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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, 5581, 40686 and 40687)

2021 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 2021. This announcement, containing the full text of the 2021 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 2021 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 2022.

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 QIAO Guoying, 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 resolution at the board meeting

According to the audited financial report of the Company for the year 2021, the undistributed profit of the parent company at the beginning of 2021 was RMB27,864,487,641.94. After adding the net profit realised by the parent company of RMB10,959,398,105.80 in this year and deducting the cash dividends for the year 2020 of RMB3,123,294,545.00 and distribution of the interest of holders of other equity instruments amounted to RMB2,954,556,797.75 for the year 2021, at the end of this year, the distributable profit of the parent company was RMB32,746,034,404.99. According to the Company Law and the Articles of Association of the Company, the distributable profit of the parent company for the year 2021 shall be distributed in the following order: the withdraw of the statutory surplus reserve fund of RMB650,201,063.87 based on 10% of net profit realised by the parent company for the year 2021 and limited to 50% of the share capital of the parent company, after which the parent company's distributable profit for the shareholders in this year was RMB32,095,833,341.12; a cash dividend of RMB3,340,567,209.00 in total, i.e. RMB2.46 for every 10 shares (tax inclusive) will be distributed, based on the total issued share capital of 13,579,541,500 shares as at 31 December 2021, accounting for 15.37% of the distributable profits attributable to ordinary shareholders of the listed company in the consolidated statements of the year. Upon such distribution, the undistributed profit of the parent company amounting to RMB28,755,266,132.12 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, forecasts and commitments. Investors are reminded of such investment risks.

- VII. Whether the Controlling Shareholder or its associates has misappropriated the Company's funds for purposes other than for business

No

- VIII. Whether the Company has provided external guarantees in violation of any prescribed decision-making procedures

No

- 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 important risks the Group may encounter are business compliance risk, investment risk, safety risk, epidemic prevention and control risk and debt risk. Please refer to "(IV) Potential Risks" in "VI. Discussion and Analysis of the Company's Future Development" under "Section IV Management Discussion and Analysis (Report of Directors)". Investors are reminded of such risks.

- XI. Others

Applicable Not Applicable

The 2021 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 Stock Exchange 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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Documents For Inspection

The following documents are kept at the headquarters of the Company in Beijing for the reference of regulatory authorities and shareholders in accordance with laws and regulations or the Articles of Association:

1. Financial statements signed and sealed by the chairman of the Company, chief financial officer and head of accounting department (person in charge of accounting);
2. Original audit report with the seal of Deloitte Touche Tohmatsu Certified Public Accountants LLP and signed and sealed by certified public accountant;
3. Original copies of all documents and announcements of the Company which had been disclosed during the Reporting Period;
4. The Company's 2021 annual report published on the Main Board of the Hong Kong Stock Exchange.

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	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 Stock Exchange 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 Stock Exchange 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 2021
previous year or prior year	the year of 2020
Reporting Period	from January to December 2021
the end of the Reporting Period	31 December 2021
CRCHI	China Railway Construction Heavy Industry Corporation Limited

Section II Basic Corporate Information and Key Financial Indicators

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.

CRCC 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 2021. It was listed among the Fortune “Global 500” consecutively, ranking No. 42 in 2021. It was listed among the “Top 500 Enterprises of China” consecutively, ranking No. 12 in 2021.

The business of the Company comprises construction operation, planning, design and consultancy, investment operation, real estate development, manufacturing, materials and logistics, environmental protection, industry finance and other emerging industries, and its operating scope covers 32 provinces, autonomous regions and municipalities in China, as well as 138 countries and regions in the world. The Company has developed from mainly engaging in construction contracting to a refined industry chain covering scientific research, planning, survey, design, construction, supervision and management, operation, maintenance, and investment and financing, and has equipped itself with the capability of providing one-stop 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 has one member of Chinese Academy of Engineering, 11 National Survey and Design Masters, 11 national candidates of the “Bai Qian Wan Talents Project (百千萬人才工程)” and 261 experts who are recipients of special subsidies granted by the State Council. The Company has cumulatively received 87 National Prizes for Science and Technology, 123 Zhan Tianyou Civil Engineering Awards, 490 National High-Quality Projects Awards, 157 Luban Prizes for China Construction and 3,838 engineering methods above provincial level. The Company cumulatively holds 24,896 patents.

Placing itself on the new development stage, the Company is committed to adhering to the new development concept, integrating into the new development pattern, following the work direction of “being practical and realistic, upholding integrity and innovation, and pursuing stability and long-term development”, taking the service for the national economic and social development and satisfaction with the people’s aspiration for a better life as the development direction and focusing on the government, the city and people to build “High-Quality CRCC”, giving full play to the advantages of the comprehensive industrial chain, providing customers with one-stop comprehensive services, and moving towards the corporate vision of the most trustworthy world-class comprehensive construction industry group.

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	JING Jing	JING Jing, LAW Chun Biu	XIE Huagang
Correspondence address	CRCC Bureau Building, East, No. 40 Fuxing Road, Haidian District, Beijing	CRCC Bureau Building, East, No. 40 Fuxing Road, Haidian District, Beijing	CRCC Bureau Building, 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
Historical changes in the registered office of the Company	N/A
Principal place of business	East, No.40 Fuxing Road, Haidian District, Beijing
Postal code of principal place of business	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 and website selected by the Company for disclosing the annual report	China Securities Journal, Shanghai Securities News, Securities Daily and Securities Times Website Address of the Company: www.crcc.cn
Stock exchange websites designated by the Company for disclosing the annual report	Website of Shanghai Stock Exchange: www.sse.com.cn Website of Hong Kong Stock Exchange: www.hkex.com.hk
Place for inspection of annual reports of the Company	Office of the Board 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
Financial advisers performing continuous supervision duties during the Reporting Period	Name	China International Capital Corporation Limited
	Office address	27-28/F, Tower 2, China Beijing World Towers, No. 1 Jianguomenwai Street, Chaoyang District, Beijing
	Signing financial adviser sponsor name	GUO Yun, FAN Jingran
	Period of continuous supervision	The remaining time of the listing year of the holding subsidiary CRCHI and the next full fiscal year (22 June 2021 to 31 December 2022)
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
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	Shops 1712-1716, 17/F, 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 Stock Exchange 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 only one auditor as its external auditor starting from the financial year of 2011, with 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	2021	2020	Increase or decrease at this year over the previous year (%)	2019
Revenue	1,020,010,179	910,324,763	12.05	830,452,157
Net profit attributable to shareholders of the Company	24,690,556	22,392,983	10.26	20,197,378
Net profit attributable to shareholders of the Company after deduction of non-recurring profit or loss	22,429,809	20,564,157	9.07	18,314,645
Net cash flows generated from operating activities	-7,303,911	40,109,248	N/A	40,005,838
	At the end of 2021	At the end of 2020	Increase or decrease at the end of the current period compared to that of the same period of last year (%)	At the end of 2019
Net assets attributable to shareholders of the Company	268,789,292	254,297,762	5.70	209,959,674
Total assets	1,352,970,006	1,242,792,799	8.87	1,081,239,213

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

(II) Major financial indicators

Major financial indicators	2021	2020	Increase or decrease at this year over the previous year (%)	2019
Basic earnings per share (yuan per share)	1.60	1.50	6.67	1.40
Diluted earnings per share (yuan per share)	1.60	1.44	11.11	1.33
Basic earnings per share after deduction of non-recurring profit or loss (yuan per share)	1.43	1.37	4.38	1.26
Weighted average return on net asset (%)	11.10	11.45	Decrease by 0.35 percentage points	12.03
Weighted average return on net asset after deduction of nonrecurring profit or loss (%)	9.94	10.42	Decrease by 0.48 percentage points	10.84

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 RMB2,954.557 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 2021 BY QUARTER

Unit: '000 Currency: RMB

	Q1 (January to March)	Q2 (April to June)	Q3 (July to September)	Q4 (October to December)
Revenue	233,954,738	254,560,127	246,959,823	284,535,491
Net profit attributable to shareholders of the Company	5,005,139	7,302,224	5,565,039	6,818,154
Net profit attributable to shareholders of the Company after deduction of nonrecurring profit or loss	4,805,556	6,461,917	5,237,885	5,924,451
Net cash flows generated from operating activities	-50,135,350	-6,051,018	7,955,236	40,927,221

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 2021	Amount for 2020	Amount for 2019
Gains from disposal of non-current assets	1,224,389	618,644	445,323
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)	874,341	941,671	414,810
Gain on investments of subsidiaries, associates and joint ventures in which the investment cost was less than the interest in fair value of identifiable net assets of the investees at the time of acquisition	–	–	2,964
Profit or loss from debt restructuring	166,858	173,444	11,898
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	-39,659	290,123	881,113
Reversal of impairment of trade receivables and contract assets that had impairment test separately	458,484	88,021	313,914
Other non-operating income or expenses other than the above	199,876	167,948	289,470
Less: Impact on income tax	541,507	418,581	454,910
Impact on minority interests (after tax)	82,035	32,444	21,849
Total	2,260,747	1,828,826	1,882,733

Explanation on defining the non-recurring profit or loss items listed in the “Explanatory Announcement No. 1 on Information Disclosure of Companies Offering Securities to the Public – Non-recurring Profit or Loss” as recurring profit or loss items

Applicable Not Applicable

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	3,683,653	2,475,096	-1,208,557	-
Held-for-trading financial assets	587,022	460,063	-126,959	104,256
Other debt investments	1,003,745	1,008,820	5,075	-
Current portion of other debt investments	16,584	16,660	76	-
Other equity instrument investments	10,510,397	11,621,685	1,111,288	180,576
Other non-current financial assets	2,839,530	4,531,803	1,692,273	-324,491
Total	18,640,931	20,114,127	1,473,196	-39,659

XII. OTHERS

Applicable Not Applicable

Section III Chairman's Statement

Dear Shareholders,

I'm hereby presenting the 2021 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!

2021 is a crucial year for CRCC to integrate into the new development pattern and start a new journey of the "14th Five-Year Plan". This year, faced with complex and severe domestic and overseas circumstances and arduous reform and development tasks, CRCC focused on the theme of high-quality development, took high-quality development initiatives, implemented high-quality development requirements, accomplished various objectives and tasks, and achieved a good start in the "14th Five-Year Plan".

Adhering to correct values and creating new achievements. In 2021, CRCC took the initiative to serve the major national strategies, adhered to the working policy of "being practical and realistic, upholding integrity and innovation, and pursuing stability and long-term development", and implemented the work requirements of "integrity, innovation, quality improvement and pragmatism", and simultaneously improved the economies of scale and economic quality. Total value for the newly-signed contracts for the year amounted to RMB2,819.6516 billion, with revenue of RMB1,020.0102 billion, total profit of RMB35.1514 billion, and net profit of RMB29.3152 billion. CRCC rose from No. 54 in 2020 to No. 42 in 2021 in the Fortune "Global 500", ranked No. 12 in the "Top 500 Enterprises of China", and achieved Grade A in the performance evaluation of SASAC.

Reform and innovation, cohesion and empowerment. In 2021, CRCC made every effort to promote the key tasks of the three-year action of state-owned enterprise reform, improve the modern enterprise system, optimise the industrial layout, improve the market-oriented operation mechanism, and promote the mixed ownership reform. The holding subsidiary of the Company, CRCHI, was successfully listed on the Science and Technology Innovation Board, the first case for a construction central enterprise. CRCC adhered to the empowerment of science and technology, orderly advanced the tackling of key core technologies and achieved the demonstration and application objectives of five major scientific and technological achievements, and the first batch of seven recognised key engineering laboratories have been in good condition. It won one gold award for Chinese patent for the first time, 11 new Zhan Tianyou Civil Engineering Awards, 6 National Science and Technology Progress Awards, and 6,638 newly authorised patents, including 723 invention patents.

Diversified development, accumulation of upgrading momentum. In 2021, CRCC launched the "14th Five-Year" development strategic plan, proposing the overall development strategy of "construction-oriented, related-diversified, value-leading, quality-excellency, and developing into the most trustworthy world-class comprehensive construction industry group". CRCC adhered to diversified and coordinated development, upgraded the environmental protection industry to a new core industry, and built a new pattern of "8+N" industrial development. The industrial structure of engineering contracting continued to be optimised, the level of standardisation, intensification and synergy of materials and logistics continued to rise, the investment and operation developed rapidly, the investment-driven and asset operation capabilities were significantly improved, and the industrial finance business achieved remarkable results in promoting



Section III Chairman's Statement (continued)

production through financing. The environmental protection business has expanded to multiple sub-sectors such as sewage treatment, soil remediation and photovoltaics, focusing on the dual-carbon strategy, and leading industrial development with technological innovation. Emerging business areas continued to expand, focusing on high-end equipment, intelligent equipment, new energy equipment, and environmentally friendly building materials, with a steady increase in market competitiveness and brand influence.

Prioritize stability and forge ahead. 2022 is the year of the 20th National Congress of the Communist Party of China, and it is also the year when the "14th Five-Year Plan" is fully implemented and the new development pattern is fully deployed. Facing new challenges, new opportunities and new changes, CRCC will closely focus on the work theme of "high-quality development", seek progress while maintaining stability, consolidate traditional markets and develop emerging markets; deepen reforms and take reform as an opportunity to stimulate the driving force of development; continuously increase the innovation of system and mechanism, science and technology and management in respect of innovation and empowerment; safely develop, strengthen compliance awareness and adhere to bottom-line thinking; maintain the heroic spirit of moving forward the more difficult and dangerous it is based on practices, and accelerate the continuous progress towards the goal of the most trustworthy world-class comprehensive construction industry group.

Strive for progress while maintaining stability and work diligently. Based on a new stage of development, CRCC will fully implement the new development concept, actively integrate into the new development pattern, follow and take advantage of the trend, promote CRCC to embark on a path of higher quality, more efficient and more sustainable development, and give back to the society, shareholders, and employees with excellent achievements!

Wang Jianping

Chairman of the Board

Beijing, the PRC

30 March 2022



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

I. DISCUSSION AND ANALYSIS ON BUSINESS OPERATIONS

2021 is a milestone year in the process of China's modernisation and a key year for the Group to integrate into the new development pattern and embark on a new journey of the "14th Five-Year Plan". Over the past year, in the face of complex and severe internal and external situations and arduous reform and development tasks, the Group, guided by Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, resolutely implemented the decisions and deployments of the CPC Central Committee and the State Council, under the correct leadership of the SASAC Party Committee, centered on the work policy of "being practical and realistic, upholding integrity and innovation, and pursuing stability and long-term development", implemented the work requirements of "keeping integrity, innovation, quality improvement and pragmatism", made concerted efforts to ride on the momentum, successfully accomplished various goals and tasks, and achieved steady growth and a good start to the "14th Five-Year Plan".

(I) Advantage creation and innovation on market operation

In 2021, CRCC improved its regional and urban operation mechanisms and vigorously cultivated market competitive advantages; strengthened high-end operation and internal and external coordination, conducted real, meticulous and deep local operation and rolling operation; perfected the operation assessment and evaluation system and improved the operation quality; enhanced the operation of "specialisation, refinement, characteristic and novelty", optimised and adjusted the "two-new" layout and cultivated new growth momentum. The scale of operation reached the best record in history, and the value of newly-signed contracts amounted to RMB2,819.6516 billion in the whole year, completing 103.10% of the annual plan and representing a year-on-year increase of 10.39%. Among which, the value of newly-signed contracts for domestic business amounted to RMB2,562.3513 billion, accounting for 90.87% of the total value of the newly-signed contracts, representing a year-on-year increase of 10.38%; and the value of newly-signed contracts for overseas business amounted to RMB257.3003 billion, accounting for 9.13% of the total value of the newly-signed contracts, representing a year-on-year increase of 10.52%. As at the end of 2021, the value of outstanding contracts for the Group amounted to RMB4,854.8981 billion, representing a year-on-year increase of 12.41%, of which, the value of outstanding domestic contracts amounted to RMB3,897.1975 billion, accounting for 80.27% of the total value of outstanding contracts; and the value of outstanding overseas contracts amounted to RMB957.7006 billion, accounting for 19.73% of the total value of outstanding contracts. The major indicators are as follows:

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

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	24,105.043	22,207.446	8.54%	43,809.222	38,310.378	14.35%
Survey, design and consultancy operations	265.554	225.537	17.74%	279.429	191.312	46.06%
Manufacturing operations	340.837	345.116	-1.24%	536.248	508.068	5.55%
Materials and logistics operations	1,819.496	1,204.043	51.12%	2,659.707	2,568.576	3.55%
Real estate development operations	1,432.245	1,265.238	13.20%	1,253.194	1,557.669	-19.55%
Other businesses	233.341	295.507	-21.04%	11.181	53.264	-79.01%
Total	28,196.516	25,542.887	10.39%	48,548.981	43,189.267	12.41%

Note: The data of the main businesses are still classified according to construction operations, survey, design and consultancy operations, manufacturing operations, real estate development operations, materials and logistics operations and other businesses.

During the Reporting Period, the value of newly-signed contracts for construction operations amounted to RMB2,410.5043 billion, accounting for 85.49% of the total value of newly-signed contracts and representing an increase of 8.54% year-on-year, of which, the value of newly-signed contracts for railway construction amounted to RMB376.4713 billion, accounting for 15.62% of the value of newly-signed contracts in the construction operations segment and representing an increase of 30.17% year-on-year; the value of newly-signed contracts for road projects amounted to RMB273.0364 billion, accounting for 11.33% of the value of newly-signed contracts in the construction operations segment and representing an increase of 4.14% year-on-year; the value of newly-signed contracts for housing construction amounted to RMB973.6474 billion, accounting for 40.39% of the value of newly-signed contracts in the construction operations segment and representing an increase of 13.41% year-on-year; the value of newly-signed contracts for urban rail transit amounted to RMB169.6438 billion, accounting for 7.04% of the value of newly-signed contracts in the construction operations segment and representing an decrease of 13.73% year-on-year; the value of newly-signed contracts for municipal engineering amounted to RMB430.9200 billion, accounting for 17.88% of the value of newly-signed contract in the construction operations segment and representing an decrease of 6.30% year-on-year; the value of newly-signed contracts for hydraulic and electric engineering amounted to RMB60.5939 billion, accounting for 2.51% of the value of newly-signed contracts in the construction operations segment and representing an decrease of 1.37% year-on-year; the value of newly-signed contracts for airports and terminals and navigation projects amounted to RMB19.7967 billion, accounting for 0.82% of the value of the newly-signed contracts in the construction operations segment and representing a decrease of 34.10% year-on-year. The year-on-year substantial increase in the value of newly-signed contracts for railway projects was attributable to the launch of key national construction projects, and the Group has fully leveraged its industry competitive advantages to maximize the number of orders received; fluctuations in the newly-signed contracts' amount of airports and terminals, and navigation projects were normal due to relatively small overall proportion.

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

During the Reporting Period, the value of newly-signed contracts for non-construction operations segments of the Group amounted to RMB409.1473 billion, accounting for 14.51% of the total value of newly-signed contracts and representing an increase of 22.67% year-on-year. In particular, the value of newly-signed contracts for survey, design and consultancy operations amounted to RMB26.5554 billion, representing an increase of 17.74% year-on-year; the value of newly-signed contracts for manufacturing operations amounted to RMB34.0837 billion, representing a decrease of 1.24% year-on-year; the value of newly-signed contracts for materials and logistics operations amounted to RMB181.9496 billion, representing an increase of 51.12% year-on-year; and the value of newly-signed contracts for real estate development operations amounted to RMB143.2245 billion, representing an increase of 13.20% year-on-year. The main reason for the 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 significant year-on-year increase in the value of newly-signed contracts for materials and logistics operations was mainly attributable to the Group's strengthening of centralised procurement and improving the service level of supply chain, and the materials and logistics operations maintained a steady growth trend.

(II) Capacity expansion and efficiency increase of business operation

In 2021, CRCC achieved a revenue of RMB1,020.0102 billion, with a year-on-year increase of 12.05%, reaching the trillion mark for the first time; the total profit was RMB35.1514 billion, with a year-on-year increase of 11.63%; the net profit was RMB29.3152 billion, with a year-on-year increase of 14.03%. During the Reporting Period, focusing on empowerment, cohesion and efficiency enhancement, the Group further promoted supply-side structural reforms, strengthened the construction of three-tier companies, vigorously cultivated specialised, refined, characteristic and novel enterprises, improved project management capabilities, and implemented reform measures such as project group management and the construction of "five excellence" sub-suppliers; accelerated the promotion of smart construction, issued guidelines for smart construction site construction, completed the task of selecting 10 benchmark projects and building 100 key projects; strengthened responsibility cost management and subcontracting management, and promoted intensive management and control of materials and equipment to improve the comprehensive income level of engineering projects; solidly promoted the three-year initiative for special rectification of safety production, implemented the responsibility of "three guarantees and one reduction", strengthened the supervision of major and difficult projects, and completed or put into operation domestic and foreign key projects, such as Lhasa-Nyingchi Railway, Lianyungang-Xuzhou High-speed Railway, Guangzhou Metro Line 18, China-Laos Railway, Moscow Metro and Lagos-Ibadan Railway; obtained 7 new National High-Quality Project Golden Awards and 7 Luban Prizes.

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

(III) Solid progress in enterprise reform

CRCC resolutely implemented the major decisions and deployments of the CPC Central Committee and the State Council on the implementation of the three-year action for the reform of state-owned enterprises, focused on high-quality development goals, took reform and innovation as the fundamental driving force, and insisted on “working hard on the real implementation, proving the real effect and improving it sustainably”. The three-year action of reform has achieved remarkable results. Firstly, making breakthroughs in improving the construction of modern enterprise system. It has formulated supporting systems such as strengthening the construction of the board of directors of subsidiaries, implementing the authority of the board of directors of subsidiaries, and improving the authorisation management of the board of directors, so as to achieve the boards being adequately established, fully equipped with strength, and can fulfil their duties and exercise their powers effectively. Secondly, making breakthroughs in optimizing industrial layout and structural adjustment. It has implemented the major national strategies, adjusted and optimised the industrial layout in combination with the “14th Five-Year Plan”, established the “8+N” industrial structure, accelerated the layout of environmental protection, urban operation and other fields, enhanced new technology research and development, created a source of original technology and acted as the leader of the modern industrial chain. As a pilot unit for the construction of a country with strong transportation network, effective progress has been made in works such as large-scale underground engineering equipment and smart construction. Thirdly, making breakthroughs in improving the market-oriented operation mechanism. It has fully promoted the implementation of the tenure system for managers and contractual management in subsidiaries at all levels. Fourthly, making breakthroughs in deepening the reform of mixed ownership. It has been adhering to the principle of “three reasons, three appropriates and three no’s”, and guided second- and third-tier enterprises to adopt methods such as spin-off listing, equity transfer, to promote mixed ownership reform. During the Reporting Period, the holding subsidiary of the Company, CRCHI, was successfully listed on the Science and Technology Innovation Board of the Shanghai Stock Exchange. CRCC guided mixed-ownership enterprises to improve corporate governance, deeply transform business mechanisms, and explore differentiated management and control modes.

(IV) Fruitful achievements in scientific and technological innovation

CRCC has been adhering to science and technology empowerment, accelerated the solution of the “bottleneck” problem, orderly advanced the tackling of key core technologies, realised the demonstration and application objectives of five major scientific and technological achievements, and fully accomplished the national key R&D plan “Research on Key Technologies for Safe Construction of Urban Underground Spaces”, successfully applied for 3 national key R&D projects including “Common Key Technologies for Intelligent Design of Land Transportation Infrastructure”, and won the bid for the construction of the “Super High Speed Rail” test line; the first batch of seven recognised CRCC Laboratory (R&D Centre) have been in good condition; the innovation of model workers and craftsmen, small-scale reform at the grass-roots level and small-scale innovation have yielded fruitful results; Kunlun, the world’s first thousand-ton bridge erecting machine independently developed, designed and manufactured by the Company, was selected as one of the “Top Ten Nation’s Machines of Central Enterprises in 2021”. At the National Science and Technology Awards Conference held in 2021, CRCC won 6 National Prizes for Science and Technology, a record high; in the selection of China Patent Awards co-sponsored by the China National Intellectual Property Administration and the World Intellectual Property Organization, it won 1 China Patent Gold Award, 1 Silver Award; and 6 Excellence Awards. CRCC has won 11 Zhan Tianyou Civil Engineering Awards; 1 Second Prize in the Central Enterprise Yixing Innovation and Creativity Competition. In 2021, CRCC added 6,638 newly-authorized patents, including 723 invention patents.

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

(V) Upgrade in Industrial development

In 2021, CRCC adhered to diversified and coordinated development, built a new pattern of “8+N” industrial development, and vigorously promoted industrial transformation and upgrading. The business structure of the engineering contracting has been continuously optimised, the scale and efficiency ratio of housing construction and municipal services increased significantly, and the mining and prefabricated construction businesses developed rapidly. The leading advantages of the main business of the planning, design and consultancy have been enhanced, the emerging business areas have continued to expand, and the diversified development has achieved remarkable results. With the rapid development of investment operation, the investment-driven and asset operation capabilities have been significantly improved. The real estate development business grew against the trend, and achieved the sales volume of RMB143.2 billion and the sales area of 9.9058 million sq.m., representing a year-on-year increase of 13.20% and 14.45%, respectively. The manufacturing business focused on high-end equipment, intelligent equipment, new energy equipment and green building materials, and its market competitiveness and brand influence have been steadily improved. The level of standardisation, intensification and coordination of materials and logistics continued to rise, the cloud mining platform was officially launched, and the centralised procurement work opened a new page. The environmental protection business has expanded to multiple sub-fields such as sewage treatment, soil remediation and photovoltaics, and the Group has implemented a number of projects with industry influence, such as Zhangguizhuang Sewage Treatment Plant and Longquan Mountain Ecological Protection and Restoration. The main business of industrial financial services has made great efforts in several respects, and achieved remarkable results in promoting production through financing.

II. INDUSTRY SITUATION OF THE COMPANY DURING THE REPORTING PERIOD

CRCC is one of the most powerful and large-scale comprehensive construction groups in the world. Its business covers engineering contracting, planning, design and consultancy, investment and operation, real estate development, industrial manufacturing, materials and logistics, green environmental protection, industrial finance and other emerging industries.

(I) Construction

In 2021, the growth rate of the development scale of China's construction operations slowed down, and the industry concentration continued to rise. The state continued to support major projects to promote coordinated regional development and the construction of the “new infrastructure, new urbanisation initiatives and major projects”. Traditional infrastructures such as transportation, energy and water conservancy continued to exert their strength. New infrastructures such as data center, high-speed rail transit, 5G, automobile charging pile have become important starting points for the conversion of old and new kinetic energy. In addition, the state has stepped up efforts in ecological environment control projects and the transformation of old urban residential areas and supporting infrastructure, and the government has invested more in livelihood projects that benefit a wide range of people, so as to improve the public service level in counties. The development of construction operations in China has entered a period of high-quality development and transformation opportunities.

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

(II) Planning, design and consultancy

In 2021, the market of domestic railway, highway, urban rail, municipal and port, airport, electric power and other fields where the planning, design and consultancy operations are located maintained steady growth, and the emerging market fields such as rural construction, utility tunnel, sponge city, environmental protection and pollution control have also seen rapid development. At the same time, with the continuous promotion of the reform of engineering design qualification, the design institute that has obtained the design comprehensive Grade A qualifications has been equipped with the cross-industry development capability. In addition, against the background that the state encourages the development of whole-process engineering consulting business, it is expected to form a whole-process engineering consultancy enterprise with international influence, and cultivate an integrated project management consultancy service system.

(III) Investment and operation

By the end of 2021, the total project investment in the national PPP comprehensive information platform project library has reached RMB 17.55 trillion, of which the investment in transportation and municipal engineering projects accounts for more than 60%. With the continuous favorable PPP policy, there is a broad space for transportation and municipal investment and operation. Based on the traditional infrastructure and housing building market, the Group has continuously improved the urban comprehensive service capacity, assumed more operational functions and transformed into an urban comprehensive service provider.

(IV) Real estate development

In 2021, under the main tone of “Houses are for Living in rather than Speculation”, policy control was further deepened, and policies such as “three red lines” financing control and centralised land supply were successively exerted, which stabilised market expectations at both ends of supply and demand in many aspects, and the competition in the real estate industry gradually shifted to “Quality First”. At the same time, the state attached great importance to the construction of affordable housing, vigorously developed affordable rental housing, actively promoted new urbanisation and urban-rural integration, and promoted the healthy development and virtuous circle of the real estate industry, and the real estate market showed a trend of “high followed by low” throughout the year. According to data released by the National Bureau of Statistics, the national real estate development investment in 2021 was RMB14,760.2 billion, representing a year-on-year increase of 4.4%, among which, residential investment was RMB11,117.3 billion, representing a year-on-year increase of 6.4%; the land acquisition area of real estate developers was 215.9 million square meters, representing a year-on-year decrease of 15.5%; the price of land transactions was RMB1,775.6 billion, representing a year-on-year increase of 2.8%. The sales area of commercial housing was 1,794.33 million square meters, representing a year-on-year increase of 1.9%, of which, the sales area of residence increased by 1.1% over the previous year, the sales area of office buildings increased by 1.2% while the sales area of commercial business premises decreased by 2.6%. The sales of commercial housing amounted to RMB18,193 billion, representing a year-on-year increase of 4.8%, of which, sales of residence increased by 5.3% year-on-year, while sales of office buildings and commercial business premises decreased by 6.9% and 2.0%, respectively.

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

(V) Manufacturing

The investment in transportation infrastructure construction has slowed down. The traditional general engineering machinery is affected by overcapacity and the market competition is becoming increasingly fierce. However, the high-end equipment manufacturing industry has ushered in a golden opportunity period, and the development of intelligent manufacturing will enter a comprehensive promotion stage. With the steady improvement of the state's core equipment supply capacity, the process of localisation of major technical equipment continues to accelerate, providing a wide range of opportunities for high-end equipment manufacturing industry.

(VI) Materials and logistics

China's materials and logistics industry has entered a critical period of logistics system formation. Relying on the resource channel advantages formed by internal centralised material procurement and logistics transportation, the Group will increase the efficiency of external operation, further improve the two-level centralised procurement system, improve the level of centralised procurement, reduce procurement costs, expand the categories of centralised procurement and increase the proportion of primary centralised procurement; promote the rapid development of logistics business, significantly increase the business scale and proportion, build a modern logistics system and create an intelligent supply ecosystem for the construction industry.

(VII) Environmental protection

In 2021, China established a leading group for carbon peaking and carbon neutrality. The CPC Central Committee and the State Council issued the Working Guidance for Carbon Dioxide Peaking and Carbon Neutrality in Full and Faithful Implementation of the New Development Philosophy. The State Council issued the Action Plan for Carbon Dioxide Peaking before 2030, forming the "1+N" policy system for carbon peaking and carbon neutrality. The Group seized the opportunity of "Double Carbon", with "Ecology+" as the core, combined with the EOD model, aimed at key projects, made good use of green finance, and continuously improved its technology and complemented the shortcomings through internal integration and external mergers and acquisitions, so as to facilitate the achievement of "Double Carbon".

(VIII) Industrial finance

Since 2021, the financial supply-side reform has been continuously promoted, the strict and detailed financial supervision has been further normalised, and the new requirements from SASAC on the industrial financial supervision of central enterprises have continued to be introduced. The Group strengthened the promotion of production through finance, standardized the combination of industry and finance, promoted the linkage of industry and finance and the integration of financial services, better leveraged the role of financial services in the development of the real industries, and maximized the value of industrial resources and financial capital.

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

III. OPERATIONS OF THE COMPANY DURING THE REPORTING PERIOD

(I) Construction operations

Construction operations are the core and traditional business of the Group, which cover multiple fields, such as railways, highways, rail transits, water conservancy and hydropower, housing construction, municipal engineering, bridges, tunnels, airports and wharfs. Its construction operations mainly take the forms of construction contract and financing contract.

(II) Planning, design and consultancy operations

Planning, design and consultancy operations of the Group mainly comprise 4 large design institutes with comprehensive Grade A qualifications for engineering design and design institutes of related project bureaus, and cover the planning, design and consultancy services related to railway, urban rail transits, highways, municipal administration, industrial and civil buildings, magnetic levitation, water transport, hydropower and airports whilst keeping expanding into the emerging industries and areas, such as intelligent transport, modern tramcar, urban utility tunnel, urban underground space, ecological environment and environmental protection. The basic business model of planning, design and consultancy operations is to complete the planning, design and consultancy 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.

(III) Investment and operation business

The investment and operation is an important engine for the transformation and upgrading of the Group and a core business to improve efficiency creation ability and promote sustainable development. Through various modes such as PPP, BOT and equity investment, the scale of investment in areas such as expressway, urban rail transit, district comprehensive development, municipal administration, railway, and environmental management has gradually expanded. At present, the development model of “design-investment-construction-operation” has been established, and a series of operating brands such as “CRCC Expressway” have been built, gradually realising the transformation and upgrading from a traditional construction contractor to an investment construction operator. The business model of investment and operation business consists of two parts: investment pulling and operation. The investment pulling refers to the project contracting income driven by the Company through project investment; and the operation business refers to the operating income obtained by the Company by obtaining the franchise right of infrastructure through investment and construction, obtaining government fees and feasibility gap subsidies through providing operation management services, or charging users according to relevant standards. The Company’s operating infrastructure projects mainly include rail transits, expressways, municipal roads, industrial parks, underground tunnels and other types.

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

(IV) Real estate development operations

As one of the 16 enterprises directly under the central government taking real estate development as principal business as confirmed by the SASAC, 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 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. The Group adopts the business model of “giving priority to residential development supplemented by other industries” for real estate business, and resolutely establishes the position of “Houses are for Living in rather than Speculation”. The Group will focus on urban upgrading and urban operation, strengthen resource integration, and continuously improve the development quality of real estate development business whilst strengthening traditional residential development business. During the Reporting Period, the Company further enhanced its awareness of management and control of business risks, paid close attention to changes in policies and market conditions for risks control and regulation, controlled risks and adjusted the pace of development. The Company accelerated sales receivables collection and destocking to ensure a safe cash flow, optimised the urban layout by bringing expenditures in line with the actual revenue, and gave full play to the advantages of central enterprises in terms of resources and synergies during the industry adjustment period to expand in new business areas that ensured a healthy, stable and sustainable business development.

(V) Manufacturing operations

The Group is a leading domestic and internationally advanced provider of materials and professional equipment manufacturing services integrating R&D, manufacturing, sales and services. After years of development, manufacturing operations cultivate three core businesses: equipment manufacturing, material production and precast concrete production. The business scope covers the manufacture of 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. 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.

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

(VI) Materials and logistics operations

The Group takes materials and logistics as an important business to support its core business, provide coordinated services, reduce costs and improve efficiency. The Group possesses regional business outlets in important cities and logistics node cities across China, over 1.33 million sq.m of logistics sites and 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, regionlisation and market-oriented service system. The Group formulates different development road maps and business models in accordance with the characteristics of the internal and external markets of the materials and logistics business. The internal market is the fundamental market for the development of materials and logistics business, adhering to the principle of “Maintaining Supply, Assuring Quality, Reducing Cost and improving value”, centralising internal demand, and realising volume-for-price swap to enhance the capability of obtaining quality resources and market competitiveness. The external market is an expanding market for the development of materials and logistics business, adhering to the principles of “optimizing layout, clustering resources, exploring markets, enhancing profitability and promoting brand”, and strengthening upstream and downstream extension services to achieve value enhancement and gain value returns in the process of services.

(VII) Environmental protection operations

The Group actively responded to the national strategy, focused on project investment, construction and operation in sub-sectors such as watershed management, comprehensive water environment management, land restoration, pumped storage, offshore wind power, photovoltaic, etc. in accordance with major national ecological and environmental protection strategies and regional ecological and environmental objectives, leading the green upgrading of infrastructure, building industrial ecosystems, and enabled the environmental protection operations to gradually become a new important growth point for the Company. The business model of environmental protection operations is mainly to generate project contracting income through the construction of environmental protection projects.

(VIII) Industrial finance operations

The Group's industrial finance business follows the principle of serving the main business, focuses on the core positioning of “integrated financial service platform”, gives full play to the main functions of “financial service provision, financial industry operation, financial resource allocation and financial risk prevention and control”, and actively builds financial professional platforms such as centralised management platform for insurance resources, financial leasing service platform, industrial chain finance and innovative financial service platform, and industrial fund management platform. The industrial finance business mainly includes a number of financial products and services such as insurance brokerage, insurance agency, insurance adjustment, operating lease, financial lease, commercial factoring, supply chain finance, asset securitisation, financial technology, and industrial funds, giving full play to the advantages in business integration and linkage to create a closed-loop industrial financial ecosystem integrating “finance, investment, loan, insurance and lease”, and realising the financial service of “whole system, whole subject, whole scene and whole cycle”.

For details of the specific operation of each business segment of the Group during the Reporting Period, please refer to “I. (I) Advantage creation and innovation on market operation” and “2. Analysis of the revenue and costs” in “V. (I) Analysis of main businesses” of this section.

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

IV. ANALYSIS OF THE CORE COMPETITIVENESS DURING THE REPORTING PERIOD

Applicable Not Applicable

(I) Prominent advantages in technology

CRCC has established its industry leadership in fields of engineering design and construction for high-speed railways, plateau railways, alpine railways, expressways and urban rail transits, and the technologies of underground and underwater engineering construction, magnetic levitation engineering construction and E&M system integration have achieved a leading level in the industry. Increasing number of products are designed with independent intellectual property rights, and Kunlun, the world's first thousand-ton bridge erecting machine developed, designed and manufactured by CRCC, was selected as the "Top Ten Nation's Machines of Central Enterprises in 2021". The Group took the lead in undertaking 12 national key R&D projects, presided over 42 national scientific research projects and undertook one national key core technology research task. The scientific research is progressing smoothly, and the effect of achievement transformation is remarkable.

(II) Continuous industry-leading position

The Group is one of the strongest and largest-scale integrated construction groups in China and in the world. The Company has been included in the top 3 among the ENR "Top 250 Global Contractors" for many consecutive years, ranked No. 42 among the Fortune "Global 500" and 12th among the "Top 500 Enterprises of China" in 2021. The Group has an A+H listed platform, sufficient bank credit, and the highest international rating for construction companies. Its business covers 32 provinces, autonomous regions and municipalities in China, as well as 138 countries and regions in the world.

(III) Fully complete industrial structure and layout

The Group has completed comprehensive layout along the construction industry chain, with the business covering the construction, planning, design and consultancy, investment and operation, real estate development, manufacturing, materials and logistics, environmental protection, industrial finance and other emerging businesses. With full industry-chain service capabilities in railway, highway, urban rail transit, housing construction, municipal administration and other fields, the Group has preliminarily achieved a transformation from a traditional contractor to a contractor-oriented contractor with equal emphasis as an investor, developer and operator, and is able to provide the "CRCC construction model" and "CRCC construction plan" with the whole process, whole cycle, personalisation, customisation and high quality for owners of different fields, types and needs.

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

(IV) Continuous optimisation of organisational and management system

The Group combined the optimisation of organisation management structure with the disposal of non-core business and non-advantageous business and quality and efficiency improvement and other tasks, strictly controlled newly-established business entities, and vigorously reduced the number of subsidiaries with weak capacity and weak synergy with the core business. According to the principle of being scientific, reasonable, capable and efficient, the Company also optimised the organisational structure, reduced the overlapping of departments and functions, and strictly controlled department and staff composition. The Company continuously adjusted and optimised the institutional setup of the headquarters and built a management system and operation mechanism with clear responsibility, strong control and smooth operation.

(V) Long-term and stable customer base

Adhering to the management principle of “people-oriented, trustworthy and law-abiding, being in harmony with nature, building quality products”, the Group has been intensively cultivating in the domestic and overseas construction industry and relevant industries. It has established the corporate value of “eternal integrity and innovation, equal emphasis on quality and integrity”, formed long-term and stable government relations, market resources and customer groups, and provided strong market support for the Company to expand its diversified business and export its “CRCC services” in more fields.

(VI) International well-known brand reputation

With a glorious history of over 70 years, the Group has designed and constructed over 50% of the high-speed and normal-speed railways, over 40% of the urban rail transit lines and approximately 30% of the high-grade and above highways in China. The Group has formulated the construction standard of more than 50% for high-speed railway in China, constructed more than 1,000 overseas projects, repeatedly set new records for the highest single contract value of China’s foreign engineering contracts, won a high corporate reputation, and built two international well-known brands, namely CRCC and CCECC.

(VII) Refreshing and carrying forward the culture of railway corps

The Group has continued to inherit and carry forward the spirit of railway corps of “constructing roads through mountains and building bridges over rivers, or going through rain or shine, railway soldiers will always be brave and diligent”, carried out corporate culture and brand enhancement in an all-round way, built the CRCC culture system and brand system in the new era, and endowed CRCC culture with new connotation, consolidating stronger spiritual strength for the reform and development of the Company and building a more dazzling brand image.

