of the Group assessed overdue status of relevant borrowings, financial position of relevant debtor, and economic condition in the debtor's industry. Management is of the view that relevant credit risk of such part of financial guarantee contract had not increased significantly since initial recognition. Therefore, loss allowance for the Group's financial guarantee contracts were not determined based on the amount of lifetime ECL, but measured at the amount of the future 12-month ECL of the above financial guarantee contracts. In 2020, the Group's assessment method and significant assumptions did not change. The Group had not recognised significant expected loss allowance for guarantees and mortgages based on management's assessment.

As the Group's major customers are PRC government agencies at the national, provincial and local levels and other state-owned enterprises, the Group believes that they are reliable and of high credit quality and hence, there is no significant credit risk with these customers. As the Group's exposure to credit risk spreads over a diversified portfolio of customers, there is no significant concentration of credit risk.

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

VIII. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (Continued)

3. Financial instrument risks (Continued)

Liquidity risk

The Group monitors its risk of deficiency of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and estimated cash flows from the Group's operations.

The Group's objective is to ensure continuity of sufficient funding and flexibility by utilising a variety of bank and other borrowings with debt maturities spreading over a range of periods, thereby ensuring that the Group's outstanding borrowing obligation is not exposed to excessive repayment risk in any one year. Due to the capital intensive nature of the Group's businesses, the Group ensures that it maintains sufficient cash and credit facility to meet its liquidity requirements.

The liquidity of the Group is primarily dependent on its ability to maintain adequate cash inflows from operations to meet its debt obligations as they fall due, and its ability to obtain external financing to meet its committed future capital expenditure. With regard to its future capital commitments and other financing requirements, on 31 December 2020, the Group already had banking facilities from several PRC banks.

The Group's policy is that not more than 75% of the borrowings shall mature in the following 12 months based on the carrying amount of borrowings reflected in the financial statements. As at 31 December 2020, the Group has 35.1% of loans and bonds payable that would expire within one year (As at 31 December 2019: 39.1%).

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

VIII. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (Continued)

3. Financial instrument risks (Continued)

Liquidity risk (Continued)

The table below summarizes the maturity profile of the Group's financial liabilities and lease liabilities at the balance sheet date, based on the undiscounted contractual cash flows:

RMB'000

Item	31 December 2020					Total
	On demand	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	
Short-term loans	-	50,570,799	-	-	-	50,570,799
Due to customers	4,815,608	-	-	-	-	4,815,608
Bills payable	-	84,290,956	-	-	-	84,290,956
Trade payables	-	349,327,324	-	-	-	349,327,324
Other payables	-	79,595,459	-	-	-	79,595,459
Current portion of non-current liabilities (excluding current portion of long-term employee benefits payable and provisions)	-	29,070,567	-	-	-	29,070,567
Other current liabilities	-	2,417,770	-	-	-	2,417,770
Long-term loans	-	5,061,449	30,064,604	42,934,060	69,067,620	147,127,733
Bonds payable	-	1,750,399	4,424,989	22,192,264	1,181,711	29,549,363
Long-term payables (excluding special payables)	-	-	7,527,533	5,916,536	710,766	14,154,835
Lease liabilities	-	-	1,461,890	1,293,221	235,191	2,990,302
Other non-current liabilities	-	-	85,250	-	-	85,250
Financial guarantees (Note XI. 3) (excluding the real estate mortgage guarantee)	2,792,705	-	-	-	-	2,792,705
Total	7,608,313	602,084,723	43,564,266	72,336,081	71,195,288	796,788,671

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

VIII. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (Continued)

3. Financial instrument risks (Continued)

Liquidity risk (Continued)

RMB'000

Item	31 December 2019					Total
	On demand	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	
Short-term loans	-	43,605,808	-	-	-	43,605,808
Due to customers	3,820,235	-	-	-	-	3,820,235
Bills payable	-	69,601,977	-	-	-	69,601,977
Trade payables	-	325,785,304	-	-	-	325,785,304
Other payables	-	70,116,812	-	-	-	70,116,812
Current portion of non-current liabilities (excluding current portion of long-term employee benefits payable and provisions)	-	35,565,075	-	-	-	35,565,075
Other current liabilities	-	218,000	-	-	-	218,000
Long-term loans	-	4,294,424	20,353,652	36,785,148	59,863,157	121,296,381
Bonds payable	-	1,567,074	9,492,280	17,197,757	1,229,011	29,486,122
Long-term payables (excluding special payables)	-	-	5,480,992	2,794,898	266,642	8,542,532
Lease liabilities	-	-	1,605,408	1,547,326	360,868	3,513,602
Other non-current liabilities	-	-	156,000	15,250	-	171,250
Financial guarantees (Note XI. 3)(excluding the real estate mortgage guarantee)	3,236,731	-	-	-	-	3,236,731
Total	7,056,966	550,754,474	37,088,332	58,340,379	61,719,678	714,959,829

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

VIII. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (Continued)

3. Financial instrument risks (Continued)

Market risk

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

The Group regularly reviews and monitors the mix of fixed and floating interest rate borrowings in order to manage its interest rate risk. Interest-bearing borrowings, cash and short term deposits are stated at amortised cost and are not revalued on a periodic basis. Floating rate interest income and expenses are credited/charged to the profit or loss as earned/incurred.

As at 31 December 2020, floating interest rate loans and fixed interest rate loans accounted for approximately 85.55% and 14.45% of the Group's borrowings respectively. Management would adjust the proportion of floating and fixed rate loans based on changes in the market interest rates to reduce the significant impact arising from interest rate risk.

If there was a general increase/decrease in the interest rate of bank and other borrowings with floating interest rates by 0.25% (2019: 0.25%), with all other variables held constant, the consolidated operating results would have decreased/increased by approximately RMB150,009,000 in 2019 (2019: RMB150,749,000), and there is no impact on other components of the consolidated equity, except for retained earnings, of the Group. The sensitivity analysis above has been determined assuming that the change in interest rates had occurred as at 31 December 2020 and the exposure to interest rate risk has been applied to those borrowings in existence at that date. The estimated 0.25 % (2019: 0.25%) of increase or decrease represents management's assessment of a reasonably possible change in interest rates over the year from now until the end of the next annual reporting period.

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

VIII. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (Continued)

3. Financial instrument risks (Continued)

Market risk (Continued)

Foreign currency risk

As a result of its significant business operations in Mainland China, the Group's revenue and expenses are mainly denominated in RMB and over 90% of the financial assets and liabilities are denominated in RMB. The effect of the fluctuations in the exchange rates of RMB against foreign currencies on the Group's results of operations is therefore minimal and the Group had not entered into any hedging transactions as at 31 December 2020 in order to reduce the Group's exposure to foreign currency risk in this regard (31 December 2019: Nil).

The following table demonstrates the sensitivity at the balance sheet date to a reasonably possible change in the exchange rates of the United States dollar, Euro and Algerian dinar, with all other variables held constant, of the Group's net profit and shareholder's equity net of tax.

2020:

RMB'000

Item	Exchange Rate Increase/ (Decrease)	Net profit or loss Increase/ (Decrease)	Total equity Increase/ (Decrease)
Increase in the United States dollar rate	5%	(56,066)	(56,066)
Decrease in the United States dollar rate	(5%)	56,066	56,066
Increase in the Euro rate	3%	(88,192)	(88,192)
Decrease in the Euro rate	(3%)	88,192	88,192
Increase in the Algerian dinar rate	7%	60,676	60,676
Decrease in the Algerian dinar rate	(7%)	(60,676)	(60,676)

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

VIII. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (Continued)

3. Financial instrument risks (Continued)

Market risk (Continued)

Foreign currency risk (Continued)

2019:

Item	<i>RMB'000</i>		
	Exchange Rate Increase/ (Decrease)	Net profit or loss Increase/ (Decrease)	Total equity Increase/ (Decrease)
Increase in the United States dollar rate	5%	29,535	29,535
Decrease in the United States dollar rate	(5%)	(29,535)	(29,535)
Increase in the Euro rate	3%	(11,027)	(11,027)
Decrease in the Euro rate	(3%)	11,027	11,027
Increase in the Algerian dinar rate	7%	63,799	63,799
Decrease in the Algerian dinar rate	(7%)	(63,799)	(63,799)

The sensitivity analysis above has been determined assuming that the changes in foreign exchange rates had occurred as at 31 December 2020 and the exposure to foreign currency risk has been applied to those monetary assets and liabilities in existence at that date. The estimated percentage increase or decrease represents management's assessment of a reasonably possible change in foreign exchange rates over the year from now until the end of the next annual reporting period.

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

VIII. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (Continued)

4. Capital management

The Group's primary objectives for capital management are to safeguard the Group's ability to continue as a going concern and keep the capital ratio at a healthy level, so that it can support business development and maximize the value of shareholders and other equity investors.

The Group sets the amount of capital in proportion to risk. The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debts. No changes were made in the objectives, policies or processes for managing capital for the year ended 31 December 2020 and 31 December 2019.

The Group monitors capital using a gearing ratio, which is net debt divided by total equity plus net debt. Net debt includes all loans, due to customers, other current liabilities, bills payable, trade payables, other payables, bonds payable, lease liabilities, long-term payables (excluding special payables), current portion of non-current liabilities (excluding the current portion of long-term employee benefits payable and provisions) and other non-current liabilities less cash and bank balances. Total equity comprises equity attributable to owners of the Company and non-controlling interests stated in the consolidated statement of financial position. The gearing ratios at the balance sheet date are listed as follows:

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

VIII. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (Continued)

4. Capital management (Continued)

RMB'000

Item	31 December 2020	31 December 2019
Short-term loans	49,879,073	42,749,266
Long-term loans	111,018,145	87,936,038
Due to customers	4,815,608	3,820,235
Bills payable	84,290,956	69,601,977
Trade payables	349,327,324	325,785,304
Other payables	79,595,459	70,116,812
Current portion of non-current liabilities (excluding current portion of long-term employee benefits payable and provisions)	28,337,179	34,540,843
Other current liabilities	2,417,770	218,000
Bonds payable	26,111,854	26,143,894
Long-term payables (excluding special payables)	13,615,008	8,463,975
Lease liabilities	2,677,405	3,160,980
Other non-current liabilities	85,250	415,664
Less: Cash and bank balances	187,997,046	156,887,177
Net debt	564,173,985	516,065,811
Attributable to shareholders' equity of the Company	254,297,762	209,959,674
Non-controlling interests	59,341,328	52,061,900
Total equity	313,639,090	262,021,574
Total equity and net debt	877,813,075	778,087,385
Gearing ratio	64%	66%

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

IX. DISCLOSURE OF FAIR VALUE

1. Assets and liabilities measured at fair value

RMB'000

31 December 2020	Quoted prices in active markets (Level 1)	Inputs of fair value measurement Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Continuous measurement of fair value				
Receivables at FVTOCI	–	3,683,653	–	3,683,653
Held-for-trading financial assets	150,183	–	436,839	587,022
Other debt investments	–	1,003,745	–	1,003,745
Current portion of other debt investments	–	16,584	–	16,584
Other equity instrument investments	1,986,027	–	8,524,370	10,510,397
Other non-current financial assets	67,537	–	2,771,993	2,839,530
Sum of assets under continuous measurement of fair value	2,203,747	4,703,982	11,733,202	18,640,931

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

IX. DISCLOSURE OF FAIR VALUE (Continued)

1. Assets and liabilities measured at fair value (Continued)

RMB'000

31 December 2019	Quoted prices in active markets (Level 1)	Inputs of fair value measurement Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Continuous measurement of fair value				
Receivables at FVTOCI	–	2,654,263	–	2,654,263
Held-for-trading financial assets	168,119	3,009,186	410,341	3,587,646
Current portion of other debt investments	–	101,930	–	101,930
Other equity instrument investments	1,969,717	–	8,068,892	10,038,609
Other non-current financial assets	59,733	–	1,583,761	1,643,494
Sum of assets under continuous measurement of fair value				
	2,197,569	5,765,379	10,062,994	18,025,942
Other non-current liabilities				
	–	–	244,414	244,414
Sum of liabilities under continuous measurement of fair value				
	–	–	244,414	244,414

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

IX. DISCLOSURE OF FAIR VALUE (Continued)

1. Assets and liabilities measured at fair value (Continued)

Quantitative information of fair value measurement at Level 2:

RMB'000

Item	Fair value as at 31 December 2020	Valuation technique(s)	Key input(s)
Receivables at FVTOCI	3,683,653	Discounted cash flows	Discount rates for bank acceptance bills in the same term
Other debt investments	1,003,745	Discounted cash flows	Market average rate of return with the category in the same term
Current portion of other debt investments	16,584	Discounted cash flows	Market average rate of return with the category in the same term
Total	4,703,982	–	–

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

IX. DISCLOSURE OF FAIR VALUE (Continued)

1. Assets and liabilities measured at fair value (Continued)

Quantitative information of fair value measurement at Level 3:

RMB'000

Item	Fair value as at 31 December 2020	Valuation technique(s)	Significant unobservable input(s)
Held-for-trading financial assets	436,839	Discounted cash flows	Future cash flows discounted at rates that reflected the expected risk level
Other equity instrument investments	8,524,370	Market method	Discount rate for lack of market mobility
Other non-current financial assets – call options for unlisted entities	1,356,715	Binomial tree option pricing model for valuation	Unlisted entities' revenue volatility and unlisted equity investments' comparable entities' stock price volatility
Other non-current financial assets – others	1,415,278	Discounted cash flows	Future cash flows discounted at rates that reflected the expected risk level
Sum of assets under continuous measurement of fair value	11,733,202	–	–

Fair value of listed equity instruments is determined based on a quoted market price.