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

V. MAJOR OPERATIONAL PARTICULARS DURING THE REPORTING PERIOD

In 2021, the Group recorded revenue of RMB1,020,010.2 million, representing an increase of 12.05% as compared to the corresponding period last year. The net profit amounted to RMB29,315.2 million, representing an increase of 14.03% as compared to the corresponding period of last year. The newly signed contracts for the year amounted to RMB2,819,651.6 million, representing a year-on-year increase of 10.39%. For more details, please see “I Discussion and Analysis on Business Operations”.

(I) Analysis of main businesses

1. 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	1,020,010,179	910,324,763	12.05
Cost of sales	922,126,888	825,987,266	11.64
Selling and distribution expenses	6,147,103	5,667,867	8.46
General and administrative expenses	20,741,919	19,038,444	8.95
Finance costs	3,683,532	3,496,636	5.35
Research and development expenses	20,253,956	18,605,952	8.86
Impairment losses on assets	-1,589,571	-1,023,339	55.33
Impairment of credit losses	-8,276,911	-2,701,879	206.34
Net cash flows generated from operating activities	-7,303,911	40,109,248	N/A
Net cash flows generated from investing activities	-61,070,185	-50,297,671	N/A
Net cash flows generated from financing activities	10,602,080	38,239,029	-72.27

The change in revenue was mainly due to: the increase in business of construction, industrial manufacturing and real estate during the Reporting Period.

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

The change in cost of sales was mainly due to: the increase in the operating costs of construction, industrial manufacturing and real estate during the Reporting Period.

The change in selling and distribution expenses was mainly due to: the increase in the amount of newly-signed contracts signed as a result of the increased investment in operating contracts during the Reporting Period.

The change in general and administrative expenses was mainly due to: the increase in business scale during the Reporting Period.

The change in finance costs was mainly due to: the year-on-year increase in interest expenses during the Reporting Period.

The change in research and development expenses was mainly due to: the increase in research and development efforts during the Reporting Period.

The change in impairment losses on assets was mainly due to: the loss provision for goodwill during the Reporting Period.

The change in impairment of credit losses was mainly due to: the loss provision for financial assets such as receivables from a customer from the real-estate industry during the Reporting Period.

The change in net cash flows generated from operating activities was due to: the increase in cash paid for purchasing goods and labour services during the Reporting Period.

The change in net cash flows generated from investing activities was due to: the increase in cash paid for external investments during the Reporting Period.

The change in net cash flows generated from financing activities was due to: the year-on-year increase in cash paid by the Group for debt repayment during the Reporting Period.

Particulars of material changes in business type, profit composition or source of the Company during the period

Applicable Not Applicable

2. Analysis of the revenue and costs

Applicable Not Applicable

In 2021, the Group recorded the operating income of RMB1,020.0102 billion, representing an increase of 12.05% as compared to the corresponding period last year. The businesses of the Group cover construction, planning, design and consultancy, investment and operation, real estate development, industrial manufacturing, materials and logistics, environmental protection, industrial finance and other emerging industries and its operating scope covers 32 provinces, autonomous regions and municipalities in China, as well as 138 countries and regions in the world.

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

(1) Performance of main businesses by segment, region and distribution model

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 operation	893,820,474	823,370,133	7.88	9.90	9.10	Increased by 0.67 percentage points
Survey, design and consultancy operation	19,420,109	12,999,201	33.06	5.20	5.66	Decreased by 0.30 percentage points
Manufacturing operation	21,862,198	16,905,623	22.67	21.13	23.20	Decreased by 1.30 percentage points
Real estate development operation	50,662,478	41,766,580	17.56	23.78	28.08	Decreased by 2.77 percentage points
Materials, logistics and other businesses	103,723,373	95,785,750	7.65	35.37	38.46	Decreased by 2.07 percentage points
Inter-segment elimination	-69,478,453	-68,700,399	/	/	/	/
Total	1,020,010,179	922,126,888	9.60	12.05	11.64	Increased by 0.34 percentage points

Section IV 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	973,044,512	879,534,489	9.61	11.64	11.15	Increased by 0.39 percentage points
Overseas	46,965,667	42,592,399	9.31	21.35	22.70	Decreased by 1.00 percentage points
Total	1,020,010,179	922,126,888	9.60	12.05	11.64	Increased by 0.34 percentage points

Note:

1. Due to the unique nature of the business of the Group, the main businesses of the Group by industries are analyzed by segments.
 2. The data of the main business segments are still classified as construction operations, survey, design and consultancy operations, manufacturing operations, real estate development operations, materials and logistics operations and other businesses.
- ① Construction operations

Construction Operations (Before Elimination of Inter-Segment Transactions)

Unit: '000 Currency: RMB

Item	2021	2020	Growth Rate (%)
Revenue	893,820,474	813,334,003	9.90
Cost of sales	823,370,133	754,694,045	9.10
Gross profit	70,450,341	58,639,958	20.14
Gross profit margin (%)	7.88	7.21	Increased by 0.67 percentage points
Selling and distribution expenses	2,173,817	2,000,507	8.66
General and administrative expenses and research and development expenses	34,054,781	30,841,917	10.42
Total profit	18,785,934	16,254,700	15.57

Section IV 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	2021	2020	Growth Rate (%)
Revenue	19,420,109	18,460,223	5.20
Cost of sales	12,999,201	12,302,653	5.66
Gross profit	6,420,908	6,157,570	4.28
Gross profit margin (%)	33.06	33.36	Decreased by 0.3 percentage points
Selling and distribution expenses	1,282,137	1,299,458	-1.33
General and administrative expenses and research and development expenses	1,712,317	2,054,279	-16.65
Total profit	3,614,545	3,047,224	18.62

③ Manufacturing operations

Manufacturing Operations (Before Elimination of Inter-Segment Transactions)

Unit: '000 Currency: RMB

Item	2021	2020	Growth Rate (%)
Revenue	21,862,198	18,049,246	21.13
Cost of sales	16,905,623	13,722,266	23.20
Gross profit	4,956,575	4,326,980	14.55
Gross profit margin (%)	22.67	23.97	Decreased by 1.3 percentage points
Selling and distribution expenses	622,688	578,727	7.60
General and administrative expenses and research and development expenses	1,910,991	1,779,698	7.38
Total profit	2,481,022	2,300,528	7.85

Section IV 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	2021	2020	Growth Rate (%)
Revenue	50,662,478	40,928,924	23.78
Cost of sales	41,766,580	32,609,949	28.08
Gross profit	8,895,898	8,318,975	6.94
Gross profit margin (%)	17.56	20.33	Decreased by 2.77 percentage points
Selling and distribution expenses	1,188,571	1,015,389	17.06
General and administrative expenses and research and development expenses	1,231,839	1,117,167	10.26
Total profit	6,619,098	5,875,028	12.66

⑤ Materials and logistics and other businesses

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

Unit: '000 Currency: RMB

Item	2021	2020	Growth Rate (%)
Revenue	103,723,373	76,624,569	35.37
Cost of sales	95,785,750	69,178,544	38.46
Gross profit	7,937,623	7,446,025	6.60
Gross profit margin (%)	7.65	9.72	Decreased by 2.07 percentage points
Selling and distribution expenses	879,890	775,238	13.50
General and administrative expenses and research and development expenses	2,085,947	1,855,841	12.40
Total profit	4,292,702	3,837,719	11.86

The change in revenue from materials and logistics and other businesses was mainly due to: the expansion of the logistics trade business.

The change in cost of sales of materials and logistics and other businesses was mainly due to: the increase in costs of logistics trade business.

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

(2) *Analysis of production and sales*

Applicable Not Applicable

(3) *Performance of major procurement contracts and major sales contracts*

Applicable Not Applicable

(4) *Cost analysis table*

Unit: '000 Currency: RMB

By segment	Item relating to cost composition	Amount in the current period	Particulars by segment		Percentage of the total cost for the corresponding period last year (%)	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			
Construction operation	-	823,370,133	83.10	754,694,045	85.52	9.10	
Survey, design and consultancy operation	-	12,999,201	1.31	12,302,653	1.39	5.66	
Manufacturing operation	-	16,905,623	1.71	13,722,266	1.55	23.20	
Real estate development operation	-	41,766,580	4.22	32,609,949	3.70	28.08	
Materials and logistics and other businesses	-	95,785,750	9.66	69,178,544	7.84	38.46	
Total for the above	-	990,827,287	100.00	882,507,457	100.00	12.27	
Including:	Labour cost	290,619,518	29.33	257,397,866	29.17	12.91	
	Materials expenses	425,912,920	42.99	371,843,071	42.13	14.54	
	Machinery expense	112,450,782	11.35	98,094,990	11.12	14.63	
	Other cost	161,844,067	16.33	155,171,530	17.58	4.30	
Inter-segment elimination	-	-68,700,399	-	-56,520,191	-	-	
Total	-	922,126,888	100.00	825,987,266	100.00	11.64	

Notes:

- Due to the unique nature of the business of the Group, the main businesses of the Group by industries are analyzed by segments.
- The data of the main business segments are still classified as construction operations, survey, design and consultancy operations, manufacturing operations, real estate development operations, materials and logistics operations and other businesses.

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

(5) *Changes in consolidation scope caused by changes in equity of major subsidiaries during the Reporting Period*

Applicable Not Applicable

(6) *Major changes or adjustments in the Company's business, products or services during the Reporting Period*

Applicable Not Applicable

(7) *Major sales customers and suppliers*

A. Major sales customers of the Company

The sales to the top five customers was RMB39,833,272 thousand, accounting for 3.91% of the total annual sales; among the sales to the top five customers, the sales of related parties amounted to RMB6,544,179 thousand, accounting for 0.64% of the total annual sales.

During the Reporting Period, the proportion of sales to a single customer exceeded 50% of the total, there were new customers in the top five customers or the company was heavily dependent on a few customers.

Applicable Not Applicable

B. Major suppliers of the Company

The purchase amount from the top five suppliers was RMB6,481,659 thousand, accounting for 0.70% of the total purchase amount; among which the purchase amount from the related parties was RMB0, accounting for 0% of the annual total purchase amount.

During the Reporting Period, the proportion of the purchase amount from a single supplier exceeded 50% of the total, there were new suppliers in the top five suppliers or the company was heavily dependent on a few suppliers.

Applicable Not Applicable

3. Expenses

Applicable Not Applicable

In 2021, the Group's selling and distribution expenses amounted to RMB6.1471 billion, representing an increase of 8.46% as compared to that of 2020. The increase in selling and distribution expenses was mainly attributable to increased efforts in operation undertakings and an increase in newly-signed contract amounts.

In 2021, the general and administrative expenses of the Group was RMB20.7419 billion, representing an increase of 8.95% as compared to that in 2020, mainly caused by the expansion in the major business scale of the management.

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

In 2021, the research and development expenses of the Group was RMB20.2540 billion, representing an increase of 8.86% as compared to that in 2020, mainly due to the increase in R&D efforts.

In 2021, the finance costs of the Group were RMB3.6835 billion, with an increase of 5.35% as compared to that in 2020, mainly due to the increase in interest-bearing liabilities as compared with the previous year.

In 2021, the Group's income tax expenses amounted to RMB5.8362 billion, representing an increase of 0.94% as compared to that of 2020, 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	2021	2020
Income tax expenses for the period	7,328,495	5,705,249
Deferred income tax expenses	-1,492,278	76,629
Total income tax expenses	5,836,217	5,781,878

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	20,253,956
Capitalised research and development expenses for the current period	–
Total R&D expenditures	20,253,956
Proportion of total research and development expenses to the revenue (%)	1.99
Percentage of capitalised R&D investment (%)	–

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

(2) *Table of R&D personnel*

Applicable Not Applicable

Number of R&D personnel in the Company	28,665
Proportion of R&D personnel in the total number of Company employees (%)	10.71

Educational structure of R&D personnel

Category	Number of persons
Doctoral degree	325
Master degree	7,393
Bachelor degree	16,751
Junior college	4,021
High school and below	175

Age structure of R&D personnel

Category	Number of persons
Under 30 (excluding 30)	10,656
30-40 (including 30, excluding 40)	13,975
40-50 (including 40, excluding 50)	3,372
50-60 (including 50, excluding 60)	662
60 and above	0

(3) *Explanation*

Applicable Not Applicable

CRCC adheres to the empowerment of science and technology, take market demand as the guide, and adheres to the road of “tackling weakness, reinforcing advantages and casting brand strengths” and industrialisation. It further strengthens the research on cutting-edge technologies, key core technologies and industrial innovation technologies, focuses on new infrastructure, intelligent construction, green construction, digital transformation and “bottleneck” technology, while overcoming major engineering and technical problems such as crossing rivers and seas and underground space, continuously maintains technical advantages and constantly builds brand advantages through scientific and technological innovation, so as to facilitate the transformation and upgrading and high-quality sustainable development of enterprises.

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

(4) *Reasons for major changes in R&D personnel composition and its influence on the Company's future development*

Applicable Not Applicable

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 2021, the Group's capital expenditures amounted to RMB32.8755 billion, representing an increase of RMB2.0286 billion as compared to that of 2020. The increase was mainly attributable to the increase in the Group's investment in investment projects and fixed assets.

Unit: '000 Currency: RMB

Segment	2021	2020
Construction operations	15,460,395	16,755,203
Survey, design and consultancy operations	134,862	195,491
Manufacturing operations	1,726,551	934,937
Real estate development operations	1,598,759	322,184
Other business	13,954,887	12,639,059
Total	32,875,454	30,846,874

Note: The data of the main business segments are still classified as construction operations, survey, design and consultancy operations, manufacturing operations, real estate development operations, materials and logistics operations and other businesses.

Section IV 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	2021	2020	Growth (%)
Net cash flows generated from operating activities	-7,303,911	40,109,248	N/A
Net cash flows generated from investing activities	-61,070,185	-50,297,671	N/A
Net cash flows generated from financing activities	10,602,080	38,239,029	-72.27

In 2021, the net cash flows generated from the operating activities of the Group was RMB-7.3039 billion, representing a decrease of net cash inflow of RMB47.4132 billion as compared to that of last year, mainly due to the increase in cash paid for goods and labour services during the Reporting Period.

In 2021, the net cash flows generated from investing activities of the Group amounted to RMB-61.0702 billion, representing an increase of RMB10.7725 billion net outflow as compared to that of last year, mainly due to the increase in cash paid for foreign investment during the Reporting Period.

In 2021, the net cash flows generated from financing activities of the Group amounted to RMB10.6021 billion, representing a decrease of cash inflow of RMB27.6369 billion, or 72.27%, as compared to that of last year, which was mainly due to the year-on-year increase in cash repayments for borrowings during the Reporting Period.

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

Applicable Not Applicable

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

(III) Analysis of assets and liabilities

Applicable Not Applicable

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	126,821,154	9.37	187,997,046	15.13	-32.54	It is mainly due to the year-on-year increase in cash repayments for borrowings during the Reporting Period.
Held-for-trading financial assets	460,063	0.03	587,022	0.05	-21.63	
Bills receivable	12,729,240	0.94	18,242,816	1.47	-30.22	It is mainly due to the decrease in the proportion of payment by bills by customers during the Reporting Period.
Receivables at FVTOCI	2,475,096	0.18	3,683,653	0.30	-32.81	It is mainly due to the decrease in the scale of discounted bills during the Reporting Period.
Trade receivables	155,677,298	11.51	125,696,204	10.11	23.85	
Advances to suppliers	25,533,462	1.89	24,316,491	1.96	5.00	
Other receivables	63,786,446	4.71	66,383,081	5.34	-3.91	
Inventories	279,554,016	20.66	232,358,730	18.70	20.31	
Contract assets	196,315,628	14.51	165,030,475	13.28	18.96	
Other current assets	24,862,581	1.84	20,161,207	1.62	23.32	
Other non-current financial assets	4,531,803	0.34	2,839,530	0.23	59.60	It is mainly due to the increase in external investments by the Group during the Reporting Period.
Other equity instrument investments	11,621,685	0.86	10,510,397	0.85	10.57	
Long-term receivables	55,150,088	4.08	69,398,137	5.58	-20.53	
Long-term equity investments	98,163,517	7.26	70,621,039	5.68	39.00	It is mainly due to the increase in external investments by the Group during the Reporting Period.
Fixed assets	61,167,672	4.52	56,111,920	4.52	9.01	
Right-of-use assets	5,907,025	0.44	5,292,332	0.43	11.61	
Intangible assets	68,261,159	5.05	70,372,417	5.66	-3.00	
Short-term loans	46,057,400	3.40	49,879,073	4.01	-7.66	

Section IV 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
Bills payable	90,733,401	6.71	84,290,956	6.78	7.64	
Trade payables	362,063,566	26.76	349,327,324	28.11	3.65	
Advances from customers	94,440	0.01	126,257	0.01	-25.20	
Contract liabilities	150,667,341	11.14	131,058,617	10.55	14.96	
Other payables	94,391,304	6.98	79,595,459	6.40	18.59	
Other current liabilities	26,089,924	1.93	21,592,243	1.74	20.83	
Long-term loans ^{Note 1}	141,296,464	10.44	126,399,543	10.17	11.79	
Bonds payable ^{Note 2}	36,360,201	2.69	34,454,741	2.77	5.53	
Leasing liabilities	2,889,378	0.21	2,677,405	0.22	7.92	
Long-term payables	23,141,104	1.71	13,689,068	1.10	69.05	It is mainly due to the increase in quality deposits payable during the Reporting Period.
Employee benefits payable ^{Note 3}	12,350,290	0.91	12,209,225	0.98	1.16	
Other non-current liabilities	462,065	0.03	125,204	0.01	269.05	It is mainly due to the continuous involvement of liability changes by the Group during the Reporting Period.

Notes:

1. "Long-term loans" includes "current portion of long-term loans".
2. "Bonds payables" includes "current portion of bonds payable".
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. Overseas assets

Applicable Not Applicable

(1) *Asset size*

Including: overseas assets of RMB85,351,965 (unit: '000 currency: RMB), accounting for 6.31% of total assets.

(2) *Explanation for high proportion of overseas assets*

Applicable Not Applicable

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

3. Restricted major assets as at the end of the Reporting Period

Applicable Not Applicable

4. 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 2021, 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	-	-	-	12,729,240	12,729,240
Trade receivables	-	-	-	155,677,298	155,677,298
Receivables at FVTOCI	2,475,096	-	-	-	2,475,096
Loans and advances to customers	-	-	-	2,981,281	2,981,281
Other receivables (excluding petty cash)	-	-	-	63,338,121	63,338,121
Other current assets	-	-	-	2,712,510	2,712,510
Long-term receivables	-	-	-	55,150,088	55,150,088
Cash and bank balances	-	-	-	126,821,154	126,821,154
Held-for-trading financial assets	-	-	460,063	-	460,063
Debt investments	-	-	-	9,974,392	9,974,392
Other debt investments	1,008,820	-	-	-	1,008,820
Other equity instrument investments	-	11,621,685	-	-	11,621,685
Other non-current financial assets	-	-	4,531,803	-	4,531,803
Current portion of non-current assets	16,660	-	-	10,957,889	10,974,549
Total	3,500,576	11,621,685	4,991,866	440,341,973	460,456,100

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

As at 31 December 2021, the Group's financial liabilities were as follows:

Unit: '000 Currency: RMB

Item	Other financial liabilities	Total
Short-term loans	46,057,400	46,057,400
Due to customers	1,588,529	1,588,529
Bills payable	90,733,401	90,733,401
Trade payables	362,063,566	362,063,566
Other payables	94,391,304	94,391,304
Current portion of non-current liabilities (excluding employee benefits payable, estimated liabilities and lease liabilities due within one year)	36,766,269	36,766,269
Other current liabilities	561,236	561,236
Long-term loans	115,044,574	115,044,574
Bonds payable	29,534,875	29,534,875
Long-term payables (excluding special payables)	23,067,101	23,067,101
Other non-current liabilities	384,057	384,057

5. Working capital

(1) Trade receivables

Trade receivables of the Group increased from RMB125.6962 billion as at 31 December 2020 to RMB155.6773 billion as at 31 December 2021, representing an increase of RMB29.9811 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 2021	31 December 2020
Within 1 year	131,449,832	102,570,270
1-2 years	19,877,853	16,542,230
2-3 years	8,295,475	6,122,823
Over 3 years	8,523,216	8,728,128
Subtotal	168,146,376	133,963,451
Less: Impairment of credit losses	12,469,078	8,267,247
Total	155,677,298	125,696,204

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

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	2021	2020
Turnover days of trade receivables ^{Note 1}	54	51
Turnover days of trade payables ^{Note 2}	141	149

Notes:

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.
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.

(2) Trade payables

Trade receivables of the Group increased from RMB349.3273 billion as at 31 December 2020 to RMB362.0636 billion as at 31 December 2021, representing an increase of RMB12.7363 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 2021	31 December 2020
Within 1 year	352,926,302	340,777,759
1-2 years	6,359,877	6,038,420
2-3 years	1,971,334	1,499,873
Over 3 years	806,053	1,011,272
Total	362,063,566	349,327,324

6. Advances to suppliers and other receivables

Advances to suppliers and other receivables of the Group decreased from RMB90.6996 billion as at 31 December 2020 to RMB89.3199 billion as at 31 December 2021, representing a decrease of RMB1.3797 billion, or 1.52%, mainly due to the decrease in receivables from cooperation and development during the Reporting Period.

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

7. 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 2021, 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 2020 and 31 December 2021, the Group held the provisions of such obligations hereof amounting to RMB0.2359 billion and RMB0.1692 billion, respectively.

8. Liabilities

(1) Borrowing

The short-term loans of the Group as at 31 December 2021 and 31 December 2020 were as follows:

Unit: '000 Currency: RMB

Item	31 December 2021	31 December 2020
Pledged loans	557,174	1,762,489
Mortgaged loans	–	–
Guaranteed loans	4,466,190	4,203,911
Credit loans	41,034,036	43,912,673
Total	46,057,400	49,879,073

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

Other current liabilities of the Group as at 31 December 2021 and 31 December 2020 were as follows:

Unit: '000 Currency: RMB

Item	31 December 2021	31 December 2020
Other current liabilities	26,089,924	21,592,243

Note: For more details, please refer to “34. Other current liabilities” in Note V to the Financial Reports in this report.

The long-term loans of the Group as at 31 December 2021 and 31 December 2020 were as follows:

Unit: '000 Currency: RMB

Item	31 December 2021	31 December 2020
Pledged loans	44,206,255	45,602,598
Mortgaged loans	13,676,113	12,016,895
Guaranteed loans	11,654,930	14,096,548
Credit loans	45,507,276	39,302,104
Total	115,044,574	111,018,145

The maturity profile of the long-term loans as at 31 December 2021 and 31 December 2020 were as follows:

Unit: '000 Currency: RMB

Item	31 December 2021	31 December 2020
Within one year or paid on demand	26,251,890	15,381,398
In the second year (inclusive)	27,787,627	25,051,038
In the third to fifth year (inclusive)	40,509,857	35,874,440
Over five years	46,747,090	50,092,667
Total	141,296,464	126,399,543

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

The bonds payable of the Group as at 31 December 2021 and 31 December 2020 were as follows:

Unit: '000 Currency: RMB

Item	31 December 2021	31 December 2020
Total bonds payable	36,360,201	34,454,741
Less: Total current portion of bonds payable	6,825,326	8,342,887
Total non-current portion of bonds payable	29,534,875	26,111,854

Gearing ratio analysis:

As at 31 December 2021 and 31 December 2020, the gearing ratios of the Group were 66% and 64%, 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.

(2) Commitments

The commitments of the Group as at 31 December 2021 and 31 December 2020 were as follows:

Unit: '000 Currency: RMB

Item	31 December 2021	31 December 2020
Contracted but not provided for		
Capital commitments	1,465,402	1,184,137
Investment commitments	55,675,097	39,819,252
Other commitments	250,931	234,062
Total	57,391,430	41,237,451

(3) Contingent liabilities

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

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

(4) Mortgage and pledge of assets

The mortgage and pledge of assets of the Group as at 31 December 2021 and 31 December 2020 were as follows:

Unit: '000 Currency: RMB

Item	31 December 2021	31 December 2020
Intangible assets	50,867,556	64,215,766
Inventories	45,426,209	36,791,724
Other non-current assets	25,963,981	7,526,905
Cash and bank balances	11,221,219	14,100,437
Construction in progress	1,391,992	681,746
Trade receivables	1,059,077	1,167,023
Fixed assets	273,348	60,290
Bills receivable	131,750	926,823
Long-term receivables	-	10,472,021

For details, please refer to “65. Assets with title restrictions” in Note V to the Financial Reports in this report.

9. Other explanation

Applicable Not Applicable

(IV) Analysis for industrial operation information

Applicable Not Applicable

The businesses of the Group cover construction, planning, design and consultancy, investment, real estate development, manufacturing, materials and logistics, environmental protection, industry 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 “II. Industry Situation of the Company during the Reporting Period” and “III. Operations of the Company during the Reporting Period” of this section. The analysis for operation information of the Group’s construction operation and real estate development operation are 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 “II. Industry Situation of the Company during the Reporting Period” of this section.

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

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	637	1,534		4	49	2,224
Total amount	11,660,021	46,605,251		15,838	646,611	58,927,721

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.

Applicable Not Applicable

Unit: '0,000 Currency: RMB

Project Region	Number of projects	Total amount
Domestic	1,973	54,433,628
Overseas	251	4,494,093
Among which:		
Oceania	25	69,276
Africa	140	3,117,978
America	9	184,485
Europe	17	39,401
Asia	60	1,082,953
Total	2,224	58,927,721

Other Explanation

Applicable Not Applicable

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

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	2,468	6,287		6	248	9,009
Total amount	112,472,173	370,975,481		30,770	18,895,077	502,373,501

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.

Applicable Not Applicable

Unit: '0,000 Currency: RMB

Project Region	Number of projects	Total amount
Domestic	7,844	422,182,695
Overseas	1,165	80,190,806
Among which:		
Oceania	48	293,738
Africa	524	39,219,879
America	104	9,263,774
Europe	138	5,971,784
Asia	351	25,441,631
Total	9,009	502,373,501

Other Explanation

Applicable Not Applicable

4. Major projects under construction

Applicable Not Applicable

Other Explanation

Applicable Not Applicable

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

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 5,126 with an amount of RMB2,410.5043 billion.

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 RMB4,380.9222 billion. Among them, the amount of projects which have been contracted for but not yet commenced is RMB1,712.0170 billion and the outstanding portion of the projects under construction is RMB2,668.9052 billion.

Other Explanation

Applicable Not Applicable

7. Other Explanations

Applicable Not Applicable

(1) *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 at the end of the Reporting Period, it had a total of 2,214 qualifications for various construction enterprises, of which 86 were extra grade qualifications for general contracting and 312 were first-level qualifications. In the field of engineering design survey, the Group had 211 engineering design qualifications and 59 engineering survey qualifications.

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

- (2) *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

	2021		2020		2019	
	Revenue	Proportion of the Company's revenue (%)	Revenue	Proportion of the Company's revenue (%)	Revenue	Proportion of the Company's revenue (%)
Construction Operations	893,820,474	87.63	813,334,003	89.35	724,545,101	87.25
Including: Infrastructure projects	511,972,808	50.19	498,402,336	54.75	507,185,542	61.07
Housing construction	222,746,676	21.84	178,768,588	19.64	125,657,239	15.13
Gross revenue	1,020,010,179	100.00	910,324,763	100.00	830,452,157	100.00

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

Unit: '000 Currency: RMB

	2021		2020		2019	
	Cost of sales	Proportion of the Company's revenue (%)	Cost of sales	Proportion of the Company's revenue (%)	Cost of sales	Proportion of the Company's revenue (%)
Construction Operations	823,370,133	89.29	754,694,045	91.37	670,520,915	89.36
Including: Infrastructure projects	477,599,931	51.79	468,940,452	56.77	473,383,923	63.09
Housing construction	206,165,832	22.36	165,407,101	20.03	116,778,295	15.56
Total cost of sales	922,126,888	100.00	825,987,266	100.00	750,365,068	100.00

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

- (4) *Financing arrangement*

For details, please refer to “(8) Liabilities” in “V. (III) Analysis of Assets and Liabilities” of this section.

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

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

The Company 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 the stable and controllable 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/T 19001–2016/ISO 9001:2015 and GB/T 50430–2017. Controlling measures include the establishment of a sound quality management organisation and system. During the Reporting Period, the Company organised quality management activities for all staff, launched project quality improvement campaign and enhanced quality red line management for railway engineering.

The Company passed the review of China Certification Center for certificate renewal. Its management systems and documents met the standard requirements, and the management system ran effectively, and the management of each process from investment, design, construction to operation processes was in line with the “process method” in an orderly manner with further improvement. The registration and authentication qualification of the quality management systems of the Company is continuously maintained and the number of certificates are 02121Q10824R7M and U006621Q0239R7M.

(6) *Operation of work safety system of the Company*

In 2021, CRCC thoroughly studied the spirit of General Secretary Xi Jinping’s important expositions and instructions on safe production, implemented the new requirements of the Safe Production Law, adhered to the principle of people first and life first, put the protection of employees’ lives in the first place, firmly established the concept of safe development, consolidated the foundation of safe production, enhanced control and responsibility. No major safety accidents occurred, and the safe production situation was basically stable. Firstly, the safety production system was gradually improved, and the safety production fine management was promoted. Secondly, the safety production responsibility system was improved, and the implementation of safety production full responsibility system was further promoted. Thirdly, the dual control mechanism was improved, and the accident prevention capacity was enhanced. Fourthly, positive progress was made in the three-year special rectification campaign to tackle shortcomings in work. Fifthly, the 100-day safety special rectification in Beijing area and the full-coverage safety inspection of construction projects in Guangdong were carried out. Sixth, the subcontracting safety management was strengthened, and the subcontracting safety management level was improved. Seventh, the scientific and technological innovation in the field of safety production was strengthened, and the level of intrinsic safety was improved. Eighth, the emergency management was strengthened, and the emergency handling capacity was improved.

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

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 “II. Industry Situation of the Company during the Reporting Period” of this section.

2. Reserve of real estate during the Reporting Period

Applicable Not Applicable

During the Reporting Period, the Group adhered to prudent and steady land reserve strategy, kept up with the market pace, made scientific judgments and strictly controlled risks, 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, 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 2021, the Group obtained 64 land parcels with a total area of land for construction of 6.6636 million sq.m. and a planned total floor area of 21.15 million sq.m. in 32 cities including Beijing, Shanghai, Guangzhou, Tianjin and Chongqing. As at the end of the Reporting Period, the Group has undertaken the development of 419 real estate projects in 87 cities, with a total area of land for construction of about 3.687 million sq.m. and a total floor area of about 11.633 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	2,416,301	-	5,812,229	Yes	2,124,025	-
2	Southwest China	4,267,773	-	9,556,797	Yes	4,271,119	-
3	Yangtze River Delta	1,730,574	-	4,314,339	Yes	2,502,101	-
4	Pearl River Delta	784,321	-	2,133,114	Yes	1,629,959	-
5	Others	673,068	-	1,163,117	Yes	919,200	-
Total	/	9,872,037	/	22,979,596	Yes	11,446,404	/

Notes:

- 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.
- No A-land consolidation is covered in the Group's real estate development projects.

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

3. Development and investment in real estate during the Reporting Period

Applicable Not Applicable

The Group completed the real estate development investment of RMB81.8488 billion during the Reporting Period, among which, the investment of RMB21.4526 billion was completed in Southwest China, and the investment of RMB29.4246 billion was completed in Yangtze River Delta, accounting for 26.21% and 35.95% of the investment, respectively.

Development and Investment in Real Estate by Region

No.	Region	Land area (10,000 sq.m.)	Planned floor	Gross floor Area (10,000 sq.m.)	Floor area of	Completed Area (10,000 sq.m.)	Gross Investment (RMB '0,000)	Actual
			area upon calculation of plot ratio (10,000 sq.m.)		projects under Construction (10,000 sq.m.)			investment during Reporting Period (RMB '0,000)
1	Bohai Coastal Region	1,058.79	2,291.00	3,051.11	794.62	1,509.49	28,362,851	1,282,570
2	Southwest China	1,183.82	3,044.09	4,056.73	958.56	1,808.49	31,378,985	2,145,256
3	Yangtze River Delta	858.83	1,933.26	2,619.22	964.19	1,062.55	27,130,468	2,942,463
4	Pearl River Delta	505.17	1,343.27	1,727.06	563.86	878.51	16,990,388	1,755,656
5	Others	80.64	151.45	189.19	224.68	154.92	1,031,876	58,931
Total		3,687.25	8,763.07	11,643.31	3,505.91	5,413.96	104,894,568	8,184,876

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

Among the 419 projects held by the Group, details of the development and investment of the top ten projects in estimated amount of total investment are as follows:

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
														Reporting 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	18,500
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	75,600	1,781,100	2023	1,278,886	42,195
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	102,114
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	644,200	161,300	2023	1,127,654	136,156
5	Yangtze River Delta	Wenzhou Future Vision, CRCC	Guanghua Street, Lucheng District, Wenzhou City	Residence	Under construction	100%	135,800	454,700	697,300	512,900	0	2024	1,070,514	248,446
6	Southwest China	Guiyang CRCC City, CRCC	Che Shui Road, Guiyang City	Residence/ commercial	Not commenced	100%	285,900	1,015,200	1,367,400	0	0	2026	1,060,507	2,939
7	Bohai Coastal Region	Plot No. 2, Xiong'an Station Hub Area	Xiong'an Station Hub Area	Residence/ commercial	Not commenced	100%	173,700	554,900	804,900	0	0	2024	1,029,823	86,550
8	Bohai Coastal Region	Beijing International City, CRCC	Qingheying Village, Lai Guangying Town, Beijing	Residence/ commercial	Completed	100%	195,600	612,300	855,800	0	845,100	2019	1,004,241	0
9	Southwest China	Chengdu Xipai Jinsha, CRCC	Supo Street, Qingyang District, Chengdu	Residence	Under construction	70%	91,600	370,000	520,100	185,200	186,700	2023	1,030,104	149,694
10	Bohai Coastal Region	Tianjin Xipai Guoyin, CRCC	The junction at Wanliucun Street and Jinzhonghe Street, Hebei District, Tianjin	Residence	Under construction	100%	111,300	247,700	370,900	255,700	74,300	2023	1,000,947	28,992

Section IV 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	Wenzhou Future Vision, CRCC	Guanghua Street, Lucheng District, Wenzhou City	Residence	201,973	161,578	0	0	161,578	2024	100%
2	Yangtze River Delta	Nanchang Shuxiang Yaoting, CRCC	Yaohu West 2nd Road, Qingshanhu District, Nanchang	Residence	315,125	303,600	0	0	303,600	2022	100%
3	Pearl River Delta	Guangzhou Nansha Haiyu Xi'an, CRCC	Tanwei Village, Huangge Town, Nansha District, Guangzhou	Residence	805,427	427,751	82,522	238,389	345,228	2023	100%
4	Southwest China	Chengdu Xipai Jinsha, CRCC	Supo Street, Qingyang District, Chengdu	Residence	488,686	154,227	59,630	165,197	94,597	2023	70%
5	Yangtze River Delta	Suzhou Huayu Tianjing, CRCC	West side of Chengyang Road, Xiangcheng District, Suzhou City	Residence	128,644	112,276	0	0	112,276	2023	55%
6	Bohai Coastal Region	Beijing International Mansion, CRCC	Xinghai 1st Street, Daxing District, Beijing	Residence	154,304	109,849	0	0	109,849	2022	100%
7	Yangtze River Delta	Shanghai Champs International, CRCC	Fulan Road, Fengxian District, Shanghai	Residence	264,092	186,873	176,966	174,243	9,907	2021	100%
8	Southwest China	Xi'an International City Phase III, CRCC	Quijiang New District, Xi'an City	Residence	782,500	556,500	412,500	159,585	144,000	2025	100%
9	Yangtze River Delta	Shaoxing Huayu Jiangnan, CRCC	Jinghu New District, Yuecheng District, Shaoxing City	Residence	295,549	264,231	88,234	195,004	175,997	2022	100%
10	Pearl River Delta	Guangzhou Panyu Huayu Lingnan, CRCC	Panyu District, Guangzhou City	Residence	65,535	37,434	0	0	37,434	2022	70%

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

During the Reporting Period, the Group achieved the sales volume of RMB143.2245 billion, and the sales area of 9,905,810 sq.m., achieved the booked sales revenue of RMB50.6625 billion, the booked sales GFA of 3,888,410 sq.m., and the booked GFA at the end of the Reporting Period of 5,009,432 sq.m.

Sales and booked by Region in 2021

No.	Region	Saleable area (sq.m.)	Sold area within the Reporting Period	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	2,594.55	218.93	2,606,477	11,906	1,319,720	1,490,118	1,481,301
2	Southwest China	3,536.28	357.24	4,590,173	12,849	1,265,264	1,542,992	1,656,768
3	Yangtze River Delta	3,266.73	273.71	4,748,133	17,347	612,973	1,008,498	983,855
4	Pearl River Delta	1,419.38	127.97	2,254,231	17,615	487,045	813,693	647,510
5	Others	169.63	12.73	123,436	9,696	203,408	210,947	239,998
	Total	10,986.57	990.58	14,322,450	14,459	3,888,410	5,066,248	5,009,432

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 2021, the investment real estate of the Group rental area of 408,500 sq. m., archived a total rental income of RMB216 million, accounting for 0.43% 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	/	354,121	21,214	/	No	/
2	Beijing, Tianjin, Xi'an, Chongqing and other places	Rental parking	/	54,379	390	/	No	/
	Total	/	/	408,500	21,604	/	No	/

Section IV 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

Overall analysis of external investment in equities

Applicable Not Applicable

As at 31 December 2021, the carrying balance of the Group's long-term equity investment was RMB98.2127 billion, representing an increase of RMB27.5425 billion or 39.00% as compared to RMB70.6702 billion at the beginning of the year. Equity investment in joint ventures amounted to RMB45.6336 billion, representing an increase of RMB12.8926 billion or 39.38% as compared to RMB32.7410 billion at the beginning of the year; investment in associates amounted to RMB52.5791 billion, representing an increase of RMB14.6499 billion or 38.62% as compared to RMB37.9292 billion at the beginning of the year.

1. Major equity investment

Applicable Not Applicable

2. Major non-equity investment

Applicable Not Applicable

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	Changes in owner's equity during the Reporting Period
Securities investment	217,720	352,021	100,895	-
Equity in other listed companies	2,167,238	2,384,871	64,151	664,377
Trust products and others	1,805,720	2,626,688	78,393	-
Total	4,190,678	5,363,580	243,439	664,377

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

(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	59,460	16.89	9,986	Held-for-trading financial assets	Original issue stock
2	Stock	HK01258	CHINF Mining	64,863	36,363,000	92,164	26.18	30,061	Other non-current financial assets	Original issue stock
3	Stock	601618	MCC	59,265	10,600,000	16,040	4.56	6,253	Held-for-trading financial assets	Original issue stock
4	Stock	600028	SINOPEC	533	135,000	252	0.07	45	Other non-current financial assets	Original issue stock
5	Stock	600515	*ST Basics	92,767	20,478,194	92,767	26.35		Held-for-trading financial assets	Subscription
6	Open-ended Fund	000652	Bosera-Yulong Hybrid	17,370	17,369,836	81,673	23.20	8,511	Held-for-trading financial assets	Subscription
7	Open-ended Fund	519606	Guotai Jinxin	3,908	3,908,303	9,665	2.75	-680	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			/	/	/	/	46,719	/	/
Total				370,656	/	352,021	100.00	100,895	/	/

Section IV 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		Source of shares
							Financial statement item	Period	
834898	Zhuzhou Department Stores	360	0.31	0.31	2,023	78	91	Other equity instrument investments	Original issue stock
688009	CRSC	69,495	0.11	0.11	58,958	2,368	-10,419	Other equity instrument investments	Original issue stock
HK03898	Times Electric	9,800	0.90	0.90	628,866	4,410	447,656	Other equity instrument investments	Original issue stock
000759	Zhongbai Holdings Group	1,058	0.14	0.14	4,801	48	-1,121	Other equity instrument investments	Original issue stock
600657	Cinda Real Estate	236	-	-	9,030	-	-815	Other equity instrument investments	Original issue stock
000630	Tongling Nonferrous	500,000	1.71	0.71	261,836	7,220	246,101	Other equity instrument investments	Subscription
600322	Tianjin Real Estate Development	160	0.03	0.03	190	-	-44	Other equity instrument investments	Original issue stock
HK00687	Taisheng Group	208,027	1.69	1.69	34,370	6,592	-466	Other equity instrument investments	Subscription
600809	Shanxi Fenjiu	708	0.05	0.05	176,837	80	26,721	Other equity instrument investments	Original issue stock
002159	Sante Cablewa	3,000	0.99	0.99	13,044	-	-1,241	Other equity instrument investments	Original issue stock
601328	Bank of Communications	49,892	0.07	0.07	185,900	12,783	5,242	Other equity instrument investments	Original issue stock
600885	Hongfa	1,440	0.71	0.71	114,110	520	31,218	Other equity instrument investments	Original issue stock
600061	SDIC Capita	268,452	1.45	1.45	762,060	25,834	-81,123	Other equity instrument investments	Original issue stock
601211	Guotai Jun'an	7,604	0.10	0.10	132,846	4,158	2,673	Other equity instrument investments	Original issue stock
601169	Bank of Beijing	2	-	-	-	60	-96	Other equity instrument investments	Original issue stock
Total		1,120,234	/	/	2,384,871	64,151	664,377	/	/

Section IV 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
Jinan Jiayue Transportation Investment and Development Partnership (Limited Partnership)	471,660	/	471,660	-	-	Other non-current financial assets	Subscription
Mutual Infrastructure FOF Phase I Private Fund	383,180	/	383,180	-	-	Other non-current financial assets	Subscription
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	5,102	-	Other non-current financial assets	Subscription
Tianjin CRCC No.1 Construction Investment Partnership (Limited Partnership)	130,464	/	130,464	9,168	-	Other non-current financial assets	Subscription
CRCC Government-Enterprise Private Investment Fund No. 1 for Environmental Governance	110,390	10.45	110,390	7,387	-	Other non-current financial assets	Subscription
CCB Trust – Caidie Property Rights Trust Scheme No. 1	100,797	0.03	100,797	-	-	Other non-current financial assets	Subscription
Xinyu CRCC Guangrong Investment Partnership (Limited Partnership)	92,093	18.44	92,093	-	-	Other non-current financial assets	Subscription
Guangxi Transportation Investment Phase 21 Transportation Construction Investment Fund Partnership (Limited Partnership)	89,690	6.67	89,690	-	-	Other non-current financial assets	Subscription
Xinhenyintong – Ziyang Linkong Economy Zone Industry New City – PPP Private Investment Fund	80,167	15.46	80,167	-	-	Other non-current financial assets	Subscription
Chongqing Pilot Expressway No. 7 Equity Investment Fund Partnership (Limited Partnership)	67,810	/	67,810	1,237	-	Other non-current financial assets	Subscription
CRCC-China PPP Fund Private Investment Fund No. 1 Highway Construction Fund	67,180	/	67,180	4,428	-	Other non-current financial assets	Subscription
CRCC Phase IV Asset-backed Scheme	58,000	1.11	58,000	-	-	Other non-current financial assets	Sponsorship
CRCC Phase III Asset-backed Scheme	55,000	1.11	55,000	723	-	Other non-current financial assets	Sponsorship
Haitong Securities – Nuo'an Capital Haizihu No. 1 Private Investment Fund	45,000	/	45,000	-	-	Other non-current financial assets	Subscription
CRCC Phase V Asset-backed Scheme	42,000	1.12	42,000	-	-	Other non-current financial assets	Sponsorship
CRCC Jicai Hong'ao Private Investment Fund	39,410	/	39,410	2,561	-	Other non-current financial assets	Subscription
CRCC Phase VII Asset-backed Scheme	36,000	1.26	36,000	-	-	Held-for-trading financial assets	Sponsorship
CRCC Phase XIII Trade Receivables Asset-backed Scheme	35,000	1.17	35,000	398	-	Other non-current financial assets	Sponsorship

Section IV 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 IX Trade Receivables Asset-backed Scheme	34,000	1.10	34,000	1,723	-	Held-for-trading financial assets	Sponsorship
CRCC Phase X Trade Receivables Asset-backed Scheme	34,000	1.08	34,000	1,723	-	Held-for-trading financial assets	Sponsorship
CRCC Phase VI Asset-backed Scheme	33,000	1.24	33,000	-	-	Other non-current financial assets	Sponsorship
CRCC Phase II Asset-backed Scheme	33,000	1.09	33,000	-	-	Held-for-trading financial assets	Sponsorship
CRCC Phase I Asset-backed Scheme	33,000	1.09	33,000	-	-	Other non-current financial assets	Sponsorship
CRCC Phase XIV Trade Receivables Asset-backed Scheme	32,000	1.11	32,000	973	-	Other non-current 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	5,378	-	Other non-current financial assets	Subscription
CRCC Phase VIII Asset-backed Scheme	29,000	1.23	29,000	-	-	Other non-current financial assets	Sponsorship
Ping An Securities- China Railway Construction's No.7 accounts receivable asset-backed special plan	28,000	1.07	28,000	533	-	Other non-current financial assets	Subscription
CRCC Phase IX Asset-backed Scheme	26,000	1.22	26,000	-	-	Other non-current financial assets	Sponsorship
CRCC Kunlun Investment Group Co., Ltd. - 2019 Tranche I Targeted Asset-backed Notes	15,250	0.75	15,250	-	-	Held-for-trading financial assets	Subscription
Others	41,737	/	41,737	37,059	-	Other non-current financial assets/Held-for-trading financial assets	Subscription
Total	2,626,688	/	2,626,688	78,393	- /		/

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

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
600515	*ST Basics	92,767	-	0.18	92,767	-	-
601169	Bank of Beijing	2	-	-	-	60	-96

4. Specific progress of major asset restructuring and integration during the Reporting Period

Applicable Not Applicable

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

(VI) Disposal of significant assets and equity interest

Applicable Not Applicable

(VII) Analysis of major companies controlled and invested 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 2021				Principal operations	Industry
	Registered capital	Total assets	Net assets	Net profit		
China Civil Engineering Construction Corporation	3,000,000	29,406,725	8,155,775	832,871	Construction	Construction
China Railway 11th Bureau Group Co., Ltd.	6,162,382	60,510,172	14,384,966	1,505,725	Construction	Construction
China Railway 12th Bureau Group Co., Ltd.	5,060,677	61,966,815	12,427,745	1,187,686	Construction	Construction
China Railway Construction Bridge Engineering Bureau Group Co., Ltd.	3,200,000	50,796,917	7,838,780	310,000	Construction	Construction
China Railway 14th Bureau Group Co., Ltd.	3,110,000	65,513,259	12,118,674	1,066,955	Construction	Construction
China Railway 15th Bureau Group Co., Ltd.	3,000,000	38,869,495	4,397,369	279,839	Construction	Construction
China Railway 16th Bureau Group Co., Ltd.	3,000,000	65,493,987	6,787,192	564,133	Construction	Construction
China Railway 17th Bureau Group Co., Ltd.	3,021,226	53,324,742	7,909,158	286,965	Construction	Construction
China Railway 18th Bureau Group Co., Ltd.	3,000,000	49,774,602	8,763,367	1,081,520	Construction	Construction
China Railway 19th Bureau Group Co., Ltd.	5,080,000	52,833,513	8,192,548	375,748	Construction	Construction
China Railway 20th Bureau Group Co., Ltd.	3,130,000	47,382,121	7,529,048	959,836	Construction	Construction
China Railway 21st Bureau Group Co., Ltd.	2,038,000	36,863,053	5,704,657	285,399	Construction	Construction
China Railway 22nd Bureau Group Co., Ltd.	2,000,000	38,862,971	5,836,084	299,133	Construction	Construction
China Railway 23rd Bureau Group Co., Ltd.	2,000,000	31,109,558	5,710,212	285,942	Construction	Construction
China Railway 24th Bureau Group Co., Ltd.	2,000,000	29,278,651	4,743,932	463,331	Construction	Construction
China Railway 25th Bureau Group Co., Ltd.	2,000,000	21,909,418	3,291,523	197,761	Construction	Construction
China Railway Construction Group Co., Ltd.	3,502,971	89,773,345	11,823,662	39,049	Construction	Construction
China Railway Urban Construction Group Co., Ltd.	2,000,000	29,601,245	4,816,981	474,727	Construction	Construction
China Railway Construction Electrification Bureau Group Co., Ltd.	3,800,000	30,828,466	11,467,902	1,624,520	Construction	Construction
CRCC Harbour and Channel Engineering Bureau Group Co. Ltd.	2,500,000	15,077,034	2,878,517	164,126	Construction	Construction
China Railway Construction Corporation International Limited	3,000,000	9,927,621	3,785,869	164,804	Construction	Construction
China Railway Construction Real Estate Group Co., Ltd.	7,000,000	209,426,736	35,342,528	2,989,779	Real estate development and operation	Real estate
China Railway First Survey and Design Institute Group Co., Ltd.	1,000,000	16,015,373	5,614,709	943,943	Survey and design	Consultancy

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

Name of Company	Major financial indicators as at 31 December 2021					
	Registered capital	Total assets	Net assets	Net profit	Principal operations	Industry
China Railway SIYUAN Survey and Design Group Co., Ltd.	1,052,500	29,933,773	12,017,033	2,199,516	Survey and design	Consultancy
China Railway Fifth Survey and Design Institute Group Co., Ltd.	155,000	7,277,844	2,127,166	366,935	Survey and design	Consultancy
China Railway Shanghai Design Institute Group Co., Ltd.	130,000	3,188,210	1,496,204	350,716	Survey and design	Consultancy
China Railway Material Group Co., Ltd.	3,000,000	26,317,163	4,137,015	602,226	Purchase and sales of goods and materials	Logistics and trade
China Railway Construction Heavy Industry Corporation Limited	5,333,497	22,665,825	14,193,081	1,735,709	Industrial manufacturing	Industry
CRCC High-Tech Equipment Corporation Limited	1,519,884	8,273,340	5,881,520	50,376	Industrial manufacturing	Industry
China Railway Construction Investment Group Co., Ltd.	12,067,086	147,898,063	34,225,311	2,292,856	Project investment	Investment
CRCC Kunlun Investment Group Co., Ltd.	5,087,166	37,948,961	14,521,750	1,997,912	Project investment	Investment
CRCC Chongqing Investment Group Co., Ltd.	3,000,000	21,467,077	6,042,672	669,170	Project investment	Investment
CRCC Capital Holdings Group Co., Ltd.	9,000,000	42,575,106	10,451,156	893,823	Financial services	Finance
CRCC Finance Company Limited	9,000,000	110,521,976	12,849,756	1,071,282	Financial services	Finance

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 2021 was RMB29.5179 billion, and operating profit amounted to RMB3.6773 billion. The net profit amounted to RMB2.9898 billion, accounting for 10.20% of net profit of RMB29.3152 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.

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

Applicable Not Applicable

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

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

(I) Industry pattern and trends

Applicable Not Applicable

2022 is the year when the “14th Five-Year Plan” will be fully implemented and the new development pattern will be fully deployed. In light of China’s resilient economy, the fundamentals of long-term improvement will not change. The Central Economic Working Conference has clearly proposed to carry out infrastructure investment moderately ahead of schedule, and the construction industry is expected to usher in a recovery window.

In terms of the international environment: the international political gaming has intensified and the variables of the macro situation have increased. The COVID-19 pandemic is still the biggest uncertainty factor for the inclusive development and sustainable recovery of the world economy, and the economic globalisation is moving forward with irreversible momentum amidst the challenges of trade protectionism. China will continue to adhere to multilateralism, promote high-quality development with a high level of openness, continuously further advance the “Belt and Road” initiative, and build a new pattern of international and domestic dual-cycle development.

In terms of the domestic environment: China’s economic development faces the triple pressures of demand contraction, supply shock and weakening expectation, but the fundamentals of strong economic resilience and long-term improvement will not change.

In terms of the industry environment: although the growth rate of domestic railway, urban rail and highway investment has slowed down, the investment in comprehensive transportation and “great transportation” hub planning is still at a high level, the development of urban agglomerations and metropolitan areas is accelerating, and the demand for space conversion in big cities is still strong; real estate regulation has shifted from “suppressing demand” to “stabilizing supply”, and the construction of affordable housing has been accelerated; the construction of the main framework and major arteries of the national water network has been sped up; new infrastructure, such as double carbon economy, environmental protection economy and digital economy, has become the key support direction for the country to optimise the investment structure. With the accelerated implementation of national strategies, such as infrastructure improvement, transportation power, new urbanisation, regional coordinated development, rural revitalisation and green development, the construction industry still contains a broad market space.

In 2022, CRCC will accurately, completely and thoroughly implement the new development concept, accelerate the construction of a new development pattern, adhere to the general tone of steady progress, focus on high-quality development, highlight steady growth, improve quality and efficiency, stimulate innovation, strengthen management and control and prevent risks, and quicken the pace to become the most trustworthy world-class comprehensive construction industry group.

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

(II) Development strategies of the Company

Applicable Not Applicable

On 30 August 2021, upon the approval of the 65th meeting of the 4th session of the Board of Directors of the Company, the Company officially released the Resolution on “14th Five-Year” Development Strategy and Plan of the Company, and put forward the guiding ideology, basic principles and, overall development strategy for the development during the “14th Five-Year” period.

During the “14th Five-Year Plan” period, the guiding ideology of the Company’s development is: to hold high the great banner of socialism with Chinese characteristics, take Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era as the guidance, thoroughly implement the spirits of 19th National Congress of the Party and previous plenary sessions of the 19th CPC Central Committee, fully implement the decisions and deployments of the Party Central Committee, the State Council and the work requirements of the SASAC, scientifically grasp the new development stage, resolutely implement the new development concept, actively integrate into the new development pattern, adhere to the overall work of seeking progress while maintaining stability, and insist on focusing on main responsibilities and main business; promoting high-quality development as the theme, deepening supply-side structural reforms as the main line, and taking reform and innovation as the fundamental driving force, to strengthen innovation drive, optimise the layout structure, improve the governance system, prevent major risks, improve the quality of Party building, accelerate the cultivation of a world-class comprehensive construction industry group, and make new and great contributions to the comprehensive construction of a modern socialist country.

During the “14th Five-Year Plan” period, the basic principles of the Company’s development are: to adhere to the overall leadership of the Party, implement the new development concept, establish the systematic concept, focus on high-quality development, and achieve shared development.

During the “14th Five-Year Plan” period, the Company’s overall development strategy is: construction-oriented, related-diversified, value-leading, quality-excellency, so as to develop into the most trustworthy world-class comprehensive construction industry group.

– “Construction-oriented” is the foothold of development. We insist on taking the construction industry as the base for survival and foundation for success. We actively integrate into the new development pattern, seize the important strategic opportunities for the rapid development of the domestic and overseas construction industry, fully integrate into the joint construction of the “Belt and Road Initiative”, Beijing-Tianjin-Hebei synergic development, the development of the Yangtze River Economic Belt, the integrated development of the Yangtze River Delta, construction of the Greater Bay Area of Guangdong, Hong Kong and Macao, the ecological protection and high-quality development of the Yellow River Basin as well as the promotion of Hainan’s comprehensive deepening of reform and opening up and other major national strategies, make overall deployment of the domestic and overseas construction markets, and continuously improve the core competitiveness.

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

— “Related-diversified” is the focus of development. We persist in diversified development and creation of new industrial pattern. We scientifically grasp the new development stage, combine the goal requirements of building a socialist modern country in an all-round way and the people’s ever-increasing needs for a better life, and use our core advantages to take the initiative and seek breakthroughs on a larger scale, deeper level and in more fields. We actively expand the industrial fields related to the construction industry chain, coordinate with the development of the main business, and match with the resource endowment of the enterprise, accelerate the cultivation of emerging industries conforming to the national strategic direction, meet the future needs of the market with broad development prospects, and form a diversified industrial structure with clear positioning, reasonable layout, scientific functions and efficient coordination.

— “Value-leading” is the key point of development. We adhere to the value orientation of “quality first, prioritizing efficiency”. We resolutely implement the development concept of “innovation, coordination, safety, sharing, and sustainability”, rid ourselves of the extensive development concept emphasizing scale and neglecting efficiency, take “whether it is beneficial to improve quality and whether it is beneficial to create benefits” as the main evaluation standard, follow the principles of value management, value creation, value exploring, value evaluation and value distribution, promote the transformation of development methods, optimisation of industrial structure, transformation of growth momentum, and strive to start a new journey of high-quality development.

— “Quality-excellency” is the aim of development. We persist in building a “quality CRCC” in an all-round way based on essential attributes. We inherit and carry forward the “red gene” of the railway corps, create the “most politically-aware, most responsible and most dedicated with strongest sense of mission” central enterprise with excellent quality; serve the domestic and overseas markets and customers, and create an innovative, technological, management-based international construction group with excellent quality; give back to shareholders and the society, and build a public company with excellent quality with “excellent assets, outstanding performance, high-quality resources and advanced management”.

During the “14th Five-Year Plan” period, the Group will focus on the overall development strategy, adhere to innovation-driven development, comprehensively promote intensive development, fully implement lean management, vigorously develop specialised operation, actively target digital transformation, firmly cultivate international operation, and further promote integration and synergy, and strive to start a new journey of high-quality development and give better play to the strategic supporting role of the state-owned economy.

Section IV 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 2021, the Group actively responded to the complex and severe domestic and overseas situations, resolutely implemented the decisions and deployments of the CPC Central Committee and the State Council, implemented the work requirements of “integrity, innovation, quality improvement and pragmatism” centered on the work principle of “being practical and realistic, upholding integrity and innovation, and pursuing stability and long-term development”, adhered to the city as the center, vigorously cultivated market competitive advantages, improved regional management and urban management mechanisms, and strengthened high-end management and internal and external synergy, to solidly, meticulously and deeply perform territorial operation and rolling operation, comprehensively strengthen the “specialised, refined, characteristic and novel” operations, accelerate the cultivation of new growth drivers, and successfully achieve various business targets.

2. Operation plan for 2022

The Group’s operation plan for 2022 is that the value of newly-signed contracts is to reach RMB2,876 billion, operating revenue is to reach RMB1,085.0 billion, and costs and taxes are to reach RMB1,038.9301 billion. To this end, the Group will adhere to the general guideline of maintaining stability while seeking progress, center on high-quality development and further consolidate the advantages of traditional businesses, accelerate the development of emerging industries and businesses, optimise the order structure, strengthen the innovation drive and foster new growth momentum; maintain the overall stability of the new signings, improve the landing rate and ensure the operating quality; continuously optimise the business layout, straighten out the business relationship, consolidate business foundation and improve business efficiency.

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 2022 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.

(IV) Potential risks

Applicable Not Applicable

By organizing and conducting annual material risk assessments, under the circumstance that the internal and external situations faced by the Group have not changed significantly in the past two years, the Group identifies the following risks as the material risks it will be subject to: operational compliance risks, investment risks, safety risks, epidemic prevention and control risks, and debt risks.

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

1. Operational compliance risks

In recent years, with the promulgation of various domestic compliance management standards, guidelines and policies and the continuous improvement of the legal environment for compliance management, the continuous formation of new international economic and trade rules abroad, the external supervision becomes increasingly strict while the business compliance risks are increasingly prominent. The Group will conduct a level-wide, field-wide and all-round investigation, comprehensively analyze the appropriateness and effectiveness of the compliance system and the Group's production and operation activities, timely sort out and spot deficiencies, study and implement rectification measures, and promote the in-depth integration of the compliance management system and the daily operation and management. The Group continues to carry out compliance review, resolutely eliminate violations and effectively prevent and control compliance risks. In terms of overseas compliance management, it starts with market access management, policy and standard analysis, compliance risk assessment, management and control of projects under construction, commission and corruption risk prevention, sorts out risk factors, formulates risk prevention measures, enhances overseas talent training, improves overseas business management ability, strengthens the whole process management of overseas business, and comprehensively strengthens project compliance management throughout the life cycle, so as to achieve a clear mind of risks, timely risk response and effective risk response.

2. 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 international macro-environment, COVID-19 pandemic, greater policy control by the central and local governments, continuous standardized management, tightening financial regulation, increasing debt pressure and intensifying competition, the execution and operation of investment projects above may subject the Group to certain risks at each stage, which may affect the expected benefits and the realisation of strategic goals. To effectively prevent and control investment risks, the Group makes greater efforts in national and local economic policy analysis, sticks to the guidance of strategic goals, adheres to the problem-orientated principle, and 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.

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

3. Safety risks

The Group always attaches great importance to production safety and regards production safety as the prerequisite and basis for all work. Due to the characteristics of the industry and the complex working environment, high turnover of personnel, and long management chains, etc., currently the production safety situation is still complicated and severe, and there are still certain hidden dangers and weaknesses in production safety management. If the production safety responsibilities and safety supervision pressure are weakened level by level, terminal responsibilities are not implemented well, and even violations of regulations and rules as well as risky and reckless work occur, the Group is subject to risks. In accordance with the requirement of “people first, life first”, the Group will always adhere to the principle of “safety first, prevention first, comprehensive management” and firmly establish the concept of safe development. the Group will further strengthen the construction of safety production system and mechanism, implement the safety responsibility of all employees, strengthen the safety education and training of basic level employees, carry out in-depth safety standardisation work, and consolidate the safety production foundation. We will carry out safety risk management and control, investigate and manage potential safety hazards, implement “more mechanical, less manual; automatic substitution and informational empowerment”, improve the essential safety level, promote emergency management of production safety, handle accidents seriously, and promote the safe and stable development of enterprises.

4. Epidemic prevention and control risks

At present, the more infectious variant of the novel coronavirus pneumonia (Omicron subtype) is more prevalent worldwide. The number of confirmed cases of COVID-19 pandemic has increased rapidly in some countries and regions. The domestic clustering epidemic still occurs. Due to the stronger transmission power, faster transmission speed, atypical symptoms, more hidden transmission process, the risk of local outbreak has been significantly increased. If the responsibility of epidemic prevention and control is not implemented, the prevention and control measures are not in place or the personal protection of employees is not in place, it will have many adverse effects on the normal production and operation of the Group. The Group will always pay close attention to and judge the changes of the epidemic situation, further strengthen the leadership and working mechanism of epidemic prevention and control, and convincingly complete all kinds of safeguarding work for epidemic prevention and control. The Group scientifically and reasonably strengthens epidemic prevention and control measures, pays more attention to publicity and guidance, and enhances employees' awareness of self-protection. In terms of overseas epidemic prevention and control, we adhere to the bottom line of no clustered epidemic, no deaths due to the epidemic and no mass incidents, strengthen the implementation of responsibilities, increase medical security, pay high attention to the epidemic situation and strengthen the epidemic prevention and control measures of overseas projects, so as to effectively protect the life and health of employees.

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

5. Debt risks

At present, strict national financial supervision has become the norm, the capital market environment has become increasingly complex, and debt explosions of individual industries, large state-owned enterprises and private enterprises have been occurring from time to time, and the Group faces more serious challenges in debt risk control and capital chain security. If the control is improper, it will have a significant adverse impact on the Group. The Group will comprehensively strengthen the debt risk identification and control of its subsidiaries at all levels, clearly understand the current situation of debt risk supervision and the changes of internal and external environment, further balance the financing needs and solvency, strictly prohibit creating new projects by raising debt beyond one's financial capacity, effectively identify and control hidden debts in a safe and orderly manner, and continuously strengthen the control of equity financing, eliminate illegal external guarantees to increase credit, guarantees in excess of the equity ratio, illegal external lending of funds and provision of shareholder loans in excess of the equity ratio, pay attention to key enterprises with outstanding stock debt risks, resolutely control capital chain risks, guarantee liquidity safety, and at the same time prevent secondary risks generated in the process of risk resolution, effectively prevent and steadily resolve debt risks, and resolutely avoid major debt risks and major default events.

The Group will firmly adhere to the bottom line thinking of no major risks, follow the guiding ideology of "anticipating, detecting and controlling in advance", constantly improve the mechanism of risk information collection, evaluation, monitoring and prevention and control, and continuously strengthen the identification, evaluation, early warning and process control of risks, especially major risks.

(V) Others

Applicable Not Applicable

VII. DESCRIPTION ABOUT THE SITUATION AND THE CAUSE FOR THE COMPANY'S NON-DISCLOSURE PURSUANT TO RELEVANT RULES DUE TO INAPPLICABILITY OR SPECIAL REASONS SUCH AS STATE SECRETS OR TRADE SECRETS

Applicable Not Applicable

VIII. OTHER DISCLOSURE (DISCLOSURE PURSUANT TO THE REQUIREMENTS OF THE HONG KONG STOCK EXCHANGE LISTING RULES)

(I) 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 utilised for carrying out analysis on the financial and operating conditions of the Group. For the compliance of relevant laws and regulations which had material impacts on the Group, please refer to "Section V Corporate Governance (Corporate Governance Report)" of this report. 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 Environment and Social Responsibilities" and "Section VII Significant Events" of this report.

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

(II) Taxation on dividend

The Board proposed to distribute a final cash dividend for the year 2021 of RMB0.246 per share (tax inclusive) with a total amount of RMB3,340,567,209.00 based on the total share capital of 13,579,541,500 shares of the Company as at 31 December 2021. The above profit distribution plan is subject to consideration and approval at the 2021 Annual General Meeting of the Company. After being considered and approved, the cash dividend will be paid on or before 31 August 2022 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 2021 are set out in “Section V Corporate Governance” 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)).

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

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

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.

(III) Share capital

Details of the share capital of the Company are set out in "40. Share capital" in Note V to the Financial Reports of this report. Please see "II Convertible Bonds" in "Section X Particulars of Corporate Bonds" 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.

(IV) 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 "42. Capital Reserve", "44. Special Reserve" and "45. Surplus Reserve" in Note V to the Financial Reports of this report.

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

(V) Fixed assets

Details of the changes in the property, plant and equipment are set out in the “18. Fixed assets” in Note V to the Financial Reports of this report.

(VI) Distributable reserves

The distributable reserve of the Company as at 31 December 2021 was approximately RMB32.0958 billion.

(VII) Designated deposits and overdue term deposits

As at 31 December 2021, the Group had no designated deposits placed with any financial institutions in China, nor any term deposits which could not be recovered upon maturity.

(VIII) 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 recognised by the Group and future transactions denominated in foreign currencies. See “66. Foreign currency monetary items” in Note V to 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 in USD, Euro and Algerian Dinars) held by the Group as at 31 December 2021.

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 any significant forward foreign exchange contract. The Financial Department of the Company is responsible for monitoring foreign exchange risk, and would hedge the significant foreign exchange risk when necessary. See “3. Financial instrument risks” in Note VIII to the Financial Reports attached to the report for the exchange rate risk for details.

(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.

(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 RMB65,835,000.

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

(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 “XIII. EMPLOYEES OF THE PARENT AND THE MAJOR SUBSIDIARIES” in “Section V Corporate Governance (Corporate Governance Report)” of this report.

For details of the major customers and major suppliers, please refer to “(7) Major customers and suppliers” in “V. (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 V 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 of corporate governance 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 relevant provisions and requirements 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

Firstly, adhering to the "two consistent". The Company insisted on the organic unity of strengthening the leadership of the Party and improving corporate governance, centering on the responsibilities of the Board of directors of "formulating strategies, making decisions and preventing risks", guided by the development strategy, adhered to scientific and prudent decision-making, effectively prevented and controlled risks, continuously improved the corporate governance mechanism with legal powers and responsibilities, transparent powers and responsibilities, coordinated operation and effective checks and balances, and established good market images of listed companies, so as to promote high-quality development of enterprises. As a result, the Company was awarded as a model enterprise for corporate governance of state-owned enterprises by SASAC. Secondly, further improving the governance system. In accordance with regulatory requirements and in light of the actual situation of the enterprise, the Company continued to promote system construction, optimised the standardized operation process of the Board of directors, and promoted the better transformation of institutional advantages into governance efficiency. In 2021, the Company revised the Articles of Association, the Rules of Procedure of the Board of Directors, the Working Rules of the Special Committees of the Board of Directors and the Work System for Independent Directors, and formulated the Authorization Management System of the Board of Directors (《董事會授權管理制度》) and the Work Plan for Guaranteeing the Performance of External Directors (《外部董事履職保障工作方案》). Thirdly, continuously improving the corporate governance level of the whole system. In accordance with the general requirements of the three-year action for the reform of state-owned enterprises and improvement of the modern enterprise system, the Company promoted the downward consistency of corporate governance and comprehensively enhanced the quality of the construction of Board of directors at all levels, realised the construction of the Board of directors as far as possible to build a strong and complete Board of directors, and guided subsidiaries in implementation of power of and in enhancement of the authorisation management of Board of directors.

Section V Corporate Governance (Corporate Governance Report) (continued)

2. Enhanced management of information disclosure.

The Company 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 2021, the Company adhered to the principle of combining compulsory information disclosure and voluntary information disclosure and continuously enhanced the pertinence and practicality of information disclosure, preparing and disclosing the annual report, interim report and quarterly reports with high quality. The Company made announcements on production and operation information and major events in a timely manner. In 2021, the Company disclosed a total of 376 documents in Chinese and English, of which 124 documents disclosed on the Shanghai Stock Exchange and 161 documents in Chinese and 91 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 earnestly implemented the relevant requirements of Securities Law and regulatory agencies, paid close attention to strengthening communication with investors, and effectively commenced management on investor relations. The Company answered 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 2021, the Company arranged 23 meetings for investors and analysts and conference calls, and received 186 visitors. The Company actively participated in onsite communication activities organized by domestic and foreign investment institutions, participated in 24 meetings for investors and analysts, received 159 investors. In conjunction with the disclosure of regular reports, the Company held a total of 4 performance conferences, received 193 people from institutions and small and medium investors; organized annual report roadshows, arranged 17 one-to-one and one-to-many meetings, and received 80 institutional investors. On 19 October 2021, the Company and its holding subsidiary, CRCHI, held a reverse roadshow with the theme of "Looking at the Future from Smart Manufacturing" in Changsha, in which more than 60 investors and analysts from domestic financial institutions, financial media and other fields participated in activities.

The Company's active and effective investor relations work has been recognized by investors and capital market. In 2021, the Group was awarded more than 10 awards, including "Evergreen Award – Green Award for Sustainable Development" from Finance, "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", "Chinese Moral Enterprise Award", "Best Investor Relations" in "Tianma Award", "Social Responsibility Award for the Listed Companies in China" in "Value Rating of Listed Companies", "Most Investment Value Award" and "Social Responsibility Award" in "Golden Bull Award", which continuously improves the corporate image and social influence.

The corporate governance and laws, administrative regulations have any discrepancies with the relevant requirements of the CSRC on the governance of listed companies or not. If yes, please explain the reasons.

Applicable Not Applicable

Section V Corporate Governance (Corporate Governance Report) (continued)

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 Stock Exchange 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 Stock Exchange 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.

(II) Risk Management and Internal Control of the Company

CRCC 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 realised the integration and effective operation of internal control and risk management system of the Company.

Section V Corporate Governance (Corporate Governance Report) (continued)

In order to further improve the risk internal control system, optimise the working mechanism, comprehensively enhance the risk prevention and control capabilities, and firmly guard the bottom line of no major risks, CRCC promoted the construction of risk management and control system based on legal control and supervision, evaluation and accountability system based on auditing, forming the mechanism and system for "big risk control" and "big supervision" to work together. 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 and authorities 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.

(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 2021, 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. THE SPECIFIC MEASURES TAKEN BY THE CONTROLLING SHAREHOLDER AND THE DE FACTO CONTROLLER OF THE COMPANY TO ENSURE THE INDEPENDENCE OF THE COMPANY'S ASSETS, PERSONNEL, FINANCE, ORGANIZATION AND BUSINESS, AS WELL AS THE SOLUTIONS, WORK PROGRESS AND FOLLOW-UP WORK PLANS TAKEN TO AFFECT THE INDEPENDENCE OF THE COMPANY

Applicable Not Applicable

The controlling shareholder, the de facto controller and other entities under their control engaged in the same or similar business as the Company, as well as the impact of competition or significant changes in competition on the Company, the measures taken to resolve the situation, the progress of the resolution and the follow-up resolution plan

Applicable Not Applicable

Section V Corporate Governance (Corporate Governance Report) (continued)

The Company is strictly independent from the controlling shareholder in respect of assets, employees, finance, organization and business 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.

Special Opinions of Independent Directors on the Performance of the President during the Part-Time Period

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 21 December 2021, the Company convened the 2021 second extraordinary General Meeting at which the reelection of members of the Board was conducted, and the first meeting of the 5th session of the Board at which Mr. ZHUANG Shangbiao was continuously 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 V Corporate Governance (Corporate Governance Report) (continued)

IV. 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 two 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	Meeting resolution
2020 Annual General Meeting	29 June 2021	The website of the Shanghai Stock Exchange (www.sse.com.cn) and the website of the Hong Kong Stock Exchange (www.hkex.com.hk)	30 June 2021	13 resolutions including the Resolution on the 2020 Annual Work Report of the Board of Directors were considered and approved.
2021 First Extraordinary General Meeting	17 September 2021	The website of the Shanghai Stock Exchange (www.sse.com.cn) and the website of the Hong Kong Stock Exchange (www.hkex.com.hk)	18 September 2021	The resolution in relation to conducting the asset securitisation of receivables business was considered and approved.
2021 Second Extraordinary General Meeting	21 December 2021	The website of the Shanghai Stock Exchange (www.sse.com.cn) and the website of the Hong Kong Stock Exchange (www.hkex.com.hk)	22 December 2021	Twelve resolutions including the Resolution on Election of Directors of the Fifth Session of the Board of Directors and Shareholder Representative Supervisors of the Fifth Session of the Board of Supervisors of the Company were considered and approved.

Request for Convening of Extraordinary General Meeting by Preferred Shareholders with Restored Voting Rights

Applicable Not Applicable

Explanation for General Meeting

Applicable Not Applicable

Section V Corporate Governance (Corporate Governance Report) (continued)

V. 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.

(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 V 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 “II. CONTACT PERSONS AND CONTACT METHODS” in “II. Basic Corporate Information and Key Financial Indicators” in this section.

VI. 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 seven to nine directors, with one chairman, and at least one third of them are independent non-executive directors.

During the Reporting Period, the Company held the 2021 second extraordinary General Meeting on 21 December 2021, and re-elected the Board. Before 21 December 2021, 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.

Since 21 December 2021, the fifth session of the Board comprised nine members, including Mr. WANG Jianping, Mr. ZHUANG Shangbiao, Mr. CHEN Dayang, and Mr. LIU Ruchen as executive directors, Mr. GAO Lieyang as non-executive director, Mr. MA Chuanjing and Mr. ZHAO Lixin, Mr. XIE Guoguang and Mr. TSIN Wai Lun Kenneth 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 Director Appointment Contract 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. For details, please refer to “VIII. Relevant Information of the Board Meeting Held during the Reporting Period” in this section.

Section V Corporate Governance (Corporate Governance Report) (continued)

(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 systems.

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 authorisation 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.

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

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.

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 21 December 2021, 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, chief accountant, chief engineer, chief economist, general counsel, chief compliance officer and safety director, all of which are appointed or dismissed by the Board.

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 V Corporate Governance (Corporate Governance Report) (continued)

VII. DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

(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)	Whether receive remuneration from related parties of the Company
WANG Jianping	Secretary of the communist party committee, chairman and executive director	Male	61	19 October 2020 (Chairman, Executive director), 7 September 2020 (Secretary of the communist party committee)	20 December 2024	-	-	-	/	91.42	No
ZHUANG Shangbiao	President, deputy secretary of the communist party committee and executive director	Male	59	28 October 2014 (Executive director), 4 December 2015 (President, Deputy secretary of the communist party committee)	20 December 2024	-	-	-	/	113.48	No
CHEN Dayang	Deputy secretary of the communist party committee and executive director	Male	58	18 June 2019 (Executive director), 29 November 2018 (Deputy secretary of the communist party committee)	20 December 2024	-	-	-	/	103.45	No
LIU Ruchen	Member of the standing committee of the party committee, executive director, general counsel and chief compliance officer	Male	58	22 December 2017	20 December 2024	-	-	-	/	101.43	No
GAO Lieyang	Non-executive director	Male	56	21 December 2021	20 December 2024	-	-	-	/	-	No
MA Chuanjing	Independent non-executive director	Male	64	21 December 2021	20 December 2024	-	-	-	/	0.5	No
ZHAO Lixin	Independent non-executive director	Male	67	21 December 2021	20 December 2024	-	-	-	/	0.5	No
XIE Guoguang	Independent non-executive director	Male	61	21 December 2021	20 December 2024	-	-	-	/	0.5	No
TSIN Wai Lun Kenneth	Independent non-executive director	Male	54	21 December 2021	20 December 2024	-	-	-	/	1.37	No
ZHAO Wei	Chairman of Supervisory Committee and general manager of the corporate management department	Male	53	21 December 2021	20 December 2024	-	-	-	/	5.34	No
LIU Zhengchang	Supervisor, chief auditor and general manager of audit and supervisory department	Male	53	22 December 2017	20 December 2024	-	-	-	/	80.63	No
KANG Fuxiang	Employee supervisor and minister (general manager) of the organization department (human resources department) of the party committee	Male	53	6 September 2018	20 December 2024	-	-	-	/	82.62	No
WANG Xiuming	Member of the standing committee of the party committee and chief accountant	Male	58	29 April 2014	20 December 2024	-	-	-	/	100.04	No
LI Ning	Member of the standing committee of the party committee and vice president	Male	59	15 June 2017	20 December 2024	-	-	-	/	101.53	No

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

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)	Whether receive remuneration from related parties of the Company
WANG Wenzhong	Member of the standing committee of the party committee and vice president	Male	58	15 June 2017	20 December 2024	-	-	-	/	100.08	No
LIU Chengjun	Member of the standing committee of the party committee and vice president	Male	58	11 June 2018	20 December 2024	-	-	-	/	100.18	No
WANG Lixin	Member of the standing committee of the party committee and vice president	Male	51	11 June 2018	20 December 2024	-	-	-	/	100.01	No
NI Zhen	Member of the standing committee of the party committee and vice president	Male	50	11 June 2018	20 December 2024	-	-	-	/	99.99	No
ZHAO Dianlong	Member of the standing committee of the party committee and vice president	Male	48	30 August 2021	20 December 2024	-	-	-	/	23.89	No
ZHAO Jinhua	Chief economist	Male	58	24 June 2015	20 December 2024	-	-	-	/	193.45	No
SUN Gongxin	Chief economist	Male	54	24 June 2015	20 December 2024	-	-	-	/	172.31	No
LEI Shengxiang	Chief engineer	Male	56	14 July 2016	20 December 2024	-	-	-	/	166.26	No
GUAN Shanyue	Safety director	Male	49	19 April 2019	20 December 2024	-	-	-	/	89.64	No
JING Jing	Secretary to the Board and office director of the Board	Female	50	12 January 2022	20 December 2024	-	-	-	/	-	No
WANG Huacheng	Former independent non-executive director	Male	58	28 October 2014	21 December 2021	-	-	-	/	21.20	No
Patrick SUN	Former independent non-executive director	Male	63	28 October 2014	21 December 2021	-	-	-	/	19.20	No
CHENG Wen	Former independent non-executive director	Male	69	28 October 2014	21 December 2021	-	-	-	/	10.00	No
Amanda Xiao Qiang	Former independent non-executive director	Female	67	28 October 2014	21 December 2021	-	-	-	/	15.80	No
CAO Xirui	Former chairman of Supervisory Committee	Male	52	22 December 2017	21 December 2021	-	-	-	/	-	No
ZHAO Dengshan	Former secretary to the Board	Male	60	30 May 2018	12 January 2022	-	-	-	/	87.23	No
Total	/	/	/	/	/	-	-	-	/	1,982.05	/

Notes:

1. The total remuneration during the Reporting Period is before the deduction of individual income tax and includes basic pension insurance, medical insurance, unemployment insurance, employment injury insurance, maternity insurance, enterprise annuity and housing provident fund that the Company paid for individuals.
2. On 21 December 2021, the Company held the 2021 second extraordinary General Meeting, and held the general election of the Board and the Board of Supervisors.