For the year of 2020, there was no transfer of fair value measurements between each level for both financial assets and financial liabilities.

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

IX. DISCLOSURE OF FAIR VALUE (Continued)

2. Fair value of assets and liabilities that are not measured at fair values

The management of the Group considers that the carrying amounts of financial assets and financial liabilities measured at amortised cost in the financial statements approximate to their fair values except the following items:

RMB'000

Item	Carrying amount		Fair value	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Long-term loans	111,018,145	87,936,038	111,340,614	88,315,870
Bonds payable	26,111,854	26,143,894	26,443,445	26,695,561

Note: Fair value of long-term loans and bonds payable (excluding convertible bonds) is determined by discounted future cash flow method, with market yield of other financial instruments with similar contractual terms, credit risk and remaining period, which used as the discount rate. As at 31 December 2020, its own default risk of long-term and short-term loans was evaluated as insignificant.

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

1. Parent

RMB'000

Company name	Place of registration	Business scope	Registered capital	Percentage of ownership interest in the Company (%)	Percentage of voting rights in the Company (%)
China Railway Construction Corporation	Beijing	Construction and management	RMB9,000,000	51.13	51.13

2. Subsidiaries

Please refer to Note XIV. 3(i) "Subsidiaries".

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

3. Joint venture and associate

Company name	Related party relationship
Xuzhou Metro Line 2 Rail Transit Investment & Development Co., Ltd.	Joint venture
CRCC-HC-CR15G Joint Venture	Joint venture
Ningbo Jingwan Investment Management Co., Ltd.	Joint venture
Hohhot Metro Line 2 Construction & Management Co., Ltd.	Joint venture
Changzhou China Railway Blue Flame Component Co., Ltd.	Joint venture
Nanjing Jiangbei New Area Guanglian Pipeline Corridor Construction Co., Ltd.	Joint venture
Tianjin China Railway Yuhua Real Estate Co., Ltd.	Joint venture
Chengdu Tiecheng Real Estate Co., Ltd.	Joint venture
Chengdu China Railway Huaifu Real Estate Co., Ltd.	Joint venture
China Railway Construction Kunlun Yunnan Real Estate Co., Ltd.	Joint venture
Chongqing Pinjinyue Real Estate Co., Ltd.	Joint venture
Shanghai Hongjun Real Estate Co., Ltd.	Joint venture
China Railway Construction Real Estate Group Ningbo Jingping Real Estate Co., Ltd.	Joint venture
China Railway Construction Real Estate Group Suzhou Real Estate Co., Ltd.	Joint venture
Nanjing Jingrui Real Estate Investment Co., Ltd.	Joint venture
Deqing Jingsheng Real Estate Development Co., Ltd.	Joint venture
Ningbo Jinghai Investment Management Co., Ltd.	Joint venture
Changzhou Jingrui Real Estate Development Co., Ltd.	Joint venture
Beijing Jiehai Real Estate Co., Ltd.	Joint venture
Tianjin Wanhe Real Estate Co., Ltd.	Joint venture
Beijing Liuzhuang Real Estate Co., Ltd.	Joint venture
Beijing Ruida Real Estate Co., Ltd.	Joint venture
Beijing Xinda Real Estate Co., Ltd.	Joint venture
Xi'an China Railway Jingmao Real Estate Co., Ltd.	Joint venture
Taiyuan Rongchuang Huifeng Real Estate Co., Ltd.	Joint venture
Guangzhou Xintie Xinjian Investment Co., Ltd.	Joint venture
PetroChina & CRCC Petroleum Marketing Co., Ltd.	Joint venture
Sichuan Tianfu Airport Expressway Co., Ltd.	Joint venture
Yunnan Yulin Expressway Construction Co., Ltd.	Joint venture
Chongqing Tiefa Shuanghe Expressway Co., Ltd.	Joint venture
Chongqing Tiefa Jianxin Highway Co., Ltd.	Joint venture
Shijiazhuang Jiasheng Pipeline Corridor Engineering Co., Ltd.	Joint venture
Shijiazhuang Jiatai Pipeline Corridor Operation Co., Ltd.	Joint venture
Shijiazhuang Runshi Ecological Protection Management Service Co., Ltd.	Joint venture
CRCC Shaanxi Highway Co., Ltd.	Joint venture
Qingdao Qingping Tiecheng Construction Engineering Co., Ltd.	Joint venture
CRCC Shaanxi Meitai Expressway Co., Ltd.	Joint venture

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

3. Joint venture and associate (Continued)

<u>Company name</u>	<u>Related party relationship</u>
Lin'an Changxi Investment and Construction Management Co., Ltd.	Joint venture
Wuhan Tongtui Construction & Investment Co., Ltd.	Joint venture
China Railway Construction Real Estate Group Jinan 6th Continent Real Estate Co., Ltd.	Joint venture
Chongqing Jianlian New Real Estate Co., Ltd.	Joint venture
Hangzhou Jingping Real Estate Co., Ltd.	Joint venture
Hangzhou Jingbin Real Estate Co., Ltd.	Joint venture
Hangzhou Jianshen Real Estate Co., Ltd.	Joint venture
Nanjing Xincheng Guanghong Real Estate Co., Ltd.	Joint venture
Hangzhou Jingke Real Estate Co., Ltd.	Joint venture
Xixian New Area Xingchengrenju Real Estate Co., Ltd.	Joint venture
Dalian Wancheng Zhiguang Real Estate Co., Ltd.	Joint venture
Dalian Jingcheng Real Estate Co., Ltd.	Joint venture
Fuzhou Xincheng Real Estate Co., Ltd.	Joint venture
Guangzhou Suiyun Real Estate Co., Ltd.	Joint venture
Chongqing Yonglu Expressway Co., Ltd.	Joint venture
China Railway Construction Yudongnan (Chongqing) Expressway Co., Ltd.	Joint venture
Changsha Yuchi River Area Development & Investment Co., Ltd.	Joint venture
Kunming Qiping Real Estate Co., Ltd.	Joint venture
Kunming Tiexin Construction Management Co., Ltd.	Joint venture
Qingdao Blue Silicon Valley Intercity Rail Transit Co., Ltd.	Joint venture
Hangzhou Genshan East Road Crossing Tunnel Management Co., Ltd.	Joint venture
Hohhot Jiantong Rail Engineering Co., Ltd.	Joint venture
Kunming Kunlun Shouzhi Real Estate Co., Ltd.	Joint venture
Chengdu Zhongwan Yixing Real Estate Co., Ltd.	Joint venture
Chengdu Chuangcheng Real Estate Co., Ltd.	Joint venture
Chengdu Lugang Real Estate Co., Ltd.	Joint venture
Chengdu Wuhou District Yale Real Estate Development Co., Ltd.	Joint venture
Foshan City Shunde District Shunhao Real Estate Co., Ltd.	Joint venture
Guangzhou City Longguang Junshen Real Estate Co., Ltd.	Joint venture
Guizhou Guijin Expressway Co., Ltd.	Joint venture
Jiangyin China Railway Construction Kunlun City Development Co., Ltd.	Joint venture
Wuhan Zhaorui Real Estate Co., Ltd.	Joint venture
Guizhou Zhongguang Wenchuang City Real Estate Co., Ltd.	Joint venture
Guangzhou Jingyue Bay Industry Development Co., Ltd.	Joint venture
Sichuan Suide Expressway Co., Ltd.	Joint venture
Shenyang Jiabai Real Estate Co., Ltd.	Joint venture
Jiangmen Jiangwan Nanguang Investment Development Co., Ltd.	Joint venture

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

3. Joint venture and associate (Continued)

Company name	Related party relationship
Hengyang Hengshan Science City Zhiyuan Development and Construction Co., Ltd.	Joint venture
Chongqing Yuxiang Fuxian Highway Co., Ltd.	Joint venture
Sichuan Chengmian Cangba Highway Co., Ltd.	Joint venture
ECUACORRIENTE S.A.	Associate
Jiashan Chengfa Construction & Development Co., Ltd.	Associate
Yunnan Kunchu Highway Investment & Development Co., Ltd.	Associate
Chongqing Monorail Transit Engineering Co., Ltd.	Associate
Hubei Provincial Communications Investment Ziyun Railway Co., Ltd.	Associate
Nanjing Daqiaobei Environmental Comprehensive Management Co., Ltd.	Associate
Jiayang Railway Construction Hexing Highway Investment Co., Ltd.	Associate
Jiangxi Wanshui Ecology Resource Development Co., Ltd.	Associate
Taiyuan City Jinyuan East Zone Comprehensive Pipeline Corridor Construction & Management Co., Ltd.	Associate
China Railway 14th Bureau Group Wuhan Metro Investment & Construction Co., Ltd.	Associate
Changde Yuanjiang Tunnel Co., Ltd.	Associate
Xingan Mengxingzhong Project Management Co., Ltd.	Associate
Ningxia Inter-City Railway Co., Ltd.	Associate
Yuxi China Railway Infrastructure Construction Co., Ltd.	Associate
Shaanxi Huangpu Highway Co., Ltd.	Associate
Guansu Gonghanglv Longzhang Expressway Management Co., Ltd.	Associate
Lanzhou Matan Pipeline Corridor Project Management Co., Ltd.	Associate
Gansu Zhuzhong Railway Co., Ltd.	Associate
Zhengzhou Jiaotou East Fourth Ring Project Management Co., Ltd.	Associate
Guangzhou Huangpu Light Rail Line 1 Investment Construction Co., Ltd.	Associate
Tianjin China Railway Guancheng Real Estate Co., Ltd.	Associate
CRCC Financial Leasing Co., Ltd.	Associate
Chengdu Urban Investment & Construction Technology Co., Ltd.	Associate
Fuzhou North Railway Station South Square Construction & Development Co., Ltd.	Associate
China Railway Construction Group Rongsheng Chengdu Tianfu New Area Investment Co., Ltd.	Associate
Guizhou China Railway Construction Engineering Investment Co., Ltd.	Associate
Ningbo Hangtong Prefabricated Components Engineering Co., Ltd.	Associate
Huizhou CRCC Harbor & Channel Engineering Bureau Infrastructure Investment Co., Ltd.	Associate
CRCC-Shandong Jinghu Highway Jile Co., Ltd.	Associate
CRCC-Tongguan Investment Co., Ltd.	Associate

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

3. Joint venture and associate (Continued)

Company name	Related party relationship
Chongqing Yurong Highway Co., Ltd.	Associate
CRCC Gansu Zhangbian Highway Co., Ltd.	Associate
CRCC Xinjiang Jingxin Expressway Co., Ltd.	Associate
China Railway First Survey and Design Institution Group Shandong Architecture Design Institute Co., Ltd.	Associate
Hunan Maglev Transportation Development Co., Ltd.	Associate
Kunming Metro Line 5 Construction & Operation Co., Ltd.	Associate
Jiaxing Jingkai Real Estate Development Co., Ltd.	Associate
Guangzhou Hongjia Real Estate Co., Ltd.	Associate
Guangzhou Baorui Real Estate Co., Ltd.	Associate
Linyi New Phoenix Land Co., Ltd.	Associate
Guizhou Wengma Railway Limited Co., Ltd.	Associate
China Railway Construction and Investment Shanxi Expressway Co., Ltd.	Associate
Jining Zhongtie Shengtong Urban Construction Development Co., Ltd.	Associate
Yunnan Chuda Expressway Investment and Development Co., Ltd.	Associate
China Railway Construction Ningxia Highway Co. Ltd	Associate
Guangzhou Jingye Real Estate Co., Ltd.	Associate
Wuhu China Railway Vossloh Cogifer Rail Co., Ltd.	Associate
Qingyuan Maglev Transportation Co., Ltd.	Associate
Xinjiang Taqia Highway Project Management Co., Ltd.	Associate
Hangzhou Xiashalu Tunnel Co., Ltd.	Associate
Gansu Dundang Highway Project Management Co., Ltd.	Associate
Jining CRCC Sihe Road Management Co., Ltd.	Associate
CRCC (Guangzhou) North Railway Station Xincheng Investment Construction Co., Ltd.	Associate
CRCC (Shandong) Deshang Highway Co., Ltd.	Associate
CRCC Real Estate Co., Ltd.	Associate
Yangzhou Wantou Jade Characteristics Town Co., Ltd.	Associate
Tianjin Tiejian Hongtu Fengchuang Investment Partnership(Limited Partnership)	Associate
Hangzhou Beikong Jiandejiang Investment Co., Ltd.	Associate
CRCC (Shandong) Gaodong Highway Co., Ltd.	Associate
Wuhan Lvyin Green Lawn Engineering Co., Ltd.	Associate
CITIC Railway Construction (Luoyang) Excavating Equipment Co., Ltd.	Associate
Chongqing Tiefa Xiusong Highway Co., Ltd.	Associate
CRCC Investment Shandong Xiaoqinghe Development Co., Ltd.	Associate

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

3. Joint venture and associate (Continued)

Company name	Related party relationship
Hengda Real Estate (Shenzhen) Co., Ltd.	Associate
Kunming Sanqing Highway Co., Ltd.	Associate
Kunming Fuyi Highway Co., Ltd.	Associate
Guangde CRCC Blue Ocean Longxin Investment Center (Limited Partnership)	Associate
Sichuan Jintou Project Investment Co., Ltd.	Associate
Hangzhou Jingjiang Real Estate Development Co., Ltd.	Associate
Wuhan Qingfeng Construction & Investment Co., Ltd.	Associate
Guangzhou City Zengcheng District Shunxuan Real Estate Co., Ltd.	Associate
Dongfang Jin Yue Wan Infrastructure Investment Co., Ltd.	Associate
Hangqu Railway Co., Ltd.	Associate
Gansu Gonghanglv Lan-A Highway Management Co., Ltd.	Associate
Guangxi Liubin Expressway Construction and Development Co., Ltd.	Associate
Jinan Tiejing Urban & Rural Construction Co., Ltd.	Associate
China Railway Construction and Investment Henan Xuchang City Development Co., Ltd.	Associate
China Railway Construction Investment Langfang Development and Construction Co., Ltd.	Associate
Railway Construction Development (Fan County) Fan Shui Ecological Environment Management Co., Ltd.	Associate
Liuzhou Zhongbei Construction Investment Management Co., Ltd.	Associate
Nanjing Yuanchen Real Estate Co., Ltd.	Associate
Guangzhou Hongxuan Real Estate Co., Ltd.	Associate
China Railway Construction Investment (Ningbo) Development and Construction Co., Ltd.	Associate
China Railway Construction Investment (Zhumadian) City Development Co., Ltd.	Associate
China Railway Construction Investment (Tongxiang) Construction Management Co., Ltd.	Associate
Lishui Jingcheng Development and Construction Co., Ltd.	Associate
China Railway Construction & Investment Xi'an City Development Co., Ltd.	Associate
Guangde CRCC Daqin Investment Partnership Enterprise (Limited Partnership)	Associate
Guangde CRCC Blue Ocean Fengjian Investment Center (Limited Partnership)	Associate
Guangde Railway Construction Chuangxin Investment Partnership (Limited Partnership)	Associate

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

4. Other related parties

Company name	Related party relationship
Beijing Tongda Jingcheng Highway Co., Ltd.	Fellow subsidiary
CRCC JinLi Asset Management Co., Ltd.	Fellow subsidiary

5. Major related party transactions

Item		2020	2019
(1) Revenue from construction services	<i>Note 1</i>		
Yunnan Yulin Expressway Construction Co., Ltd.		5,385,440	5,844,740
Yunnan Kunchu Highway Investment & Development Co., Ltd.		4,229,079	2,530,372
CRCC Shaanxi Highway Co., Ltd.		3,690,913	4,066,442
Chongqing Tiefsa Jianxin Highway Co., Ltd.		3,514,259	5,614,172
CRCC Xinjiang Jingxin Expressway Co., Ltd.		3,371,351	3,224,805
Chongqing Tiefsa Shuanghe Expressway Co., Ltd.		3,351,071	2,712,472
Kunming Metro Line 5 Construction & Operation Co., Ltd.		2,571,084	1,325,518
CRCC Investment Shandong Xiaoqinghe Development Co., Ltd.		2,341,363	-
Sichuan Suide Expressway Co., Ltd.		1,816,559	198,950
Xuzhou Metro Line 2 Rail Transit Investment & Development Co., Ltd.		1,683,040	2,504,310
Gansu Dundang Highway Project Management Co., Ltd.		1,662,489	940,828
China Railway Construction Ningxia Highway Co. Ltd		1,574,321	-
Guizhou Wengma Railway Limited Co., Ltd.		1,515,168	285,399
Sichuan Tianfu Airport Expressway Co., Ltd.		1,483,213	3,562,508
CRCC Gansu Zhangbian Highway Co., Ltd.		1,470,328	1,008,206
Yunnan Chuda Expressway Investment and Development Co., Ltd.		1,448,861	-

RMB'000

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

5. Major related party transactions (Continued)

		RMB'000	
Item		2020	2019
(1) Revenue from construction services (Continued)	<i>Note 1</i>		
Gansu Gonghanglv Longzhang Expressway Management Co., Ltd.		1,411,009	1,035,364
CRCC (Shandong) Gaodong Highway Co., Ltd.		1,329,805	2,189,445
China Railway Construction and Investment Shanxi Expressway Co., Ltd.		1,242,799	–
Jiashan Chengfa Construction & Development Co., Ltd.		1,038,382	554,111
Jining Zhongtie Shengtong Urban Construction Development Co., Ltd.		1,026,428	–
Hohhot Metro Line 2 Construction & Management Co., Ltd.		976,458	4,206,522
Guangxi Liubin Expressway Construction and Development Co., Ltd.		921,809	1,274
Guizhou China Railway Construction Engineering Investment Co., Ltd.		895,400	–
Guangzhou Huangpu Light Rail Line 1 Investment Construction Co., Ltd.		767,311	731,531
Shaanxi Huangpu Highway Co., Ltd.		646,900	2,449,455
Nanjing Jiangbei New Area Guanglian Pipeline Corridor Construction Co., Ltd.		572,330	742,613
CRCC (Guangzhou) North Railway Station Xincheng Investment Construction Co., Ltd.		356,580	513,492
Liuzhou Zhongbei Construction Investment Management Co., Ltd.		351,139	–
Shijiazhuang Runshi Ecological Protection Management Service Co., Ltd.		350,831	1,184,173
Chengdu China Railway Huafu Real Estate Co., Ltd.		348,091	498,904
Jiangyin China Railway Construction Kunlun City Development Co., Ltd.		343,842	–
Qingyuan Maglev Transportation Co., Ltd.		339,580	304,259
Changzhou Jingrui Real Estate Development Co., Ltd.		334,808	382,145
Gansu Zhuzhong Railway Co., Ltd.		307,516	129,314
Huizhou CRCC Harbor & Channel Engineering Bureau Infrastructure Investment Co., Ltd.		298,399	107,563
Jining CRCC Sihe Road Management Co., Ltd.		281,129	941,184
Jiangxi Wanshui Ecology Resource Development Co., Ltd.		267,673	586,357
Zhengzhou Jiaotou East Fourth Ring Project Management Co., Ltd.		260,575	721,659
Jiayang Railway Construction Hexing Highway Investment Co., Ltd.		259,510	1,071,504

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

5. Major related party transactions (Continued)

		<i>RMB'000</i>	
Item		2020	2019
(1)	Revenue from construction services (Continued) <i>Note 1</i>		
	Xingan Mengxingzhong Project Management Co., Ltd.	137,105	193,984
	Yuxi China Railway Infrastructure Construction Co., Ltd.	135,788	374,124
	China Railway Construction Group Rongsheng Chengdu Tianfu New Area Investment Co., Ltd.	105,375	128,731
	Fuzhou North Railway Station South Square Construction & Development Co., Ltd.	102,460	96,762
	Qingdao Qingping Tiecheng Construction Engineering Co., Ltd.	84,038	325,546
	Ningxia Inter-City Railway Co., Ltd.	78,563	527,612
	Shijiazhuang Jiatai Pipeline Corridor Operation Co., Ltd.	73,493	268,509
	Xi'an China Railway Jingmao Real Estate Co., Ltd.	65,317	274,942
	Tianjin China Railway Guancheng Real Estate Co., Ltd.	58,991	352,796
	Chongqing Monorail Transit Engineering Co., Ltd.	52,353	48,294
	Changde Yuanjiang Tunnel Co., Ltd.	48,148	438,748
	Shijiazhuang Jiasheng Pipeline Corridor Engineering Co., Ltd.	40,762	216,971
	Taiyuan City Jinyuan East Zone Comprehensive Pipeline Corridor Construction & Management Co., Ltd.	35,762	95,339
	Lanzhou Matan Pipeline Corridor Project Management Co., Ltd.	31,208	156,210
	Hubei Provincial Communications Investment Ziyun Railway Co., Ltd.	22,630	9,748
	Hunan Maglev Transportation Development Co., Ltd.	8,645	15,131
	China Railway Construction Real Estate Group Ningbo Jingping Real Estate Co., Ltd.	4,017	43,168
	CRCC-HC-CR15G Joint Venture	1,263	2,105
	Chongqing Yurong Highway Co., Ltd.	-	4,592
	Total	57,122,761	55,742,903
(2)	Revenue from sales of goods <i>Note 2</i>		
	CRCC Financial Leasing Co., Ltd.	1,148,982	2,018,353
	Chongqing Tiefsa Jianxin Highway Co., Ltd.	422,426	821,331
	Hohhot Jiantong Rail Engineering Co., Ltd.	52,226	-
	Wuhu China Railway Vossloh Cogifer Rail Co., Ltd.	7,428	8,812
	Chongqing Monorail Transit Engineering Co., Ltd.	3,866	-
	CITIC Railway Construction (Luoyang) Excavating Equipment Co., Ltd.	-	120,683
	Total	1,634,928	2,969,179

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

5. Major related party transactions (Continued)

		<i>RMB'000</i>	
Item		2020	2019
(3) Other incomes	<i>Note 3</i>		
Hengda Real Estate (Shenzhen) Co., Ltd.		194,733	–
China Railway Construction Real Estate Group Suzhou Real Estate Co., Ltd.		187,367	130,792
Chengdu China Railway Huafu Real Estate Co., Ltd.		107,172	141,810
Guangzhou Suiyun Real Estate Co., Ltd.		98,378	–
Guangzhou Xintie Xinjian Investment Co., Ltd.		98,222	24,452
China Railway Construction Corporation	<i>Note 4</i>	97,736	91,540
Beijing Xinda Real Estate Co., Ltd.		97,440	20,579
Ningbo Jinghai Investment Management Co., Ltd.		79,156	94,672
CRCC Real Estate Co., Ltd.		71,966	33,939
Tianjin Wanhe Real Estate Co., Ltd.		64,853	153,969
Jinan Tiejing Urban and Rural Construction Co., Ltd.		60,245	–
Beijing Ruida Real Estate Co., Ltd.		53,793	69,286
Kunming Qiping Real Estate Co., Ltd.		49,351	49,196
China Railway Construction and Investment Henan Xuchang City Development Co., Ltd.		39,861	–
Changzhou Jingrui Real Estate Development Co., Ltd.		38,422	53,842
CRCC-Shandong Jinghu Highway Jile Co., Ltd.		37,399	26,056
Wuhan Zhaorui Real Estate Co., Ltd.		36,024	–
Nanjing Jingrui Real Estate Investment Co., Ltd.		28,863	118,604
Beijing Jiehai Real Estate Co., Ltd.		21,161	75,448
Beijing Liuzhuang Real Estate Co., Ltd.		5,018	32,369
China Railway Construction Real Estate Group Ningbo Jingping Real Estate Co., Ltd.		2,651	642
Chengdu Tiecheng Real Estate Co., Ltd.		521	1,449
Guangzhou Baorui Real Estate Co., Ltd.		–	26,078
Guangzhou Jingyue Bay Industry Development Co., Ltd.		–	10,460
Total		1,470,332	1,155,183

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

5. Major related party transactions (Continued)

		<i>RMB'000</i>	
Item		2020	2019
(4)	Purchase of goods or receipt of services <i>Note 5</i>		
	China Railway First Survey and Design Institution Group		
	Shandong Architecture Design Institute Co., Ltd.	61,796	61,233
	Chongqing Monorail Transit Engineering Co., Ltd.	38,239	–
	Wuhu China Railway Vossloh Cogifer Rail Co., Ltd.	13,110	16,459
	Ningbo Hangtong Prefabricated Components Engineering Co., Ltd.	12,425	26,892
	Changzhou China Railway Blue Flame Component Co., Ltd.	3,751	142,314
	PetroChina & CRCC Petroleum Marketing Co., Ltd.	29	218
	CRCC JinLi Asset Management Co., Ltd.	–	20,618
	Total	129,350	267,734
(5)	Other expenses <i>Note 5</i>		
	Guangzhou Xintie Xinjian Investment Co., Ltd.	70,599	1,561
	China Railway Construction Corporation <i>Note 4</i>	44,871	49,776
	CRCC JinLi Asset Management Co., Ltd. <i>Note 4</i>	16,105	13,792
	CRCC Xinjiang Jingxin Expressway Co., Ltd.	7,474	210
	CRCC Investment Shandong Xiaoqinghe Development Co., Ltd.	7,232	–
	CRCC Shaanxi Highway Co., Ltd.	5,050	2,492
	Jiayang Railway Construction Hexing Highway Investment Co., Ltd.	4,019	3,993
	CRCC Shaanxi Meitai Expressway Co., Ltd.	3,622	350
	Beijing Tongda Jingcheng Highway Co., Ltd. <i>Note 4</i>	3,075	3,881
	CRCC Real Estate Co., Ltd.	2,476	578
	CRCC (Guangzhou) North Railway Station Xincheng Investment Construction Co., Ltd.	30	117
	Beijing Xinda Real Estate Co., Ltd.	5	558
	PetroChina & CRCC Petroleum Marketing Co., Ltd.	–	24
	Total	164,558	77,332

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

5. Major related party transactions (Continued)

(6) Related party leasing

As the lessee:

RMB'000

Lessor	Leasing asset types	Amount recognised in the current year	Amount recognised in the prior year
CRCC Financial Leasing Co., Ltd.	Machinery	1,914,446	1,305,238
China Railway Construction Corporation	Buildings	75,834	80,394
CRCC JinLi Asset Management Co., Ltd.	Buildings	25,974	28,500
Total	–	2,016,254	1,414,132