Section V Corporate Governance (Corporate Governance Report) (continued)

Biographies of incumbent directors, supervisors and senior management

Name	Main working experience
WANG Jianping	<p>Aged 61, a Chinese with no right of abode overseas, is currently the secretary to the Party Committee and the chairman of Company, 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.</p>

Section V Corporate Governance (Corporate Governance Report) (continued)

Name	Main working experience
ZHUANG Shangbiao	<p>Aged 59, 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.</p>

Section V Corporate Governance (Corporate Governance Report) (continued)

Name	Main working experience
CHEN Dayang	<p>Aged 58, 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 CRRC GROUP Co., Ltd., the deputy secretary to the Party Committee and the secretary of disciplinary committee of CRRC 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.</p>

Section V Corporate Governance (Corporate Governance Report) (continued)

Name	Main working experience
LIU Ruchen	<p>Aged 58, 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. In February 2021, he concurrently served as the general counsel and chief compliance officer 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.</p>

Section V Corporate Governance (Corporate Governance Report) (continued)

Name	Main working experience
GAO Lieyang	<p>Aged 56, a Chinese with no right of abode overseas, holds a master's degree, a Chartered Builder of The Chartered Institute of Building, U.K., and is currently a non-executive director of the Company. He successively served as the associate chief officer of the design department of China State Construction Engineering Group Co., Ltd., deputy manager of engineering contracting department of China Construction Design and Consultancy Co., Ltd., deputy head of Fujian office of China State Construction Engineering Group Co., Ltd., general manager of the China Construction South Co., Ltd., deputy general manager of general contracting department of China State Construction Engineering Group Co., Ltd., general manager of decoration department of China State Construction Engineering Group Co., Ltd., general manager of the China Construction Decoration Engineering Co., Ltd., deputy general manager, director, general manager and deputy secretary to the Party Committee of China State Construction Development Co., Ltd., chairman and secretary to the Party Committee of China State Decoration Group Co., Ltd., assistant general manager of China State Construction Engineering Corporation Ltd., as well as chairman and secretary to the Party Committee of CSCEC Xinjiang Construction & Engineering (Group) Co., Ltd., and chairman of the supervisory committee and assistant general manager of China State Construction Engineering Corporation Ltd. He is currently a professional external director for state-owned enterprises, and concurrently serves as external director for China Poly Group Corporation Limited and external director for China Minmetals Corporation.</p>
MA Chuanjing	<p>Aged 64, a Chinese with no right of abode overseas, holds a doctor's degree and is currently an independent non-executive director of the Company. Mr. MA Chuanjing was a teacher in the Beijing Chemical Industry Institute, and previously served as an editor of the economic editorial department of Qiushi (Hongqi) Journal, vice president and president of the economic editorial department and the head of the international department of Qiushi Journal, the vice president of the Comprehensive Research Department under the Research Office of the State Council, the vice president and president of Industry, Transportation and Trade Research Department under the Research Office of the State Council and a professional external director for central state-owned enterprises. He was an external director of Sinotrans & CSC Holdings Co., Ltd., an external director of Sinochem Group Co., Ltd., an external director of Xinxing Cathay International Group Co., Ltd. and an non-executive director of China Energy Engineering Group Co., Ltd. He is also an external director of China International Engineering Consulting Corporation.</p>

Section V Corporate Governance (Corporate Governance Report) (continued)

Name	Main working experience
ZHAO Lixin	Aged 67, a Chinese with no right of abode overseas, holds a bachelor's degree, and is currently an independent non-executive director of the Company. Mr. ZHAO Lixin was deputy chief designer of the Design and Research Institute, the deputy head and head of the chief engineer office, the deputy chief engineer and head of the chief engineer office, deputy chief engineer and the chief production officer, the deputy secretary to the Party Committee, the secretary to the Party Committee and the deputy general manager of China First Heavy Industries Group Co., Ltd. He was an external director of China Grain Reserves Group Company Ltd. He is also an independent non-executive director of China Energy Engineering Corporation Limited.
XIE Guoguang	Aged 61, a Chinese with no right of abode overseas, holds a bachelor's degree, a professor-level senior accountant, and is currently an independent non-executive director of the Company. Mr. XIE Guoguang was an assistant accountant in the finance department of the Bureau of Administration of the Ministry of Construction, accountant of the Audit Bureau of the Ministry of Construction, accountant of the finance department of China Construction Technical Research Center, accountant of Witt Company, accountant, deputy director and director of the finance department of China Architecture Design & Research Group, chief accountant of China Architecture Design & Research Group, chief accountant and secretary to the board of directors of China Construction Technology Group Co., Ltd., chief accountant of China Construction Technology Co., Ltd., and a standing committee member of the Party Committee and chief accountant of China Energy Conservation and Environmental Protection Group. He is also an external director of China National Coal Group Corporation.
TSIN Wai Lun Kenneth	Aged 54, with Chinese (Hong Kong) nationality and no right of abode overseas, has a doctor's degree, a master's degree in law, a master's degree in Science in Electronic Commerce and Internet Computing, and a master's degree in Business Administration, and is currently an independent non-executive director of the Company. He previously served as head of department in the Bank of East Asia Limited, and vice president of Chinese Bankers Club, Hong Kong. He currently also serves as chairman and chief executive officer of CBHK Holdings Limited, chief executive officer of CMK lawyers, founder of the Hong Kong International Data Protection Society, founder of Greater Bay Area Hong Kong International Professional Services Association, member of the Small and Medium Law Firms Association of Hong Kong, and consultant of Chinese Bankers Club, Hong Kong.

Section V Corporate Governance (Corporate Governance Report) (continued)

Name	Main working experience
ZHAO Wei	<p>Aged 53, a Chinese with no right of abode overseas, is currently the chairman of the Supervisory Committee and the general manager of the corporate management department of the Company. Mr. ZHAO once served as assistant to general manager, general manager, deputy secretary of the Party Committee and director, secretary of the Party Committee, chairman and general manager, and secretary of the Party Committee and chairman of China Railway Construction Group Co., Ltd., the executive deputy head of the construction leading group of residential district of CRCC headquarters, and became deputy chief economist and general manager of the corporate management department of the Company in February 2021. He has served as the chairman of the Supervisory Committee and the general manager of the corporate management department of the Company since December 2021. Mr. ZHAO graduated from Beijing Institute of Technology with a doctor's degree, majoring in management science and engineering, and is a professor-level senior engineer.</p>
LIU Zhengchang	<p>Aged 53, a Chinese with no right of abode overseas, currently serves as a supervisor, the chief auditor, and 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 majoring 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.</p>

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

Name	Main working experience
KANG Fuxiang	<p>Aged 53, a Chinese with no right of abode overseas, is currently an employee representative supervisor of the Company, and serves concurrently as the head (general manager) of Organization Department of Party Committee (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 (general manager) of Organization Department of Party Committee (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.</p>
WANG Xiuming	<p>Aged 58, a Chinese with no right of abode overseas, is currently the member of the standing committee of the communist party committee and the chief accountant of the Company. He concurrently serves as the member of the standing committee of the communist party committee of China Railway Construction Corporation. Mr. WANG served as the 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. 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.</p>

Section V Corporate Governance (Corporate Governance Report) (continued)

Name	Main working experience
LI Ning	<p>Aged 59, 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. 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. 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.</p>

Section V Corporate Governance (Corporate Governance Report) (continued)

Name	Main working experience
WANG Wenzhong	<p>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. 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. (北京中鐵建築工程公司). He has served as the chairman, secretary to the communist party committee of China of China Railway Construction Group Co., Ltd. (北京中鐵建築工程公司), 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.</p>

Section V Corporate Governance (Corporate Governance Report) (continued)

Name	Main working experience
LIU Chengjun	<p>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, as well as a member of the standing committee of the communist party committee of China Railway Construction Corporation. 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 Experts 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 served as a member of the standing committee of the communist party committee of China Railway Construction Corporation since July 2021; 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 vice president of China Railway Construction Corporation Limited since August 2021. 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.</p>

Section V Corporate Governance (Corporate Governance Report) (continued)

Name	Main working experience
WANG Lixin	<p>Aged 51, 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, as well as a member of the standing committee of the communist party committee of China Railway Construction Corporation. 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 China Railway Construction Corporation Limited since June 2018. He served as a member of the standing committee of the communist party committee of China Railway Construction Corporation since July 2021; 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 vice president of China Railway Construction Corporation Limited since August 2021. 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.</p>

Section V Corporate Governance (Corporate Governance Report) (continued)

Name	Main working experience
NI Zhen	<p>Aged 50, 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, as well as a member of the standing committee of the communist party committee of China Railway Construction Corporation. 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 China Railway Construction Corporation Limited 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. He served as a member of the standing committee of the communist party committee of China Railway Construction Corporation since July 2021; 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 vice president of China Railway Construction Corporation Limited since August 2021. Mr. NI graduated from Beijing University of Technology with a doctor's degree, majoring in Civil Engineering, and is a professorate senior engineer.</p>

Section V Corporate Governance (Corporate Governance Report) (continued)

Name	Main working experience
ZHAO Dianlong	<p>Aged 48, 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, as well as a member of the standing committee of the communist party committee of China Railway Construction Corporation. He served as the secretary of the party committee, vice chairman, secretary of the disciplinary committee and chairman of the labour union of CRCC International Group Co., Ltd., the secretary of the party committee and vice chairman of CRCC International Group Co., Ltd., the general manager, director and deputy secretary of the party committee of China Civil Engineering Construction Corporation, the chairman and secretary of the party committee of China Civil Engineering Construction Corporation. He served as a member of the standing committee of the party committee of China Railway Construction Corporation since July 2021; a member of the standing committee of the party committee of China Railway Construction Corporation and a member of the standing committee of the party committee and vice president of China Railway Construction Corporation Limited since August 2021. Mr. ZHAO graduated from Northern Jiaotong University majoring in railway engineering with a master's degree. He is a professorate senior engineer and entitled to special government allowances from the State Council.</p>
ZHAO Jinhua	<p>Aged 58, a Chinese with no right of abode overseas, is currently a chief economist of the Company, and concurrently serves as the secretary of the party committee and general manager of the East China Regional Headquarter of the Company. He served as the chairman, general manager and deputy secretary of the party committee of China Railway 12th Bureau Group First Engineering Co., Ltd., and the general manager, vice chairman and deputy secretary of the party committee of China Railway 11th Bureau Group Co., Ltd. He has served as the assistant to the president of the Company since March 2014, the special assistant to the president and the deputy director of the loss remediation project office of the Company since July 2014, the chief economist and the deputy director of the loss remediation project office of the Company since June 2015, and as the party secretary and general manager of the East China Regional Headquarter of the Company since April 2019. Mr. ZHAO graduated from Wuhan University majoring in business administration with a master's degree. He is a professorate senior economist and professorate senior engineer.</p>

Section V Corporate Governance (Corporate Governance Report) (continued)

Name	Main working experience
SUN Gongxin	Aged 54, a Chinese with no right of abode overseas, is currently a chief economist of the Company, and concurrently serves as the secretary of the party committee and chairman of CRCC Kunlun Investment Group Co., Ltd. He served as the chairman, general manager and deputy secretary of the party committee of China Railway 19th Bureau Group First Engineering Co., Ltd., and the deputy general manager, general manager, vice chairman and deputy secretary of the party committee of China Railway 19th Bureau Group Co., Ltd. He has been appointed as the assistant to the president of the Company since March 2014, the special assistant to the president of the Company since July 2014, the chief economist of the Company since June 2015, and concurrently served as the secretary of the party committee and chairman of CRCC Kunlun Investment Group Co., Ltd since April 2021. Mr. SUN graduated from Tsinghua University majoring in business administration with a master's degree. He is a professorate senior engineer.
LEI Shengxiang	Aged 56, a Chinese with no right of abode overseas, is currently a chief engineer of the Company. He served as the deputy chief engineer and chief engineer of China Railway 18th Bureau Group Co., Ltd., the general manager, vice chairman, deputy secretary of the party committee, chairman, general manager and deputy secretary of the party committee of China Railway 13th Bureau Group Co., Ltd., the chairman and secretary of the party committee of China Railway 20th Bureau Group Co., Ltd. He has served as the chief engineer of the Company since July 2016. Mr. LEI graduated from Southwest Jiaotong University majoring in bridge and tunnel engineering with a doctorate. He is a professorate senior engineer.
GUAN Shanyue	Aged 49, a Chinese with no right of abode overseas, is currently a safety director of the Company. He served as the division director and deputy department director of the second supervision and management division of the second department of safety supervision and management of the State Administration of Work Safety, a temporary member of the standing committee of the municipal party committee and deputy mayor of Huainan City, Anhui Province, and deputy director of the department of safety production comprehensive coordination of the emergency management department. He has been appointed as the safety director of the Company since April 2019. Mr. GUAN graduated from China University of Mining and Technology majoring in mining engineering with a master's degree. He is a senior engineer.
JING Jing	Aged 50, a Chinese with no right of abode overseas, is currently the secretary to the Board of the Company and the director of the Board office. She served as the director of the secretary division of the board of directors office of China Railway Construction Co., Ltd., deputy director of the secretary bureau of the Board and division chief of the secretariat division, deputy director, deputy director (presiding over the work) and director of the secretary bureau of the Board. She has been serving as director of the office of the Board of the Company since December 2019, and as secretary to the Board of the Company since January 2022. Ms. JING graduated from Northern Jiaotong University with a master's degree in business administration and is a senior economist.

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

Explanation for other matters

Applicable Not Applicable

(II) Occupations of Incumbent and Resigned Directors, Supervisors and Senior Management during the Reporting Period

1. 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 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	December 2017	
WANG Wenzhong	China Railway Construction Corporation	Member of the standing committee of the communist party committee	December 2017	
LIU Chengjun	China Railway Construction Corporation	Member of the standing committee of the communist party committee	July 2021	
WANG Lixin	China Railway Construction Corporation	Member of the standing committee of the communist party committee	July 2021	
NI Zhen	China Railway Construction Corporation	Member of the standing committee of the communist party committee	July 2021	
ZHAO Dianlong	China Railway Construction Corporation	Member of the standing committee of the communist party committee	July 2021	
Description on the position in shareholder entity		Nil		

Section V Corporate Governance (Corporate Governance Report) (continued)

2. Occupations in other entities

Applicable Not Applicable

Name of the employee	Name of other entities	Positions in other entities	Initial date	End date
GAO Lieyang	China Poly Group Corporation Limited	External director	July 2020	
MA Chuanjing	China Minmetals Group Co., Ltd.	External director	July 2020	
	China International Engineering Consulting Corporation*	External director	March 2021	
ZHAO Lixin	China Energy Engineering Group Company Limited	Independent non-executive director	June 2020	
XIE Guoguang	China National Coal Group Corporation	External director	February 2021	
WANG Xiuming	CRCC Capital Holdings Group Co., Ltd.	Chairman	March 2020	November 2021
LI Ning	China Railway Construction International Investment Co., Ltd.	Chairman	March 2019	August 2021
NI Zhen	CRCC Development Group Co., Ltd.	Chairman	September 2019	November 2021
ZHAO Jinhua	CRCC East Investment and Construction Co., Ltd.	Chairman	March 2020	
	CRCC Huadong Construction & Development Co., Ltd.	Chairman	March 2020	
	CRCC Southeast Investment Construction Co., Ltd.	Chairman	March 2020	
	China Railway Strait Construction Group Co., Ltd.	Chairman	March 2020	
	China Railway Construction Urban Development Co., Ltd.	Secretary of the party committee and chairman	March 2020	
SUN Gongxin	CRCC Kunlun Investment Group Co., Ltd.	Secretary of the party committee and chairman	April 2021	
	China Railway Construction Rongcheng Development Co., Ltd.	Chairman	November 2020	
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	May 2021
Patrick SUN	Tsinghua Tongfang Co., Ltd.	Independent director	February 2020	
	Sihuan Pharmaceutical Holding Group Ltd.	Independent non-executive director	October 2010	
	CRRC Corporation Limited	Independent non-executive director	May 2015	December 2021
	Kunlun Energy Company Limited	Independent non-executive director	February 2016	
CHENG Wen	China North Industries Group Corporation Limited	External director	September 2014	April 2021
Description on position in other entities		Nil		

Section V Corporate Governance (Corporate Governance Report) (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 (Remuneration, Work Allowance) 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.

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 (Remuneration, Work Allowance) 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 (Remuneration, Work Allowance) of Directors and Supervisors of China Railway Construction Corporation Limited and the Company's assessment results for Supervisors.

Section V Corporate Governance (Corporate Governance Report) (continued)

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

RMB19.8205 million

IV. Changes of Directors, Supervisors and Senior Management of the Company

Applicable Not Applicable

Name	Position held	Information on the change	Reason for change
GAO Lieyang	Non-executive director	Election	Newly appointed upon changing of session
MA Chuanjing	Independent non-executive director	Election	Newly appointed upon changing of session
ZHAO Lixin	Independent non-executive director	Election	Newly appointed upon changing of session
XIE Guoguang	Independent non-executive director	Election	Newly appointed upon changing of session
TSIN Wai Lun Kenneth	Independent non-executive director	Election	Newly appointed upon changing of session
ZHAO Wei	Chairman of the Supervisory Committee	Election	Newly appointed upon changing of session
ZHAO Dianlong	Vice president	Appointment	Business engagement
JING Jing	Secretary to the Board	Appointment	Business engagement

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

Name	Position held	Information on the change	Reason for change
WANG Huacheng	Independent non-executive director	Resignation	Two terms of office expired
Patrick SUN	Independent non-executive director	Resignation	Two terms of office expired
CHENG Wen	Independent non-executive director	Resignation	Two terms of office expired
Amanda Xiao Qiang LU	Independent non-executive director	Resignation	Two terms of office expired
CAO Xirui	Chairman of the Supervisory Committee	Resignation	Transferred
ZHAO Dengshan	Secretary to the Board	Resignation	Retired

- On 16 December 2021, the Company held the 2021 second employee representative meeting of CRCC. Mr. KANG Fuxiang was elected as the employee representative supervisor of the fifth session of the Supervisory Committee of the Company for a term commencing from the date of election to the expiration of the term of the fifth session of the Supervisory Committee of the Company. Mr. KANG Fuxiang and the shareholder representative supervisors elected by the general meeting of the Company jointly formed the fifth session of the Supervisory Committee of the Company. For details, please refer to the relevant announcements published by the Company dated 17 December 2021 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 December 2021, the Company held the 2021 second extraordinary general meeting, and held the general election of the Board and the Board of Supervisors. Mr. WANG Jianping, Mr. ZHUANG Shangbiao, Mr. CHEN Dayang and Mr. LIU Ruchen were elected as executive directors of the fifth session of the Board, Mr. GAO Lieyang was elected as non-executive directors of the fifth session of the Board, Mr. MA Chuanjing, Mr. ZHAO Lixin, Mr. XIE Guoguang and Mr. TSIN Wai Lun Kenneth were elected as the independent non-executive director of the fifth session of the Board of the Company; Mr. ZHAO Wei and Mr. LIU Zhengchang were elected as shareholder representative supervisors of the fifth session of the Supervisory Committee of the Company. For details, please refer to the relevant announcements published by the Company dated 22 December 2021 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 December 2021, the Company held the first meeting of the fifth session of Board, and elected Mr. WANG Jianping as the chairman of the Company, and the term of office was the same as that of the fifth session of the Board; Mr. ZHUANG Shangbiao was appointed as the Company's president for a term of three years, commencing from the date of approval by the Board; Mr. LI Ning, Mr. WANG Wenzhong, Mr. LIU Chengjun, Mr. WANG Lixin, Mr. NI Zhen and Mr. ZHAO Dianlong were appointed as the vice presidents of the Company, Mr. WANG Xiuming as the chief accountant of the Company, Mr. ZHAO Jinhua and Mr. SUN Gongxin as the chief economists of the Company, Mr. LEI Shengxiang as the chief engineer of the Company, and Mr. GUAN Shanyue as the safety director of the Company for a term of three years from the date of consideration and approval by the Board. For details, please refer to the relevant announcements published by the Company dated 22 December 2021 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 V Corporate Governance (Corporate Governance Report) (continued)

4. On 21 December 2021, the Company held the first meeting of the fifth session of the Supervisory Committee, and Mr. ZHAO Wei was elected as the chairman of the fifth session of the Supervisory Committee. The term of office is the same as that of the fifth session of the Supervisory Committee. For details, please refer to the relevant announcements published by the Company dated 22 December 2021 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).
5. On 12 January 2022, the Company held the second meeting of the fifth session of the Board, and considered and approved the "Resolution on the Appointment of the Secretary to the Board of the Company". Mr. ZHAO Dengshan, secretary to the Board and joint company secretary of the Company, ceased to hold his position due to his retirement age. It is agreed to appoint Ms. JING Jing as the secretary to the Board and joint company secretary of the Company, commencing from the date of approval by the Board. The term of office is the same as that of the fifth session of the Board. For details, please refer to the relevant announcements published by the Company dated 13 January 2022 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).

(V) Punishment Imposed by Securities Regulatory Description in Recent Three Years

Applicable Not Applicable

(VI) 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.

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

- (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.

VIII. INFORMATION ABOUT THE BOARD MEETINGS HELD DURING THE REPORTING PERIOD

Meeting session	Date of meeting	Meeting resolutions
The 54th meeting of the fourth session of the Board	15 January 2021	Considered and approved 15 resolutions, including the "Resolution on Comprehensive Credit Facility from Financial Institutions at the Company's Headquarters".
The 55th meeting of the fourth session of the Board	8 February 2021	Considered and approved 5 resolutions, including the "Resolution on the Work Points of the Board of China Railway Construction for 2021".
The 56th meeting of the fourth session of the Board	19 March 2021	Considered and approved the Resolution on Chongqing Regional Headquarters and China Railway Construction Capital Holding Group Limited to participate in the pilot issue of infrastructure REITs with the Yusui Expressway Project as the underlying assets.
The 57th meeting of the fourth session of the Board	29 to 30 March 2021	Considered and approved 27 resolutions including the "Report on the Company's financial accounts for the year 2020".
The 58th meeting of the fourth session of the Board	29 April 2021	Considered and approved 10 resolutions, including the "Resolution on the Company's First Quarterly Report for 2021".
The 59th meeting of the fourth session of the Board	31 May 2021	Considered and approved the "Resolution on the Participation of China Railway Eighteen Bureau Group Limited in the Tender for the Comprehensive Development Project of Beijing-Tianjin Intercity Area in Beichen District of Tianjin".
The 60th meeting of the fourth session of the Board	29 June 2021	Considered and approved 4 resolutions including the "Resolution on Increasing Registered Capital to China Railway Construction Urban Development Co., Ltd.".
The 61th meeting of the fourth session of the Board	22 July 2021	Considered and approved 5 resolutions including "Consideration of the Resolution to form a consortium of China Railway Construction Investment Group Limited and other units to participate in the tender for the New Township Project (Western Group) of Guangdong (Zhongkai) Artificial Intelligence Industrial Park".

Section V Corporate Governance (Corporate Governance Report) (continued)

Meeting session	Date of meeting	Meeting resolutions
The 62th meeting of the fourth session of the Board	31 July 2021	Considered and approved the "Resolution on the Transfer of Equity Interests of Yunnan Yulin Expressway Construction Co., Ltd. by the Company and Subsidiary China Railway Construction Kunlun Investment Group Co., Ltd.".
The 63th meeting of the fourth session of the Board	9 August 2021	Considered and approved 7 resolutions, including the "Resolution on Adjusting the Equity Structure of China Railway Construction International Investment Co., Ltd.".
The 64th meeting of the fourth session of the Board	18 August 2021	Considered and approved the "Resolution on Holding the Company's First Extraordinary General Meeting of Shareholders in 2021".
The 65th meeting of the fourth session of the Board	30 August 2021	Considered and approved 12 resolutions including the "Resolution to appoint Zhao Dianlong as Vice President of the Company".
The 66th meeting of the fourth session of the Board	6 September 2021	Considered and approved the "Resolution on China Railway Construction Investment Group Co., Ltd. and other units forming a consortium to participate in the bidding of the urban renewal and new urbanisation construction projects of Hada Bay and Wende River in Jilin City".
The 67th meeting of the fourth session of the Board	18 September 2021	Considered and approved 7 resolutions, including the "Resolution on the Consortium Formed by China Railway Construction Bridge Engineering Bureau Group Co., Ltd. and other units to participate in the bidding of the comprehensive development project in the central area of Lushunkou District, Dalian".
The 68th meeting of the fourth session of the Board	13 October 2021	Considered and approved 5 resolutions, including the "Resolution to amend certain articles of the Articles of Association of China Railway Construction Russia Limited".
The 69th meeting of the fourth session of the Board	29 October 2021	Considered and approved 9 resolutions, including the "Resolution on the Company's Third Quarterly Report for 2021".
The 70th meeting of the fourth session of the Board	17 November 2021	Considered and approved 4 resolutions, including the "Resolution on China Railway Construction Investment Group Co., Ltd. and other units forming a consortium to participate in the bidding of the PPP project of the Wuzhou-Yulin-Qinzhou Highway (Yulin-Pubei Section) Project".
The 71th meeting of the fourth session of the Board	24 November 2021	Considered and approved 4 resolutions including the "Resolution on the Election of Directors of the Fifth Session of the Board and the Fifth Session of the Supervisory Committee of the Company as Shareholder Representative Supervisors".

Section V Corporate Governance (Corporate Governance Report) (continued)

Meeting session	Date of meeting	Meeting resolutions
The 72th meeting of the fourth session of the Board	30 November 2021	Considered and approved 10 resolutions, including the “Resolution on the Authorization Management System of the Board of China Railway Construction Corporation Limited”.
The 73th meeting of the fourth session of the Board	17 December 2021	Considered and approved the “Resolution on Increasing the Registered Capital of China Railway Construction Capital Holding Group Co., Ltd. and China Railway Construction Kunlun Investment Group Co., Ltd. to Chong HSR Development (Chongqing) Commercial Factoring Co., Ltd.”.
The 1st meeting of the fifth session of the Board	21 December 2021	Considered and approved 6 resolutions including the “Resolution on the Election of the Chairman of the Fifth Session of the Board of the Company”.

IX. 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				Two consecutive absences from the Board meeting		Attendance at the General Meetings	
			Attendance in person	Attendance by communication	Attendance by proxy	Absence	Attendance	Number of attendance	Attendance	
WANG Jianping	No	21	7	14	0	0	No	100%	2	66.67%
ZHUANG Shangbiao	No	21	7	14	0	0	No	100%	2	66.67%
CHEN Dayang	No	21	7	14	0	0	No	100%	3	100%
LIU Ruchen	No	21	7	14	0	0	No	100%	3	100%
GAO Lieyang	No	1	1	0	0	0	No	100%	NA	NA
MA Chuanjing	Yes	1	1	0	0	0	No	100%	NA	NA
ZHAO Lixin	Yes	1	1	0	0	0	No	100%	NA	NA
XIE Guoguang	Yes	1	1	0	0	0	No	100%	NA	NA
TSIN Wai Lun Kenneth	Yes	1	1	0	0	0	No	100%	NA	NA
WANG Huacheng	Yes	20	6	14	0	0	No	100%	3	100%
Patrick SUN	Yes	20	6	14	0	0	No	100%	3	100%
CHENG Wen	Yes	20	6	14	0	0	No	100%	3	100%
Amanda Xiao Qiang LU	Yes	20	6	14	0	0	No	100%	3	100%

Notes on the two consecutive absences from the Board meeting

Applicable Not Applicable

Section V Corporate Governance (Corporate Governance Report) (continued)

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) Directors' objection to any matters related to the Company

Applicable Not Applicable

(III) Others

Applicable Not Applicable

1. Training of directors

From 15 March to 15 June 2021, Mr. WANG Jianping participated in the special training course of "one hundred years of Party History" of China cadre network college; From 26 to 30 July 2021, participated in the seminar of SASAC on studying and implementing the spirit of the General Secretary Xi Jinping's "July 1st" important speech and the special training course on improving political ability (phase I); Participated in the seminar on the construction of the board of directors of central enterprises of SASAC on 18 October 2021; On 21 December 2021, participated in China Railway Construction compliance operation training.

From 6 to 10 September 2021, Mr. ZHUANG Shangbiao participated in the seminar of SASAC on studying and implementing the spirit of the General Secretary Xi Jinping's "July 1st" important speech and the special training course on improving political ability (phase II); On 21 December 2021, participated in China Railway Construction compliance operation training.

From 26 to 30 July 2021, Mr. CHEN Dayang participated in the seminar of SASAC on studying and implementing the spirit of the General Secretary Xi Jinping's "July 1st" important speech and the special training course on improving political ability (phase I); On 2 November and 17 November 2021, he participated in the special training for directors and supervisors of Beijing Association of listed companies twice; On 21 December 2021, participated in China Railway Construction compliance operation training.

On 7 June 2021, Mr. LIU Ruchen participated in the special training of central enterprise holding listed companies of SASAC; participated in the seminar of SASAC on studying and implementing the spirit of the General Secretary Xi Jinping's "July 1st" important speech and the special training course on improving political ability (phase II) from 6 to 10 September 2021; On 21 December 2021, participated in China Railway Construction compliance operation training.

Section V Corporate Governance (Corporate Governance Report) (continued)

From 6 to 8 January 2021, Mr. GAO Lieyang participated in the 74th independent director qualification training of Shanghai Stock Exchange; From 26 to 30 July 2021, participated in the seminar of SASAC on studying and implementing the spirit of the General Secretary Xi Jinping's "July 1st" important speech and the special training course on improving political ability (phase I); Participated in the seminar on the construction of the board of directors of central enterprises of SASAC on 18 October 2021; On 19 October 2021, he participated in the training course for external directors and Secretary of the board of directors of central enterprises of SASAC; On 21 December 2021, participated in China Railway Construction compliance operation training.

Mr. MA Chuanjing participated in the seminar on the construction of the board of directors of central enterprises of SASAC; On 19 October 2021, he participated in the training course for external directors and Secretary of the board of directors of central enterprises of SASAC; On 21 December 2021, participated in China Railway Construction compliance operation training.

Mr. ZHAO Lixin participated in the training on China Railway Construction compliance operation on 21 December 2021.

Mr. XIE Guoguang participated in the seminar on the construction of the board of directors of central enterprises of SASAC on 18 October 2021; On 19 October 2021, he participated in the training course for external directors and Secretary of the board of directors of central enterprises of SASAC; On 21 December 2021, participated in China Railway Construction compliance operation training.

Mr. TSIN Wai Lun Kenneth participated in China Railway Construction compliance operation training on 21 December, 2021.

Mr. WANG Huacheng participated in the training and seminar on the theme of "Accounting and High-Quality Development" by the Accounting Society of China from 10 to 11 July 2021; and participated in the training and seminar on the theme of "Accounting Reform in the Digital Intelligence Era" by the Intelligent Accounting Alliance on 7 July 2021.

Mr. Patrick SUN participated in the online training of directors of the Hong Kong Stock Exchange on capital raising on 13 January 2021; On 30 December 2021, he participated in the online training of directors of the Hong Kong Stock Exchange on continuous disclosure responsibility and short suspension.

Mr. CHENG Wen participated in the seminar on the construction of the board of directors of central enterprises of SASAC on 18 October 2021; On 19 October 2021, he participated in the training course for external directors and Secretary of the board of directors of central enterprises of SASAC.

On 30 April 2021, Ms. Amanda Xiao Qiang LU participated in the annual online training on the legal compliance of China Railway Construction.

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.

Section V Corporate Governance (Corporate Governance Report) (continued)

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.

Develop, review and monitor the code of conduct and compliance manual for employees and directors.

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 Stock Exchange 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 Stock Exchange 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 V Corporate Governance (Corporate Governance Report) (continued)

X. 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.

XI. SPECIAL COMMITTEES UNDER THE BOARD

Applicable Not Applicable

(I) Special Committees under the Board of Directors

Special Committee	Name of Member
Nomination Committee	The 4th Session: WANG Jianping as Chairman of the Board (Chairman), CHEN Dayang as executive director, WANG Huacheng, Patrick SUN, CHENG Wen as independent non-executive directors.
	The 5th Session: WANG Jianping as Chairman of the Board (Chairman), CHEN Dayang as executive director, ZHAO Lixin, XIE Guoguang, TSIN Wai Lun Kenneth as independent non-executive directors.

Section V Corporate Governance (Corporate Governance Report) (continued)

Special Committee	Name of Member
Strategy and Investment Committee	<p>The 4th Session:</p> <p>ZHUANG Shangbiao as president and executive director (Chairmen), LIU Ruchen as executive director, WANG Huacheng, Patrick SUN as independent non-executive directors.</p> <p>The 5th Session:</p> <p>ZHUANG Shangbiao as president and executive director (Chairmen), LIU Ruchen as executive director, GAO Lieyang as non-executive director, MA Chuanjing, XIE Guoguang as independent non-executive directors.</p>
Remuneration and Evaluation Committee	<p>The 4th Session:</p> <p>CHENG Wen (Chairmen), Amanda Xiao Qiang LU as independent non-executive directors.</p> <p>The 5th Session:</p> <p>MA Chuanjing as independent non-executive director (Chairman), GAO Lieyang as non-executive director, ZHAO Lixin as independent non-executive director.</p>
Audit and Risk Management Committee	<p>The 4th Session:</p> <p>WANG Huacheng (Chairman), Patrick SUN, CHENG Wen, Amanda Xiao Qiang LU as independent non-executive directors.</p> <p>The 5th Session:</p> <p>XIE Guoguang as independent non-executive director (Chairman), GAO Lieyang as non-executive director, MA Chuanjing, ZHAO Lixin, TSIN Wai Lun Kenneth as independent non-executive directors.</p>

Note: On 21 December 2021, the Company held the Second Extraordinary General Meeting of 2021 for the general election of the Board of Directors and the First Meeting of the Fifth Session of the Board of Directors was held on the same day to consider and approve the "Proposal on the Composition of the Specialized Committees of the Fifth Session of the Board of Directors". For details, please refer to the relevant announcement of the Company dated 22 December 2021 published in China Securities Journal, Shanghai Securities News, Securities Daily and Securities Times and on the websites of the Shanghai Stock Exchange (www.sse.com.cn), the Hong Kong Stock Exchange (www.hkex.com.hk) and the Company (www.crcc.cn).

Section V Corporate Governance (Corporate Governance Report) (continued)

(II) The Nomination Committee Held a total of 3 meetings During the Reporting Period

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.

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. During the Reporting Period, 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.

Date of meeting	Content of meeting	Important comments and suggestions	Other performance of duties
30 August 2021	Considered the Resolution on the Appointment of ZHAO Dianlong as the Vice President of the Company.	The Nomination Committee of the fourth session of the Board conducted its work in strict accordance with the Company Law, the regulatory rules of the CSRC, the Articles of Association, the Rules of Procedure of the Board and the Working Rules of the Nomination Committee, diligently fulfilled its responsibilities, and unanimously approved all resolutions after thorough communication and discussion.	Chairman Mr. WANG Jianping, members Mr. CHEN Dayang, Mr. WANG Huacheng, Mr. Patrick SUN and Mr. CHENG Wen attended the meeting.

Section V Corporate Governance (Corporate Governance Report) (continued)

Date of meeting	Content of meeting	Important comments and suggestions	Other performance of duties
24 November 2021	Considered the Resolution on Election of Directors of the Fifth Session of the Board of the Company.	The Nomination Committee of the fourth session of the Board conducted its work in strict accordance with the Company Law, the regulatory rules of the CSRC, the Articles of Association, the Rules of Procedure of the Board and the Working Rules of the Nomination Committee, diligently fulfilled its responsibilities, and unanimously approved all resolutions after thorough communication and discussion.	Chairman Mr. WANG Jianping, members Mr. CHEN Dayang, Mr. WANG Huacheng, Mr. Patrick SUN and Mr. CHENG Wen attended the meeting.
21 December 2021	Considered two resolutions including the Resolution on Appointment the President of the Company.	The Nomination Committee of the fifth session of the Board conducted its work in strict accordance with the Company Law, the regulatory rules of the CSRC, the Articles of Association, the Rules of Procedure of the Board and the Working Rules of the Nomination Committee, diligently fulfilled its responsibilities, and unanimously approved all resolutions after thorough communication and discussion.	Chairman Mr. WANG Jianping, members Mr. CHEN Dayang, Mr. ZHAO Lixin, Mr. XIE Guoguang and Mr. TSIN Wai Lun Kenneth attended the meeting.

(III) The Strategy and Investment Committee Held a total of 18 meetings During the Reporting Period

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.

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

Date of meeting	Content of meeting	Important comments and suggestions	Other performance of duties
14 January 2021	Considered nine resolutions including the Resolution on the Completion of the Company's 2020 Production and Operation Plan and the 2021 Production and Operation Plan.	The Strategy and Investment Committee of the fourth session of the Board conducted its work in strict accordance with the Company Law, the regulatory rules of the CSRC, the Articles of Association, the Rules of Procedure of the Board and the Working Rules of the Strategy and Investment Committee, diligently fulfilled its responsibilities, and unanimously approved all resolutions after thorough communication and discussion.	Chairman Mr. ZHUANG Shangbiao, members Mr. LIU Ruchen, Mr. WANG Huacheng and Mr. Patrick SUN attended the meeting.
5 February 2021	Considered four resolutions including the Resolution on Forming a Consortium of China Railway 24th Bureau Group Co., Ltd. and Other Units to Participate in the Bidding for Core Area Comprehensive Upgrading Project (Phase I East) of Liaocheng New High-speed Railway District.	The Strategy and Investment Committee of the fourth session of the Board conducted its work in strict accordance with the Company Law, the regulatory rules of the CSRC, the Articles of Association, the Rules of Procedure of the Board and the Working Rules of the Strategy and Investment Committee, diligently fulfilled its responsibilities, and unanimously approved all resolutions after thorough communication and discussion.	Chairman Mr. ZHUANG Shangbiao, members Mr. LIU Ruchen, Mr. WANG Huacheng and Mr. Patrick SUN attended the meeting.
19 March 2021	Considered the Resolution on the Participation of Chongqing Regional Headquarters and China Railway Construction Capital Holding Co., Ltd. in the Pilot Issuance of Infrastructure REITs with Yusui Expressway Project as the Underlying Assets.	The Strategy and Investment Committee of the fourth session of the Board conducted its work in strict accordance with the Company Law, the regulatory rules of the CSRC, the Articles of Association, the Rules of Procedure of the Board and the Working Rules of the Strategy and Investment Committee, diligently fulfilled its responsibilities, and unanimously approved all resolutions after thorough communication and discussion.	Chairman Mr. ZHUANG Shangbiao, members Mr. LIU Ruchen, Mr. WANG Huacheng and Mr. Patrick SUN attended the meeting.

Section V Corporate Governance (Corporate Governance Report) (continued)

Date of meeting	Content of meeting	Important comments and suggestions	Other performance of duties
29 March 2021	Considered six resolutions including the Resolution on the Integration of CRCC Kunlun Investment Group Co., Ltd and CRCC Chongqing Investment Group Co., Ltd.	The Strategy and Investment Committee of the fourth session of the Board conducted its work in strict accordance with the Company Law, the regulatory rules of the CSRC, the Articles of Association, the Rules of Procedure of the Board and the Working Rules of the Strategy and Investment Committee, diligently fulfilled its responsibilities, and unanimously approved all resolutions after thorough communication and discussion.	Chairman Mr. ZHUANG Shangbiao, members Mr. LIU Ruchen, Mr. WANG Huacheng and Mr. Patrick SUN attended the meeting.
28 April 2021	Considered five resolutions including the Resolution on Adjustment of Investment Scale and Change of Financing Scheme for PPP Project of the Wuhu City South River Crossing Tunnel of the Company.	The Strategy and Investment Committee of the fourth session of the Board conducted its work in strict accordance with the Company Law, the regulatory rules of the CSRC, the Articles of Association, the Rules of Procedure of the Board and the Working Rules of the Strategy and Investment Committee, diligently fulfilled its responsibilities, and unanimously approved all resolutions after thorough communication and discussion.	Chairman Mr. ZHUANG Shangbiao, members Mr. LIU Ruchen, Mr. WANG Huacheng and Mr. Patrick SUN attended the meeting.
31 May 2021	Considered the Resolution on the Participation of China Railway 18th Bureau Group Co., Ltd. in the Bidding for the Comprehensive Development Projects of Beijing-Tianjin Intercity Area in Beichen District, Tianjin.	The Strategy and Investment Committee of the fourth session of the Board conducted its work in strict accordance with the Company Law, the regulatory rules of the CSRC, the Articles of Association, the Rules of Procedure of the Board and the Working Rules of the Strategy and Investment Committee, diligently fulfilled its responsibilities, and unanimously approved all resolutions after thorough communication and discussion.	Chairman Mr. ZHUANG Shangbiao, members Mr. LIU Ruchen, Mr. WANG Huacheng and Mr. Patrick SUN attended the meeting.

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

Date of meeting	Content of meeting	Important comments and suggestions	Other performance of duties
28 June 2021	Considered three resolutions including the Resolution on Increasing Registered Capital to China Railway Construction Urban Development Co., Ltd.	The Strategy and Investment Committee of the fourth session of the Board conducted its work in strict accordance with the Company Law, the regulatory rules of the CSRC, the Articles of Association, the Rules of Procedure of the Board and the Working Rules of the Strategy and Investment Committee, diligently fulfilled its responsibilities, and unanimously approved all resolutions after thorough communication and discussion.	Chairman Mr. ZHUANG Shangbiao, members Mr. LIU Ruchen, Mr. WANG Huacheng and Mr. Patrick SUN attended the meeting.
22 July 2021	Considered five resolutions including the "Resolution on the Company's Participation in the Bidding for the PPP Project of the Phase I Project of Tianjin Rail Transit Line Z2 (Binhai Airport Station-Beitang Station)".	The Strategy and Investment Committee of the fourth session of the Board conducted its work in strict accordance with the Company Law, the regulatory rules of the CSRC, the Articles of Association, the Rules of Procedure of the Board and the Working Rules of the Strategy and Investment Committee, diligently fulfilled its responsibilities, and unanimously approved all resolutions after thorough communication and discussion.	Chairman Mr. ZHUANG Shangbiao, members Mr. LIU Ruchen, Mr. WANG Huacheng and Mr. Patrick SUN attended the meeting.
31 July 2021	Considered the Resolution on the Transfer of Equity Interests of Yunnan Yulin Expressway Construction Co., Ltd. by the Company and Its Subsidiary CRCC Kunlun Investment Group Co., Ltd.	The Strategy and Investment Committee of the fourth session of the Board conducted its work in strict accordance with the Company Law, the regulatory rules of the CSRC, the Articles of Association, the Rules of Procedure of the Board and the Working Rules of the Strategy and Investment Committee, diligently fulfilled its responsibilities, and unanimously approved all resolutions after thorough communication and discussion.	Chairman Mr. ZHUANG Shangbiao, members Mr. LIU Ruchen, Mr. WANG Huacheng and Mr. Patrick SUN attended the meeting.

Section V Corporate Governance (Corporate Governance Report) (continued)

Date of meeting	Content of meeting	Important comments and suggestions	Other performance of duties
9 August 2021	Considered seven resolutions including the Resolution on Adjusting the Equity Structure of CRCC International Investment Co., Ltd.	The Strategy and Investment Committee of the fourth session of the Board conducted its work in strict accordance with the Company Law, the regulatory rules of the CSRC, the Articles of Association, the Rules of Procedure of the Board and the Working Rules of the Strategy and Investment Committee, diligently fulfilled its responsibilities, and unanimously approved all resolutions after thorough communication and discussion.	Chairman Mr. ZHUANG Shangbiao, members Mr. LIU Ruchen, Mr. WANG Huacheng and Mr. Patrick SUN attended the meeting.
27 August 2021	Considered seven resolutions including the Resolution on the "14th Five-Year Plan" Development Strategy and Planning of the Company.	The Strategy and Investment Committee of the fourth session of the Board conducted its work in strict accordance with the Company Law, the regulatory rules of the CSRC, the Articles of Association, the Rules of Procedure of the Board and the Working Rules of the Strategy and Investment Committee, diligently fulfilled its responsibilities, and unanimously approved all resolutions after thorough communication and discussion.	Chairman Mr. ZHUANG Shangbiao, members Mr. LIU Ruchen, Mr. WANG Huacheng and Mr. Patrick SUN attended the meeting.
6 September 2021	Considered the Resolution on Forming a Consortium of China Railway Construction Investment Group Co., Ltd. and Other Units to Participate in the Bidding for the Urban Renewal and New Urbanisation Construction Project of Hada Bay and Wende River in Jilin City.	The Strategy and Investment Committee of the fourth session of the Board conducted its work in strict accordance with the Company Law, the regulatory rules of the CSRC, the Articles of Association, the Rules of Procedure of the Board and the Working Rules of the Strategy and Investment Committee, diligently fulfilled its responsibilities, and unanimously approved all resolutions after thorough communication and discussion.	Chairman Mr. ZHUANG Shangbiao, members Mr. LIU Ruchen, Mr. WANG Huacheng and Mr. Patrick SUN attended the meeting.

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

Date of meeting	Content of meeting	Important comments and suggestions	Other performance of duties
18 September 2021	Considered seven resolutions including the Resolution on Forming a Consortium of China Railway Construction Bridge Engineering Bureau Group Co., Ltd. and Other Units to Participate in the Bidding for the Comprehensive Development Project in the Central Area of Lushunkou District, Dalian.	The Strategy and Investment Committee of the fourth session of the Board conducted its work in strict accordance with the Company Law, the regulatory rules of the CSRC, the Articles of Association, the Rules of Procedure of the Board and the Working Rules of the Strategy and Investment Committee, diligently fulfilled its responsibilities, and unanimously approved all resolutions after thorough communication and discussion.	Chairman Mr. ZHUANG Shangbiao, members Mr. LIU Ruchen, Mr. WANG Huacheng and Mr. Patrick SUN attended the meeting.
13 October 2021	Considered five resolutions including the Resolution on Amendments to the Part of Articles of Association of China Railway (Russia) Co., Ltd.	The Strategy and Investment Committee of the fourth session of the Board conducted its work in strict accordance with the Company Law, the regulatory rules of the CSRC, the Articles of Association, the Rules of Procedure of the Board and the Working Rules of the Strategy and Investment Committee, diligently fulfilled its responsibilities, and unanimously approved all resolutions after thorough communication and discussion.	Chairman Mr. ZHUANG Shangbiao, members Mr. LIU Ruchen, Mr. WANG Huacheng and Mr. Patrick SUN attended the meeting.
28 October 2021	Considered five resolutions including the Resolution on the Development of Financial Derivative Business by the Subsidiary of China Railway Construction Electrification Bureau Group Co., Ltd.	The Strategy and Investment Committee of the fourth session of the Board conducted its work in strict accordance with the Company Law, the regulatory rules of the CSRC, the Articles of Association, the Rules of Procedure of the Board and the Working Rules of the Strategy and Investment Committee, diligently fulfilled its responsibilities, and unanimously approved all resolutions after thorough communication and discussion.	Chairman Mr. ZHUANG Shangbiao, members Mr. LIU Ruchen, Mr. WANG Huacheng and Mr. Patrick SUN attended the meeting.

Section V Corporate Governance (Corporate Governance Report) (continued)

Date of meeting	Content of meeting	Important comments and suggestions	Other performance of duties
17 November 2021	Considered four resolutions including the Resolution on Forming a Consortium of China Railway Construction Investment Group Co., Ltd. and Other Units to Participate in the Bidding for the PPP Project of the Wuzhou-Yulin-Qinzhou Highway (Yulin-Pubei Section).	The Strategy and Investment Committee of the fourth session of the Board conducted its work in strict accordance with the Company Law, the regulatory rules of the CSRC, the Articles of Association, the Rules of Procedure of the Board and the Working Rules of the Strategy and Investment Committee, diligently fulfilled its responsibilities, and unanimously approved all resolutions after thorough communication and discussion.	Chairman Mr. ZHUANG Shangbiao, members Mr. LIU Ruchen, Mr. WANG Huacheng and Mr. Patrick SUN attended the meeting.
30 November 2021	Reviewed eight resolutions including the Resolution on Forming a Consortium of China Railway Construction Urban Development Co., Ltd. and Other Units to Participate in the Bidding for the Urban Renewal Project in the North Area of Urban Villages in Yuyao City.	The Strategy and Investment Committee of the fourth session of the Board conducted its work in strict accordance with the Company Law, the regulatory rules of the CSRC, the Articles of Association, the Rules of Procedure of the Board and the Working Rules of the Strategy and Investment Committee, diligently fulfilled its responsibilities, and unanimously approved all resolutions after thorough communication and discussion.	Chairman Mr. ZHUANG Shangbiao, members Mr. LIU Ruchen, Mr. WANG Huacheng and Mr. Patrick SUN attended the meeting.
17 December 2021	Reviewed the Resolution on Increasing the Registered Capital of CRCC Capital Holdings Group Co., Ltd. and CRCC Kunlun Investment Group Co., Ltd. to Chongqing High-speed Railway Development (Chongqing) Commercial Factoring Co., Ltd.	The Strategy and Investment Committee of the fourth session of the Board conducted its work in strict accordance with the Company Law, the regulatory rules of the CSRC, the Articles of Association, the Rules of Procedure of the Board and the Working Rules of the Strategy and Investment Committee, diligently fulfilled its responsibilities, and unanimously approved all resolutions after thorough communication and discussion.	Chairman Mr. ZHUANG Shangbiao, members Mr. LIU Ruchen, Mr. WANG Huacheng and Mr. Patrick SUN attended the meeting.

Section V Corporate Governance (Corporate Governance Report) (continued)

(IV) The Remuneration and Evaluation Committee Held a total of 3 Meetings During the Reporting Period

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. 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.

Date of meeting	Content of meeting	Important comments and suggestions	Other performance of duties
29 March 2021	Considered three resolutions including the Resolution on the Remuneration of Directors and Supervisors in 2020.	The Remuneration and Evaluation Committee of the fourth session of the Board conducted its work in strict accordance with the Company Law, the regulatory rules of the CSRC, the Articles of Association, the Rules of Procedure of the Board and the Working Rules of the Remuneration and Evaluation Committee, diligently fulfilled its responsibilities, and unanimously approved all resolutions after thorough communication and discussion.	Chairman CHENG Wen and member Ms. Amanda Xiao Qiang LU attended the meeting.
28 April 2021	Considered two resolutions including the Resolution on the Board's 2020 Annual Assessment Results of the President.	The Remuneration and Evaluation Committee of the fourth session of the Board conducted its work in strict accordance with the Company Law, the regulatory rules of the CSRC, the Articles of Association, the Rules of Procedure of the Board and the Working Rules of the Remuneration and Evaluation Committee, diligently fulfilled its responsibilities, and unanimously approved all resolutions after thorough communication and discussion.	Chairman CHENG Wen and member Ms. Amanda Xiao Qiang LU attended the meeting.

Section V Corporate Governance (Corporate Governance Report) (continued)

Date of meeting	Content of meeting	Important comments and suggestions	Other performance of duties
24 November 2021	Considered the Resolution on the 2020 Annual Remuneration Redemption Plan for the Senior Management of the Company	The Remuneration and Evaluation Committee of the fourth session of the Board conducted its work in strict accordance with the Company Law, the regulatory rules of the CSRC, the Articles of Association, the Rules of Procedure of the Board and the Working Rules of the Remuneration and Evaluation Committee, diligently fulfilled its responsibilities, and unanimously approved all resolutions after thorough communication and discussion.	Chairman CHENG Wen and member Ms. Amanda Xiao Qiang LU attended the meeting.

(V) The Audit and Risk Management Committee Held a total of 7 Meetings During the Reporting Period

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 2020 annual report and the 2021 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.

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

Date of meeting	Content of meeting	Important comments and suggestions	Other performance of duties
14 January 2021	Considered two resolutions including the Resolution on Submitting the 2020 Annual Compliance Management Work Report to SASAC.	The Audit and Risk Management Committee of the fourth session of the Board conducted its work in strict accordance with the Company Law, the regulatory rules of the CSRC, the Articles of Association, the Rules of Procedure of the Board and the Working Rules of the Audit and Risk Management Committee, diligently fulfilled its responsibilities, and unanimously approved all resolutions after thorough communication and discussion.	Chairman Mr. WANG Huacheng, members Mr. Patrick SUN, Mr. CHENG Wen and Ms. Amanda Xiao Qiang LU attended the meeting.
10 March 2021	Listened to the Report of Deloitte Touche Tohmatsu Certified Public Accountants on the Audit of the 2020 Annual Report of the Company.	The Audit and Risk Management Committee of the fourth session of the Board conducted its work in strict accordance with the Company Law, the regulatory rules of the CSRC, the Articles of Association, the Rules of Procedure of the Board and the Working Rules of the Audit and Risk Management Committee, diligently fulfilled its responsibilities, affirmed the progress of Deloitte's work, and approved the subsequent work plan and arrangement after thorough communication and discussion.	Chairman Mr. WANG Huacheng, members Mr. Patrick SUN, Mr. CHENG Wen and Ms. Amanda Xiao Qiang LU attended the meeting.
29 March 2021	Considered five resolutions including the Resolution on the 2020 Annual Report and its Summary of the Company.	The Audit and Risk Management Committee conducted its work in strict accordance with the Company Law, the regulatory rules of the CSRC, the Articles of Association, the Rules of Procedure of the Board and the Working Rules of the Audit and Risk Management Committee, diligently fulfilled its responsibilities, and unanimously approved all resolutions after thorough communication and discussion.	Chairman Mr. WANG Huacheng, members Mr. Patrick SUN, Mr. CHENG Wen and Ms. Amanda Xiao Qiang LU attended the meeting.
28 April 2021	Considered three resolutions including the Resolution on the 2021 First Quarterly Report of the Company.	The Audit and Risk Management Committee of the fourth session of the Board conducted its work in strict accordance with the Company Law, the regulatory rules of the CSRC, the Articles of Association, the Rules of Procedure of the Board and the Working Rules of the Audit and Risk Management Committee, diligently fulfilled its responsibilities, and unanimously approved all resolutions after thorough communication and discussion.	Chairman Mr. WANG Huacheng, members Mr. Patrick SUN, Mr. CHENG Wen and Ms. Amanda Xiao Qiang LU attended the meeting.

Section V Corporate Governance (Corporate Governance Report) (continued)

Date of meeting	Content of meeting	Important comments and suggestions	Other performance of duties
27 August 2021	Considered five resolutions including the Resolution on the 2021 Semi-annual Report and its Summary of the Company.	The Audit and Risk Management Committee of the fourth session of the Board conducted its work in strict accordance with the Company Law, the regulatory rules of the CSRC, the Articles of Association, the Rules of Procedure of the Board and the Working Rules of the Audit and Risk Management Committee, diligently fulfilled its responsibilities, and unanimously approved all resolutions after thorough communication and discussion.	Chairman Mr. WANG Huacheng, members Mr. Patrick SUN, Mr. CHENG Wen and Ms. Amanda Xiao Qiang LU attended the meeting.
28 October 2021	Considered four resolutions including the Resolution on the 2021 Third Quarterly Report of the Company.	The Audit and Risk Management Committee of the fourth session of the Board conducted its work in strict accordance with the Company Law, the regulatory rules of the CSRC, the Articles of Association, the Rules of Procedure of the Board and the Working Rules of the Audit and Risk Management Committee, diligently fulfilled its responsibilities, and unanimously approved all resolutions after thorough communication and discussion.	Chairman Mr. WANG Huacheng, members Mr. Patrick SUN, Mr. CHENG Wen and Ms. Amanda Xiao Qiang LU attended the meeting.
21 December 2021	Considered two resolutions including the Resolution on Renewal of Financial Services Agreement and the Proposed Caps of Continued Connected (Related) Transactions from 2022 to 2024".	The Audit and Risk Management Committee of the fifth session of the Board conducted its work in strict accordance with the Company Law, the regulatory rules of the CSRC, the Articles of Association, the Rules of Procedure of the Board and the Working Rules of the Audit and Risk Management Committee, diligently fulfilled its responsibilities, and unanimously approved all resolutions after thorough communication and discussion.	Chairman Mr. XIE Guoguang, members Mr. GAO Lieyang, Mr. MA Chuanjing, Mr. ZHAO Lixin and Mr. TSIN Wai Lun Kenneth attended the meeting.

(VI) The particular conditions of the objection

Applicable Not Applicable

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

Applicable Not Applicable

The Supervisory Committee has no objection to the supervision matters during the Reporting Period.

Section V Corporate Governance (Corporate Governance Report) (continued)

XIII. EMPLOYEES OF THE PARENT AND THE MAJOR SUBSIDIARIES AT THE END OF THE REPORTING PERIOD

(I) Employees

Number of existing employees of the parent	300
Number of existing employees of major subsidiaries	267,426
Total number of existing employees	267,760
Number of the resigned and retired staff in the parent company and its major subsidiaries	0

Category of professionals	Professional composition	Number of employees
Production personnel		29,041
Sales personnel		13,452
Technical personnel		186,826
Financial personnel		14,468
Administrative personnel		23,973
Total		267,760

Category of educational level	Educational level	Number (person)
Master degree and above		14,418
Bachelor degree		164,756
Junior college		40,743
Secondary technical school		16,358
High school and below		31,485
Total		267,760

Section V Corporate Governance (Corporate Governance Report) (continued)

(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 wages are controlled by three links: benefit determination, efficiency adjustment, and level regulation. That is, the growth of total wages is linked to the increase in the economic benefits of the enterprise, while moderately adjusting the efficiency level of the industry benchmark, and taking into account the fairness of income distribution to carry out horizontal regulation. 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.

(III) Training plan

Applicable Not Applicable

In 2021, the training work of the Company was carried out closely around the development strategy of the enterprise. According to the annual training work plan, the Company adhered to the principle of “classification and grading, training as much as possible, precise guidance and training”, increased the training efforts of staff by adopting a combination method of online and offline, and further improved the training rate of staff. Among them, the training rate of senior management and middle management reached 100%, and that of general staffs reached over 95%, with the average number of training hours reaching over 90. This year witnessed a total of 1,124,889 times of employee training (398,907 offline training and 725,982 online training, respectively), of which 24,796 were for business leaders, 195,348 for operation management personnel, 705,954 for professional and technical personnel, 36,822 for Party members and 161,969 for skilled personnel. The number of training attendances increased by 64,958, or 6.1% as compared with the 1,059,931 in 2020. First, the Company strictly implemented the training plan, with the focus on staff education and training as an important way to develop human resources, established a long-term training mechanism, and effectively put the work of staff education and training into practice. All units were required to actively select relevant personnel to participate in various training courses organized by the joint-stock company, and properly addressed the imbalance of the participants in work and study to ensure an effective implementation of the training plan. Second, the Company enhanced the relevance and effectiveness of training. In line with the principle of “whoever runs the class is in charge”, the training organizers, according to the annual training plan, with the combination of professional business characteristics and training needs, formulated scientific and reasonable, practical training programs, carefully organized, selected excellent lecturers, constantly innovated training methods and approaches, actively promoted the combination of online and offline training mode, and established and improved the training examination and evaluation system and the training quality assessment system to ensure that the training contributed to an effective advancement. Third, the Company reinforced the daily management of training courses. The unit hosting the training insisted on strict education, strict management and strict supervision, strengthened the examination and assessment of participants, enhanced their awareness of service to improve service levels and actively created a good learning environment.

(IV) Labour outsourcing

Applicable Not Applicable

Total working hours on labour outsourcing	Approximately 6.334 billion working hours
Total payment for labour outsourcing	Approximately RMB215.149 billion

Section V Corporate Governance (Corporate Governance Report) (continued)

XIV. 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 realised 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 realised 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.

(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.

Section V Corporate Governance (Corporate Governance Report) (continued)

(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 57th meeting of the fourth session of the Board convened by the Company on 29 and 30 March 2021 that a cash dividend of RMB3,123,294,545.00 in total for 2021, i.e., RMB0.23 (tax inclusive) per share based on the total share capital of 13,579,541,500 shares as at 31 December 2020 was declared. The profit distribution plan had been considered and passed at the 2020 annual general meeting convened on 29 June 2021. The distribution of the above cash dividend was completed on 4 August 2021 and 20 August 2021, 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 2020, the Company held an online presentation on 1 April 2021, with the investors' corresponding issues hereof under common concern answered. On 29 June 2021, through the combination of on-site open and online voting, the Company considered and adopted the Proposal Regarding 2020 Annual Profit Distribution Plan and the Proposal Regarding the Shareholder Return Planning of the Company for the Next Three Years (2021-2023) at the 2020 Annual General Meeting.

Section V Corporate Governance (Corporate Governance Report) (continued)

3. Explanation on profit distribution plan for 2021

(1) *The 2021 profit distribution plan approved by the Board*

According to the audited financial report of the Company for 2021, at the beginning of 2021, the undistributed profit of the parent company was RMB27,864,487,641.94. After adding the net profit realised by the parent company in this year of RMB10,959,398,105.80, deducting the cash dividends for 2020 of RMB3,123,294,545.00 and distribution of the interest of holders of other equity instrument for 2021 of RMB2,954,556,797.75 for the year 2021, the distributable profit of the parent company at the end of the year was RMB32,746,034,404.99. 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 2021: the withdraw of the statutory surplus reserve fund of RMB650,201,063.87 based on 10% of net profit realised by the parent company for the year of 2021 and limited to 50% of the share capital of the parent company, after which the parent company's distributable profit for the shareholders in this year was RMB32,095,833,341.12; a cash dividend of RMB3,340,567,209.00 in total, being RMB2.46 (tax inclusive) for every 10 shares, will be distributed, based on the total issued share capital of 13,579,541,500 shares as at 31 December 2021, accounting for 15.37% of the distributable profits attributable to ordinary shareholders of the listed company in the consolidated statements of the year; upon such distribution, the undistributed profit of the parent company amounting to RMB28,755,266,132.12 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 2021*

The profit distribution plan for 2021 of the Company is subject to consideration and approval at the 2021 Annual General Meeting. The above proposed dividend is expected to be paid to the shareholders of the Company on or before 31 August 2022 after such profit distribution plan is considered and approved at the 2021 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.

Section V Corporate Governance (Corporate Governance Report) (continued)

(3) *Statement of the Board on the profit distribution plan for 2021*

From the perspective of macro environment, China's economic development faces the triple pressures of demand contraction, supply shock and weakening expectation, but the fundamentals of strong economic resilience and long-term improvement will not change. China continues to actively carry out infrastructure investment, and the implementation of regional coordinated development strategies such as Beijing-Tianjin-Hebei synergic development, the development of the Yangtze River Economic Belt and the construction of the Greater Bay Area of Guangdong, Hong Kong and Macao, has been accelerated. The investment in comprehensive transportation and "great transportation" hub planning is still at a high level; real estate regulation has shifted from "suppressing demand" to "stabilising supply", and the construction of affordable housing has been accelerated; new infrastructure spawned by double carbon economy, environmental protection economy and digital economy etc., has become the key support direction for the country to optimise the investment structure. Meanwhile, with the advent and promotion of COVID-19 wonder drug, the recovery and growth of global economy are expected, the joint construction of "Belt and Road" Initiative has entered a stage of high-quality development, and international infrastructure cooperation for key countries and key projects has continued unabated, and the prospect is still broad.

From the perspective of the current development of the Group, the economies of scale have increased steadily, and the quality of development has continued to improve. CRCC adheres to diversified and coordinated development and builds a new pattern of "8+N" industrial development. While consolidating the five traditional business advantages of railways, highways, housing construction, urban rails, and municipal administration, CRCC will concentrate its strength on working on emerging regions and fields, and vigorously promote industrial transformation and upgrade. With the goal of becoming the most trustworthy world-class comprehensive construction industry group, the Group will continue to promote enterprise operation, production, economy, industry and management to a new level. In 2021, the newly-signed contracts, revenue and total profit of the Group amounted to RMB2,819.6516 billion, RMB1,020.0102 billion and RMB35.1514 billion, respectively, all representing a year-on-year growth and creating the best historic level.

From the perspective of the Company's capital need, the main sources of funds for the Company's development are self-owned funds, bank loans, issues of bonds and raising equity funds and so on. In order to ensure the sustained, healthy and stable development of the Company, the Company's capital requirements in 2022 mainly include capital investment in the operation of various business sectors and capital project investment. In order to achieve the 2022 development goal, the Company will reasonably arrange the capital needs in accordance with the needs of business development, and carry out the necessary examination and approval and announcement procedures by strictly following the provisions of relevant laws and regulations, further optimise the use of capital, and coordinate capital movement, strictly control various non-productive expenses, improve the efficiency of the use of capital, and support the sustainable and healthy development of the Company and satisfy the capital need by combining with long-term and short-term bank loans, issues of bonds and other financing ways.

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

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 still 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 the Company has been staying above 15% in recent years, indicating a stable level of dividend distribution.

(III) Special explanation of cash dividend policy

Applicable Not Applicable

Whether it complies with the provisions of the Company's articles of association or the requirements of the resolution of the general meeting of shareholders Yes No

Whether the dividend standard and ratio are clear and clear Yes No

Whether the relevant decision-making procedures and mechanisms are complete Yes No

Whether the independent directors performed their duties and played their due role Yes No

Whether minority shareholders have the opportunity to fully express their opinions and demands, and whether their legitimate rights and interests have been fully protected Yes No

(IV) Profits are made during the Reporting Period and the parent company's profits distributed to ordinary shareholders are positive. However, if the proposal on distribution of cash profit of ordinary shares is unavailable, the Company shall disclose in detail the causes thereof as well as purpose and use plan of the undistributed profit

Applicable Not Applicable

XV. 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 V Corporate Governance (Corporate Governance Report) (continued)

Information on employee stock ownership plan

Applicable Not Applicable

Other incentive measures

Applicable Not Applicable

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

Applicable Not Applicable

(IV) 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 of the Board 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 of the Board formulated the proposal on the remuneration of senior management members and materialised the annual performance remuneration for senior management members after submitting the proposal to the Board for consideration.

XVI. CONSTRUCTION AND IMPLEMENTATION OF INTERNAL CONTROL SYSTEM DURING THE REPORTING PERIOD

Applicable Not Applicable

CRCC has always attached great importance to the construction and implementation of the internal control system. During the Reporting Period, in order to further improve the risk internal control system and optimise the working mechanism, the Company has established and improved the risk early warning mechanism, evaluation mechanism, and accountability mechanism around the construction of a "big risk control" system focusing on legal management and control. And the Company also deeply integrated risk management and compliance management with enterprise-centric work and business work.

Focusing on building a "big risk control" system based on legal management and control, the Company revised the "Risk Management and Internal Control Measures", clarifying the work ideas, approaches and methods, unifying the understanding of risks, clarifying the definition of risks to strengthen the major risks redline management. In addition, the Company has consolidated the direct responsibilities of leaders at all levels, emphasizing the requirements of "thinking ahead, discovering in advance, controlling in advance, summarizing and improving" in risk management and control. The Company optimised and reconstructed the risk internal control organizational system, and clarified that the risk internal control work should be controlled by the Party Committee, deployed by the leadership of the Board of Directors, and implemented by the management. The

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

Company has established a risk internal control organization structure of “vertical and horizontal integration and coordinated supervision” covering all units, departments and employees, including various business fields, links and various risks, with four vertical firewalls and three horizontal lines of defense. In addition, the Company also emphasised work coordination, process control, resource integration and effective utilisation, and has established a risk prevention and control system and working mechanism in which all units and departments are involved in an all-round, whole-process, and full-staff participation. In order to firmly maintain the bottom line of avoiding major risks, the Risk Management and Internal Control Measures divide risks into particularly major risks, major risks and relatively large risks according to the possibility of the occurrence of risks and the magnitude of tangible losses, intangible losses and threats, general risks and other risks. And it is particularly clear that particularly major and major risks, regardless of the probability of occurrence, will be included in the scope of red line management and strictly controlled. The Company requires legal persons at all levels to set up risk management committees under the leadership of the party committee to coordinate and lead risk management work; and through the regular consultation and key consultation working mechanism, the Company organizes the implementation of cross-departmental and cross-unit major risk management and control. In addition, the Company has formulated comprehensive risk assessment, risk event collection, risk information statistical evaluation plan, vigorously to promote the job risk covering all levels, units and positions of the whole system, and to identify, collect and summarize the risk events that have occurred, to find all, identify risks, and do a good job in the management and control of key people, key things and key positions. In order to enhance the risk awareness of all employees, especially managers at all levels, the Company has organized many on-site seminars, publicity and implementation meetings, promotion meetings and knowledge competitions, and organized to hold a system-wide “big risk control” and “big supervision” work promotion meeting.

The Company has promoted the construction of a “big supervision” collaborative working mechanism and system that focuses on auditing and deeply integrates full-time supervision and functional supervision. The Company has also formulated the “Guiding Opinions on Establishing a ‘Great Supervision’ System”, forming a “Great Supervision” system with clear supervision subjects, prominent supervision priorities, perfect systems and mechanisms, full application of results, and powerful organizational measures. The Company has established a “Great Supervision” working committee to build a “Great Supervision” joint meeting system and information sharing mechanism; organised “Great Supervision” work promotion meetings and “Great Supervision” committee meetings to change the concept of corporate governance; regularly summarised and sorted out the main problems found in the “Great Supervision” work and analysis of the causes, problem rectification and application of results; established a special report on the work to promote the application of “Great Supervision” results. With the establishment of the “Great Supervision” system, the Company has promoted profound changes in corporate governance, realised all-round, full-process and full-coverage supervision of the legitimacy, rationality and efficiency of the acquisition, allocation and use of resources such as people, finance, materials, information and technology, and formed a new pattern of risk prevention and control with centralised management, efficient coordination, information sharing and shared achievements, which helps to realise the modernize corporate governance systems and governance capabilities.

CRCC found no major defects in internal control during the Reporting Period, and has basically established and improved a reasonable internal control system in accordance with the relevant requirements of the “Basic Norms for Enterprise Internal Control”. And the internal control system established has been implemented effectively at all levels and in all aspects of the Company’s business activities, with good overall operation and generally effective internal control.

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

Applicable Not Applicable

Section V Corporate Governance (Corporate Governance Report) (continued)

XVII. MANAGEMENT AND CONTROL OF SUBSIDIARIES DURING THE REPORTING PERIOD

Applicable Not Applicable

During the Reporting Period, CRCC comprehensively implemented lean management in terms of organization, operation, projects, etc., building a basic management system oriented by value creation and focusing on management improvement, and aiming at improving quality and efficiency to improve development, quality and efficiency. The Group will precisely define and give play to the functional positioning of the corporate headquarters, regional headquarters, group companies, regional headquarters of the group companies, and tertiary companies, building an organizational control system with complete systems, clear powers and responsibilities, scientific norms, and orderly operation, so as to improve management efficiency and value creation capabilities.

XVIII. 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 2021, 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.

For the full text 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).

Auditors' Report on Internal Control disclosed: Yes

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

XIX. RECTIFICATION OF SELF-CHECKED ISSUES IN SPECIAL ACTIONS ON GOVERNANCE OF LISTED COMPANIES

In accordance with the deployment requirements of the CSRC's Announcement on Special Actions on Governance of Listed Companies, in April 2021, the Company conducted a comprehensive self-examination against the self-examination checklist in terms of basic corporate information, operation and decision-making of the organization, controlling shareholders, actual controllers and related parties, construction of internal control standard system, information disclosure and transparency, and institutional/foreign investors. The overall operation of the Company is standardized, with the complete rules and regulations and the sound organizational structure. However, there are cases in which the board of directors has not been re-elected in time, and independent directors have served for more than 6 consecutive years. On 21 December 2021, the Company's board of directors was re-elected, and the rectification of related issues was completed. By carrying out special governance actions, the foundation of the Company's high-quality development has been further consolidated, and the governance level of listed companies has been improved.

Section V Corporate Governance (Corporate Governance Report) (continued)

XX. OTHERS (DISCLOSURE PURSUANT TO THE REQUIREMENTS OF THE HONG KONG STOCK EXCHANGE LISTING RULES)

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.

(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 new Securities Law, in order to further improve corporate governance and enhance the applicability of the system, taking into account the actual situation of the Company in accordance with the principles of prudence, appropriateness and necessity, the Company has amended certain articles of the Articles of Association of the Company, which were considered and approved at the 2020 Annual General Meeting held on 29 June 2021. 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 30 June 2021.

(III) Remuneration of Auditors

For relevant information on the remuneration of auditors, please refer to “VII Appointment and removal of auditors” of “Section VII 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

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 2021, 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 XI Financial Reports” of the report.

(VI) Dividend Distribution Policy of the Company

For details, please refer to “XIV. Profit distribution plan or capital reserve-to-equity” of “Section V Corporate Governance (Corporate Governance Report)”.

Section VI Environmental and Social Responsibility

I. ENVIRONMENTAL INFORMATION

(I) Explanation on environmental protection of companies and their significant subsidiaries classified as the key pollutant discharging units announced by the environmental protection department

Applicable Not Applicable

(II) Environmental issues of companies other than those classified as the key pollutant discharging units

Applicable Not Applicable

1. Administrative Penalties received due to environmental issues

Applicable Not Applicable

During the Reporting Period, a total of 49 project sites under construction of CRCC were punished by the relevant local authorities for dust and noise arising from earthwork construction, with a total fine of approximately RMB1,935,700. The relevant entities of each project site have paid the fine in full and made timely rectification and acceptance. The above violations did not result in serious environmental pollution or social impact, and did not constitute major violations of environmental protection laws and regulations. The relevant penalties did not have material adverse impact on the normal production and operation of the Company.

2. Disclosure of other environmental information with reference to the key pollutant discharging units

Applicable Not Applicable

In the process of production and operation, CRCC strictly abides by the national environmental protection policies, laws and regulations, resolutely implements the Environmental Protection Law of the People's Republic of China, the Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution and other laws and regulations, pays attention to source control, and always implements the environmental protection management concept of "reasonable energy consumption and green construction". Relying on science and technology, CRCC constantly innovates environmental protection work, consciously fulfills and undertakes the social responsibility of environmental protection, strengthens the concept of green development, and strives to achieve the goal of "resource-saving and environment-friendly" enterprise, so as to promote the enterprise to achieve high-quality sustainable development and contribute to the construction of national ecological civilization. The major emissions of the Group in the course of business are CO₂ and non-hazardous construction wastes. The Group was listed in companies other than those classified as the key pollutant discharging units in China as it seldom produces hazardous wastes, oxynitride and oxysulfide due to the nature of the industry.

3. Reasons for non-disclosure of other environmental information

Applicable Not Applicable

Section VI Environmental and Social Responsibility (continued)

(III) Relevant information that contributes to ecology protection, pollution prevention, and fulfillment of environmental responsibility

Applicable Not Applicable

CRCC emphasised the concept of green construction, striving to achieve high quality and sustainable development of the enterprise by “staying away from the red line, keeping the bottom line and creating highlights”. We formulated and issued the Administrative Measures for Energy Conservation and Ecological Environmental Protection, which clarified the annual indicators of environmental and ecological protection, pollution prevention and control, and environmental responsibility. We also required all units to attach great importance to ecological and environmental protection, take the initiative to shoulder the corporate social responsibility, and strive to create a resource-saving and environment-friendly enterprise.

(IV) Measures taken to reduce its carbon emissions during the Reporting Period and their effects

Applicable Not Applicable

CRCC is committed to integrating the concept of green development into all elements and the whole process of construction, adhering to the principle of “reducing inventory, controlling increment and offsetting with negative carbon emission”, and helping the State to achieve the dual carbon goals of “carbon peak in 2030 and carbon neutrality in 2060”. In order to reduce the emission of carbon dioxide, the Group has taken the following major measures: firstly, strengthening organizational leadership and system construction, and establishing a leading group for carbon peaking and carbon neutrality; secondly, actively adjusting the structure of energy use to reduce the consumption of energy with high carbon dioxide content; thirdly, actively using clean energy and implementing clean production strategies; fourthly, accelerating the elimination of backward production capacity and process and purchasing energy-saving and advanced equipment; fifthly, continuously optimizing the construction plan, carrying out technological innovation, promoting the “Four New” results to save energy and reduce emissions and energy consumption; sixthly, strengthening the management of materials and equipment, improving the efficiency of the use of turnover materials, promoting the recycling of resources, reducing the vacancy rate of equipment and reducing energy consumption.

II. SOCIAL RESPONSIBILITY WORK

Applicable Not Applicable

The Company actively fulfills its social responsibilities and will disclose the 2021 Social Responsibility Report of CRCC together with the annual report, the full text of which is published on the websites of the Shanghai Stock Exchange (www.sse.com.cn), the Hong Kong Stock Exchange (www.hkex.com.hk) and the Company (www.crcc.cn).

Section VI Environmental and Social Responsibility (continued)

III. DETAILS OF CONSOLIDATING THE ACHIEVEMENTS OF POVERTY ALLEVIATION AND RURAL REVITALISATION

Applicable Not Applicable

2021 marks the beginning of the year of “14th Five-Year Plan”. In order to achieve the effective connection between consolidating the results of poverty alleviation and rural revitalisation, CRCC, under the overall deployment of the CPC Central Committee, the State Council, the SASAC and the National Rural Revitalisation Bureau, resolutely implemented the requirements of General Secretary Xi Jinping on “Four No-picking”, always maintained the strength of assistance, comprehensively consolidated the hard-won poverty alleviation achievements, effectively connected the rural revitalisation work, and pragmatically promoted a series of assistance measures in terms of industry, talents, culture, ecology and organisation assistance, and achieved remarkable results in various work.

The headquarters of the Company provided targeted assistance to Wanquan District and Shangyi County in Zhangjiakou City, Hebei Province; Gande County in Guoluo Prefecture, Qinghai Province; the related subsidiaries of the Company provided assistance to Xiacunba Village in Baiguo Township and Dagou Village in Huanglong Town, Enshi City, Hubei Province; Shibitang Village in Jianghua Yao Autonomous County and Qiaotou Village in Xiaoxu Zhuang Township, Yongzhou City, Hunan Province; Dianping Village, Qingxiang Village and Yangmushan Village in Fenxi County, Shanxi Province; Beiguan Village in Long County, Wutai Village in Ningshan County and Jinmi Village in Zhashui County, Shaanxi Province; Guozhuang Village, Liugou Village, and Hancha Village in Dagou Township, Huining County and Lujing Town in Min County, Chenjia Village in Dongxiang County, Gansu Province; Helan County in Ningxia Province, Fengtun Village in Mouding County, Yunnan Province; Nanmeng Village in Leishan County, Guizhou Province; Tiantai Village, Yuelai Town, Guang’an District, Guang’an City, Sichuan Province; Tongxin Village, Pingwu County, Mianyang City, Guangdong Province; Chengjia Yao Township in Yangshan County, Qingyuan City, Guangdong Province; Jinzhai County in Anhui Province; Hongqi Village in Henglishan Township, Jiangxi Province; Kou Township in Laiwu City, Shandong Province and Houyang Village in Changzhou City, Jiangsu Province, and so on.

(I) Major work

In 2021, CRCC invested RMB45,902,400 in assistance funds, of which RMB26,616,400 was invested without compensation and RMB19,286,000 was invested with compensation. The Company introduced RMB13,915,000 of assistance funds, including RMB11,415,000 of free assistance funds and RMB2,500,000 of paid assistance funds. We purchased RMB23,680,200 of agricultural products in poverty alleviation areas, helped sell RMB7,706,500 of agricultural products in poverty alleviation areas, and invested RMB2,396,500 to consolidate the achievements of “no worry about food and clothing and have access to compulsory education, basic medical services, and safe housing” and built 6 demonstration sites for rural revitalisation.

Section VI Environmental and Social Responsibility (continued)

Organization and leadership. Firstly, we strengthened leadership and made comprehensive planning. The Company's leadership attached great importance to rural revitalisation, arranged and supervised the implementation in person, organised special meetings, conducted on-site investigations, provided guidance on problems and practical difficulties identified, and supervised the rectification. Secondly, we improved the mechanism and strengthened the responsibility. According to the instructions related to rural revitalisation, the Company's leading group for poverty alleviation and development was adjusted to a leading group for rural revitalisation, forming a working mechanism of "unified management, hierarchical responsibility" for the leading group to coordinate decision-making, the connection and operation of the subordinate offices, the support and cooperation of relevant departments, and the assumption of tasks by temporary cadres. Thirdly, we implemented policies and effectively connected. The Company held a number of meetings of the Standing Committee of the Party Committee and the President Office to study the annual plan and assistance plan, held a meeting on rural revitalisation, fully implemented the assistance policies, studied and formulated the work plan and implementation plan, resolutely prevented the phenomenon of returning to poverty, and ensured the solid, effective and smooth transition of various tasks.

Strengthening supervision. The Company took the initiative to build a regulatory platform, clarified the whole process of supervision by the disciplinary committee and the audit department, and ensured that the assistance funds were in compliance with laws and regulations. In 2021, the Company carried out a special follow-up audit on the poverty alleviation funds in designated areas and counties undertaken by the Company's headquarters, and urged the rectification of the problems identified.

Cadre selection. In 2021, the Company rotated the temporary cadres and the first secretary in the village in the targeted areas and counties of the headquarters, and selected 6 temporary cadres and the first secretary in the village in three targeted areas and counties. As at the end of the Reporting Period, the affiliated units of CRCC dispatched 12 working teams, 36 temporary cadres and working team members to 16 counties and villages that undertook the targeted assistance tasks of local governments. The Company effectively carried out comprehensive investigation and careful selection of cadres, strengthened care, and implemented relevant treatment in accordance with the regulations, achieving a win-win situation where cadres could work with peace of mind, and the assistance areas sincerely accept genuine support.