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

5. Major related party transactions (Continued)

(7) Guarantees granted to a related party

31 December 2020:

RMB'000

Secured party	Amount of guarantee	Inception of guarantee	Termination of guarantee	Whether the guarantee is fulfilled
CRCC-Tongguan Investment Co., Ltd.	1,189,555	17 March 2014	30 December 2023	No
Guizhou Wengma Railway Limited Co., Ltd.	659,076	31 March 2016	31 March 2039	No
CRCC-Tongguan Investment Co., Ltd.	585,284	13 June 2019	13 June 2024	No
ECUACORRIENTE S.A.	150,940	10 August 2020	9 July 2025	No
CRCC-Tongguan Investment Co., Ltd.	120,778	20 May 2015	20 November 2023	No
Chengdu Urban Investment & Construction Technology Co., Ltd.	15,000	28 April 2018	26 February 2023	No
Total	2,720,633	–	–	–

31 December 2019:

RMB'000

Secured party	Amount of guarantee	Inception of guarantee	Termination of guarantee	Whether the guarantee is fulfilled
CRCC-Tongguan Investment Co., Ltd.	1,702,960	17 March 2014	30 December 2023	No
Guizhou Wengma Railway Limited Co., Ltd.	646,800	31 March 2016	31 March 2039	No
CRCC-Tongguan Investment Co., Ltd.	387,179	13 June 2019	13 June 2024	No
CRCC-Shandong Jinghu Highway Jile Co., Ltd.	195,000	8 December 2016	7 December 2025	No
CRCC-Tongguan Investment Co., Ltd.	172,192	20 May 2015	20 November 2023	No
Chengdu Urban Investment & Construction Technology Co., Ltd.	15,000	28 April 2018	26 February 2023	No
Total	3,119,131	–	–	–

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

5. Major related party transactions (Continued)

- (8) Key management's remuneration

	<i>RMB'000</i>	
Item	2020	2019
Key management's remuneration	12,946	18,704

Note 1: The terms of the construction service agreements entered into by the Group and related parties were mutually agreed by the parties.

Note 2: The terms of the sales agreements of goods entered into by the Group and related parties were mutually agreed by the parties.

Note 3: The terms of the agreements relating to rendering of or receiving other services entered into by the Group and related parties were mutually agreed by the parties. The other income from related parties was mainly interest income from loans receivable.

Note 4: The above related party transactions also constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Hong Kong Listing Rules.

Note 5: The terms of the purchase agreements of goods and services entered into by the Group and related parties were mutually agreed by the parties.

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

6. Major amounts due from/to related parties

RMB'000

		31 December 2020		31 December 2019	
		Gross carrying amount	Impairment of credit losses	Gross carrying amount	Impairment of credit losses
Bills receivable	<i>Note 1</i>				
CRCC Shaanxi Highway Co., Ltd.		1,120,000	1,120	220,000	220
Chongqing Tiefa Shuanghe Expressway Co., Ltd.		1,056,822	1,057	–	–
Shaanxi Huangpu Highway Co., Ltd.		200,000	200	200,529	200
CRCC Financial Leasing Co., Ltd.		–	–	138,000	276
Total		2,376,822	2,377	558,529	696
Trade receivables	<i>Note 1</i>				
Qingyuan Maglev Transportation Co., Ltd.		603,057	603	502,141	502
Chongqing Tiefa Jianxin Highway Co., Ltd.		599,565	1,813	114,481	558
Nanjing Jiangbei New Area Guanglian Pipeline Corridor Construction Co., Ltd.		588,076	3,379	808,062	4,040
Shijiazhuang Runshi Ecological Protection Management Service Co., Ltd.		554,216	1,796	936,166	1,905
Hohhot Metro Line 2 Construction & Management Co., Ltd.		494,124	494	460,839	2,304
Shaanxi Huangpu Highway Co., Ltd.		444,267	445	132,683	133
Xuzhou Metro Line 2 Rail Transit Investment & Development Co., Ltd.		438,338	2,344	1,536,437	8,536
Gansu Gonghanglv Longzhang Expressway Management Co., Ltd.		393,634	394	71,890	72
Jiangyin China Railway Construction Kunlun City Development Co., Ltd.		366,655	1,833	–	–
Changzhou Jingrui Real Estate Development Co., Ltd.		262,160	11,504	195,394	1
Yuxi China Railway Infrastructure Construction Co., Ltd.		261,511	7,941	121,187	7,241
CRCC Xinjiang Jingxin Expressway Co., Ltd.		246,246	480	69,561	70
Guangxi Liubin Expressway Construction and Development Co., Ltd.		231,345	835	–	–
Liuzhou Zhongbei Construction Investment Management Co., Ltd.		202,785	1,014	–	–
Yunnan Kunchu Highway Investment & Development Co., Ltd.		161,085	175	55,069	138
CRCC Financial Leasing Co., Ltd.		147,478	2,417	223,799	3,228
Jianyang Railway Construction Hexing Highway Investment Co., Ltd.		118,742	594	320,001	320
Chengdu China Railway Huafu Real Estate Co., Ltd.		111,317	274	5,654	7

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

6. Major amounts due from/to related parties (Continued)

RMB'000

		31 December 2020		31 December 2019	
		Gross carrying amount	Impairment of credit losses	Gross carrying amount	Impairment of credit losses
Trade receivables (Continued)	<i>Note 1</i>				
Shijiazhuang Jiatai Pipeline Corridor Operation Co., Ltd.		99,753	208	105,944	208
Chongqing Monorail Transit Engineering Co., Ltd.		99,537	186	69,037	110
Jiangxi Wanshui Ecology Resource Development Co., Ltd.		86,501	113	17,846	18
CRCC Gansu Zhangbian Highway Co., Ltd.		57,012	58	182,495	182
China Railway Construction Group Rongsheng Chengdu Tianfu New Area Investment Co., Ltd.		52,858	53	61,400	61
Fuzhou North Railway Station South Square Construction & Development Co., Ltd.		52,808	53	61,179	61
Xi'an China Railway Jingmao Real Estate Co., Ltd.		44,835	225	3,461	3
Tianjin China Railway Yuhua Real Estate Co., Ltd.		26,194	29	57,288	57
Qingdao Qingping Tiecheng Construction Engineering Co., Ltd.		26,180	131	2,087	160
Gansu Zhuzhong Railway Co., Ltd.		18,653	19	6,679	3,606
Xingan Mengxingzhong Project Management Co., Ltd.		16,977	85	163,415	817
Lanzhou Matan Pipeline Corridor Project Management Co., Ltd.		10,586	11	81,935	410
Lin'an Changxi Investment and Construction Management Co., Ltd.		9,866	49	25,145	25
CRCC (Shandong) Deshang Highway Co., Ltd.		8,812	33	36,408	39
Hubei Provincial Communications Investment Ziyun Railway Co., Ltd.		7,793	8	4,114	15
CITIC Railway Construction (Luoyang) Excavating Equipment Co., Ltd.		6,858	27	48,498	842
CRCC Shaanxi Highway Co., Ltd.		5,131	18	228,597	229
CRCC (Shandong) Gaodong Highway Co., Ltd.		4,162	13	53,547	54
Hunan Maglev Transportation Development Co., Ltd.		2,016	101	44,402	289
Chongqing Yurong Highway Co., Ltd.		1,287	1	2,243	2
Tianjin China Railway Guancheng Real Estate Co., Ltd.		7	7	246,821	311
Changde Yuanjiang Tunnel Co., Ltd.		—	—	83,519	84
Total		6,862,427	39,763	7,139,424	36,638

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

6. Major amounts due from/to related parties (Continued)

RMB'000

		31 December 2020		31 December 2019	
		Gross carrying amount	Impairment of credit losses	Gross carrying amount	Impairment of credit losses
Loans and advances to related parties	<i>Note 3</i>				
China Railway Construction Corporation		2,820,000	57,105	2,800,000	70,000
Hangqu Railway Co., Ltd.		10,000	250	-	-
Total		2,830,000	57,355	2,800,000	70,000
Other receivables					
Tianjin Wanhe Real Estate Co., Ltd.	<i>Note 2</i>	2,879,247	2,879	3,009,661	3,007
Beijing Xinda Real Estate Co., Ltd.	<i>Note 2</i>	2,072,975	2,073	1,540,329	1,540
Guangzhou Xintie Xinjian Investment Co., Ltd.		2,060,932	289	1,962,977	1,963
Guizhou Zhongguang Wenchuang City Real Estate Co., Ltd.	<i>Note 2</i>	1,721,574	1,722	-	-
CRCC Real Estate Co., Ltd.		1,611,118	1,611	1,359,149	1,359
Wuhan Zhaorui Real Estate Co., Ltd.	<i>Note 2</i>	1,544,297	7,723	-	-
China Railway Construction and Investment Henan Xuchang City Development Co., Ltd.		1,299,861	1,300	-	-
Guangzhou City Longguang Junshen Real Estate Co., Ltd.	<i>Note 2</i>	1,291,700	1,291	-	-
Beijing Ruida Real Estate Co., Ltd.	<i>Note 2</i>	1,207,616	1,208	1,176,251	1,176
Lishui Jingcheng Development and Construction Co., Ltd.		1,066,790	1,067	-	-
Guangzhou Suiyun Real Estate Co., Ltd.	<i>Note 2</i>	1,035,713	1,036	1,081,433	1,081
CRCC (Shandong) Gaodong Highway Co., Ltd.		1,020,160	1,020	733,628	734
Nanjing Yuanchen Real Estate Co., Ltd.	<i>Note 2</i>	947,080	947	-	-
Foshan City Shunde District Shunhao Real Estate Co., Ltd.	<i>Note 2</i>	940,766	941	871,498	871
China Railway Construction Investment Langfang Development and Construction Co., Ltd.		730,814	731	-	-
Jinan Tieying Urban and Rural Construction Co., Ltd.		730,000	730	-	-
Ningbo Jinghai Investment Management Co., Ltd.	<i>Note 2</i>	636,694	637	1,250,378	1,250
Chengdu Chuangcheng Real Estate Co., Ltd.	<i>Note 2</i>	573,142	574	-	-
Chengdu China Railway Huafu Real Estate Co., Ltd.	<i>Note 2</i>	567,672	568	2,528,986	2,529
Kunming Qiping Real Estate Co., Ltd.	<i>Note 2</i>	560,971	561	686,471	686

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

6. Major amounts due from/to related parties (Continued)

RMB'000

		31 December 2020		31 December 2019	
		Gross carrying amount	Impairment of credit losses	Gross carrying amount	Impairment of credit losses
Other receivables (Continued)					
Shenyang Jiabai Real Estate Co., Ltd.	Note 2	560,114	560	–	–
Chengdu Lugang Real Estate Co., Ltd.	Note 2	542,858	542	–	–
China Railway Construction Investment (Zhumadian) City Development Co., Ltd.		505,764	506	–	–
Jiangmen Jiangwan Nanguang Investment Development Co., Ltd.		501,270	501	–	–
China Railway Construction & Investment Xi'an City Development Co., Ltd.		500,417	500	–	–
Xixian New Area Xingchengrenju Real Estate Co., Ltd.	Note 2	424,310	424	661,084	661
Beijing Liuzhuang Real Estate Co., Ltd.	Note 2	408,059	408	194,290	194
Guangzhou City Zengcheng District Shunxuan Real Estate Co., Ltd.	Note 2	378,971	379	881,787	882
Ningbo Jingwan Investment Management Co., Ltd.	Note 2	355,399	355	769,033	769
Deqing Jingsheng Real Estate Development Co., Ltd.	Note 2	347,802	348	394,115	394
CRCC Xinjiang Jingxin Expressway Co., Ltd.		299,162	299	736,749	737
Beijing Jiehai Real Estate Co., Ltd.	Note 2	284,881	285	361,155	361
CRCC Shaanxi Highway Co., Ltd.		284,713	285	44,825	45
Qingyuan Maglev Transportation Co., Ltd.		248,186	248	240,329	240
Fuzhou Xinchun Real Estate Co., Ltd.	Note 2	230,884	231	240,194	250
Chongqing Jianlian New Real Estate Co., Ltd.	Note 2	212,013	212	220,161	220
CRCC-Shandong Jinghu Highway Jile Co., Ltd.		182,291	183	740,253	740
Changzhou Jingrui Real Estate Development Co., Ltd.	Note 2	179,181	180	537,366	537
Nanjing Jingrui Real Estate Investment Co., Ltd.	Note 2	87,207	87	982,724	983
CRCC Gansu Zhangbian Highway Co., Ltd.		79,000	79	381,000	381
CRCC Financial Leasing Co., Ltd.		69,439	1,192	17,192	1,051
Chongqing Pinjinyue Real Estate Co., Ltd.	Note 2	60,415	60	123,305	123
Chongqing Tiefsa Jianxin Highway Co., Ltd.		20,229	82	14,448	57
Tianjin China Railway Yuhua Real Estate Co., Ltd.		10,902	11	1,500	2

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

6. Major amounts due from/to related parties (Continued)

RMB'000

	31 December 2020		31 December 2019	
	Gross carrying amount	Impairment of credit losses	Gross carrying amount	Impairment of credit losses
Other receivables (Continued)				
Taiyuan City Jinyuan East Zone Comprehensive Pipeline Corridor Construction & Management Co., Ltd.	8,000	40	197,361	6,634
Chongqing Monorail Transit Engineering Co., Ltd.	6,479	7	6,469	6
Yangzhou Wantou Jade Characteristics Town Co., Ltd.	4,083	4	4,083	4
CRCC Investment Shandong Xiaoqinghe Development Co., Ltd.	3,544	4	315,000	315
Yunnan Yulin Expressway Construction Co., Ltd.	265	–	263	–
Nanjing Daqiaobei Environmental Comprehensive Management Co., Ltd.	201	5	450,000	19,892
Jiaxing Jingkai Real Estate Development Co., Ltd. <i>Note 2</i>	86	–	28	–
CRCC (Guangzhou) North Railway Station Xincheng Investment Construction Co., Ltd.	15	15	15	1
China Railway Construction Real Estate Group Jinan 6th Continent Real Estate Co., Ltd.	–	–	1,048,535	1,048
Hangzhou Jingjiang Real Estate Development Co., Ltd. <i>Note 2</i>	–	–	756,140	756
CRCC-Tongguan Investment Co., Ltd.	–	–	565,680	566
Guangzhou Baorui Real Estate Co., Ltd. <i>Note 2</i>	–	–	58,732	59
Xinjiang Taqia Highway Project Management Co., Ltd.	–	–	56,000	280
Kunming Tiexin Construction Management Co., Ltd.	–	–	20,000	20
Chengdu Tiecheng Real Estate Co., Ltd. <i>Note 2</i>	–	–	391	–
Guangzhou Huangpu Light Rail Line 1 Investment Construction Co., Ltd.	–	–	233	–
Total	31,295,262	36,940	27,221,201	54,404

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

6. Major amounts due from/to related parties (Continued)

RMB'000

		31 December 2020		31 December 2019	
		Gross carrying amount	Impairment of credit losses	Gross carrying amount	Impairment of credit losses
Long-term receivables					
Hengda Real Estate (Shenzhen) Co., Ltd.	Note 2	2,927,357	2,927	2,545,528	2,546
China Railway Construction Real Estate Group Suzhou Real Estate Co., Ltd.	Note 2	2,819,605	5,068	2,783,665	5,171
Changsha Yuchi River Area Development & Investment Co., Ltd.		748,646	819	235,124	235
CRCC-Tongguan Investment Co., Ltd.		584,137	584	-	-
Qingdao Blue Silicon Valley Intercity Rail Transit Co., Ltd.		480,000	480	480,000	-
Yuxi China Railway Infrastructure Construction Co., Ltd.		355,927	356	337,959	1,690
Linyi New Phoenix Land Co., Ltd.	Note 2	300,000	300	-	-
Huizhou CRCC Harbor & Channel Engineering Bureau Infrastructure Investment Co., Ltd.		155,230	155	-	-
Hengyang Hengshan Science City Zhiyuan Development and Construction Co., Ltd.		118,912	119	-	-
CRCC Financial Leasing Co., Ltd.		51,970	260	-	-
Tianjin China Railway Guancheng Real Estate Co., Ltd.		47,843	48	83,300	-
Dongfang Jin Yue Wan Infrastructure Investment Co., Ltd.		11,800	12	-	-
Xuzhou Metro Line 2 Rail Transit Investment & Development Co., Ltd.		2,000	2	-	-
Railway Construction Development (Fan County) Fan Shui Ecological Environment Management Co., Ltd.		600	1	-	-
Chengdu Wuhou District Yale Real Estate Development Co., Ltd.		107	-	-	-
Changzhou Jingrui Real Estate Development Co., Ltd.	Note 2	-	-	134,417	-
CRCC Real Estate Co., Ltd.		-	-	61,130	61
Wuhan Qingfeng Construction & Investment Co., Ltd.		-	-	14,000	70
Total		8,604,134	11,131	6,675,123	9,773

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

6. Major amounts due from/to related parties (Continued)

RMB'000

		31 December 2020	31 December 2019
Bills payable	<i>Note 1</i>		
Wuhu China Railway Vossloh Cogifer Rail Co., Ltd.		5,936	14,658
PetroChina & CRCC Petroleum Marketing Co., Ltd.		–	21,038
Total		5,936	35,696
Trade payables	<i>Note 1</i>		
Gansu Gonghanglv Lan-A Highway Management Co., Ltd.		59,746	–
China Railway First Survey and Design Institution Group Shandong Architecture Design Institute Co., Ltd.		39,566	–
CRCC Financial Leasing Co., Ltd.		36,334	1,448
Changzhou China Railway Blue Flame Component Co., Ltd.		24,838	47,499
Wuhu China Railway Vossloh Cogifer Rail Co., Ltd.		5,377	2,990
PetroChina & CRCC Petroleum Marketing Co., Ltd.		2,300	2,559
Ningbo Hangtong Prefabricated Components Engineering Co., Ltd.		–	19,271
Wuhan Lvying Green Lawn Engineering Co., Ltd.		–	1,390
Total		168,161	75,157

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

6. Major amounts due from/to related parties (Continued)

	31 December 2020	31 December 2019
		<i>RMB'000</i>
Contract liabilities		
		<i>Note 4</i>
Kunming Metro Line 5 Construction & Operation Co., Ltd.	656,090	712,107
Sichuan Chengmian Cangba Highway Co., Ltd.	477,108	–
Chongqing Yuxiang Fuxian Highway Co., Ltd.	622,750	–
Kunming Fuyi Highway Co., Ltd.	447,398	–
Kunming Sanqing Highway Co., Ltd.	432,635	–
Hangzhou Genshan East Road Crossing Tunnel Management Co., Ltd.	401,782	–
Guizhou Guijin Expressway Co., Ltd.	302,738	–
Sichuan Jintou Project Investment Co., Ltd.	270,039	400,232
Hangzhou Xiashalu Tunnel Co., Ltd.	214,736	164,821
Chongqing Tiefa Jianxin Highway Co., Ltd.	129,392	112,988
Chongqing Tiefa Shuanghe Expressway Co., Ltd.	66,824	139,381
Wuhan Tongsui Construction & Investment Co., Ltd.	1,084	140,209
Nanjing Jiangbei New Area Guanglian Pipeline Corridor Construction Co., Ltd.	–	243,065
Shijiazhuang Jiasheng Pipeline Corridor Engineering Co., Ltd.	–	120,959
Huizhou CRCC Harbor & Channel Engineering Bureau Infrastructure Investment Co., Ltd.	–	9,531
CRCC Shaanxi Highway Co., Ltd.	–	3,680
China Railway 14th Bureau Group Wuhan Metro Investment & Construction Co., Ltd.	–	430
Total	4,022,576	2,047,403

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

6. Major amounts due from/to related parties (Continued)

		<i>RMB'000</i>	
		31 December 2020	31 December 2019
Other payables	<i>Note 1</i>		
China Railway Construction Kunlun Yunnan Real Estate Co., Ltd.		919,362	361,422
Shijiazhuang Runshi Ecological Protection Management Service Co., Ltd.		615,554	307,038
Guangzhou Xintie Xinjian Investment Co., Ltd.		613,326	770,555
CRCC (Shandong) Deshang Highway Co., Ltd.		406,896	96,398
Chengdu Tiecheng Real Estate Co., Ltd.		343,106	41,308
Xi'an China Railway Jingmao Real Estate Co., Ltd.		334,447	204,532
Chengdu Zhongwan Yixing Real Estate Co., Ltd.		328,552	–
Kunming Kunlun Shouzhi Real Estate Co., Ltd.		314,595	–
China Railway Construction Real Estate Group Ningbo Jingping Real Estate Co., Ltd.		306,446	451,051
China Railway Construction Real Estate Group Jinan 6th Continent Real Estate Co., Ltd.		221,993	–
Hangzhou Jingke Real Estate Co., Ltd.		217,260	687,990
Guangzhou Hongxuan Real Estate Co., Ltd.		215,572	–
Shanghai Hongjun Real Estate Co., Ltd.		210,120	380,350
Hangzhou Jianshen Real Estate Co., Ltd.		210,000	240,000
Guangzhou Hongjia Real Estate Co., Ltd.		186,852	186,852
China Railway Construction Investment (Ningbo) Development and Construction Co., Ltd.		186,763	–
China Railway Construction Investment (Tongxiang) Construction Management Co., Ltd.		183,772	–
CRCC Financial Leasing Co., Ltd.		180,531	102,018
Guangzhou Baorui Real Estate Co., Ltd.		168,703	–
Dalian Wancheng Zhiguang Real Estate Co., Ltd.		145,648	169,905
Taiyuan Rongchuang Huifeng Real Estate Co., Ltd.		140,600	600
Nanjing Xincheng Guanghong Real Estate Co., Ltd.		136,800	136,800

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

6. Major amounts due from/to related parties (Continued)

RMB'000

	31 December 2020	31 December 2019
Other payables (Continued)		
CRCC Investment Shandong Xiaoqinghe Development Co., Ltd.	92,620	570,811
CRCC Gansu Zhangbian Highway Co., Ltd.	87,093	66,606
CRCC Shaanxi Highway Co., Ltd.	62,191	285,680
Guangzhou Jingye Real Estate Co., Ltd.	59,589	59,589
Kunming Fuyi Highway Co., Ltd.	49,236	2,330
CRCC JinLi Asset Management Co., Ltd.	48,189	10,706
Hangzhou Beikong Jiandejiang Investment Co., Ltd.	43,207	9,703
Hangzhou Jingping Real Estate Co., Ltd.	41,301	93,451
Dalian Jingcheng Real Estate Co., Ltd.	13,365	13,365
CRCC-HC-CR15G Joint Venture	10,461	11,211
Chongqing Tiefa Jianxin Highway Co., Ltd.	3,836	7,673
Chongqing Tiefa Xiusong Highway Co., Ltd.	3,621	137,880
Chongqing Yonglu Expressway Co., Ltd.	3,110	17,035
China Railway Construction Yudongnan (Chongqing) Expressway Co., Ltd.	2,804	13,452
Kunming Sanqing Highway Co., Ltd.	1,818	858
Chongqing Tiefa Shuanghe Expressway Co., Ltd.	455	25,400
Hangzhou Jingbin Real Estate Co., Ltd.	-	984,275
Total	7,109,794	6,446,844
Advances to suppliers		
CRCC Financial Leasing Co., Ltd.	97,558	37,766
Total	97,558	37,766

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

6. Major amounts due from/to related parties (Continued)

		<i>RMB'000</i>	
		31 December 2020	31 December 2019
Due to customers	<i>Note 5</i>		
Guangzhou Xintie Xinjian Investment Co., Ltd.		3,343,611	1,726,348
CRCC JinLi Asset Management Co., Ltd.		804,557	780,654
CRCC Shaanxi Meitai Expressway Co., Ltd.		227,971	214,350
Beijing Tongda Jingcheng Highway Co., Ltd.		178,942	264,055
China Railway Construction Corporation Jiayang Railway Construction Hexing Highway Investment Co., Ltd.		100,478	643,811
Beijing Xinda Real Estate Co., Ltd.		71	656
Ningbo Jingwan Investment Management Co., Ltd.		56	4,318
Qingyuan Maglev Transportation Co., Ltd.		40	2,274
Deqing Jingsheng Real Estate Development Co., Ltd.		12	11
Foshan City Shunde District Shunhao Real Estate Co., Ltd.		12	92
PetroChina & CRCC Petroleum Marketing Co., Ltd.		3	63
China Railway Construction Real Estate Group Suzhou Real Estate Co., Ltd.		-	86
Hangzhou Jingping Real Estate Co., Ltd.		-	5
Total		4,794,808	3,820,235
Long-term loans (including current portion)	<i>Note 6</i>		
China Railway Construction Corporation		843,066	818,066
Total		843,066	818,066
Lease liabilities (including current portion)			
CRCC Financial Leasing Co., Ltd.		2,598,337	3,177,632
China Railway Construction Corporation		104,291	62,144
Total		2,702,628	3,239,776

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

6. Major amounts due from/to related parties (Continued)

	31 December 2020	31 December 2019
		<i>RMB'000</i>
Long-term payables (including current portion)		
Guangde CRCC Daqin Investment Partnership Enterprise (Limited Partnership)	537,311	–
Tianjin Tiejian Hongtu Fengchuang Investment Partnership(Limited Partnership)	410,476	415,353
Guangde Railway Construction Chuangxin Investment Partnership (Limited Partnership)	396,653	–
Guangde CRCC Blue Ocean Longxin Investment Center (Limited Partnership)	187,314	168,935
China Railway Construction Real Estate Group Jinan 6th Continent Real Estate Co., Ltd.	180,600	–
Guangde CRCC Blue Ocean Fengjian Investment Center (Limited Partnership)	88,267	–
CRCC Financial Leasing Co., Ltd.	87,142	55,371
Total	1,887,763	639,659

Note 1: The amounts due from/to related parties were interest-free, unsecured, and had no fixed terms of repayment.

Note 2: The amounts due from related parties were loans for cooperative development project from the Group's real estate development operation segments, with the interest rate agreed in the contracts.

Note 3: The amounts due from the Controlling Shareholder were borrowings from CRCC Finance Company Limited.

Note 4: The amounts were mainly advances from related parties and were interest-free.

Note 5: The amounts due to the Group's related parties were deposits in CRCC Finance Company Limited.