"Five Major Revitalisations". The first is to boost industrial revitalisation. In 2021, the Company introduced 17 assistance projects for the assisted areas, attracted investment of RMB2,500,000, established 13 assistance workshops, transferred 678 jobs, and recruited 391 people out of poverty. In Shangyi County, Hebei Province, the Company established a 510-mu non-pollution small grain base. At the beginning of the year, the Company purchased RMB2,810,000 of agricultural products to increase employment and income through various production stages. During the year, the Company attracted more than 5,000 employees with more than RMB800,000 labour cost. The Company invested RMB1,000,000 to build 3,000 square meters of cowshed for Nanchaonian Village, and purchased 300 cows, and the breeding enterprise paid the funds to the village collectives at an annual rate of return of 7%. In Gande County, Qinghai Province, the Company vigorously supported and cultivated leading enterprises in the deep processing of special livestock

Section VI Environmental and Social Responsibility (continued)

products, guided the cooperative and scientific research institutions to make joint efforts to help solve the employment problem of the remaining workforce in the pasture area and improved the added value of product ecology. In Ningshan County, Shaanxi Province, the Group focused on the development of planting of Chinese herbal medicine tianma, porcine and tuckahoe, to ensure that the households in poverty have industries and income. The Company introduced mushroom planting enterprises in Xiaoxu Zhuang Township, Hunan Province, and planted over 300 mu of flue-cured tobacco and over 90 mu of turf. The second is to boost talent revitalisation. In 2021, the Company trained 616 rural grassroots cadres, 66 rural revitalisation leaders, and 962 professional and other talents. In Gande County, Qinghai Province, the Company invested RMB3,000,000 in the construction of 13 supporting education sites in pastoral areas, awarded outstanding students and trained herdsmen's professional skills. In Shangyi County, Hebei Province, RMB1,000,000 was invested in the construction of the playground of Taiping Street Primary School to improve the teaching environment and alleviate the burden of poverty students. In Wanquan District, Hebei Province, the Company continued to invest in poverty alleviation funds, promoted the "CRCC Sunshine" education plan, and successively built the pension public welfare fund, kindergartens and other projects. The third is to boost cultural revitalisation. The Company donated RMB3,880,000 to build a county-level library, an art museum and a multi-functional studio in Shangyi County, Hebei Province, and received more than 15,000 readers this year. The Company invested in the construction of a science popularisation and education base in Gande County, Qinghai Province to protect the lives and property safety of the herds. The Company invested in the construction of a new media center in Wanquan District, Hebei Province to help the construction of rural ideological ethics and public culture. The Company built cultural square with more than 3,000 square meters in Fenxi County, Shanxi Province to enrich the cultural activities of local villagers. The fourth is to boost ecological revitalisation. The Company invested RMB4,950,000 in improving rural living environment, RMB2,900,000 in improving rural living facilities, and 1,522 households were renovated from rural toilets to help implement domestic waste and sewage treatment projects involving 107 villages. The Company invested RMB1,000,000 in Gande County, Qinghai Province to improve rural living environment. The Company introduced government special funds to build sewage treatment projects in Wanquan District, Hebei Province and implemented rural toilet renovation. The fifth is to support the revitalisation of organizations. The Company participated in the establishment of 27 Party branches, built 17 poverty alleviation villages, supported 17 leading enterprises, and helped to cultivate 6 new agricultural business entities. The Company invested RMB650,000 to improve the construction of Party building center in Sanlizhuang Village, Wanquan District. The Company invested RMB100,000 to participate in the construction of 2 Party branches and 2 poverty alleviation villages in Gande County, Qinghai Province, and invested RMB350,000 for the construction of the Share Economic Cooperative in Ganglong Village.

Section VI Environmental and Social Responsibility (continued)

Work innovation. In 2021, The Company purchased RMB23,680,200 of agricultural products in poverty alleviation areas, helped sell RMB7,706,500 of agricultural products in poverty alleviation areas, and invested RMB2,396,500 to consolidate the achievements of “no worry about food and clothing and have access to compulsory education, basic medical services, and safe housing”. In Gande County, Qinghai Province, the Company invested RMB1,600,000 in the renovation of the infectious disease building of the County People’s Hospital to help the county improve its ability to prevent infectious diseases. The Company donated 1 ambulance for Helan County, Ningxia, investing RMB514,000. In Wanquan District, Hebei Province, the Company invested RMB1,550,000 to solve the water and travel problems of residents in the resettlement area of the hollow village, invested RMB1,100,000 to build rural lighting projects, purchased “rural revitalisation insurance” for 4,069 people, and built 37 vegetable greenhouses. The Company undertook the “Hollow Village” treatment project in Shangyi County, Hebei Province, with 2,392 newly-built houses and 5,936 relocated people. The Company constructed the reconstruction project of pilot village in Leishan County, Guizhou Province. The Company built water conservancy project for Chengjia Yao Township in Guangdong Province, repaired and reconstructed irrigation canals and dams, and provided irrigation conditions for 60 mu of farmland. The Company helped Beiguan Village in Long County, Shaanxi Province sell 3,500,000 cabbages, with a total of more than RMB5,000,000.

(II) Follow-up assistance plan

Overall vision. The overall support, the assistance policies and the assistance institutions shall remain unchanged, and the rural revitalisation strategy shall be solidly and steadily promoted.

Target tasks. We will earnestly maintain and consolidate the great achievements of the fight against poverty, take the solid promotion of rural revitalisation as the first priority, and take on all the work practically and detailed.

Key work arrangements. Focusing on the “Five Major Revitalisation” and work innovation and assistance work, the Company will strengthen assistance. Firstly, focusing on industrial development. Based on the resource endowment characteristics of the targeted areas and counties, we shall help building a high-quality agricultural industry chain and cultivate market-competitive products, and focus on consumption support and continuously strengthening consumption support. Secondly, promoting stable employment. Give priority to recruiting and using as many labour in poverty alleviation areas as possible. Continue to strengthen skills training to help people out of poverty, improve their skills and promote stable employment. Thirdly, cultivating urgently needed talents. We will continue to strengthen various trainings, focus on cultivating a group of leaders and management talents to become rich and further enhance the endogenous power for the sustainable development of poverty alleviation areas. Fourthly, participating in rural construction. Continuing to increase support for infrastructure construction in rural areas. Fifthly, solving prominent difficulties. We will better consolidate the achievements of “no worry about food and clothing and have access to compulsory education, basic medical services, and safe housing”.

Section VI Environmental and Social Responsibility (continued)

Safeguard measures. Firstly, we will strengthen organizational leadership. We will implement the responsibility of organizational leadership, complete the task of targeted assistance, consolidate and expand the achievements of poverty alleviation, and support the rural revitalisation strategy. Secondly, we will strengthen the construction of work style. The Company will strengthen the inspection and supervision of the assistance projects and funds, and will strengthen the integrity education for the assistance cadres. Thirdly, we will strengthen publicity and guidance. The Company will widely publicise its achievements, experience and cases in targeted assistance, consolidation of poverty alleviation achievements, and assistance in rural revitalisation.

IV. ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (DISCLOSURE PURSUANT TO THE LISTING RULES OF THE HONG KONG STOCK EXCHANGE)

(I) Environment

CRCC attaches great importance to environmental protection, and has established a leading group for energy conservation and environmental protection with the Company's leaders as the team leader, the leaders in charge as the deputy team leader and the heads of various business departments of the headquarters as the team members. The management structure implements a four-level management system of the Company, its group companies, engineering companies and project manager departments to comprehensively manage energy conservation and environmental protection.

1. Emission

CRCC strictly abides by the Environmental Protection Law of the People's Republic of China, the Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution, the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes and other laws and regulations, and has formulated the Administrative Measures for Energy Conservation and Emission Reduction, the Implementation Rules for the Examination and Evaluation of Energy Conservation and Emission Reduction Objectives and Indicators, etc., to improve the environmental protection management system, strengthen guidance, supervision and examination, and clarify the main responsibility. In 2021, there were no environmental pollution incidents, and 67 projects were awarded provincial (ministerial) green construction demonstration projects.

Section VI Environmental and Social Responsibility (continued)

(1) Exhaust gas management

The main emissions generated by the Company in the production process are greenhouse gas carbon dioxide, dust, noise, flue gas, etc. The target set by the Company is as follows: the carbon dioxide emission reduction target is "18% reduction of carbon dioxide emissions per RMB10,000 of operating income by the end of 2025". The main pollutant emissions of each unit and project, such as dust and noise, are in compliance with national or local standards, and there is no environmental pollution incident. In 2021, all indicators of the Company were well completed, and the annual phased goals were well achieved. The Company mainly uses electricity, gasoline, diesel and other energy during construction and production, and its process generally or does not generate exhaust gases such as nitrogen oxides and sulfur oxides. Therefore, relevant key performance indicators are not applicable to the Company.

Indicators	Value in 2021
Direct emission of carbon dioxide (10,000 tons)	316.92
Intensity of direct emission of carbon dioxide (tonnes/million revenue)	3.39
Indirect emission of carbon dioxide (10,000 tons)	615.84
Intensity of indirect emission of carbon dioxide (tonnes/million revenue)	6.62

In 2021, the Company issued the Notice on Conscientious Prevention and Control of Dust Pollution in Project Construction, focusing on source control. The Company carried out the investigation of air pollution risk points and took multiple measures to prevent and control pollution. It ensured the configuration, installation and operation of environmental protection facilities at the construction site; covered bare soil and hardened the site; water trucks, mist cannon machines, sprinkler devices and car wash tank equipment were in normal and correct use; made compliance of muck cover for special vehicles and road sweeper; the coverage of dense screen, closed shed and construction enclosure meet the standards; anti-pollution measures were in place for steel structure welding and painting in the processing shed; initiated emergency plans for heavily polluted weather; kept dust reduction measures in place for earthwork operations; stay-off operation was implemented during the urban heating period. Through investigation and management, the emission of dust, flue gas and exhaust gas was reduced.

(2) Solid waste management

The Company has set the goal of non-hazardous waste reduction, that is, to achieve harmless, reduced and recycled waste disposal, and the waste utilisation rate reaches over 90%. In 2021, the Company successfully achieved the annual target, with 41,874,200 tons of solid waste discharged, a solid waste density of 44.85 tons/million operating income, and solid waste utilisation rate of 90%. Due to the nature of the industry, the Company seldom produced hazardous waste. Therefore, relevant key performance indicators were not applicable to the Company.

Section VI Environmental and Social Responsibility (continued)

CRCC carried out a large-scale investigation on the risk points of solid waste pollution to find out the amount of solid waste generated and disposed, and ensure that there is a ledger record; the construction of solid waste storage facilities and sites complies with the design and national environmental protection standards, management and maintenance specifications; measures such as anti-scattering, anti-loss and anti-leakage are taken during the storage and transfer of solid waste; no illegal transfer, dumping and disposal of solid waste occurred; the projects implemented radioactive waste disposal in accordance with relevant requirements and regulations, and the associated radioactive mineral pollution risk is effectively prevented and controlled. Through investigation, the Company effectively controlled the production, storage, transfer, utilisation and disposal of solid waste.

In terms of waste disposal and consumption, the Company issued the “Notice on Further Strengthening the Management of Construction Waste at Construction Sites” to regulate the consumption and disposal of non-hazardous waste, and adopted the disposal sites designated according to the national standards for disposal and consumption of waste, or entrusted local companies with professional qualifications to dispose of, or crushing, screening and reuse of waste. For example, 80% of the Company’s tunnel ballast is used for filling the roadbed, repairing permanent road works, and some are also processed into gravel aggregate for concrete materials; the project department of Guizhou Section 4 of Guizhou-Nanning Passenger-dedicated line of China Railway 11th Bureau Group Co., Ltd. backfilled the planting soil after leveling the tunnel ballast farm according to the local special geographical environment advantages, and built a tea plantation with the local village committee, not only greening the ballast farm, purifying the soil, but also obtaining economic benefits. In addition, the Group carried out waste classification, drew various waste labels, and strengthened the management of waste classification process.

2. Use of Resources

CRCC attaches great importance to the rational use of resources, and comprehensively improves the management level by reviewing and reporting, summarizing experience and promoting the advanced.

The Company has always practiced the concept of “green construction”, adhered to the simultaneous design, construction and operation of environmental protection and construction and production, and implemented “energy saving, land saving, water saving, material saving and environmental protection” throughout the whole process of project construction. In terms of resource consumption management, resource utilisation efficiency has been improved. Due to the nature of the industry, the Company does not involve the use and consumption of packaging materials, Therefore, relevant key performance indicators are not applicable to the Company.

Section VI Environmental and Social Responsibility (continued)

(1) Energy use

In 2021, the Company set energy conservation goals and put them into action. The goal of energy conservation and emission reduction is “to reduce the comprehensive energy consumption per RMB10,000 operating income by 13.5% by the end of 2025” to continuously improve energy efficiency. In practice, in 2021, the total energy consumption of the Company was 5,892,400 tons of standard coal, and the energy consumption intensity was 0.0631 tons of standard coal for the comprehensive energy consumption of operating income.

Taking green construction as the main starting point, the Company actively invested funds to promote technological progress, rationally adjusted the energy use structure, accelerated the elimination of backward production capacity and processes, promoted the application of new technologies, new equipment, new materials and new processes for energy conservation and environmental protection, optimised construction plans and processes, and comprehensively promoted the clean production strategy. The Company has a deeper understanding and practice of the green concept, and is committed to forming a long-term green office mechanism, encouraging water, electricity and paper conservation and reducing the consumption of office supplies. The Company adopts LED energy-saving light sources, and strictly controls the start-stop time of air conditioning and refrigeration units. The Company promotes paperless office, promotes video conferences, and reduces employees’ business trips, so as to reduce energy consumption and exhaust emissions from office and business trips. The Company organises diversified environmental protection public welfare activities, and leads the whole society to green and low-carbon new trends.

Energy Consumption of 2021

Type	Quantity
Coal (10,000 tonnes)	31.25
Electricity (10,000 kWh)	1,915,838
Gasoline (10,000 tons)	21.83
Diesel (10,000 tonnes)	175.84
Fuel oil (10,000tons)	3.16
Natural gas (10,000 standard cubic meters)	737.43

(2) Protecting water resources

CRCC’s water consumption mainly comes from municipal water and a small amount of river water. There has been no difficult problem in the water source. The Company’s water consumption is mainly dust-reducing sprinklers and some cement mixers. In 2021, the Company set a target of total water consumption of 300,000,000 cubic meters, and the actual total water consumption was 297,653,700 cubic meters, with a water consumption intensity of 318.8 tons/million operating income.

Section VI Environmental and Social Responsibility (continued)

In 2021, the Company carried out a large-scale inspection of water pollution risk points to ensure that the projects under construction are equipped with sewage treatment facilities that operate in accordance with the requirements, and the wastewater and sewage generated are collected and treated separately; wastewater and sewage discharged to the municipal pipe network are pre-treated according to regulations and meet the requirements; the wastewater directly discharged to the water body meets the standards, and the discharge outlets are set in compliance with national regulations; in drinking water source protection areas and other special water bodies, there is no illegal project construction and production activities that may pollute water bodies; wastewater such as mud for bridge pile operation, tunnel construction wastewater, mixing station and beam yard is treated in a sedimentation tank according to regulations, and is discharged after passing the inspection; domestic sewage is collected in septic tanks and treated by professional teams; during the construction of projects, water bodies such as rivers and lakes along the project were protected. Through investigation and management, the construction and domestic sewage meets the discharge standards.

The Company strengthens water-saving measures, strengthens the protection and management of water resources, strictly implements construction and domestic water systems, installs and uses water-saving equipment and temporary rainwater collection, construction water and sewage treatment systems, collects and uses surface and foundation pit groundwater, promotes water recycling, and builds a water-saving enterprise. In addition, infrared sensor switches are used in water facilities to ensure that water is shut off in absence of personnel. For example, the project department of China Railway Construction Group Co., Ltd. has formulated water recycling measures on the construction site, built a circulating water pump station on the construction site, collected construction sewage and surface rainwater through the collection well, and reused it after purification and treatment by the pump station for concrete curing, washing vehicles, and road sprinkling to reduce dust, effectively saving water resources.

3. The Environment and Natural Resources

CRCC practiced the concept of “ecological CRCC and green development”, formulated the Measures for the Administration of Environmental Protection of Engineering Projects, the Implementation Rules for the Examination and Evaluation of Environmental Protection Targets and Indicators of Engineering Projects and other safe and civilized construction-related systems, focused on scientific management and innovative technologies, maximized resource conservation and reduced negative impact on the environment. All construction projects under construction strictly abide by the environmental protection laws and regulations, strictly control the damage from soil pollution, radioactive material pollution and other pollution on the construction site to the ecological environment, and consciously protect wild animals and plants and ecological vegetation.

Section VI Environmental and Social Responsibility (continued)

The Company carried out a large-scale investigation of soil pollution risk points. The focus of the investigation was mainly on the disposal of residual pollutants generated from the demolition of production facilities and equipment and structures, the reclamation and greening of temporary land for construction projects and the protection of vegetation. The Company carried out anti-seepage treatment for on-site oil storage sites and machinery maintenance and repair sites; the Company focused on the prevention, control and treatment of soil pollution in the development of mineral resources and the exploitation of gravel; in the construction of natural protection areas, violations of laws and regulations such as soil and vegetation damage are prohibited.

The Company strictly abided by the laws and regulations of the project location, strengthened ecological protection, rationally planned the site, reduced the occupation of farmland, cultivated land and other land, and properly carried out ecological restoration work to promote the sustainable use of land resources with practical actions. We protected biological habitats and reducing the impact of construction on biological populations, strengthened the governance of the surrounding ecological environment, provided strong support for the protection of biological space, and created a healthy and harmonious ecological home. For example, in the process of project construction, the Company protected wild animals such as Asian elephants, Tibetan swab, and white swan. The chief designer of Qinghai-Tibet Railway explained the “CRCC Plan” on CCTV for biological protection, and worked with stakeholders to protect the earth. In 2021, 100% of the Company’s temporary construction land was rehabilitated or greened.

4. Climate Change

CRCC attached great importance to the impact of its own production and operation on climate change, and has established a leading group for “carbon peak, carbon neutrality” led by leaders of the Company to guide the work of dual carbon, conduct inspection, supervision and examination in a timely manner, to continuously enhance green operation capabilities, and to strive to reduce direct or indirect greenhouse gas emissions.

The Company accurately identified the huge development space brought by the overall deployment of “carbon peak and carbon neutrality”, deeply cultivated the “green environmental protection” industry sector, created green high-quality projects, actively participated in the development of ecological environmental protection industry, built a green ecological home, and supported the realisation of the “dual carbon” goal with practical actions. For example, the installation of the last wind turbine of Huaneng Dalian Zhuanghe Offshore Wind Farm Site IV 1 Project undertaken by CRCC Harbour and Channel Engineering Bureau Group Co., Ltd. was successfully completed, marking the completion of the main construction of the offshore wind power project with the largest single capacity and the highest latitude in northern China. After the commencement of operation of Dalian Zhuanghe Offshore Wind Farm II and IV 1 Project, the annual on-grid power generation can reach 1,730,000,000 kWh. Compared with thermal power of the same level, 540,000 tons of standard coal can be saved and carbon dioxide emissions can be reduced by 1,120,000 tons each year, contributing to the acceleration of the realisation of the “dual carbon” goal.

Section VI Environmental and Social Responsibility (continued)

(II) Society

1. Employment and Labour Practices

(1) *Employment*

CRCC strictly abided by the Labour Law of the People's Republic of China, the Labour Contract Law of the People's Republic of China and other relevant laws and regulations, standardised the management of employment behavior, and protected the legitimate rights and interests of employees. The Company improved the workers' congress system, improved the operation mechanism of the workers' congress, implemented democratic management systems such as equal consultation, collective contract, and democratic evaluation of leaders and cadres, and fundamentally safeguarded the legitimate rights and interests of employees; following the principle of equal employment, the Company insisted on equal pay for equal work, and provided equal employment opportunities for employees of different nationalities, races, genders, ages, religious beliefs and cultural backgrounds. The Company optimised the remuneration and benefit system, provided employees with market-competitive remuneration and various forms of benefits, paid employees' remuneration on time and in full, paid social insurance and housing provident fund in full for employees, and established a standardised enterprise annuity and supplementary medical insurance system. The Company strictly implemented national regulations on statutory leave, marriage leave, funeral leave and maternity leave, implemented a flexible leave system and encouraging employees to take paid leave. The Company attached great importance to the protection of employees' personal privacy information, studied and implemented the Personal Information Protection Law, standardised the employee information confidentiality mechanism, implemented the security monitoring of human resources information system, refined information authorisation, established a log record for the whole process of system operation, and protected employees' personal information from leakage. In 2021, there were 267,760 employees. The labour contract signing rate was 100%, the employee satisfaction rate was 100%, and the employee turnover rate was 5.35%.

Section VI Environmental and Social Responsibility (continued)

Employment of employees in 2021

Classification criteria	Category	Number (person)	Percentage (%)
By gender	Male	209,496	78.24
	Female	58,264	21.76
By talent type	Management talents	65,060	24.30
	Professional and technical talents	137,774	51.45
	Skilled talents	64,926	24.25
By geographical region	Mainland China	257,645	96.22
	Overseas and Hong Kong, Macau and Taiwan	10,115	3.78
By employment type	Full time (person)	267,760	100.00
	Part time (person)	0	0
By education level	Postgraduate	14,418	5.38
	Bachelor degree	164,756	61.53
	Junior college	40,743	15.22
	Technical secondary school	16,358	6.11
	High school and below	31,485	11.76
By age group	Under 35	135,738	50.69
	Aged 36-40	43,302	16.17
	Aged 41-45	26,636	9.95
	Aged 46-50	28,431	10.62
	Aged 51-54	13,409	5.01
	55 and above	20,244	7.56
Total		267,760	100.00

The employee turnover rate of 2021

Classification criteria	Category	Percentage (%)
By gender	Male	5.9
	Female	3.41
By geographical region	Mainland China	5.58
	Overseas and Hong Kong, Macao and Taiwan region	2.1
By age group	Under 35	7.66
	Aged 36-40	4.36
	Aged 41-45	3.8
	Aged 46-50	2.06
	Aged 51-54	2.14
	55 and above	0.88

Section VI Environmental and Social Responsibility (continued)

(2) Health and safety

CRCC conscientiously implemented the requirements of the Law on the Prevention and Control of Occupational Diseases and the National Plan for the Prevention and Control of Occupational Diseases (2016-2020), formulated the Occupational Health Operation Control Procedures in accordance with the Guidelines for the Implementation of the Occupational Health and Safety Management System (GB/T28002-2011), implemented the main responsibility of enterprises, promoted the treatment of occupational disease hazards at the source, prevented and controlled the occurrence of occupational diseases, and effectively protected the occupational health rights and interests of employees. The Company strengthened the procurement, use and management of labour protection supplies. Labour protection supplies must be purchased by designated units, and their quality must comply with relevant national regulations. The Company collected corresponding safety production licenses, product quality certificates and safety authentication certificates, and established a ledger for use. The Company strengthened the control of high hazards such as dust and toxicity, noise and radioactivity, strictly implemented relevant national and local regulations, continuously improved prevention and control measures, and regularly conducted professional monitoring and inspection on workplaces and physical examinations for personnel. The Company strengthened safety and hygiene control, carried out regular cleaning in office and living areas, and had corresponding disinfection, washing, ventilation, anti-corrosion, dust prevention, rodent prevention, sewage discharge and other facilities and measures in the staff canteen. The water used was in line with national hygiene standards to prevent food poisoning and infectious diseases. The Company strengthened the protection of female employees, earnestly implemented the relevant regulations on labour protection for female employees, reasonably arranged the work of female employees, and provided appropriate care and subsidies in accordance with relevant regulations.

The Company arranged physical examinations for employees every year, implemented pandemic prevention and control, organised employees to receive COVID-19 vaccines and conducted nucleic acid tests, and improved employees' awareness of pandemic prevention. The Company carried out free health consultation activities and health knowledge lectures to care for the mental health of employees and strived to create a healthy and safe working and living environment for employees.

Statistics for work-related fatalities for the past three years:

	2019	2020	2021
Number of work-related fatalities (person)	14	3	9
Rate of work-related fatalities (%)	0.0048	0.001	0.0034
Number of work-related injuries working days (day)	84,000	18,000	54,000

Note: The statistics are based on the number of fatalities in production safety accidents, and each death is converted into lost of 6,000 working days.

Section VI Environmental and Social Responsibility (continued)

(3) Development and training

Adhering to the principle of “classification and grading, training as much as warranted and precise training”, CRCC adopted a combination of online and offline methods to establish a sound education and training system, integrate education and training resources, expand training targets, hold various training courses, strengthen system construction, standardise the selection and appointment of personnel and cadre management, improve the talent growth channel, strive to implement the top-level design of human resources, standardise the professional title evaluation, establish a systematic and complete four series of professional title evaluation systems of engineering, economics, accounting, and political work. The Company strengthened the construction of skilled talent teams, selected excellent skilled talents through multiple channels, improved the rules and regulations for the recognition of vocational skills, and promoted the growth of employees and the efficient development of the enterprise. In 2021, a total of RMB939,400,000 was invested in employee training, with a total of 1,124,889 employee trainings, of which 844,792 involved male employees, accounting for 75.1%, and 280,097 involved female employees, accounting for 24.9%. The number of offline trainings reached 398,907, the number of online trainings reached 725,982, the average training hours reached over 90 hours, the training rate of general employees reached over 95%, and the training rate of senior management and middle management was 100%.

Employee Training in 2021

Types of Training	Quantity (incidents)	Percentage (%)	Training	Female
			hours of male employees (hours)	employees' training hours (hours)
Enterprise leaders	24,796	2.20	120 +	120 +
Management personnel	195,348	17.37	115 +	110 +
Professional technicians	705,954	62.76	95 +	90 +
Party-mass management personnel	36,822	3.27	95 +	90 +
Skilled personnel	161,969	14.40	90 +	85 +
Total	1,124,889	100.00	/	/

Section VI Environmental and Social Responsibility (continued)

(4) *Labour standards*

CRCC strictly abided by the Labour Law of the People's Republic of China, the Provisions on the Prohibition of Using Child Labour and relevant laws and regulations of overseas countries and regions, adhered to the equality of men and women, equal pay for equal work. CRCC opposed employment discrimination and forced labour, advocated equal opportunities, treated employees of different nationalities, races, genders, ages, religions and cultural backgrounds equally, respected the customs of ethnic minorities, and strictly protected the personal privacy of employees. CRCC strictly prohibited and resisted the use of child labour in any form. In the recruitment process management, CRCC followed the regulations and training procedures to make employees responsible for recruitment understand the relevant regulations and strictly followed the recruitment system for recruitment. It was strictly forbidden to recruit personnel under the legal working age in the recruitment process, registration of candidates' identity cards was conducted during the recruitment process, and inspection of candidates' records was regularly conducted. We have also formulated a system to punish those who violate the recruitment management. Over the years, we have not found any employment or use of child labour. In addition, we conducted due diligence and communication with subcontractors, and conducted identity card record check for migrant workers under the management of subcontractors to prohibit the use of child labour. CRCC opposes all forms of forced labour, and did not engage in the use of forced or compulsory labour. The establishment of working and labour relations among employees was voluntary. CRCC also established a strong labour union, which negotiated with the Company on the collective labour contract to protect the rights and interests of employees. Over the years, we have been committed to building a harmonious and stable labour relationship, and there were no incidents of child labour and forced labour.

2. Operating Practices

(1) *Supply chain management*

CRCC attached great importance to the collaborative development with suppliers and subcontractors, and has established an electronic procurement platform to provide an open and fair competition environment for suppliers. The Company implemented a hierarchical supplier approval system, strictly abided by the standardised procurement process and green procurement policies; conducted supplier social responsibility education and training through negotiations and symposiums to standardise supplier behavior; established a list of qualified suppliers, regularly conducted supplier evaluation, established and improved the supplier standardised management mechanism, realised the whole life cycle management of access, inspection, grading, dynamic evaluation and elimination, and established long-term cooperation with suppliers with strong strength and good reputation. At the same time, CRCC actively led suppliers to fulfill social responsibilities, improved supplier responsibility awareness and responsibility performance ability, and strived to build a responsible and sustainable supply chain system. As at the end of 2021, CRCC Materials Centralised Procurement Center had 13,688 domestic material suppliers, including 1,649 first-level qualified suppliers and 12,039 other suppliers.

Section VI Environmental and Social Responsibility (continued)

First-level Qualified Domestic Material Suppliers in 2021

Region	Number of Suppliers
Beijing Headquarters (Beijing, Tianjin, Hebei, Shandong, Shanxi, Inner Mongolia, Heilongjiang, Jilin, Liaoning)	273
Shanghai Headquarters (Jiangsu, Zhejiang, Shanghai, Anhui)	366
Guangzhou Headquarters (Fujian, Guangdong, Guangxi, Hainan)	398
Wuhan Headquarters (Henan, Hubei, Hunan, Jiangxi)	181
Xi'an Headquarters (Xinjiang, Qinghai, Shaanxi, Gansu, Ningxia)	184
Chengdu Headquarters (Yunnan, Guizhou, Sichuan, Chongqing, Tibet)	247
Total	1,649

In the process of supply chain management, the Company attached great importance to the identification, prevention and control of risks in all stages, and has formulated the Supplier Management Measures and established a full life cycle management system for supplier access, review and evaluation. In the supplier access stage, CRCC strictly reviewed the production process, production environment and technical capabilities of suppliers, and the absence of illegal records, major legal disputes, environmental violation penalties and other information in the business activities in the past three years. In the supplier evaluation stage, CRCC fully considered various factors such as the supplier's ability to guarantee supply, financial status, public opinion and litigation and disputes, eliminated inferior suppliers and established long-term cooperation with reputable suppliers.

The Company has formulated the Procurement Management Measures to clarify the risks related to procurement management, established a procurement internal control and risk management system, identified and evaluated procurement risks, and formulated risk prevention and control and response measures. The Company clarified the responsible departments and responsible persons for procurement risk control, strengthened the construction of procurement management team and professional ethics education, improved the professional quality and skill level of procurement management personnel, and strengthened the supervision of procurement process to ensure that the procurement system is under control and prevent responsibility risks.

Section VI Environmental and Social Responsibility (continued)

The Company supervised the procurement process through the compliance management system. When selecting suppliers, the Company conducted investigation on the procurement counterparty and requires the counterparty to sign an integrity and compliance agreement to eliminate commercial bribery. The Company has formulated the management measures for the identification of bid rigging and collusion. Through big data analysis and comparison, the Company investigates and punishes bid rigging activities, and suspend trading qualifications of suppliers, so as to ensure that the procurement activities of suppliers are transparent and free from corruption.

The Company was committed to becoming an environmentally friendly and eco-friendly enterprise. In order to carry out green construction and build green buildings, the Company added scores to suppliers with ISO 14000 environmental management system certification when selecting suppliers. In order to promote more procurement and use of environmentally friendly products and services, the Company gave priority to environmentally friendly products and services when purchasing at the same price. When there are advanced environmental protection products and services, more consideration would be given to procure the relevant services at a higher price. In addition, when communicating with suppliers, the Company would also explain our preference for environmentally friendly products and services and promote environmental awareness in the supply chain.

(2) *Product responsibility*

CRCC strictly abided by the Product Quality Law of the People's Republic of China, the Work Safety Law of the People's Republic of China and other laws and regulations. In accordance with the Company's Measures for the Supervision and Administration of Project Quality and the Measures for the Quality Management of General Project Contracting at the Headquarters level, CRCC has positioned the quality management responsibilities of the general project contracting department at all levels, while sorting out the basic work of quality management and proposing overall requirements.

The Company strictly focused on quality management, gradually implemented the quality management system that separates supervision and production, and took the lead in implementing the quality supervision system in the Company's projects, forming a project quality supervision system with the quality director as the core. CRCC implemented the quality policy of "construction of excellent projects", carefully organised, strictly managed and refined processes in construction, and realised the high-quality process. The Company organised the "National Quality Month" activity to cultivate the quality awareness of all employees. The Company organised the "Special Action for Self-inspection and Self-correction of Building Material Quality" to focus on inspection of steel bars, concrete and key components, mainly for the "purchase and use" process, so as to comprehensively improve product quality control capabilities. In 2021, the Company won 7 China Construction Engineering Luban Awards, 7 National Quality Engineering Gold Awards, 39 National Quality Engineering Awards, 2 Fittec Engineering Project Awards, and 1 Global Best Engineering Award of Engineering News Record (ENR). There were no products subject to recalls for safety and health reasons. In addition, as the Company's products are construction products, there were no product recall procedures.

Section VI Environmental and Social Responsibility (continued)

Taking quality as the foundation and customer as the first priority, the Company provided customers with a package of high-quality and high-value services. Established a customer management system, CRCC Real Estate Group Co., Ltd., a real estate sector unit of CRCC, established a property owner management system and conducted satisfaction surveys. The Company actively promoted the protection of customer rights and interests, and comprehensively protected customer rights and interests by issuing customer feedback forms.

The Company protected customer privacy, registers and hierarchically protected owner information in the Company's system, and carried out special management of customer information. In terms of the protection of major customer information, the Company managed customer information at different levels and branches, and managed authority in the sales system. For personnel who divulge customer information without cause, different levels of punishment would be given according to the severity level.

The Company attached importance to customer complaints and feedback, created a set of complaint response mechanism, as well as various forms of communication, and regarding customer complaints would immediately communicate with customers, implement to the relevant responsible persons, and implement complaint solutions in accordance with the procedures. In 2021, the number of customer complaints on major issues of the Company is 0.

The Company strictly abided by the Patent Law of the People's Republic of China and attached great importance to the protection of intellectual property rights; the Company issued the "14th Five-Year Plan" Science and Technology Innovation and Development Plan to build a science and technology innovation platform system of "national level + provincial level + company level", continuously improved the innovation mode with enterprises as the main body and multi-party forces, and steadily improved the innovation ability. In 2021, the Company won 6 second prizes of the 2020 National Science and Technology Progress Award, 11 awards of the 18th China Civil Engineering Zhan Tianyou Award, 378 new provincial and ministerial construction methods, and 6,638 authorised patents.

(3) *Anti-corruption*

CRCC strictly abided by the laws and regulations of China and the countries and regions where its overseas businesses are located, issued the Guiding Opinions on Strengthening Supervision, built a system and mechanism under which no one dares to or can be corrupted or thinks of committing corruption, established an economic "big supervision" collaborative work system, adopted measures such as integrity reminders, open visits, unannounced inspections and supervision and inspection. CRCC strengthened daily supervision, resolutely investigated and punished the "formalism, bureaucracy, hedonism and extravagance", focused on supervision and inspection of democratic life meetings, selection and employment, and "Three Significant and One Large" decision-making, promoted the institutionalisation and standardisation of daily supervision, strictly prohibited any corruption and bribery, and had "zero tolerance" for corruption. At the same time, CRCC regularly carried out anti-corruption publicity activities to create a clean atmosphere. In 2021, the Company conducted 12 special studies on integrity construction and anti-corruption, and carried out 10,252 disciplinary education sessions, with 247,216 participants.

Section VI Environmental and Social Responsibility (continued)

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 and capital payment. With such efforts, the Company effectively prevented any corruption behavior. In 2021, the number of concluded legal cases regarding corruption practices of employees was 4, and the outcomes of the cases are generally in the interest of the Company.

CRCC has established the Measures for the Handling of Letters and Visits and Whistle-blowing, which specifies the scope, procedures and methods for handling letters and visits and their duties, and strictly implements the Working Rules for the Handling of Reports and Whistle-blowing by Discipline Inspection and Supervision Authorities. CRCC set up a reporting hotline to provide smooth reporting channels through calls, letters and visits. To receive, accept, approve, handle and supervise the complaints in accordance with the prescribed procedures. The responsibility of handling personnel was clarified and the supervision is strengthened, the scope of knowledge is strictly controlled, and the Company was responsible for, and kept confidential, the whistleblowers.

3. Community

(1) *Community investment*

While developing its own business, CRCC strived to fulfill its social responsibilities, actively participated in rescue and disaster relief work, cared for migrant workers, devoted itself to public welfare and charity to build a warm and harmonious community, and to share development achievements with the society. The Company took the initiative to fulfill its overseas social responsibilities, promoted local employment, and supported the local fight against COVID-19 and engaged in rescue and disaster relief. While committed to the “hard connection” of infrastructure, the Company promoted the “soft connection” and “heart connection”. In 2021, the Company donated RMB65.8354 million to external parties.

Section VI Environmental and Social Responsibility (continued)

The Company comprehensively summarised and inherited excellent experience in poverty alleviation, consolidated the hard-earned achievements in poverty alleviation, effectively connected the rural revitalisation, focused on the “five major revitalisation” of industries, talents, culture, ecology, organization, etc., combined with the characteristics of regions and resources in the assisted areas, promoted the rural revitalisation work according to local conditions, and contributed to the realisation of rural revitalisation. The Company continued to strengthen assistance measures from the aspects of organization and leadership, supported cadres, capital investment and supervision to ensure the solid and effective balance and transition of various assistance works. Based on the actual development of the assisted areas, The Company played its own industrial advantages, carried out industrial assistance, and promoted the employment and income of the public. The Company continued to carry out education assistance, broaden horizons, improve capabilities, and lay the foundation for the construction of rural revitalisation talents. The Company promoted the construction of rural ideology and moral and public culture through the development of cultural industry and cultural publicity. The Company strengthened the comprehensive treatment of outstanding environmental problems in rural areas, improved the living condition in the areas under assistance, and empowered rural revitalisation with a good living condition and ecological environment. The Company strengthened the construction of rural organizations, carried out paired assistance, and led rural revitalisation with organizational revitalisation. In 2021, CRCC invested RMB45,902,400 in assistance funds, introduced RMB13,915,000 in assistance funds, purchased RMB23,680,200 in agricultural products in poverty alleviation areas, and helped sell RMB7,706,500 in agricultural products in poverty alleviation areas. CRCC invested RMB2,396,500 in consolidating the achievements of “no worry about food and clothing and have access to compulsory education, basic medical services, and safe housing”, and built 6 demonstration sites for rural revitalisation.

The Company encouraged employees to actively participate in volunteer service activities, set up 1,676 “Learn from Lei Feng” volunteer service teams, adopted measures of periodical services, regular services and pairing services, etc. to carry out targeted public welfare activities such as volunteer teaching, environmental protection, community service, caring for the elderly and providing services for the Winter Olympics throughout the country. In 2021, the Company participated in 1,987 social welfare activities with 37,000 volunteering participants in the activities.

Section VI Environmental and Social Responsibility (continued)

(III) Others

1. Statement of the Board

The Board of the Company attaches great importance to ESG management. The Audit and Risk Management Committee performs the ESG supervision function. On behalf of the Board, the Audit and Risk Management Committee continuously reviews the Company's major ESG risks and opportunities. In 2021, the Company took the construction of the "great risk control" system as an opportunity to create a risk list that includes ESG risks and conforms to the Company's actual condition. According to the Company's risk list, the Board reviewed the related objectives, challenges, strengths and weaknesses of the ESG management in 2021, and evaluated the adequacy and effectiveness of the Company's ESG-related structure in this regard, so as to maintain the balance between the Company's environmental and social impact and the achievement of business objectives, promote the Company's sustainable development, and lay a sustainable foundation for the Company's long-term sound operation. In 2021, the Company adopted and updated the Company's ESG policies when necessary and ensures that such policies keep pace with the times and comply with applicable laws, regulations, regulatory requirements and international standards, vigorously addressed environmental risks, comprehensively reduced safety risks, strictly guarded against operational risks, and reported ESG-related materials to the Board in a timely manner. The Board oversaw the implementation of the objectives, strategies and structure of the ESG, discussed and reviewed important ESG issues, and provided relevant suggestions.

2. The principle and scope of reporting

The Company strengthened the multi-channel communication mechanism, deeply understood the expectations and demands of stakeholders, and responded actively. The following are the stakeholders and responsible communication methods identified by the Company:

Stakeholders	Expectations and Requirements	Communication mechanism and methods
Government (PRC government and local government of business operation locations)	Compliance with relevant laws and regulations Increase in tax Employment promotion Technology innovation Building national brand	Attending relevant meetings Special reports, statistical reports, information submission
SASAC	Continuously improve profitability and core competitiveness Comprehensive risk management Ensure value preservation and appreciation of state-owned assets	Implementing relevant document requirements Attending meetings and implementing the spirit of the meetings Regular reporting Regular communication and submission of reports by competent business departments

Section VI Environmental and Social Responsibility (continued)

Stakeholders	Expectations and Requirements	Communication mechanism and methods
Investors and financial institutions	Enhancement of value and market value Reduce enterprise risk Ensure sustainable development Integral performance	Regular and interim reports General meetings and meetings with investors Contract execution Regular visits Daily communication between business personnel
Property owners and customers	Provide high-quality, affordable products and services and continue to improve	Contract execution High-level meetings Document and correspondence Owners evaluation and management Bidding management Daily communication
Suppliers and subcontractors	Stable cooperation relationship Reasonable price Mutual assistance and win-win	Bidding and business negotiation Contract execution, business correspondence Irregular communication
Partners	Resource sharing Win-win cooperation Long-term stable communication	Execution of agreements and contracts High-level visits Regular meetings Multi-channel cooperation research Negotiation and exchange
Employees	Provide good remuneration and benefits Provide training and growth opportunities Provide good working environment	Employee Supervisor Seeking reasonable suggestions Daily work communication
Trade union	Meet the requirements of the trade union Respect for labour rights Protect the legitimate rights and interests of employees	Workers' Congress Right to participate in major decisions of the Company Regular communication between union representatives and contact persons

Section VI Environmental and Social Responsibility (continued)

Stakeholders	Expectations and Requirements	Communication mechanism and methods
Environment	Supporting “Carbon Peak, Carbon Neutrality” Reduce three wastes and save resources Ecological protection Environmental public welfare	Information disclosure Green design Green construction Green office Green development
Community	Civilized production Build a harmonious and prosperous community	Civilization co-building Participation in community welfare activities
Individuals, groups and media interested in the Company	Be a responsible enterprise to achieve sustainable development	Disclosure of information in accordance with laws Press conference News reporting and publicity

The Company has established a pool of ESG issues based on domestic and foreign social responsibility standards, government policy requirements, stakeholder surveys, and benchmarking against outstanding enterprises, in combination with the Company's development strategy and planning. ESG issues are divided into eight categories: responsibility management, corporate governance, customer responsibility, employee responsibility, partner responsibility, community responsibility, environmental responsibility and overseas responsibility.

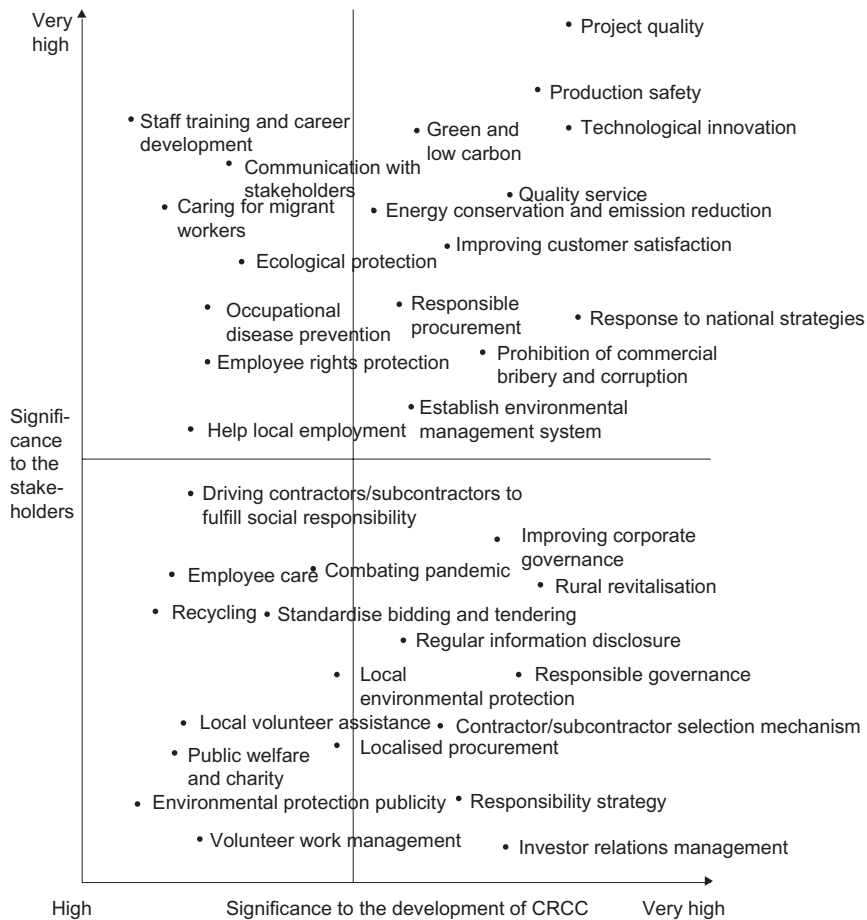
Dimensions	Social Responsibility Issues
Responsibility Management	Responsibility strategy Responsible governance Communication with stakeholders
Corporate Governance	Improving corporate governance Regular information disclosure Investor relations management Prohibition of commercial bribery and corruption Response to national strategies
Customer Responsibility	Project quality Technological innovation Quality service Improving customer satisfaction

Section VI Environmental and Social Responsibility (continued)

Dimensions	Social Responsibility Issues
Employee Responsibility	Employee rights protection Staff training and career development Occupational disease prevention Employee care Production safety Combating pandemic
Partner Responsibility	Standardise bidding and tendering Contractor/subcontractor selection mechanism Driving contractors/subcontractors to fulfill social responsibility
Community Responsibility	Responsible procurement Public welfare and charity Volunteer work management Rural revitalisation Caring for migrant workers Combating pandemic
Environmental Responsibility	Establish environmental management system Green and low carbon Recycling Environmental protection publicity Ecological protection
Overseas Responsibility	Help local employment Localised procurement Local environmental protection Local volunteer assistance Combating pandemic

Section VI Environmental and Social Responsibility (continued)

The Company conducted a questionnaire survey on ESG issues and invited internal and external stakeholders to give feedback on the importance of different issues to them. Through the establishment of the two-dimensional matrix of “importance to stakeholders” and “importance to the development of CRCC”, the Company analyzed and obtained the substantive social responsibility issues of the Company, and disclosed the relevant issues according to the analysis of the issues.



The scope of the report is China Railway Construction Corporation Limited and its subsidiaries, and there is no change in the scope of the report. The statistical methods or key performance indicators has not been changed. The value calculation for the environmental section is mainly based on the Guidelines for the Compilation of Provincial Greenhouse Gas Inventories (the Department of Climate Change under the National Development and Reform Commission in 2011), the Research on China’s Greenhouse Gas Inventories (Office of the National Climate Change Countermeasures Coordination Group, the Energy Research Institute under the National Development and Reform Commission, 2007) and the 2014 Baseline Emission Factors for Regional Power Grids in China issued by the National Development and Reform Commission.

For relevant information on the corporate governance of the Group, please refer to “Section V Corporate Governance (Corporate Governance Report)” in this report.

Section VII Significant Events

I. THE PERFORMANCE OF UNDERTAKINGS

(I) Undertakings during or continued to the Reporting Period by actual controller, shareholders, related parties, acquirers the Company and other relevant parties

Applicable Not Applicable

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
Undertaking related to the share reform								
Undertakings in acquisition report or report on changes in equity								
Undertakings associated with major asset reorganisation								
Undertakings associated with IPO								
Undertakings associated with refinancing	Others	China Railway Construction Corporation	If CRCC violates the laws and regulations due to failure in disclosing idle land or other reasons, causing 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 on 13 May 2015 by the Company, 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).	Long-term	No	Yes		

Section VII 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	Directors and senior management	If CRCC violates the laws and regulations due to failure in disclosing idle land or other reasons, causing 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 the laws. For more details, please refer to relevant announcements published on 13 May 2015 by the Company, 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).	Long-term	No	Yes		
Undertaking associated with share incentive								
Other Undertaking made to minority shareholders of the Company								
Other Undertaking	Resolving ownership defects of lands and other properties	China Railway Construction Corporation	Obtaining land certificate and property ownership certificate, covering the costs of obtaining the aforesaid certificates and losses caused thereby. For more details, please refer to relevant announcements published on 29 March 2014 and 19 June 2014 by the Company, 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).	Long-term	No	Yes		

Section VII 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
Other Undertaking	Shares subject to restriction of sales	China Railway Construction Corporation	For undertakings on the spin-off and listing of the restricted sales of shares of CRCHI, please find more details in the Plan for the Spinoff 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创板上市的預案(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 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创板上市招股說明書》) released on the website of Shanghai Stock Exchange (www.sse.com.cn) by CRCHI on 16 June 2021.	Within 36 months from the listing of CRCHI	Yes	Yes		
	Others	The Company	For undertakings on the spin-off and listing of the restricted sales of shares of CRCHI and stabilizing the stock price, please find more details in the Plan for the Spinoff 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创板上市的預案(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 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创板上市招股說明書》) released on the website of Shanghai Stock Exchange (www.sse.com.cn) by CRCHI on 16 June 2021.	Within 36 months from the listing of CRCHI	Yes	Yes		

Section VII 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
Other Undertaking	Others	The Company	For undertakings on the spin-off and listing of the purpose of intention and reduction of shareholding of shares after the end of the shares Lock-Up Period of CRCHI, please find more details in the Prospectus for Initial Public Offering and Listing on the Science and Technology Innovation Board 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》) released on the website of Shanghai Stock Exchange (www.sse.com.cn) by CRCHI on 16 June 2021.	Within 2 years from the end of Lock-Up Period	Yes	Yes		
	Others	China Railway Construction Corporation	For undertakings on the authenticity, accuracy and completeness of spinoff and listing of the restricted sales of shares of CRCHI, undertakings on no fraudulent issuance of shares buyback, undertakings on no misrepresentations or misleading statements contained in, or material omissions in the Prospectus, Letter of Undertaking to Make up for Diluted Immediate Returns, Letter of Undertaking to Reduce and Regulate Related Party Transactions, undertakings on binding measures in the event of not observing undertakings, the Letter of Undertaking to Avoid Horizontal Competition 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 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》) released on the website of Shanghai Stock Exchange (www.sse.com.cn) by CRCHI on 16 June 2021.	Long-term	No	Yes		

Section VII 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
Other Undertaking	Others	The Company	For undertakings on the authenticity, accuracy and completeness of spin-off and listing of the restricted sales of shares of CRCHI, the undertakings on reduction of shareholding of shares, no fraudulent issuance of shares buyback, there are no misrepresentations or misleading statements contained in, or material omissions in the Prospectus, Letter of Undertaking to Make up for Diluted Immediate Returns, Letter of Undertaking to Reduce and Regulate Related Party Transactions, undertakings on binding measures in the event of not observing undertakings, the Letter of Undertaking to Avoid Horizontal Competition, 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创板上市的預案(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 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创板上市招股說明書》) released on the website of Shanghai Stock Exchange (www.sse.com.cn) by CRCHI on 16 June 2021.	Long-term	No	Yes		

Section VII 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
Other Undertaking	Others	Directors, supervisors and senior management	For undertakings on the authenticity, accuracy and completeness of spin-off and listing of the restricted sales of shares 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创板上市的預案(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.	Long-term	No	Yes		

(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

II. THE CONTROLLING SHAREHOLDER OF THE COMPANY OR ITS ASSOCIATES HAS MISAPPROPRIATED THE COMPANY'S FUNDS FOR PURPOSES OTHER THAN FOR BUSINESS DURING THE REPORTING PERIOD

Applicable Not Applicable

III. NON-COMPLIED GUARANTEES

Applicable Not Applicable

IV. EXPLANATION FROM THE BOARD OF DIRECTORS OF THE COMPANY ON "NON-STANDARD AUDITORS' REPORT" ISSUED BY THE AUDITORS

Applicable Not Applicable

Section VII Significant Events (continued)

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

The Ministry of Finance issued the Interpretation of Accounting Standards for Business Enterprises No. 14 (hereinafter referred to as "Interpretation No. 14") and the Interpretation of Accounting Standards for Business Enterprises No. 15 (hereinafter referred to as "Interpretation No. 15") in 2021.

Interpretation No. 14 defines PPP project contracts, including the conditions of "dual characteristics" and "dual control". Interpretation No. 14 clarifies the relevant accounting treatment of the social capital parties, especially the conditions for recognition of receivables and intangible assets under PPP project contracts and the accounting treatment requirements for mixed mode (both financial assets and intangible assets) under PPP project contracts, as well as the explicit disclosure requirements. The Group has implemented Interpretation No. 14 since the date of the promulgation.

"Relevant Report on centralised management of funds" of Interpretation No. 15 has been implemented since the date of the promulgation, and regulates the presentation of the following situations: funds collected by member units into the account of the parent company of the group; funds borrowed by member units from the account of the parent company of the group; funds direct deposit into the finance company by member units not collected into the account of the parent company of the group; funds borrowed by the member units directly from the finance company instead of the account of the parent company of the group.

The changes in accounting policies have no material impact on the financial position, operating results, cash flows and future operating results of the Group. Please refer to "34. Changes in significant accounting policies" in Note III to the financial report of this report for details of the impact of changes in accounting policies of the Group.

(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

Section VII Significant Events (continued)

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.

The schedule on the review of the Company's annual financial report was negotiated and determined by 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 preliminary 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 2021 were reviewed at the fourth meeting of the Audit and Risk Management Committee of the fifth Board of directors of the Company on 28 March 2022.

(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 2021 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	5 years

Section VII Significant Events (continued)

Unit: '0,000 Currency: RMB

	Name	Compensation
The auditors for internal control audit	Deloitte Touche Tohmatsu CPA LLP	216
Financial advisor	China International Capital Corporation Limited	-
Sponsor	Nil	-

Explanation on appointment and removal of auditors

Applicable Not Applicable

- Pursuant to the relevant provisions of the Ministry of Finance of the PRC, the CSRC and Hong Kong Stock Exchange Listing Rules, 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).
- 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 2021, the Company appointed Deloitte Touche Tohmatsu CPA LLP as the external auditor of the Company for five years.
- As considered and approved at the 2020 Annual General Meeting of the Company on 29 June 2021, the Company reappointed Deloitte Touche Tohmatsu CPA LLP as the external auditor for 2021 to audit the 2021 financial statements of the Company, review the 2021 the interim financial statements, and audit the 2021 internal control. During the Reporting Period, fees for 2021 interim review, financial statement audit and relevant services paid by the Company for 2021 to Deloitte Touche Tohmatsu CPA LLP amounted to RMB27,720,000 and fees for 2021 audit of internal control and related services paid by the Company to Deloitte Touche Tohmatsu CPA LLP amounted to RMB2,160,000.
- 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

Section VII Significant Events (continued)

VIII. SITUATION FOR RISK OF DELISTING

(I) Causes of delisting risk warning

Applicable Not Applicable

(II) Measures to be taken by the Company

Applicable Not Applicable

(III) Situation and causes for termination of listing

Applicable Not Applicable

IX. MATTERS RELATING TO INSOLVENCY OR RESTRUCTURING

Applicable Not Applicable

X. MATERIAL LITIGATION AND ARBITRATION

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

XI. PUNISHMENTS AND RECTIFICATIONS INVOLVED BY THE LISTED COMPANY, ITS DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT, CONTROLLING SHAREHOLDERS, ACTUAL CONTROLLER SUSPECTED OF VIOLATING LAWS AND REGULATIONS

Applicable Not Applicable

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

Applicable Not Applicable

XIII. BANKING FACILITIES DURING THE REPORTING PERIOD

As at 31 December 2021, the Group has already obtained the banking facilities from several PRC banks of up to RMB1,959.1497 billion, of which an amount of RMB733.4863 billion has been utilised.

Section VII Significant Events (continued)

XIV. 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 Stock Exchange 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, 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, 28 December 2015 and 13 December 2018. Taking into account that the Service Provision Framework Agreement entered into between the Company and the Controlling Shareholder on 13 December 2018 and the annual caps determined in respect of the continuing connected transactions under the Agreement will expire on 31 December 2021, 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 21 December 2021 for a term from 1 January 2022 to 31 December 2024, and set the annual caps of the continuing connected transactions thereunder for the three years ending 31 December 2024.

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 2021:

Unit: '000 Currency: RMB

Nature of transaction	Annual cap for 2021	Consolidated amount of transaction of the Group in 2021
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	1,175,242

Section VII Significant Events (continued)

2. 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. Therefore, the Company renewed 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.

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.

Section VII Significant Events (continued)

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 2021:

Unit: '000 Currency: RMB

Nature of transaction	Annual cap for 2021	Consolidated amount of transaction of the Group in 2021
Expenditure payable by the Group in respect of the lease of property and land use rights provided by the Controlling Shareholder and/or its associates under the Property Leasing Framework Agreement and the Land Use Rights Leasing Framework Agreement	300,000	100,394

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, 13 December 2018 and 21 December 2021. The Financial Services Agreement entered into between CRCC Finance and the Controlling Shareholder on 13 December 2018 and the annual caps determined for continuing connected transactions under the agreement expired on 31 December 2021. 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 on 21 December 2021, with a term from 1 January 2022 to 31 December 2024, and determined the annual caps of continuing connected transactions thereunder for the three years ending 31 December 2024. According to the Financial Services Agreement entered into on 13 December 2018, 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 VII 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 nonexempt continuing connected transactions under the Financial Services Agreement as at 31 December 2021:

Unit: '000 Currency: RMB

Nature of transaction	Annual cap for 2021	Consolidated amount of transaction of the Group in 2021
Deposit Service	30,000,000	2,679,493
Loan Services	4,500,000	3,818,305
Clearing Services	100,000	182
Other Financial Services	100,000	80

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, 19 December 2019 and 22 December 2021 as published by the Company.

Section VII Significant Events (continued)

Independent non-executive directors of the Company have reviewed such nonexempt 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 2021 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 2021 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 Stock Exchange Listing Rules. The Company confirms that the Company has complied with the applicable disclosure requirements under Chapter 14A of the Hong Kong Stock Exchange Listing Rules in relation to such related party transactions.

Section VII 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

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 VII 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 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 Company convened the first meeting of the fifth session of the Board on 21 December 2021, which considered and approved the Resolution on Renewal of Service Provision Framework Agreement and Proposed Caps for Continuing Connected Transactions for 2022–2024, pursuant to which, the annual transaction amount for 2022–2024 shall not exceed RMB2,000,000,000. 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.</p>	<p>For details, please refer to the announcements of the Company dated 31 October 2018, 14 December 2018 and 22 December 2021 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 VII 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 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.</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.com.cn).</p>

Section VII Significant Events (continued)

Summary of the event

Document for inspection

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. The first meeting of the fifth session of the Board of the Company was held on 21 December 2021. At the meeting, the Resolution on Renewal of the Financial Services Agreement and Determination of Caps of Continuing Connected Transactions from 2022 to 2024 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.

For details, please refer to the announcements of the Company dated 14 December 2018 and 22 December 2021 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 VII Significant Events (continued)

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*

Unit: '000 Currency: RMB

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
12 companies including Shaanxi Railway Engineering Investigation Co., Ltd	Expenditure for labour service	Survey, design and consultation operations	Agreement pricing	-	1,175,242	0.13	Cash	-	-
Controlling Shareholder and associates	Property leasing expense	Property lease	Agreement pricing	-	100,394	0.01	Cash	-	-

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

Unit: '000 Currency: RMB

Nature of transaction	Project	Annual cap for 2021	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 RMB4 billion.	4,000,000	477,144

Section VII Significant Events (continued)

Nature of transaction	Project	Annual cap for 2021	Consolidated amount of transaction during the Reporting Period
Expense	CRCCFL carried out deposit businesses in CRCC Finance, and the floating range of interest rates paid by CRCC Finance to CRCCFL 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 agreement, the maximum daily balance (including accrued interest thereon) deposited at CRCC Finance by CRCCFL shall not exceed RMB0.3 billion.	300,000	–
	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 RMB4 billion.	4,000,000	1,676,059

(3) *Continuing connected transaction between CRCC Finance and the Controlling Shareholder*

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

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

Applicable Not Applicable

3. Events not disclosed in the temporary announcements

Applicable Not Applicable

Section VII Significant Events (continued)

(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 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

(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

Section VII Significant Events (continued)

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	2,820,000	180,000	3,000,000	843,066	320,000	1,163,066
China Railway Construction Corporation ^{Note 2}	Controlling Shareholder	-	-	-	139,055	80,974	220,029
China Railway Jinli Assets Management Co., Ltd. ^{Note 2}	Wholly-owned subsidiary of the Controlling Shareholder	-	-	-	852,746	-110,135	742,611
Beijing Tongda Jingcheng Highway Co., Ltd. ^{Note 2}	Controlling subsidiary of the Controlling Shareholder	-	-	-	178,942	-118,854	60,088
Total		2,820,000	180,000	3,000,000	2,013,809	171,985	2,185,794

During the Reporting Period, the amount of funds provided to the Controlling Shareholder and its subsidiaries by the Company (in RMB'000) 180,000

Cause to claims and liabilities between related parties Claims and liabilities resulted from the Company's operations with the related parties.

Settlement of claims and liabilities between related parties Settlement by normal progress.

Commitments related to claims and liabilities between related parties None.

Impact of such claims and liabilities between related parties on the Company's operating result and financial position No significant impact.

Notes:

- 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.
 - The amount mainly includes deposits of the Controlling Shareholder and its subsidiaries stored in CRCC Finance, a subsidiary of the Group.
3. Events not disclosed in temporary announcements

Applicable Not Applicable

Section VII Significant Events (continued)

(VI) The financial businesses between the Company and the related financial company, the Company's holding financial company and the related party.

Applicable Not Applicable

1. Deposit services

Applicable Not Applicable

Unit: '000 Currency: RMB

Related party	Related party relationship	The maximum daily deposit limit	Interest rate on deposit	Opening balance	Accrual this period		Ending balance
					Total deposited amounts this period	Total withdrawal amounts this period	
China Railway Construction Corporation	Controlling Shareholder	30,000,000	0.5%-3.85%	139,055	8,631,024	8,550,050	220,029
China Railway Jinli Assets Management Co., Ltd.	Wholly-owned subsidiary of the Controlling Shareholder			804,557	2,381,817	2,443,763	742,611
Beijing Tongda Jingcheng Highway Co., Ltd.	Holding subsidiary of Controlling Shareholder			178,942	841,664	960,518	60,088
Total	/	/	/	1,122,554	11,854,505	11,954,331	1,022,728

2. Loan services

Applicable Not Applicable

Unit: '000 Currency: RMB

Related party	Related party relationship	Loan facility	Interest rate on loan	Beginning balance	Accrual this period		Ending balance
					Total loan amounts this period	Total repayment amounts this period	
China Railway Construction Corporation	Controlling Shareholder	4,500,000	3.40%-3.48%	2,820,000	3,284,437	3,104,437	3,000,000
Total	/	/	/	2,820,000	3,284,437	3,104,437	3,000,000

Section VII Significant Events (continued)

3. Facilities businesses and other financial businesses

Applicable Not Applicable

Unit: '000 Currency: RMB

Members	Required attendance	Attendance in person	Attendance by proxy	Absence
China Railway Construction Corporation	Controlling Shareholder	Entrusted loan fee	100,000	80
China Railway Construction Corporation	Controlling Shareholder			69
China Railway Jinli Assets Management Co., Ltd.	Wholly-owned subsidiary of the Controlling Shareholder	Settlement service fee	100,000	111
Beijing Tongda Jingcheng Highway Co., Ltd.	Holding subsidiary of Controlling Shareholder			2
Total	/	/	/	262

4. Other explanation

Applicable Not Applicable

(VII) Other

Applicable Not Applicable

XV. MATERIAL 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 VII Significant Events (continued)

(II) Related guarantee

Applicable Not Applicable

Unit: '000 Currency: RMB

Guarantor	Relationship with the listed company		Party guaranteed	Guarantee amount	Date of guarantee occurrence (date)			Guarantee type	Performance			Counterparty	Guarantee by related party	Related relationship
					Date of signing the agreement	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.	30,240	28 December 2006	28 December 2006	28 December 2026	General Guarantee	No	No	No	No	No	No	
The Company	Within the Company	Chuantie (Luzhou) Tielu Co., Ltd.	31,752	16 April 2008	16 April 2008	16 April 2028	General Guarantee	No	No	No	No	No	No	
The Company	Within the Company	CRCC-Tongguan Investment Co., Ltd.	763,171	17 March 2014	17 March 2014	30 December 2023	General Guarantee	No	No	No	No	Yes	Associate	
The Company	Within the Company	CRCC-Tongguan Investment Co., Ltd.	78,663	20 May 2015	20 May 2015	20 November 2023	General Guarantee	No	No	No	No	Yes	Associate	
The Company	Within the Company	ECUACORRIENTE S.A.	188,535	22 June 2020	10 August 2020	9 July 2025	Joint Responsibility Guarantee	No	No	No	Yes	No		
China Railway Construction Real Estate Group Co., Ltd.	Wholly-owned subsidiary	Wuhan Zhaorui Real Estate Co., Ltd.	281,750	9 July 2021	9 July 2021	27 March 2024	Joint Responsibility Guarantee	No	No	No	No	Yes	Associate	
China Railway Construction Investment Group Co., Ltd.	Controlling subsidiary	CRCC-Tongguan Investment Co., Ltd.	554,686	13 June 2019	13 June 2019	13 June 2024	Joint Responsibility Guarantee	No	No	No	Yes	Yes	Associate	
China Railway 20th Bureau Group Co., Ltd.	Wholly-owned subsidiary	Guizhou Wengma Railway Co., Ltd.	648,511	31 March 2016	31 March 2016	31 March 2039	Joint Responsibility Guarantee	No	No	No	No	Yes	Associate	
China Railway 16th Bureau Group Co., Ltd.	Wholly-owned subsidiary	Oriental Anzhen (Beijing) Hospital Management Co., Ltd.	60,525	24 May 2021	25 May 2021	14 December 2039	Joint Responsibility Guarantee	No	No	No	No	No		
China Civil Engineering Group Co., Ltd.	Wholly-owned subsidiary	Jiangxi Copper Corporation Limited	7,446	31 May 2021	31 May 2021	22 June 2028	Joint Responsibility Guarantee	No	No	No	No	No		
CRCC International Investment Co., Ltd.	Controlling subsidiary	Jiangxi Copper Corporation Limited	14,935	31 May 2021	31 May 2021	22 June 2028	Joint Responsibility Guarantee	No	No	No	No	No		
China Railway 23rd Bureau Group Co., Ltd.	Wholly-owned subsidiary	Chengdu Urban Investment & Construction Technology Co., Ltd.	0	28 April 2018	28 April 2018	9 December 2021	Joint Responsibility Guarantee	No	Yes	No	Yes	Yes	Associate	

Total amount of guarantees for the Reporting Period (exclusive of the guarantees for subsidiaries)

-132,492

Ending balance of guarantees for the Reporting Period (A) (exclusive of the guarantees for subsidiaries)

2,660,213

Section VII Significant Events (continued)

Guarantees for subsidiaries by the Company together with its subsidiaries

Total amount of guarantees for subsidiaries for the Reporting Period	26,191,303
Ending balance of guarantees for subsidiaries for the Reporting Period (B)	114,707,634

Total guarantees by the Company (inclusive of such guarantees to its subsidiaries)

Total guarantees (A+B)	117,367,847
The proportion of total guarantees in net assets of the Company (%)	43.67
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)	96,700,248
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)	96,700,248
Explanation on the potential joint liability arising from the immature guarantees	N/A
Explanation on the guarantees	

As at the end of the Reporting Period, the total balance of guarantees provided by the Company and its wholly-owned and controlling subsidiaries was RMB117.3678 billion (excluding mortgage guarantees provided to small homeowners for home purchases as a result of real estate operations). The total balance of guarantees provided by the Company and its wholly-owned and controlled subsidiaries to the subsidiaries amounted to RMB114.7076 billion, among which the balance of guarantees provided by the Company to its wholly-owned and controlled subsidiaries amounted to RMB19.8427 billion, the balance of guarantees provided by wholly-owned and controlled subsidiaries of the Company to its subsidiaries amounted to RMB94.8649 billion. The balance of guarantees provided to entities outside the consolidated statements of the listed company by the Company and its wholly-owned and controlled subsidiaries was RMB2.6602 billion (excluding mortgage guarantees provided to small homeowners for home purchases as a result of real estate operations). 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 at 31 December 2021, and issued specific explanations and independent opinions.

Section VII 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	-	-	-
Trust wealth management products	Fund on hand	1,000	55,650	-
Securities wealth management products	Fund on hand	121,000	516,000	-
Privately offered fund products	Fund on hand	45,715	1,099,424	-
Total	Fund on hand	167,715	1,671,074	-

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

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

Section VII Significant Events (continued)

3. Others

Applicable Not Applicable

(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 of the Company	Term of performance
1	January 2021	C1 Section of General Contract for Resettlement Housing (Including Ancillary Facilities) and Supporting Branch for Municipal Infrastructure Construction Project in Rongxi Area	30.16	A consortium comprising China Railway 12th Bureau Construction and Installation Engineering Co., Ltd., and China Railway 15th Bureau Group Co., Ltd.	546 calendar days
2	February 2021	D.004.2-TA01 Section of General Contract for Construction of Phase II Project of Nanjing Metro Line 4	32.54	A consortium comprising China Railway Construction Corporation Limited, China Railway 11th Bureau Group Co., Ltd., China Railway 14th Bureau Group TBM Engineering Co., Ltd, China Railway Construction Bridge Engineering Bureau Group Co., Ltd., China Railway 18th Bureau Group Co., Ltd., China Railway Construction Group Co., Ltd., and Electrification Engineering Co., Ltd. of China Railway 14th Bureau Group	1,826 calendar days
3	February 2021	Old Town Renovation Project (Urban Renewal) in Chanhe Huizu District	71.27	A consortium comprising China Railway Construction Investment Group Co., Ltd., China Railway 12th Bureau Group 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.	4.5 years
4	March 2021	Comprehensive Development Project in Beihe Area, Tianfu Water City Industrial Function Zone, Chengdu City	107.63	A consortium comprising China Railway Construction Investment Group Co., Ltd., China Railway Fifth Survey and Design Institute Group Co., Ltd., China Railway Construction Electrification Bureau Group Co., Ltd., China Railway 17th Bureau Group Co., Ltd., CRCC Southern Construction and Investment Co., Ltd., China Railway 25th Bureau Group Co., Ltd., China Railway 19th Bureau Group Co., Ltd., and CRCC Suzhou Design and Research Institute Co., Ltd.	9 years
5	March 2021	CZSCZQ-4 Section of the Pre-Construction Work of Two Sub-sections of Ya'an - Linzhi Section of the Newly-built Sichuan - Tibet Railway	67.96	China Railway 11th Bureau Group Co., Ltd	115 months

Section VII Significant Events (continued)

No.	Date of signing	Name of project	Contract amount	Contracting party of the Company	Term of performance
6	March 2021	CZSCZQ-5 Section of the Pre-Construction Work of Two Sub-sections of Ya'an – Linzhi Section of the Newly-built Sichuan – Tibet Railway	111.70	China Railway 12th Bureau Group Co., Ltd.	115 months
7	April 2021	Comprehensive Development Project Of Taohuashan Area, Hitech District, Suining City	50.24	A consortium comprising China Railway 18th Bureau Group Co., Ltd., and China Railway Fifth Survey and Design Institute Group Co., Ltd.	five years
8	April 2021	General Contract for Construction of Phase I Project of Jinan Rail Transit Line 4	195.33	A consortium comprising CRCC Yellow River Investment & Construction Co., Ltd., China Railway 11th Bureau Group Co., Ltd., China Railway 12th Bureau Group Co., Ltd., China Railway Bridge Engineering Group Electrification Engineering 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 19th Bureau Group Co., Ltd., China Railway 20th Bureau Group Co., Ltd., China Railway 21st Bureau Group Co., Ltd., China Railway 22nd Bureau Group Co., Ltd., China Railway 23rd Bureau Group Co., Ltd., China Railway 24th Bureau Group Co., Ltd., China Railway Construction Electrification Bureau Group Co., Ltd., China Railway Construction Group Co., Ltd., China Railway Urban Construction Group Co., Ltd., China Railway 14th Bureau Group Electrification Engineering Co., Ltd., China Railway Construction Electrification Bureau Group 1st Engineering Co., Ltd.	1,970 calendar days
9	April 2021	General Contract and Operation and Maintenance Service for Yuzhu Tunnel Construction (3 years)	32.91	A consortium comprising China Railway 18th Bureau Group Co., Ltd., and China Railway 18th Bureau Group South Engineering Co., Ltd	1,451 calendar days
10	April 2021	Comprehensive Improvement Project in the Core Area of High Speed Rail New District in Liaocheng City (Phase I Eastern District)	39.30	A consortium comprising China Railway 24th Bureau Group Co., Ltd., and China Railway Fifth Survey and Design Institute Group Co., Ltd.	1,825 calendar days
11	April 2021 ^{Note}	Cooperative Unit of Comprehensive Construction Development Project of Fangxia Street Area, Laiwu District, Jinan City	32.59	China Railway 14th Bureau Group Co., Ltd.	1,095 calendar days

Section VII Significant Events (continued)

No.	Date of signing	Name of project	Contract amount	Contracting party of the Company	Term of performance
12	May 2021	Jiangxi-Guangdong Industrial Cooperation Zone (Nankang Area) Project in Ganzhou City	105.76	A consortium comprising China Railway Construction Investment Group Co., Ltd., China Railway 16th Bureau Group Co., Ltd., China Railway 24th Bureau Group Co., Ltd., China Railway Construction Electrification Bureau Group Co., Ltd., China Railway First Survey and Design Institute Group Co., Ltd., and Zhejiang Jianke Architectural Co., Ltd.	ten years
13	May 2021	Construction of Jiluo Road North Extension Tunnel Crossing Yellow River	33.13	China Railway 14th Bureau Group Co., Ltd.	1,170 calendar days
14	May 2021	General Contract for Construction of Phase I Project of Chongqing Rail Transit Line 24	67.04	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 18th Bureau Group Co., Ltd., China Railway 20th Bureau Group Co., Ltd., China Railway 22nd Bureau Group Co., Ltd., China Railway 23rd Bureau Group Co., Ltd., and China Railway 25th Bureau Group Co., Ltd.	1,460 calendar days
15	May 2021	Development and Construction Project of Old Town Reconstruction (Shizikou Area) in Changshan County	45.28	A consortium comprising CRCC East Investment & Construction Co., Ltd., CRCC Huadong Construction & Development Co., Ltd., China Railway Urban Construction Group Co., Ltd., and China Railway Fifth Survey and Design Institute Group Co., Ltd.	seven years
16	May 2021 ^{Note}	New Urbanisation Construction Project in Yibin Economic Development Zone (Demonstration Zone), Luoyang City	145.78	A consortium comprising China Railway 15th Bureau Group Co., Ltd., China Railway Construction Zhongyuan investment and Construction Co., Ltd., CRCC Investment Funds Management Co., Ltd., China Railway 17th Bureau Group Co., Ltd., China Railway 20th Bureau Group Co., Ltd., China Railway Fifth Survey and Design Institute Group Co., Ltd., China Railway 15th Bureau Group Urban Construction Engineering Co., Ltd.	eight years
17	May 2021	Comprehensive Development Project of Central Business District in Weifang City	81.87	A consortium comprising China Railway Construction Investment Group Co., Ltd. (the lead tender of the Consortium), CRCC Southern Construction and Investment Co., Ltd., China Railway 22nd Bureau Group Co., Ltd., China Railway 25th 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.	eight years

Section VII Significant Events (continued)

No.	Date of signing	Name of project	Contract amount	Contracting party of the Company	Term of performance
18	June 2021	Section I of EPC Project of Science and Technology Innovation Park of Zhongyuan Science and Technology Town and Talents Business Incubator: EPC Project of Science and Technology Innovation Park of Zhongyuan Science and Technology Town	35.77	China Railway Construction Group Co., Ltd.	730 calendar days
19	June 2021	Development Project in Jiangzhou Bay Area, Chongqing City	142.80	A consortium comprising China Railway Construction Investment Group Co., Ltd., China Capital Management Co., Ltd., CRCC Southern Construction and Investment Co., Ltd., China Railway 17th 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 First Survey and Design Institute Group Co., Ltd., and CRCC Suzhou Design and Research Institute Co., Ltd.	eleven years
20	June 2021	Section XSZQ-1 of the Pre-Construction Work of the Initial Phase of the Newly-built Xi'an – Shiyuan High-speed Railway	32.21	China Railway 11th Bureau Group Co., Ltd	1,643 calendar days
21	June 2021	Station-city Complex Project of Perennial Hangzhou West Railway Station Hub South Division	78.91	China Railway Construction Group Co., Ltd.	1,990 calendar days
22	July 2021	Section SBLN-TJ-4 of the Newly-built Shenyang – Baihe High-speed Railway	31.75	China Railway 16th Bureau Group Co., Ltd	1,542 calendar days
23	July 2021	Section SBLN-TJ-2 of the Newly-built Shenyang – Baihe High-speed Railway	35.89	A consortium comprising China Railway 17th Bureau Group Co., Ltd., China Railway 17th Bureau Group Electrification Engineering Co., Ltd.	1,542 calendar days
24	July 2021	Beijing-Tianjin Intercity Comprehensive Development Project in Beichen District	104.86	China Railway 18th Bureau Group Co., Ltd.	five years
25	August 2021	Ecological Quality Improvement Project of Taihu in Taizhou City	145.21	A consortium comprising 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 16th Bureau Group Co., Ltd., China Railway 20th 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.	3,650 calendar days

Section VII Significant Events (continued)

No.	Date of signing	Name of project	Contract amount	Contracting party of the Company	Term of performance
26	August 2021 ^{Note}	Concession Project for Construction Project in the Western Area of Guangdong (Zhongkai) Artificial Intelligence Industrial Park	119.25	A consortium comprising China Railway Construction Investment Group Co., Ltd., China Railway 23rd Bureau Group Co., Ltd., China Railway 24th Bureau Group Co., Ltd., China Railway 25th Bureau Group Co., Ltd., China Railway Construction Electrification Bureau Group Co., Ltd., China Railway Shanghai Design Institute Group Co., Ltd., CRCC Suzhou Design and Research Institute Co., Ltd., China Railway Construction Investment Group Southern Co., Ltd., CRCC Investment Funds Management Co., Ltd.	7 years
27	August 2021 ^{Note}	Land Treatment and the Strengthening Areas of Weakness in Infrastructure Project in Jiexi County	86.04	A consortium comprising China Railway Construction Investment Group Co., Ltd., China Railway 17th Bureau Group Co., Ltd., China Railway Construction Bridge Engineering Bureau Group Co., Ltd., and China Civil Engineering Construction Corporation.	7 years
28	August 2021 ^{Note}	Industrial Transformation and Upgrade Demonstration Park and Creation of National High-tech Zone Industrial PPP Project in Dianjiang County	140.44	A consortium comprising CRCC Chongqing Investment Group Co., Ltd., CRCC Ecological Environment Co., Ltd., China Railway 11th Bureau Group Co., Ltd., China Railway Construction Bridge Engineering Bureau Group Co., Ltd., China Railway 19th Bureau Group Co., Ltd., and China Railway SIYUAN Survey and Design Group Co., Ltd.	30 years
29	August 2021 ^{Note}	PPP Project of Luzhai to Qinzhou Port Expressway (Liuzhou-Qiantang Section)	132.23	A consortium comprising CRCC Chongqing Investment Group Co., Ltd., CRCC Beibuwan Construction and Investment Co., Ltd., China Railway 11th Bureau Group Co., Ltd., China Railway 14th Bureau Group Co., Ltd., China Railway 16th Bureau Group Co., Ltd., China Railway 19th Bureau Group Co., Ltd., China Railway 20th Bureau Group Co., Ltd., China Railway 21st Bureau Group Co., Ltd., China Railway 25th Bureau Group Co., Ltd., China Railway First Survey and Design Institute Group Co., Ltd., and CRCC Suzhou Design and Research Institute Co., Ltd.	34 years

Section VII Significant Events (continued)

No.	Date of signing	Name of project	Contract amount	Contracting party of the Company	Term of performance
30	September 2021	Park City Longquan Mountain Ecological Protection and Restoration and National Reserve Forest Project in Chengdu City	125.01	A consortium comprising CRCC Kunlun Investment Group Co., Ltd., China Railway 23rd Bureau Group Co., Ltd., China Railway 15th Bureau Group Co., Ltd., CRCC Ecological Environment Co., Ltd., CRCC Investment Fund Management Co., Ltd.	30 years
31	September 2021 ^{Note}	PPP Project of Wuzhou to Leshan Expressway (Yufeng to Yizhou Section)	206.08	A consortium comprising China Railway Construction Investment Group Co., Ltd., CRCC Beibuan Construction and Investment Co., Ltd., 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 16th Bureau Group Co., Ltd., China Railway 19th Bureau Group Co., Ltd., China Railway 20th Bureau Group Co., Ltd., China Railway 21st Bureau Group Co., Ltd., China Railway 22nd Bureau Group Co., Ltd., China Railway 23rd Bureau Group Co., Ltd., China Railway Construction Group Co., Ltd., China Railway Construction Electrification Bureau Group Co., Ltd., China Railway First Survey and Design Institute Group Co., Ltd., China Railway Fifth Survey and Design Institute Group Co., Ltd., CRCC Suzhou Design and Research Institute Co., Ltd. and China Railway Construction Highway Operation Co., Ltd.	33 years
32	September 2021	Newly Built YKYGZQ-6 Section of the ChongqingKunming High speed Railway	65.62	China Railway 12th Bureau Group Co., Ltd.	2,190 calendar days
33	September 2021	Newly Built YKYGZQ-5 Section of the ChongqingKunming High speed Railway	63.82	China Railway 18th Bureau Group Co., Ltd.	2,190 calendar days
34	September 2021	Newly Built YKYGZQ-8 Section of the ChongqingKunming High speed Railway	34.66	A consortium comprising China Railway 16th Bureau Group Co., Ltd. and China Railway 16th Bureau 5th Engineering Co., Ltd.	2,190 calendar days
35	September 2021	Newly Built YKYGZQ-1 Section of the ChongqingKunming High speed Railway	49.00	China Railway Construction Bridge Engineering Bureau Group Co., Ltd.	2,190 calendar days
36	September 2021	Newly Built WYZQ5 Section of the Preconstruction Work of the Initial Phase for Wuhan-Yichang Section of the ShanghaiChongqing-Chengdu High-speed Railway	42.18	China Railway 11th Bureau Group Co., Ltd.	1,462 calendar days