Note 6: The amounts were appropriations from the Ministry of Finance to the Controlling Shareholder and considered as the entrusted loans granted to the Group by the Controlling Shareholder. The interest rate of such entrusted loans was determined by the Loan Prime Rate published by National Interbank Funding Center.

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

XI. COMMITMENTS AND CONTINGENCIES

1. Commitments

RMB'000

	31 December 2020	31 December 2019
Contracted, but not provided for:		
Capital commitments	1,184,137	248,917
Investment commitments	39,819,252	12,921,702
Other commitments	234,062	8,061,829
Total	41,237,451	21,232,448

2. Contingencies

The Group was involved in a number of legal proceedings and claims against it in the ordinary course of business. Provision has been made for the probable losses to the Group on those legal proceedings and claims when management can reasonably estimate the outcome of the legal proceedings and claims taking into account legal advices. No provision has been made for pending legal proceedings and claims when the outcome of the legal proceedings and claims cannot be reasonably estimated or management believes that the probability of loss is remote.

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

XI. COMMITMENTS AND CONTINGENCIES (Continued)

3. Guarantees

The Group had issued guarantees to banks in respect of the banking facilities granted to the following parties:

RMB'000

The Group	31 December 2020	31 December 2019
Associates	2,720,633	3,119,131
Other entities	72,072	117,600
Total	2,792,705	3,236,731

The above guarantees exclude guarantees in respect of the banking facilities other than mortgages. As at 31 December 2020, the Group's guarantees (excluding guarantees in respect of the banking facilities other than mortgages) amounted to RMB2,792,705,000 (31 December 2019: RMB3,236,731,000), the guarantees in respect of mortgages amounted to RMB23,737,531,000 (31 December 2019: RMB17,712,148,000). Until now, the guarantees rarely defaulted payments to the banks, thus the Group considered the risks related to the guarantees were low and the fair value was immaterial.

The above guarantees in respect of mortgages were granted to the purchasers of the Group's properties and secured by the mortgages.

The Company had issued guarantees to banks in respect of the banking facilities granted to the following parties:

RMB'000

The Company	31 December 2020	31 December 2019
Subsidiaries	17,365,697	19,294,048
Associates	2,720,633	3,119,131
Other entities	72,072	117,600
Total	20,158,402	22,530,779

In addition, no interest-bearing bank and other loans of the Company were guaranteed by the subsidiaries of the Company as at 31 December 2020 (31 December 2019: Nil).

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

XII. EVENTS AFTER THE BALANCE SHEET DATE

1. Profit distribution

Pursuant to the resolution approved in the 57th session of the 4th board of directors meeting held on 29 to 30 March 2021, the Board of Directors proposed that cash dividends may be distributed to all shareholders by the Company at RMB 2.3 per 10 shares (i.e. cash dividend of RMB 0.23 per share). The cash dividend of RMB 3,123,295,000 is proposed to be distributed based on the issued shares of 13,579,541,500, and the above proposal is yet to be approved by the shareholders' general meeting.

XIII. OTHER SIGNIFICANT EVENTS

1. Segment reporting

Operating segments

For management purposes, the Group is organized into the following five operating segments based on their products and services:

- (1) The construction operations segment engages in the construction of infrastructure such as railways, highways, metropolitan railways and real estate projects;
- (2) The survey, design and consultancy operations segment engages in the provision of survey, design and consultancy services for civil engineering and infrastructure construction, such as railways, highways and urban rail transport, etc.;
- (3) The manufacturing operations segment engages in the research and development, production and sale of mechanical equipment, such as the large railway track maintenance machinery, tunnel boring machinery as well as the manufactures of track system, etc.;
- (4) The real estate development operations segment engages in the development, construction and sale of residential properties and commercial properties; and
- (5) The other business operations segment mainly comprises trade and logistics, finance and insurance and highway operation.

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

XIII. OTHER SIGNIFICANT EVENTS (Continued)

1. Segment reporting (Continued)

Operating segments (Continued)

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit or loss. The Group does not manage income tax based on operating segments and hence income tax has not been allocated to the operating segments.

RMB'000

	Construction operations	Survey, design and consultancy operations	Manufacturing operations	Real estate development operations	Other business operations	Eliminations and adjustments	Total
2020:							
Revenue from external customers	795,121,482	18,453,059	15,545,978	40,928,924	40,275,320	-	910,324,763
Inter-segment sales	18,212,521	7,164	2,503,268	-	36,349,249	(57,072,202)	-
Total	813,334,003	18,460,223	18,049,246	40,928,924	76,624,569	(57,072,202)	910,324,763
Share of profits/(losses) of joint ventures and associates	113,433	(15,081)	217,976	1,274,307	46,842	-	1,637,477
Impairment of credit losses and impairment losses on assets	(3,131,257)	(41,032)	(89,383)	(453,714)	(9,832)	-	(3,725,218)
Depreciation and amortisation	15,974,352	258,893	685,553	51,817	567,693	-	17,538,308
Profit before tax	16,254,700	3,047,224	2,300,528	5,875,028	3,837,719	175,353	31,490,552
Other disclosures:							
Increase in non-current assets other than long-term equity investments	16,755,203	195,491	934,937	322,184	12,639,059	-	30,846,874
31 December 2020							
Segment assets (Note 1)	864,395,899	26,546,024	38,903,871	232,729,444	360,576,334	(280,358,773)	1,242,792,799
Segment liabilities (Note 2)	652,940,756	12,737,287	21,570,137	195,104,114	321,098,656	(274,297,241)	929,153,709
Other disclosures:							
Long-term equity investments in joint ventures and associates	59,132,874	4,174,721	1,631,245	5,293,102	389,097	-	70,621,039

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

XIII. OTHER SIGNIFICANT EVENTS (Continued)

1. Segment reporting (Continued)

Operating segments (Continued)

RMB'000

	Construction operations	Survey, design and consultancy operations	Manufacturing operations	Real estate development operations	Other business operations	Eliminations and adjustments	Total
2019:							
Revenue from external customers	713,557,663	17,946,952	16,379,287	41,297,403	41,270,852	-	830,452,157
Inter-segment sales	10,987,438	137,934	1,725,346	-	30,586,497	(43,437,215)	-
Total	724,545,101	18,084,886	18,104,633	41,297,403	71,857,349	(43,437,215)	830,452,157
Share of profits/(losses) of joint ventures and associates	283,551	3,990	234,559	1,842,471	31,909	-	2,396,480
Impairment of credit losses and impairment losses on assets	(3,318,489)	(70,113)	(211,595)	(304,371)	(1,106,590)	-	(5,011,158)
Depreciation and amortisation	16,280,562	272,645	686,238	47,570	482,676	-	17,769,691
Profit before tax	13,468,988	3,092,885	2,093,205	6,116,617	3,525,479	(270,524)	28,026,650
Other disclosures:							
Increase in non-current assets other than long-term equity investments	18,560,632	314,095	2,248,324	695,208	13,512,346	-	35,330,605
31 December 2019							
Segment assets (<i>Note 1</i>)	736,429,418	21,561,806	35,075,481	196,510,375	323,441,841	(231,779,708)	1,081,239,213
Segment liabilities (<i>Note 2</i>)	578,313,453	9,005,074	19,512,820	161,843,928	276,682,581	(226,140,217)	819,217,639
Other disclosures:							
Long-term equity investments in joint ventures and associates	40,565,019	1,436,692	1,353,113	5,062,294	1,227,516	-	49,644,634

Note 1: Segment assets do not include deferred tax assets of RMB6,423,173,000 (31 December 2019: RMB5,624,947,000), as the Group does not manage these assets based on operating segments. In addition, inter-segment receivables of RMB286,781,946,000 (31 December 2019: RMB237,404,655,000) are eliminated on consolidation.

Note 2: Segment liabilities do not include deferred tax liabilities of RMB1,378,201,000 (31 December 2019: RMB507,813,000) and corporate income tax payable of RMB2,639,368,000 (31 December 2019: RMB2,352,430,000) as the Group does not manage these liabilities based on operating segments. In addition, inter-segment payables of RMB278,314,810,000 (31 December 2019: RMB229,000,460,000) are eliminated on consolidation.

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

XIII. OTHER SIGNIFICANT EVENTS (Continued)

1. Segment reporting (Continued)

Group information

Geographical information

Revenue from external customers

	2020	2019
		<i>RMB'000</i>
Mainland China	871,621,772	794,857,463
Outside Mainland China	38,702,991	35,594,694
Total	910,324,763	830,452,157

Total non-current assets (*Note*)

	31 December 2020	31 December 2019
		<i>RMB'000</i>
Mainland China	209,410,632	170,211,442
Outside Mainland China	8,321,967	7,278,087
Total	217,732,599	177,489,529

In the geographical information above, revenue from external customers is based on the locations of the customers. Non-current asset information above is based on the locations of the non-current assets.

Note: Non-current assets consisted of investment properties, fixed assets, construction in progress, right-of-use assets, intangible assets, development expenditure, long-term prepaid expenses and investments in joint ventures and associates.

Information about major customers

The Group did not derive more than 10% of its total revenue from any single customer in 2020 (2019: did not derive more than 10% of its total revenue from any single customer).

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

XIII. OTHER SIGNIFICANT EVENTS (Continued)

2. Other financial information

(i) Pension scheme contributions

RMB'000

Item	2020	2019
Pension scheme contributions (defined contribution plans)	5,541,112	6,478,621
Pension scheme costs (defined benefit plans)	8,090	12,800

As at 31 December 2020, there were no forfeited contributions available to reduce the Group's contributions to its pension scheme in the next year (31 December 2019: Nil).

(ii) Directors' and supervisors' remuneration

RMB'000

Item	2020	2019
Salaries, housing welfare and other allowances and physical benefits	2,341	2,341
Performance bonus	3,333	4,583
Defined contribution plan	722	755
Total	6,396	7,679

Name and remuneration of independent non-executive directors for the current year are as follows:

RMB'000

Item	2020	2019
Independent Non-executive Directors		
Mr. WANG Huacheng	213	204
Mr. Patrick SUN	193	177
Mr. CHENG Wen	60	60
Ms. Amanda Xiao Qiang LU	159	142
Total	625	583

The fees of the above independent non-executive directors represent remuneration paid in respect of their services as directors of the Company. There was no other remuneration payable to the independent non-executive directors during the year.

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

XIII. OTHER SIGNIFICANT EVENTS (Continued)

2. Other financial information (Continued)

(ii) Directors' and supervisors' remuneration (Continued)

Name and remuneration of directors and supervisors for the current year are as follows:

RMB'000

	Salaries, housing welfare and other allowances and physical benefits	Performance bonus	Defined benefit plan	Total remuneration
2020				
Executive director				
Mr. Wang Jianping (<i>board chairman, Note 1</i>)	100	111	60	271
Mr. CHEN Fenjian (<i>Note 2</i>)	193	517	81	791
Mr. ZHUANG Shangbiao (president)	293	628	141	1,062
Mr. CHEN Dayang	260	576	131	967
Mr. LIU Ruchen	260	550	130	940
Sub-total	1,106	2,382	543	4,031
Non-executive director				
Mr. GE Fuxing (<i>Note 3</i>)	10	–	–	10
Sub-total	10	–	–	10
Independent non-executive director				
Mr. WANG Huacheng	213	–	–	213
Mr. Patrick SUN	193	–	–	193
Mr. CHENG Wen	60	–	–	60
Ms. Amanda Xiao Qiang LU	159	–	–	159
Sub-total	625	–	–	625
Supervisor				
Mr. CAO Xirui	–	246	–	246
Mr. LIU Zhengchang	300	344	90	734
Mr. KANG Fuxiang	300	361	89	750
Sub-total	600	951	179	1,730
Total	2,341	3,333	722	6,396

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

XIII. OTHER SIGNIFICANT EVENTS (Continued)

2. Other financial information (Continued)

(ii) Directors' and supervisors' remuneration (Continued)

RMB'000

	Salaries, housing welfare and other allowances and physical benefits	Performance bonus	Defined benefit plan	Total remuneration
2019				
Executive director				
Mr. CHEN Fenjian (board chairman)	260	580	119	959
Mr. ZHUANG Shangbiao (president)	260	1,257	119	1,636
Mr. CHEN Dayang	226	322	113	661
Mr. LIU Ruchen	226	1,105	113	1,444
Sub-total	972	3,264	464	4,700
Non-executive director				
Mr. GE Fuxing (<i>Note 3</i>)	10	–	–	10
Subtotal	10	–	–	10
Independent non-executive director				
Mr. WANG Huacheng	204	–	–	204
Mr. Patrick SUN	177	–	–	177
Mr. CHENG Wen	60	–	–	60
Ms. Amanda Xiao Qiang LU	142	–	–	142
Sub-total	583	–	–	583
Supervisor				
Mr. CAO Xirui	197	677	98	972
Mr. LIU Zhengchang	289	319	98	706
Mr. KANG Fuxiang	290	323	95	708
Sub-total	776	1,319	291	2,386
Total	2,341	4,583	755	7,679

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

XIII. OTHER SIGNIFICANT EVENTS (Continued)

2. Other financial information (Continued)

(ii) Directors' and supervisors' remuneration (Continued)

Note 1: On 19 October 2020, Mr. Wang Jianping was approved to assume as an executive director of the Company through voting at the third extraordinary general meeting of the Company in 2020. On the same day, Mr. Wang Jianping was elected as the board chairman of the Company at the 48th meeting of the 4th session of the Board of Directors of the Company.

Note 2: On 16 August 2020, Mr. Chen Fenjian, the board chairman, executive director, secretary of the Party Committee and chairman of the Nomination Committee of the Board of Directors of the Company, passed away.

Note 3: On 17 February 2020, Mr. GE Fuxing has ceased to hold his positions as a non-executive director, a member of the Audit and Risk Management Committee, a member of the Remuneration and Evaluation Committee and a member of the Strategy and Investment Committee of the Company in light of his age.

Top 5 paid employees

The analysis of top 5 paid employees of the Group is as follows:

	2020	2019
Employee that is neither a director nor a supervisor	5	5

Details of remuneration of the above employee that is neither a director nor a supervisor:

	2020	2019
Salaries, housing welfare and other allowances and physical benefits	1,898	1,207
Performance bonus	17,424	21,973
Defined contribution plan	487	1,015
Total	19,809	24,195

RMB'000

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

XIII. OTHER SIGNIFICANT EVENTS (Continued)

2. Other financial information (Continued)

(ii) Directors' and supervisors' remuneration (Continued)

Top 5 paid employees (Continued)

Number of employee that is neither a director nor a supervisor of the following remuneration ranges is as follows:

Item	2020	2019
HKD2,500,000 to 3,000,000 (including 3,000,000)	–	–
HKD3,000,000 to 3,500,000 (including 3,500,000)	–	–
HKD3,500,000 to 4,000,000 (including 4,000,000)	1	–
HKD4,500,000 to 5,000,000 (including 5,000,000)	2	2
Over HKD5,000,000	2	3
Total	5	5

XIV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS

1. Trade receivables

An aging analysis of trade receivables is listed as follows:

	<i>RMB'000</i>	
Aging	31 December 2020	31 December 2019
Within 1 year	3,526,860	4,222,844
1 to 2 years	721,222	744,711
2 to 3 years	385,651	282,233
Over 3 years	150,487	71,878
Subtotal	4,784,220	5,321,666
Less: Impairment of credit losses	171,270	133,775
Total	4,612,950	5,187,891

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

XIV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

1. Trade receivables (Continued)

Trade receivables and impairment of credit losses by category are listed as follows:

RMB'000

Category	Gross carrying amount		31 December 2020 Impairment of credit losses		Carrying amount
	Amount	Percentage (%)	Amount	Percentage (%)	
Impairment of credit losses assessed by credit risk portfolio	4,784,220	100.00	171,270	3.58	4,612,950
Total	4,784,220	100.00	171,270	3.58	4,612,950

RMB'000

Category	Gross carrying amount		31 December 2019 Impairment of credit losses		Carrying amount
	Amount	Percentage (%)	Amount	Percentage (%)	
Impairment of credit losses assessed by credit risk portfolio	5,321,666	100.00	133,775	2.51	5,187,891
Total	5,321,666	100.00	133,775	2.51	5,187,891

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

XIV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

1. Trade receivables (Continued)

As at 31 December 2020, trade receivables whose impairment of credit losses were assessed by credit risk portfolio are listed as follows:

RMB'000

Aging	31 December 2020			
	Gross carrying amount		Impairment of credit losses	
	Amount	Percentage	Amount	Percentage
		%		%
Within 1 year	3,526,860	73.72	18,138	0.51
1 to 2 years	721,222	15.08	45,645	6.33
2 to 3 years	385,651	8.06	39,891	10.34
Over 3 years	150,487	3.14	67,596	44.92
Total	4,784,220	100.00	171,270	3.58

As at 31 December 2020, trade receivables from the five largest customers are listed as follows:

RMB'000

Due from	Relationship with the Company	Amount	Aging	Percentage of total trade receivables (%)
Company 1	Third party	658,808	Within 1 year	13.77
Company 2	Joint venture	494,124	Within 1 year	10.33
Company 3	Third party	467,444	Within 1 year	9.77
Company 4	Third party	445,072	Within 2 years	9.30
Company 5	Joint venture	437,309	Within 1 year	9.14
Total	—	2,502,757	—	52.31

As at 31 December 2020 and 31 December 2019, no amount due from shareholders that held 5% or more of the Company's voting rights or other related parties was included in the aforesaid balance of trade receivables.

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

XIV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

2. Other receivables

An aging analysis of other receivables is listed as follows:

	<i>RMB'000</i>	
Aging	31 December 2020	31 December 2019
Within 1 year	17,605,735	23,522,815
1 to 2 years	119,453	1,001,822
2 to 3 years	525,764	1,013,222
Over 3 years	177,095	235,095
Subtotal	18,428,047	25,772,954
Less: Impairment of credit losses	10,806	5,809
Total	18,417,241	25,767,145

Provision for impairment of credit losses are as follows:

- (1) As at 31 December 2020, the Company did not have other receivables at phase II.
- (2) As at 31 December 2020, the Company did not have other receivables at phase III.

In 2020, no other receivables have been written off. (2019: Nil)

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

XIV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

2. Other receivables (Continued)

As at 31 December 2020, other receivables from the five largest customers are listed as follows:

RMB'000

Due from	Relationship with the Company	Amount	Aging	Percentage of total other receivables (%)
Company 1	Subsidiary	5,942,802	Within 2 years	32.25
Company 2	Subsidiary	3,000,000	Within 2 years	16.28
Company 3	Subsidiary	2,509,148	Within 2 years	13.62
Company 4	Subsidiary	2,149,246	Within 4 years	11.66
Company 5	Subsidiary	1,216,783	Within 1 year	6.60
Total	–	14,817,979	–	80.41

As at 31 December 2020 and 31 December 2019, no amount due from shareholders that held 5% or more of the Company's voting rights was included in the aforesaid balance of trade receivables.

3. Long-term equity investments

RMB'000

Item		31 December 2020	31 December 2019
Equity investment under cost method – Subsidiaries	(i)	102,169,338	96,644,338
Total		102,169,338	96,644,338

Note: All the long-term equity investments are investments in unlisted companies, except for CRCC High-Tech Equipment Corporation Limited.

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

XIV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

3. Long-term equity investments (Continued)

(i) Subsidiaries

RMB'000

Investee	Changes for the year			Carrying amount at 31 December 2020	Percentage of the investee's registered capital directly attributable to the Company as at 31 December 2020 (%)	Category
	Carrying amount at 31 December 2019	Transfer to/ Increase in investment	Decrease in investment			
China Civil Engineering Construction Corporation	2,946,507	-	-	2,946,507	100.00	Co., Ltd.
China Railway 11th Bureau Group Co., Ltd.	1,893,912	-	-	1,893,912	81.62	Co., Ltd.
China Railway 12th Bureau Group Co., Ltd.	1,957,277	-	-	1,957,277	100.00	Co., Ltd.
China Railway Construction Bridge Engineering Bureau Group Co., Ltd.	2,660,480	-	-	2,660,480	100.00	Co., Ltd.
China Railway 14th Bureau Group Co., Ltd.	2,130,105	-	-	2,130,105	100.00	Co., Ltd.
China Railway 15th Bureau Group Co., Ltd.	1,585,152	-	-	1,585,152	100.00	Co., Ltd.
China Railway 16th Bureau Group Co., Ltd.	1,482,412	-	-	1,482,412	100.00	Co., Ltd.
China Railway 17th Bureau Group Co., Ltd.	1,735,340	-	-	1,735,340	100.00	Co., Ltd.
China Railway 18th Bureau Group Co., Ltd.	1,103,234	-	-	1,103,234	100.00	Co., Ltd.
China Railway 19th Bureau Group Co., Ltd.	3,954,638	-	-	3,954,638	100.00	Co., Ltd.
China Railway 20th Bureau Group Co., Ltd.	1,615,144	-	-	1,615,144	100.00	Co., Ltd.
China Railway 21st Bureau Group Co., Ltd.	1,557,251	-	-	1,557,251	100.00	Co., Ltd.
China Railway 22nd Bureau Group Co., Ltd.	1,295,286	-	-	1,295,286	100.00	Co., Ltd.
China Railway 23rd Bureau Group Co., Ltd.	1,545,004	-	-	1,545,004	100.00	Co., Ltd.
China Railway 24th Bureau Group Co., Ltd.	1,346,917	-	-	1,346,917	100.00	Co., Ltd.

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

XIV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

3. Long-term equity investments (Continued)

(i) Subsidiaries (Continued)

Investee	Changes for the year			Carrying amount at 31 December 2020	Percentage of the investee's registered capital directly attributable to the Company as at 31 December 2020 (%)	Category
	Carrying amount at 31 December 2019	Transfer to/ Increase in investment	Decrease in investment			
China Railway 25th Bureau Group Co., Ltd.	1,348,597	-	-	1,348,597	100.00	Co., Ltd.
China Railway Construction Group Co., Ltd.	2,868,346	-	-	2,868,346	85.64	Co., Ltd.
China Railway Construction Electrification Bureau Group Co., Ltd.	1,105,530	-	-	1,105,530	100.00	Co., Ltd.
China Railway Construction Real Estate Group Co., Ltd.	7,233,191	-	-	7,233,191	100.00	Co., Ltd.
China Railway First Survey and Design Institute Group Co., Ltd.	623,730	-	-	623,730	100.00	Co., Ltd.
China Railway SIYUAN Survey and Design Group Co., Ltd.	1,035,309	12,500	-	1,047,809	100.00	Co., Ltd.
China Railway Fifth Survey and Design Institute Group Co., Ltd.	318,196	-	-	318,196	100.00	Co., Ltd.
China Railway Shanghai Design Institute Group Co., Ltd.	267,624	-	-	267,624	100.00	Co., Ltd.
China Railway Material Group Co., Ltd.	3,314,805	-	-	3,314,805	100.00	Co., Ltd.
CRCC High-Tech Equipment Corporation Limited	1,714,797	-	-	1,714,797	63.70	Co., Ltd.
China Railway Construction Heavy Industry Corporation Limited	4,028,004	-	-	4,028,004	99.50	Co., Ltd.
Chenghe Insurance Brokers Company Limited (Note 1)	113,290	-	113,290	-	-	Co., Ltd.
China Railway Construction (Beijing) Business Management Co., Ltd.	28,313	-	-	28,313	100.00	Co., Ltd.

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

XIV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

3. Long-term equity investments (Continued)

(i) Subsidiaries (Continued)

Investee	Changes for the year			Carrying amount at 31 December 2020	Percentage of the investee's registered capital directly attributable to the Company as at 31 December 2020 (%)	Category
	Carrying amount at 31 December 2019	Transfer to/ Increase in investment	Decrease in investment			
China Railway Construction Investment Group Co., Ltd.	10,538,793	-	-	10,538,793	87.34	Co., Ltd.
CRCC Harbour and Channel Engineering Bureau Group Co., Ltd.	1,385,891	-	-	1,385,891	100.00	Co., Ltd.
CRCC Finance Company Limited	8,460,000	-	-	8,460,000	94.00	Co., Ltd.
China Railway Construction Corporation (International) Limited	3,000,102	12,500	-	3,012,602	100.00	Co., Ltd.
China Railway Construction Asset Management Co., Ltd. (Note 1)	1,285,686	-	1,285,686	-	-	Co., Ltd.
China Railway Urban Construction Group Co., Ltd.	2,000,000	-	-	2,000,000	100.00	Co., Ltd.
Beijing CRCC Tianrui Machinery Equipment Co., Ltd.	2,000,000	-	-	2,000,000	98.04	Co., Ltd.
CRCC Kunlun Investment Group Co., Ltd.	3,600,000	-	-	3,600,000	70.77	Co., Ltd.
CRCC Huabei Investment & Development Co., Ltd.	1,000,000	-	-	1,000,000	100.00	Co., Ltd.
CRCC Southern Construction and Investment Co., Ltd.	1,300,000	-	-	1,300,000	100.00	Co., Ltd.
CRCC Chongqing Investment Group Co., Ltd.	3,000,000	-	-	3,000,000	100.00	Co., Ltd.
China Railway Maglev Transportation Investment Construction Co., Ltd.	500,000	-	-	500,000	50.00	Co., Ltd.
China Railway Construction South China Construction Co., Ltd.	1,000,000	-	-	1,000,000	100.00	Co., Ltd.

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

XIV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

3. Long-term equity investments (Continued)

(i) Subsidiaries (Continued)

Investee	Changes for the year			Carrying amount at 31 December 2020	Percentage of the investee's registered capital directly attributable to the Company as at 31 December 2020 (%)	Category
	Carrying amount at 31 December 2019	Transfer to/ Increase in investment	Decrease in investment			
China Railway Construction Northwest Investment & Construction Co., Ltd.	1,000,000	-	-	1,000,000	100.00	Co., Ltd.
CRCC Urban Investment & Construction Co., Ltd.	1,000,000	1,000,000	-	2,000,000	100.00	Co., Ltd.
CRCC Cyber Information Technology Co., Ltd.	101,161	-	-	101,161	100.00	Co., Ltd.
CRCC East Investment & Construction Co., Ltd.	1,000,000	1,000,000	-	2,000,000	100.00	Co., Ltd.
CRCC International Investment Co., Ltd.	500,000	1,000,000	-	1,500,000	50.00	Co., Ltd.
CRCC Development Group Co., Ltd.	600,000	-	-	600,000	100.00	Co., Ltd.
CRCC North Investment & Construction Co., Ltd.	20,000	-	-	20,000	100.00	Co., Ltd.
CRCC Yellow River Investment & Construction Co., Ltd.	310,000	500,000	-	810,000	100.00	Co., Ltd.
CRCC Investment Funds Management Co., Ltd. (Note 1)	234,314	-	234,314	-	-	Co., Ltd.
CRCC Capital Holdings Group Co., Ltd. (Note 1)	-	3,633,290	-	3,633,290	100.00	Co., Ltd.
Total	96,644,338	7,158,290	1,633,290	102,169,338	-	-

Note 1: In 2020, the Company used its shares in China Railway Construction Asset Management Co., Ltd., Chenghe Insurance Brokers Company Limited and CRCC Investment Funds Management Co., Ltd. and cash capital increase to reform and establish CRCC Capital Holdings Group Co., Ltd.

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

XIV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

4. Other payables

Other payables are disclosed by category:

	<i>RMB'000</i>	
Item	31 December 2020	31 December 2019
Payables for advances	21,063,994	21,978,284
Dividends payable	557,800	414,915
Guarantees and deposits	80,709	85,846
Others	407,043	881,493
Total	22,109,546	23,360,538

5. Long-term loans

	<i>RMB'000</i>	
Item	31 December 2020	31 December 2019
Credit loans	2,632,066	3,415,448
Total	2,632,066	3,415,448

The maturity profile of the long-term loans as at the balance sheet date is listed as follows:

	<i>RMB'000</i>	
Item	31 December 2020	31 December 2019
Within one year or paid on demand	2,189,025	3,872,457
In the second year (inclusive)	623,502	1,088,946
In the third year (inclusive)	391,564	623,502
Over three years	1,617,000	1,703,000
Total	4,821,091	7,287,905

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

XIV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

6. Revenue and cost of sales

Revenue is presented as follows:

	<i>RMB'000</i>	
Item	2020	2019
Revenue from principal operations	15,550,479	16,468,822
Other operating revenue	930,599	896,785
Total	16,481,078	17,365,607

Operating cost is presented as follows:

Item	2020	2019
Operating cost	16,158,319	16,248,993

7. Finance costs

	<i>RMB'000</i>	
Item	2020	2019
Interest expenses	1,292,984	2,543,016
Less: Interest income	3,254,489	2,662,929
Exchange (gains)/losses	(772,252)	89,774
Bank charges and others	10,895	16,173
Total	(2,722,862)	(13,966)

8. Investment income

	<i>RMB'000</i>	
Item	2020	2019
Share of net profits/(losses) of the joint ventures	–	(136)
Investment income received from long-term equity investments under cost method	12,473,199	12,896,826
Others	13,212	16,819
Total	12,486,411	12,913,509

For the year ended 31 December 2020, the investment income mentioned above was composed of investment income of RMB51,941,000 (2019: RMB65,230,000) from listed companies and RMB12,434,470,000 from unlisted companies (2019: RMB12,848,279,000).

As at 31 December 2020, the remittance of the Company's investment income was not subject to significant restriction.

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

XIV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

9. Supplementary information to the statement of cash flows

(1) Supplementary information to the statement of cash flows

RMB'000

Item	2020	2019
Reconciliation of net profit to cash flows from operating activities:		
Net profit	15,260,631	13,836,254
Plus: Impairment of credit losses	39,210	116,286
Impairment losses on assets	6,141	–
Depreciation of fixed assets	12,664	11,636
Amortisation of intangible assets	7,002	4,578
Amortisation of long-term prepayments	–	760
Depreciation of right-of-use assets	31,799	30,985
Gains from disposal of fixed assets, intangible assets and other long-term assets	(8)	–
Losses on retirement of fixed assets	2,190	724
Gains from changes in fair value	(273,835)	(624,828)
Finance costs	520,732	2,633,356
Investment income	(12,486,411)	(12,913,509)
Decrease in deferred tax assets	705	5,685
Increase in deferred tax liabilities	7,355	151,239
Increase in inventories	(1,293)	–
(Increase) Decrease in contract assets	(1,288,806)	367,118
Decrease (Increase) in operating receivables	896,337	(8,111,206)
Increase in operating payables	74,173	1,961,273
Net cash flows generated from operating activities	2,808,586	(2,529,649)

(2) Cash and cash equivalents

RMB'000

Item	31 December 2020	31 December 2019
Cash	29,808,391	15,221,695
Including: Cash on hand	3	11
Cash with banks/financial institutions without restrictions	29,808,388	15,221,684
Closing balance of cash and cash equivalents	29,808,391	15,221,695

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

XIV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

10. Related party transactions

(1) Significant transactions between the Company and its related parties

RMB'000

Item	2020	2019
(1) Revenue from other related party transactions Subsidiaries	3,988,040	3,467,854
Total	3,988,040	3,467,854
(2) Purchase of goods and receipt of services Subsidiaries	15,906,550	16,086,661
Total	15,906,550	16,086,661
(3) Other expenses Subsidiaries	724,351	907,637
Other related parties	37,730	37,715
Total	762,081	945,352

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

XIV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

10. Related party transactions (Continued)

(2) Balance due to/from related parties

RMB'000

Item	31 December 2020		31 December 2019	
	Gross carrying amount	Impairment of credit losses	Gross carrying amount	Impairment of credit losses
Other receivables				
Subsidiaries	18,366,395	–	25,448,504	–
Other related parties	9	–	267,710	–
Total	18,366,404	–	25,716,214	–
Advances to suppliers				
Subsidiaries	146,206	–	92,657	–
Total	146,206	–	92,657	–
Cash and bank balances				
Subsidiaries	25,385,896	–	13,224,008	–
Total	25,385,896	–	13,224,008	–
Long-term receivables				
Subsidiaries	36,883,640	–	23,776,000	–
Total	36,883,640	–	23,776,000	–
Current portion of non-current assets				
Subsidiaries	7,086,000	–	8,401,000	–
Total	7,086,000	–	8,401,000	–

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

XIV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

10. Related party transactions (Continued)

(2) Balance due to/from related parties (Continued)

RMB'000

Item	31 December 2020	31 December 2019
Trade payables		
Subsidiaries	8,227,421	6,425,418
Total	8,227,421	6,425,418
Other payables		
Subsidiaries	21,249,371	22,036,346
Other related parties	55,680	–
Total	21,305,051	22,036,346
Long-term loans		
Other related parties	843,066	537,502
Total	843,066	537,502
Non-current liabilities due within one year		
Subsidiaries	532,634	3,581,065
Other related parties	33,769	280,564
Total	566,403	3,861,629
Long-term payables		
Subsidiaries	1,997,110	2,391,892
Total	1,997,110	2,391,892

Supplementary Information

For the year ended 31 December 2020

XV. SUPPLEMENTARY INFORMATION

1. Summary of non-recurring profit or loss

Item	<i>RMB'000</i>	
	2020	2019
Gains from disposal of non-current assets	589,278	279,016
Gains from disposal of long-term equity investments	29,366	166,307
Investment income from remeasurement of the remaining shares at fair value after disposal of part of shares	—	2,964
Government grants recognised through profit or loss (other than government grants which are closely related to the Company's normal business operations, which comply with national policies and can be enjoyed continuously based on a fixed amount or a fixed quantity)	941,671	414,810
Net gains from debt restructuring	173,444	11,898
Investment income from holding and disposal of held-for-trading financial assets	65,895	36,902
Investment income from holding the other equity instrument investments	118,395	187,668
Gains/(losses) on fair value changes	105,833	656,543
Reversal of impairment of receivables	88,021	313,914
Other non-operating income and expenses other than the above items	167,948	289,470
Impact on income tax	(418,581)	(454,910)
Impact on non-controlling interests (after tax)	(32,444)	(21,849)
Non-recurring profit or loss	1,828,826	1,882,733

Government grants recognised in profit or loss but not included in non-recurring profit or loss items for being closely related to normal operating activities and continuously granted following the national policies and certain quota are as follows:

	<i>RMB'000</i>		Reason for being recognised in profit or loss
	2020	2019	
Special equipment appropriation from the Ministry of Finance	—	4,223	Related to normal operating activities

Supplementary Information (continued)

For the year ended 31 December 2020

XV. SUPPLEMENTARY INFORMATION (Continued)

2. Return on net assets and earnings per share (“EPS”)

2020:

	Weighted average return on net assets (%)	EPS (RMB)	
		Basic	Diluted
Net profit attributable to the Company's ordinary shareholders	11.45	1.50	1.44
Net profit attributable to the Company's ordinary shareholders after deducting non-recurring profit or loss	10.42	1.37	1.31

2019:

	Weighted average return on net assets (%)	EPS (RMB)	
		Basic	Diluted
Net profit attributable to the Company's ordinary shareholders	12.03	1.40	1.33
Net profit attributable to the Company's ordinary shareholders after deducting non-recurring profit or loss	10.84	1.26	1.19

A Coupon Convertible Bond at USD500 million with the issue date on 29 January 2016 and the part of a Coupon Convertible Bond at RMB3.45 billion with the issue date on 21 December 2016 which were redeemed in 2020 have been taken into consideration.

The above weighted average return on equity and earnings per share are calculated in accordance with *Information Disclosure by Companies Offering Securities to the Public No.9-Calculation and Disclosure of Return on Equity and Earnings Per Share* (Revised in 2010).

Section XIV Five Years' Financial Summary

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Unit: '000 Currency: RMB

Item	2020	2019	2018	2017	2016
Revenue	910,324,763	830,452,157	730,123,045	680,981,127	629,327,090
Cost of sales	825,987,266	750,365,068	658,711,266	618,059,386	571,377,532
Taxes and surcharges	3,733,320	4,633,550	4,805,880	4,950,483	8,144,208
Selling and distribution expenses	5,667,867	5,432,855	4,431,330	4,530,901	4,177,673
General and administrative expenses	19,038,444	18,151,260	17,235,632	15,660,246	24,089,617
Research and development expenses	18,605,952	16,527,801	11,571,783	10,397,720	/
Finance costs	3,252,809	3,632,348	3,910,313	2,875,908	2,731,705
Other income	941,516	415,139	260,140	152,158	/
Investment income	-929,925	-420,036	-226,251	337,004	147,524
Gains on fair value change	105,833	656,543	-226,347	367,903	-222,416
Impairment losses on assets	-1,023,339	-1,893,643	-179,635	-4,469,500	-600,127
Impairment of credit losses	-2,701,879	-3,117,515	-4,292,765	/	/
Gains on disposal of assets	589,278	279,016	529,783	15,756	87,934
Operating profit	31,020,589	27,628,779	25,321,766	20,909,804	18,219,270
Non-operating income	1,068,358	974,713	1,096,998	1,090,270	933,679
Non-operating expenses	598,395	576,842	1,313,502	744,310	183,374
Net non-operating income	469,963	397,871	-216,504	345,960	750,305
Profit before tax	31,490,552	28,026,650	25,105,262	21,255,764	18,969,575
Income tax expenses	5,781,878	5,402,959	5,266,854	4,336,574	4,118,744
Net profit	25,708,674	22,623,691	19,838,408	16,919,190	14,850,831
Profit or loss attributable to owners of the Company	22,392,983	20,197,378	17,935,281	16,057,235	13,999,610
Profit or loss attributable to non-controlling interests	3,315,691	2,426,313	1,903,127	861,955	851,221
Basic earnings per share (RMB/share)	1.50	1.40	1.26	1.16	1.03
Diluted earnings per share (RMB/share)	1.44	1.33	1.23	1.09	1.01

Section XIV Five Years' Financial Summary (continued)

TOTAL CONSOLIDATED ASSETS AND LIABILITIES

Unit: '000 Currency: RMB

Item	2020	2019	2018	2017	2016
Total assets	1,242,792,799	1,081,239,213	917,670,582	821,887,459	759,345,034
Total liabilities	929,153,709	819,217,639	710,335,727	643,238,614	610,629,048
Total Shareholders' equity	313,639,090	262,021,574	207,334,855	178,648,845	148,715,986

Section XV Documents For Inspection

DOCUMENTS FOR INSPECTION

- I. Financial statements signed and sealed by the chairman, chief financial officer and head of accounting department;
- II. Original audit report with the seal of Deloitte Touche Tohmatsu Certified Public Accountants LLP and signed and sealed by certified public accountant;
- III. Original copies of all documents and announcements of the Company which had been disclosed to the public on the newspapers designated by CSRC and the website of Shanghai Stock Exchange during the Reporting Period;
- IV. CRCC 2020 Self-evaluation Report on Internal Control;
- V. CRCC 2020 Social Responsibility Report

Chairman: WANG Jianping
Submission Date Approved By the Board: 30 March 2021

Revision Information

Applicable Not Applicable

By order of the Board
China Railway Construction Corporation Limited
Chairman
WANG Jianping

Beijing, PRC
30 March 2021

As at the date of this announcement, the Board comprises Mr. WANG Jianping (Chairman and Executive Director), Mr. ZHUANG Shangbiao (President and Executive Director), Mr. CHEN Dayang (Executive Director), Mr. LIU Ruchen (Executive Director), Mr. WANG Huacheng (Independent Non-executive Director), Mr. Patrick SUN (Independent Non-executive Director), Mr. CHENG Wen (Independent Non-executive Director) and Ms. Amanda Xiao Qiang LU (Independent Non-executive Director).