Section VII Significant Events (continued)

No.	Date of signing	Name of project	Contract amount	Contracting party of the Company	Term of performance
37	September 2021 ^{Note}	Jiangyan Smart Education Town Project in Taizhou City	71.01	A consortium comprising China Railway Construction Investment Group Co., Ltd., China Railway 14th Bureau Group Co., Ltd., China Railway 18th Bureau Group Co., Ltd., China Railway Fifth Survey and Design Institute Group Co., Ltd., and CRCC Investment Funds Management Co., Ltd.	7 years
38	October 2021	Urban Renewal Resettlement Building Project in the University Town Area Weiyang District, Xi'an City	108.53	A consortium comprising China Railway Construction Investment Group Co., Ltd., CRCC Investment Funds Management Co., Ltd., CRCC Southern Construction and Investment Co., Ltd., China Railway First Survey and Design Institute Group Co., Ltd., China Railway 16th Bureau Group Co., Ltd., China Railway 22nd Bureau Group Co., Ltd. and China Railway Construction Electrification Bureau Group Co., Ltd.	5 years
39	October 2021 ^{Note}	Tianfu New Area to Leshan via Meishan Expressway Project	57.07	A consortium comprising China Railway 17th Bureau Group Co., Ltd. and China Railway 24th Bureau Group Co., Ltd.	34 years
40	October 2021	Engineering project of Construction of Comprehensive Development (Infrastructure, etc.) in Chengbei Area, Tinghu District	103.00	A consortium comprising China Railway Construction Investment Group Co., Ltd., China Railway Shanghai Design Institute Group Co., Ltd., CRCC Suzhou Design and Research Institute Co., Ltd., China Railway 16th Bureau Group Co., Ltd., China Railway 19th Bureau Group Co., Ltd., China Railway Construction Electrification Bureau Group Co., Ltd., CRCC Southern Construction and Investment Co., Ltd., and CRCC Investment Funds Management Co., Ltd.	2,190 calendar days
41	October 2021	Hada Bay and Wende River Urban Renewal and New Urbanisation Project in Jilin City	100.13	A consortium comprising China Railway Construction Investment Group Co., Ltd., CRCC Southern Construction and Investment Co., Ltd., China Railway 17th Bureau Group Co., Ltd., China Railway 19th 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.	6 years
42	October 2021	City Partner of Comprehensive Development Project of Transformation and Upgrading Demonstration Zone in Xihanggang Economic Development Zone	158.28	A consortium comprising China Railway Construction Investment Group Co., Ltd., and CRCC Southwestern Construction and Investment Co., Ltd.	25 years

Section VII Significant Events (continued)

No.	Date of signing	Name of project	Contract amount	Contracting party of the Company	Term of performance
43	October 2021	General Construction Contracting of D.011. X-TA01 Section of Nanjing Metro Line 11 Phase I	30.47	A consortium comprising China Railway Construction Corporation Limited, China Railway 11th Bureau Group Co., Ltd., China Railway Construction Bridge Engineering Bureau Group Co., Ltd., China Railway 14th Bureau Group Co., Ltd., China Railway 14th Bureau Group TBM Engineering Co., Ltd., China Railway 15th Bureau Group Co., Ltd., and China Railway Construction Electrification Bureau Group Co., Ltd.	1,826 calendar days
44	October 2021	Urban Renewal Resettlement Building Project in the Southern Part of the Gaoling District, Xi'an City	59.10	A consortium comprising China Railway Construction Investment Group Co., Ltd., CRCC Southern Construction and Investment Co., Ltd., China Railway 14th Bureau Group Co., Ltd., China Railway 21st Bureau Group Co., Ltd., China Railway Construction Electrification Bureau Group Co., Ltd., China Railway First Survey and Design Institute Group Co., Ltd., and CRCC Suzhou Design and Research Institute Co., Ltd.	5 years
45	November 2021 ^{Note}	Urban Renewal in Baoding City – Urban Village Renovation Project in Jingxiu District and Lianchi District (Section II)	96.70	A consortium comprising China Railway Construction Investment Group Co., Ltd., China Railway 11th Bureau Group Co., Ltd., China Railway 16th Bureau Group Co., Ltd., China Railway Construction Electrification Bureau Group Co., Ltd., China Railway Fifth Survey and Design Institute Group Co., Ltd., CRCC Suzhou Design and Research Institute Co., Ltd., and CRCC Investment Funds Management Co., Ltd.	7 years
46	November 2021	PPP Project of Jiulong Lake River-crossing Bridge	35.51	A consortium comprising China Railway Construction Investment Group Co., Ltd., China Capital Management Co., Ltd., China Railway SIYUAN Survey and Design Group Co., Ltd., and China Railway Construction Bridge Engineering Bureau Group Co., Ltd.	20 years
47	November 2021	Newly Built JDYZQ-2 Section for the Pre-construction Work of Shanxi Section of Jining to Yuanping Railway via Datong	30.11	China Railway 17th Bureau Group Co., Ltd.	1,642 calendar days
48	November 2021 ^{Note}	Two Concession Projects of Mouding to Yuanmou and Yao'an to Nanhua in Yunnan Province	50.90	A consortium comprising China Railway 23rd Bureau Group Co., Ltd., and China Railway 25th Bureau Group Co., Ltd.	3 years
49	November 2021 ^{Note}	Phase I (T4 - Wuhe) of Shenzhen Airport – Pingshan section of Shenzhen Airport – Daya Bay Intercity Rail in Shenzhen Metropolitan Area Intercity Railway of Guangdong-Hong Kong-Macao Greater Bay Area	58.84	A consortium comprising China Railway 12th Bureau Group Co., Ltd., China Railway 14th Bureau Group Co., Ltd., and China Railway 18th Bureau Group Co., Ltd.	1,825 calendar days

Section VII Significant Events (continued)

No.	Date of signing	Name of project	Contract amount	Contracting party of the Company	Term of performance
50	November 2021	CZSCZQ-7 Section of the Pre-Construction Work of Two Sub-sections of Ya'an - Linzhi Section of the Newly-built Sichuan - Tibet Railway	84.45	China Railway 11th Bureau Group Co., Ltd.	3,995 calendar days
51	November 2021	CZXZZQ-8 Section of the Pre-Construction Work of Two Sub-sections of Ya'an - Linzhi Section of the Newly-built Sichuan - Tibet Railway	98.35	China Railway 14th Bureau Group Co., Ltd.	3,995 calendar days
52	November 2021	CZSCZQ-8 Section of the Pre-Construction Work of Two Sub-sections of Ya'an - Linzhi Section of the Newly-built Sichuan - Tibet Railway	95.99	China Railway 16th Bureau Group Co., Ltd.	3,995 calendar days
53	November 2021	CZXZZQ-11 Section of the Pre-Construction Work of Two Sub-sections of Ya'an - Linzhi Section of the Newly-built Sichuan - Tibet Railway	73.55	China Railway Construction Bridge Engineering Bureau Group Co., Ltd.	3,995 calendar days
54	November 2021	CZXZZQ-14 Section of the Pre-Construction Work of Two Sub-sections of Ya'an - Linzhi Section of the Newly-built Sichuan - Tibet Railway	106.36	A consortium comprising China Railway 20th Bureau Group Co., Ltd., and China Railway 24th Bureau Group Co., Ltd.	3,995 calendar days
55	November 2021	CZXZZQ-15 Section of the Pre-Construction Work of Two Sub-sections of Ya'an - Linzhi Section of the Newly-built Sichuan - Tibet Railway	91.68	China Railway 18th Bureau Group Co., Ltd.	3,995 calendar days
56	November 2021	Civil Construction of Qingdao Metro Line 2 Phase II Engineering	36.41	A consortium comprising China Railway Construction Corporation Limited, China Railway Construction Bridge Engineering Bureau Group Co., Ltd., China Railway 16th Bureau Group Co., Ltd., China Railway 19th 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., and China Railway 25th Bureau Group 5th Engineering Co., Ltd.	60 months
57	December 2021	Comprehensive Development Project of "Ten Thousand Mou and One Hundred Billion" New Industry Platform in Dongyang City	158.01	A consortium comprising China Railway 15th Bureau Group Co., Ltd., China Railway Fifth Survey and Design Institute Group Co., Ltd., and CRCC Investment Funds Management Co., Ltd.	11 years
58	December 2021 ^{Note}	Yunling Road (Yikang South Road to Chunrong East Road section) and Other 26 New Road Projects Design - Procurement - Construction Integration (EPC)	50.22	China Railway 11th Bureau Group Co., Ltd.	73 months

Section VII Significant Events (continued)

No.	Date of signing	Name of project	Contract amount	Contracting party of the Company	Term of performance
59	December 2021	General Construction Contracting of Chongqing Rail Transportation No. 15 Phase II Project (YK35+575 to YK53+573)	53.70	A consortium comprising China Railway Construction Corporation Limited, China Railway 11th Bureau Group 5th Engineering Co., Ltd., China Railway Construction Bridge Engineering Bureau Group Co., Ltd., China Railway 14th Bureau Group Co., Ltd., and China Railway 24th Bureau Group Co., Ltd.	1,523 calendar days
60	December 2021	Civil Construction of Section I of Qingdao Metro Line 5 Engineering	52.72	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 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., and China Railway 14th Bureau Group Qingdao Engineering Co., Ltd.	75 months
61	December 2021	Follow-up ABO Project for Reconstruction of Three Urban Villages in Lianchi District, Baoding City	110.79	A consortium comprising China Railway Construction Investment Group Co., Ltd., China Railway 16th Bureau Group Co., Ltd., China Railway 20th Bureau Group Co., Ltd., China Railway Construction Electrification 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.	10 years
62	December 2021 ^{Note}	Civil Construction of Section II of Hangzhou to Deqing Municipal Railway Engineering	30.65	A consortium comprising China Railway Construction Corporation Limited, China Railway 11th Bureau Group Co., Ltd., China Railway 12th Bureau Group Co., Ltd., China Railway 16th Bureau Group Co., Ltd., China Railway 24th Bureau Group Co., Ltd.	1,826 calendar days
63	December 2021	Section XSZQ-3 of the Pre-Construction Work of the Hubei Section of the Newly-built Xi'an – Shiyao High-speed Railway	33.87	A consortium comprising China Railway 12th Bureau Group Co., Ltd., and China Railway 12th Bureau Group 3rd Engineering Co., Ltd.	1,643 calendar days
64	December 2021 ^{Note}	Section XSZQ-2 of the Pre-Construction Work of the Shaanxi Section of the Newly-built Xi'an – Shiyao High-speed Railway	38.23	China Railway 18th Bureau Group Co., Ltd.	1,643 calendar days
65	December 2021 ^{Note}	Infrastructure Construction Project of Tianfu Jingcheng Area in Deyang City (South Station Comprehensive Transportation Hub Area, Jingcheng Vitality Area)	148.97	A consortium comprising CRCC Kunlun Investment Group Co., Ltd., China Railway Fifth Survey and Design Institute Group Co., Ltd., China Railway Construction Bridge Engineering Bureau Group Co., Ltd., China Railway 16th Bureau Group Co., Ltd., and China Railway 18th Bureau Group Co., Ltd.	13 years

Section VII Significant Events (continued)

No.	Date of signing	Name of project	Contract amount	Contracting party of the Company	Term of performance
66	December 2021 ^{Note}	Comprehensive Development Project in Juyuan New Town Area (Science Education and Innovation, Block Chain Demonstration Park) and Comprehensive Development Project of Tourism Equipment Industry Functional Area in Qingcheng Mountain	294.60	China Railway 14th Bureau Group Co., Ltd. (consortium)	15 years
67	December 2021	Newly Built Public Service and Infrastructure Project for the Development and Construction of Fengnan New District in Yangcheng County	48.97	China Railway 16th Bureau Group Co., Ltd.	2,555 calendar days
68	December 2021	Newly Built WYZQ-6 Section of the Preconstruction Work of Hanchuan East to Yichang North (Excluding Initial Phase) for Wuhan-Yichang Section of the ShanghaiChongqing-Chengdu High-speed Railway	39.85	China Railway 24th Bureau Group Co.,	1,370 calendar days
69	December 2021 ^{Note}	EPC General Contract for Phase I of Urban Renewal Project in Xihe Village, Zhuozhou City	45.82	A consortium comprising China Railway Construction Bridge Engineering Bureau Group Co., Ltd., China Railway Fifth Survey and Design Institute Group Co., Ltd.	1,096 calendar days
70	December 2021 ^{Note}	Comprehensive Development Project of Central Area in Lvshunkou District, Dalian City	57.91	A consortium comprising China Railway Construction Bridge Engineering Bureau Group Co., Ltd., China Railway Fifth Survey and Design Institute Group Co., Ltd.	8 years
71	December 2021	Municipal Project of Guangzhou East to Huadu Tianguai	194.41	A consortium comprising China Railway Construction Corporation Limited, China Railway Construction South China 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 18th Bureau Group Co., Ltd., China Railway 19th Bureau Group Co., Ltd., China Railway 21st Bureau Group Co., Ltd., and China Railway 25th Bureau Group Co., Ltd.	16 years
72	January 2022 ^{Note}	Civil Construction of Section 3 of Phase I of Changsha Rail Transport Line 7 Engineering (Yutang Station - Wulipai Station)	30.96	A consortium comprising China Railway Construction Corporation Limited, China Railway 11th Bureau Group Co., Ltd., China Railway 12th Bureau Group 3rd Engineering Co., Ltd., China Railway 14th Bureau Group Co., Ltd., and China Railway 18th Bureau Group Co., Ltd.,	48 months

Note: Such projects are the bid-winning projects during the Reporting Period

Section VII Significant Events (continued)

2. Overseas operation contracts

Unit: '000 Currency: RMB

No.	Date of signing	Name of project	Contract amount	Contracting party	Term of performance
1	January 2021	Design and build section of Tanzania electrified Standard Rail (SGR) project parallel to existing Metro Rail-Mwanza to Ithaca (249 km main line and 92 km side line)	85.81	China Civil Engineering Construction Corporation, China Railway Construction Corporation (consortium)	three years
2	March 2021	Franchise contract for construction, maintenance, protection and development of Talka-Qilian section of Chilean Highway 5	79.19	China Railway Construction Corporation (consortium)	thirty-two years
3	December 2021	Wood cutting and coal mining stripping of Aggneva Project, Sakhalin Island, Russia	63.52	China Railway 19th Bureau Group Co., Ltd.	ten years

XVI. EXPLANATION ON OTHER MAJOR MATTERS THAT HAVE A SIGNIFICANT IMPACT ON INVESTORS' VALUE JUDGMENTS AND INVESTMENT DECISIONS.

Applicable Not Applicable

(I) Spin-off and Listing for A Subsidiary

During the Reporting Period, the application of CRCHI, a holding subsidiary of the Company, for the initial public offering and listing on the Science and Technology Innovation Board passed the Listing Committee of the Science and Technology Innovation Board of the Shanghai Stock Exchange on 7 January 2021, and was registered and approved by the China Securities Regulatory Commission on May 18, 2021. On 22 June 2021, CRCHI was listed on the Science and Technology Innovation Board of the Shanghai Stock Exchange (stock code 688425). On 21 July 2021, the total share capital of CRCHI after the exercise of the over-allotment option was approximately 5.333 billion shares.

After the initial public offering and listing of CRCHI, the Company directly holds 3,836.2623 million shares of CRCHI, accounting for 71.93% of the total share capital of CRCHI after the issue, and indirectly holds 19.2777 million shares of CRCHI through its wholly-owned subsidiary China Civil Engineering Construction Corporation, accounting for 0.36% of the total share capital of CRCHI after the issue. The Company remains the controlling shareholder and has control over it and consolidated its financial statements. The listing of CRCHI will not have a significant impact on the Company's current performance and financial situation.

Section VII Significant Events (continued)

XVII. BUSINESS DEVELOPMENT OF SUBSIDIARIES LISTED OVERSEAS

As at 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.

XVIII. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

Not applicable.

Section VIII Changes in Shares and Particulars of Shareholders

I. CHANGES IN SHARE CAPITAL

(I) Table of changes in shares

1. Table of changes in shares

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

2. Particulars of changes in shares

Applicable Not Applicable

3. Effect of changes in 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 shares, shareholding structure and assets and liabilities structure of the Company

Applicable Not Applicable

(III) Existing internal employee shares

Applicable Not Applicable

Section VIII Changes in Shares and Particulars of Shareholders (continued)

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 2021, 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	2,076,296,000	15.29
Total	/	13,579,541,500	100.00

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 Stock Exchange Listing Rules.

(II) The total number of shareholders

As at the end of the Reporting Period, the total number of shareholders of the Company was 297,238, of which 282,650 were holders of A shares and 14,588 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 291,774, of which 277,238 were holders of A shares and 14,536 were holders of H shares.

Total number of common shareholders as at the end of the Reporting Period	297,238
Total number of common shareholders at the end of the last month prior to the date of the issuance of the annual report	291,774
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

Section VIII Changes in Shares and Particulars of Shareholders (continued)

(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	Shares pledged or frozen Share status	Quantity	Nature of shareholder
China Railway Construction Corporation	0	6,942,736,590	51.13	0	Nil	0	State-owned
HKSCC NOMINEES LIMITED	-1,052,999	2,060,704,507	15.18	0	Unknown	0	Overseas legal person
China Securities Finance Corporation Limited	-84,010,098	323,087,956	2.38	0	Nil	0	Others
Central Huijin Asset Management Corporation Limited	-2,998,100	138,521,000	1.02	0	Nil	0	Others
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 VIII Changes in 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	6,942,736,590
HKSCC NOMINEES LIMITED	2,060,704,507	Overseas listed foreign share	2,060,704,507
China Securities Finance Corporation Limited	323,087,956	RMB ordinary share	323,087,956
Central Huijin Asset Management Corporation Limited	138,521,000	RMB ordinary share	138,521,000
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
Explanations on the repurchase of special accounts among the top ten shareholders	N/A		

Section VIII Changes in Shares and Particulars of Shareholders (continued)

Name of shareholder	Number of shares held not subject to trading moratorium	Class	and number of share Number
Explanation of the above-mentioned shareholders' entrusting voting rights, entrusted voting rights, and waiver of voting rights	N/A		
Explanations on the connected or concerted action among the above shareholders	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	N/A		

Note: The H shares held by HKSCC Nominees Limited were held for and on behalf of several clients. As at the end of the Reporting Period, HKSCC Nominees Limited held 2,060,704,507 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

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

As at 31 December 2021, 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:

Name of substantial shareholder	Class of share	Capacity	Number of shares interested	Percentage of issued share capital of the relevant class of shares	Percentage of total issued share capital
China Railway Construction	A share	Beneficial owner	6,942,736,590(L)	60.35	51.13

Note. L – long position.

Section VIII Changes in Shares and Particulars of Shareholders (continued)

IV. INFORMATION OF THE CONTROLLING SHAREHOLDER AND ACTUAL CONTROLLER

(I) Controlling shareholder

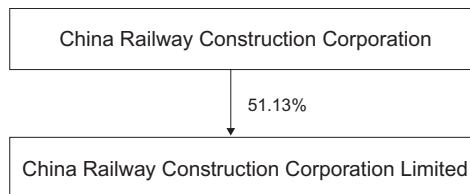
1. Legal person

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 VIII Changes in 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



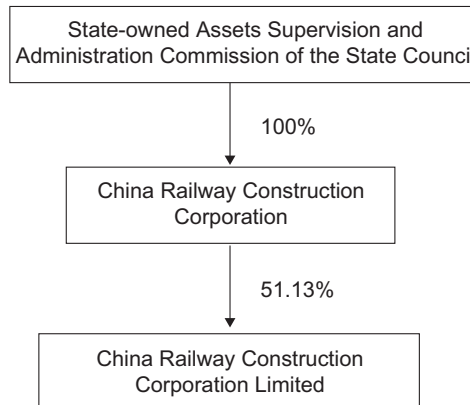
(II) Actual controller

1. Legal person
 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

Section VIII Changes in Shares and Particulars of Shareholders (continued)

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

Applicable Not Applicable



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. THE CONTROLLING SHAREHOLDER OR THE LARGEST SHAREHOLDER OF THE COMPANY AND ITS CONCERT PARTIES HOLDING MORE THAN 80% OF SHARES

Applicable Not Applicable

Section VIII Changes in Shares and Particulars of Shareholders (continued)

VI. 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.				

VII. EXPLANATION ON THE RESTRICTION OF REDUCING SHARE

Applicable Not Applicable

VIII. SPECIFIC IMPLEMENTATION OF SHARE BUYBACKS IN THE REPORTING PERIOD

Applicable Not Applicable

Neither the Company nor any of its subsidiaries had buybacks of any securities of the Company during the Reporting Period.

IX. SALES OR REDEMPTION OF SECURITIES OF THE COMPANY (DISCLOSURE AS REQUIRED BY THE HONG KONG STOCK EXCHANGE LISTING RULES)

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

Section IX Particulars of Preference Shares

Applicable Not Applicable

Section X Particulars of Corporate Bonds

I. ENTERPRISE BONDS, CORPORATE BONDS AND NON-FINANCIAL CORPORATE DEBT FINANCING INSTRUMENTS

Applicable Not Applicable

(I) Enterprise bonds

Applicable Not Applicable

(II) Corporate bonds

Applicable Not Applicable

1. Basic Information of Corporate Bonds

Unit: '000 Currency: RMB

Bond	Short name	Code	Date of issuance	Value date	Maturity date	Balance of the bond	Interest (%)	Method of principal repayment and interest payment	Exchange platform	Investor suitability arrangements (if any)	Trading mechanism	Whether there is a risk of terminating the listing transaction
China Railway Construction Co., Ltd. on 2019 public offering of renewable corporate bonds (first tranche) (variety I) for qualified investors	19 CRCC Y1	155868	28 October 2019	29 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	Qualified investors	Auction, quote, inquiry and agreement transaction	No
China Railway Construction Co., Ltd. on 2019 public offering of renewable corporate bonds (first tranche) (variety II) for qualified investors	19 CRCC Y2	155869	28 October 2019	29 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	Qualified investors	Auction, quote, inquiry and agreement transaction	No

Section X Particulars of Corporate Bonds (continued)

Bond	Short name	Code	Date of issuance	Value date	Maturity date	Balance of the bond	Interest (%)	Method of principal repayment and interest payment	Exchange platform	Investor suitability arrangements (if any)	Trading mechanism	Whether there is a risk of terminating the listing transaction
China Railway Construction Co., Ltd. on 2019 public offering of renewable corporate bonds (second tranche) (variety I) for qualified investors	19 CRCC Y3	155855	15 November 2019	18 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	Qualified investors	Auction, quote, inquiry and agreement transaction	No
China Railway Construction Co., Ltd. on 2019 public offering of renewable corporate bonds (second tranche) (variety II) for qualified investors	19 CRCC Y4	155856	15 November 2019	18 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	Qualified investors	Auction, quote, inquiry and agreement transaction	No
China Railway Construction Co., Ltd. on 2019 public offering of renewable corporate bonds (third tranche) (variety I) for qualified investors	19 CRCC Y5	163969	16 December 2019	17 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	Qualified investors	Auction, quote, inquiry and agreement transaction	No

Section X Particulars of Corporate Bonds (continued)

Bond	Short name	Code	Date of issuance	Value date	Maturity date	Balance of the bond	Interest (%)	Method of principal repayment and interest payment	Exchange platform	Investor suitability arrangements (if any)	Trading mechanism	Whether there is a risk of terminating the listing transaction
China Railway Construction Co., Ltd. on 2019 public offering of renewable corporate bonds (third tranche) (variety II) for qualified investors	19 CRCC Y6	163970	16 December 2019	17 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	Qualified investors	Auction, quote, inquiry and agreement transaction	No
China Railway Construction Co., Ltd. on 2020 public offering of renewable corporate bonds (first tranche) (variety I) for qualified investors	20 CRCC Y1	175209	24 September 2020	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	Qualified investors	Auction, quote, inquiry and agreement transaction	No

Section X Particulars of Corporate Bonds (continued)

Bond	Short name	Date of Code issuance	Value date	Maturity date	Balance of the bond	Interest (%)	Method of principal repayment and interest payment	Exchange platform	Investor suitability arrangements (if any)	Trading mechanism	Whether there is a risk of terminating the listing transaction
China Railway Construction Co., Ltd. on 2020 public offering of renewable corporate bonds (second tranche) (variety I) for qualified investors	20 CRCC Y3	175547	14 December 2020	15 December 2020	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	Qualified investors	Auction, quote, inquiry and agreement transaction	No
China Railway Construction Co., Ltd. on 2021 public offering of renewable corporate bonds (first tranche) (variety I) for qualified investors	21 CRCC Y1	188252	17 June 2021	18 June 2021	1,799,083	3.73	Bond interest will be paid once a year if the Company does not exercise the option of deferred interest payment	Shanghai Stock Exchange	Qualified investors	Auction, quote, inquiry and agreement transaction	No

Section X Particulars of Corporate Bonds (continued)

Bond	Short name	Code	Date of issuance	Value date	Maturity date	Balance of the bond	Interest (%)	Method of principal repayment and interest payment	Exchange platform	Investor suitability arrangements (if any)	Trading mechanism	Whether there is a risk of terminating the listing transaction
China Railway Construction Co., Ltd. on 2021 public offering of renewable corporate bonds (first tranche) (variety II) for qualified investors	21 CRCC Y2	188253	17 June 2021	18 June 2021	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.	1,299,337	4.00	Bond interest will be paid once a year if the Company does not exercise the option of deferred interest payment	Shanghai Stock Exchange	Qualified investors	Auction, quote, inquiry and agreement transaction	No
China Railway Construction Co., Ltd. on 2021 public offering of renewable corporate bonds (second tranche) (variety I) for qualified investors	21 CRCC Y3	185039	22 November 2021	23 November 2021	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.	1,998,684	3.30	Bond interest will be paid once a year if the Company does not exercise the option of deferred interest payment	Shanghai Stock Exchange	Qualified investors	Auction, quote, inquiry and agreement transaction	No
China Railway Construction Co., Ltd. on 2021 public offering of renewable corporate bonds (second tranche) (variety II) for qualified investors	21 CRCC Y4	185038	22 November 2021	23 November 2021	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.	999,342	3.64	Bond interest will be paid once a year if the Company does not exercise the option of deferred interest payment	Shanghai Stock Exchange	Qualified investors	Auction, quote, inquiry and agreement transaction	No

Section X Particulars of Corporate Bonds (continued)

Bond	Short name	Date of issuance	Value date	Maturity date	Balance of the bond	Interest (%)	Method of principal repayment and interest payment	Exchange platform	Investor suitability arrangements (if any)	Trading mechanism	Whether there is a risk of terminating the listing transaction
China Railway Construction Co., Ltd. on 2021 public offering of renewable corporate bonds (third tranche) (variety I) for qualified investors	21 CRCC Y5	185120 9 December 2021	10 December 2021	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.	499,611	3.20	Bond interest will be paid once a year if the Company does not exercise the option of deferred interest payment	Shanghai Stock Exchange	Qualified investors	Auction, quote, inquiry and agreement transaction	No
China Railway Construction Co., Ltd. on 2021 public offering of renewable corporate bonds (third tranche) (variety II) for qualified investors	21 CRCC Y6	185119 9 December 2021	10 December 2021	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.	999,223	3.58	Bond interest will be paid once a year if the Company does not exercise the option of deferred interest payment	Shanghai Stock Exchange	Qualified investors	Auction, quote, inquiry and agreement transaction	No

Section X Particulars of Corporate Bonds (continued)

Bond	Short name	Code	Date of issuance	Value date	Maturity date	Balance of the bond	Interest (%)	Method of principal repayment and interest payment	Exchange platform	Investor suitability arrangements (if any)	Trading mechanism	Whether there is a risk of terminating the listing transaction
China Railway Construction Co., Ltd. on 2021 public offering of renewable corporate bonds (fourth tranche) (variety I) for qualified investors	21 CRCC Y7	185198	29 December 2021	30 December 2021	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.	999,346	3.17	Bond interest will be paid once a year if the Company does not exercise the option of deferred interest payment	Shanghai Stock Exchange	Qualified investors	Auction, quote, inquiry and agreement transaction	No
China Railway Construction Co., Ltd. on 2021 public offering of renewable corporate bonds (fourth tranche) (variety II) for qualified investors	21 CRCC Y8	185196	29 December 2021	30 December 2021	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.	999,346	3.50	Bond interest will be paid once a year if the Company does not exercise the option of deferred interest payment	Shanghai Stock Exchange	Qualified investors	Auction, quote, inquiry and agreement transaction	No

Section X Particulars of Corporate Bonds (continued)

Company's response to the risk of termination of listing and trading of bonds

Applicable Not Applicable

Overdue bonds

Applicable Not Applicable

Payment of interest on bonds during the Reporting Period

Applicable Not Applicable

Bond	Statement of interest payments
China Railway Construction Co., Ltd. on 2018 public offering of renewable corporate bonds (first tranche)	The Company paid the interest of CRCC 2018 publicly issued renewable corporate bonds (first tranche) from 19 March 2020 to 18 March 2021, on 19 March 2021. 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. According to the Announcement on the Issuance results of CRCC 2018 Publicly Issued Renewable Corporate Bonds (First Tranche), the issuance scale of "18 CRCC Y1" is RMB3 billion. The Company did not exercise the renewal option and fully repaid the bond principal on 19 March 2021.
China Railway Construction Co., Ltd. on 2018 public offering of renewable corporate bonds (second tranche)	The Company paid the interest of CRCC 2018 publicly issued renewable corporate bonds (second tranche) from 17 April 2020 to 16 April 2021, on 19 April 2021. 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. According to the Announcement on the Issuance results of CRCC 2018 Publicly Issued Renewable Corporate Bonds (Second Tranche), the issuance scale of "18 CRCC Y2" is RMB2 billion. The Company did not exercise the renewal option and fully repaid the bond principal on 19 April 2021.

Section X Particulars of Corporate Bonds (continued)

Bond	Statement of interest payments
China Railway Construction Co., Ltd. on 2018 public offering of renewable corporate bonds (third tranche)	The Company paid the interest of CRCC 2018 publicly issued renewable corporate bonds (third tranche) from 31 May 2020 to 30 May 2021, on 31 May 2021. 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. According to the Announcement on the Issuance results of CRCC 2018 Publicly Issued Renewable Corporate Bonds (Third Tranche), the issuance scale of "18 CRCC Y3" is RMB2 billion. The Company did not exercise the renewal option and fully repaid the bond principal on 31 May 2021.
China Railway Construction Co., Ltd. on 2019 public offering of renewable corporate bonds (first tranche) (variety I) for qualified investors	The Company paid the last annual interest and bond principal of CRCC 2019 publicly issued renewable corporate bonds (first tranche) for qualified investors from 29 October 2020 to 28 October 2021, on 29 October 2021. In accordance with the Announcement on the Nominal Interest Rate of CRCC 2019 Publicly Issued Renewable Corporate Bonds (First Tranche) for Qualified Investors, 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.
China Railway Construction Co., Ltd. on 2019 public offering of renewable corporate bonds (first tranche) (variety II) for qualified investors	The Company paid the last annual interest and bond principal of CRCC 2019 publicly issued renewable corporate bonds (first tranche) for qualified investors from 29 October 2020 to 28 October 2021, on 29 October 2021. In accordance with the Announcement on the Nominal Interest Rate of CRCC 2019 Publicly Issued Renewable Corporate Bonds (First Tranche) for Qualified Investors, 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.

Section X Particulars of Corporate Bonds (continued)

Bond	Statement of interest payments
China Railway Construction Co., Ltd. on 2019 public offering of renewable corporate bonds (second tranche) (variety I) for qualified investors	The Company paid the last annual interest and bond principal of CRCC 2019 publicly issued renewable corporate bonds (second tranche) for qualified investors from 18 November 2020 to 17 November 2021, on 18 November 2021. In accordance with the Announcement on the Nominal Interest Rate of CRCC 2019 Publicly Issued Renewable Corporate Bonds (Second Tranche) for Qualified Investors, 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.
China Railway Construction Co., Ltd. on 2019 public offering of renewable corporate bonds (second tranche) (variety II) for qualified investors	The Company paid the last annual interest and bond principal of CRCC 2019 publicly issued renewable corporate bonds (second tranche) for qualified investors from 18 November 2020 to 17 November 2021, on 18 November 2021. In accordance with the Announcement on the Nominal Interest Rate of CRCC 2019 Publicly Issued Renewable Corporate Bonds (Second Tranche) for Qualified Investors, 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.
China Railway Construction Co., Ltd. on 2019 public offering of renewable corporate bonds (third tranche) (variety I) for qualified investors	The Company paid the last annual interest and bond principal of CRCC 2019 publicly issued renewable corporate bonds (third tranche) for qualified investors from 17 December 2020 to 16 December 2021, on 17 December 2021. In accordance with the Announcement on the Nominal Interest Rate of CRCC 2019 Publicly Issued Renewable Corporate Bonds (Third Tranche) for Qualified Investors, 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.

Section X Particulars of Corporate Bonds (continued)

Bond	Statement of interest payments
China Railway Construction Co., Ltd. on 2019 public offering of renewable corporate bonds (third tranche) (variety II) for qualified investors	The Company paid the last annual interest and bond principal of CRCC 2019 publicly issued renewable corporate bonds (third tranche) for qualified investors from 17 December 2020 to 16 December 2021, on 17 December 2021. In accordance with the Announcement on the Nominal Interest Rate of CRCC 2019 Publicly Issued Renewable Corporate Bonds (Third Tranche) for Qualified Investors, 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.
China Railway Construction Co., Ltd. on 2020 public offering of renewable corporate bonds (first tranche) (variety I) for qualified investors	The Company paid the last annual interest and bond principal of CRCC 2020 publicly issued renewable corporate bonds (first tranche) for qualified investors from 25 September 2020 to 24 September 2021, on 27 September 2021. In accordance with the Announcement on the Nominal Interest Rate of CRCC 2020 Publicly Issued Renewable Corporate Bonds (First Tranche) for Qualified Investors, nominal interest rate of "20 CRCC Y1" was 4.43%. Interest of RMB44.30 (tax inclusive) was distributed for each lot of "20 CRCC Y1" with a nominal value of RMB1,000.
China Railway Construction Co., Ltd. on 2020 public offering of renewable corporate bonds (second tranche) (variety I) for qualified investors	The Company paid the last annual interest and bond principal of CRCC 2020 publicly issued renewable corporate bonds (second tranche) for qualified investors from 15 December 2020 to 14 December 2021, on 15 December 2021. In accordance with the Announcement on the Nominal Interest Rate of CRCC 2020 Publicly Issued Renewable Corporate Bonds (Second Tranche) for Qualified Investors, nominal interest rate of "20 CRCC Y3" was 4.37%. Interest of RMB43.70 (tax inclusive) was distributed for each lot of "20 CRCC Y3" with a nominal value of RMB1,000.

2. Triggering and implementation of issuers' or investors' option terms and investors' protection terms

Applicable Not Applicable

Section X Particulars of Corporate Bonds (continued)

3. Intermediaries providing services for bond issuance and duration business

Intermediary	Office address	Name of Signatory Accountant	Contact person	Contact telephone number
CITIC Securities Company Limited	22nd floor, CITIC Securities Mansion, No. 48 Liangmaqiao Road, Chaoyang District, Beijing		WANG Yanyan, ZHU Jun	010-60833551, 60833585
China International Capital Corporation Limited	27-28/F, Tower 2, China Beijing World Towers, No. 1 Jianguomenwai Street, Chaoyang District, Beijing		ZHANG Chong	010-65051166
Shenwan Hongyuan Securities Co., Ltd.	45th Floor, 989 Changle Road, Xuhui District, Shanghai		YU Shan, CHAO Wei	010-88013931
China Merchants Securities Co., Ltd.	No. 111, Fuhua Yi Road, Futian Street, Futian District, Shenzhen, Guangdong		LIU Wei	010-57783107
Industrial Securities Co., Ltd.	Room 601-605, No. 35 Jinshifang Street, Xicheng District, Beijing		LIANG Xiuguo, LI Lun	010-66290193
CSC Financial Co., Ltd.	9/F, Kaiheng Center B, No.2 Chaonei Dajie, Dongcheng District, Beijing		LIU Xi	010-86451054
Morgan Stanley Huaxin Securities Company Limited	Room 75T30, 75/F, Shanghai World Financial Center, No. 100 Century Avenue, Pilot Free Trade Zone, Shanghai, PRC		LIU Xiaoguang, WANG Jian	021-20336000
Beijing Deheng Law Office	12/F, Tower B, Focus Place, No. 19 Finance Street, Xicheng District, Beijing		WANG Yuwei, YANG Yong	010-52682888
Deloitte Touche Tohmatsu Certified Public Accountants LLP	30/F Bund Center, 222 Yan An Road East, Shanghai	MA Yanmei, YIN Lili	MA Yanmei, YIN Lili	021-61418888
China Chengxin International Credit Rating Co., Ltd.	Building 6, Galaxy SOHO, No. 2 Nanzhugan Hutong, Chaoyangmennei Avenue, Dongcheng District, Beijing		Zhang Xinyu, Du Peishan	021-61418888

Changes in the above intermediaries

Applicable Not Applicable

Section X Particulars of Corporate Bonds (continued)

4. Use of raised funds at the end of the Reporting Period

Applicable Not Applicable

Unit: '000 Currency: RMB

Bond	Total amount of funds raised	Amount used	Amount unused	Operation of the special account for raised funds (if any)	Rectification of illegal use of raised funds (if any)	Whether it is consistent with the purpose, use plan and other agreements promised in the prospectus
China Railway Construction Co., Ltd. on 2019 public offering of renewable corporate bonds (first tranche) (variety I) for qualified investors	3,500,000.00	3,500,000.00	-	Normal	No	Yes
China Railway Construction Co., Ltd. on 2019 public offering of renewable corporate bonds (first tranche) (variety II) for qualified investors	500,000.00	500,000.00	-	Normal	No	Yes
China Railway Construction Co., Ltd. on 2019 public offering of renewable corporate bonds (second tranche) (variety I) for qualified investors	3,500,000.00	3,500,000.00	-	Normal	No	Yes
China Railway Construction Co., Ltd. on 2019 public offering of renewable corporate bonds (second tranche) (variety II) for qualified investors	1,500,000.00	1,500,000.00	-	Normal	No	Yes
China Railway Construction Co., Ltd. on 2019 public offering of renewable corporate bonds (third tranche) (variety I) for qualified investors	2,000,000.00	2,000,000.00	-	Normal	No	Yes
China Railway Construction Co., Ltd. on 2019 public offering of renewable corporate bonds (third tranche) (variety II) for qualified investors	1,000,000.00	1,000,000.00	-	Normal	No	Yes
China Railway Construction Co., Ltd. on 2020 public offering of renewable corporate bonds (first tranche) (variety I) for qualified investors	2,200,000.00	2,200,000.00	-	Normal	No	Yes
China Railway Construction Co., Ltd. on 2020 public offering of renewable corporate bonds (second tranche) (variety I) for qualified investors	2,500,000.00	2,500,000.00	-	Normal	No	Yes

Section X Particulars of Corporate Bonds (continued)

Bond	Total amount of funds raised	Amount used	Amount unused	Operation of the special account for raised funds (if any)	Rectification of illegal use of raised funds (if any)	Whether it is consistent with the purpose, use plan and other agreements promised in the prospectus
China Railway Construction Co., Ltd. on 2021 public offering of renewable corporate bonds (first tranche) (variety I) for qualified investors	1,800,000.00	1,800,000.00	–	Normal	No	Yes
China Railway Construction Co., Ltd. on 2021 public offering of renewable corporate bonds (first tranche) (variety II) for qualified investors	1,300,000.00	1,300,000.00	–	Normal	No	Yes
China Railway Construction Co., Ltd. on 2021 public offering of renewable corporate bonds (second tranche) (variety I) for qualified investors	2,000,000.00	2,000,000.00	–	Normal	No	Yes
China Railway Construction Co., Ltd. on 2021 public offering of renewable corporate bonds (second tranche) (variety II) for qualified investors	1,000,000.00	1,000,000.00	–	Normal	No	Yes
China Railway Construction Co., Ltd. on 2021 public offering of renewable corporate bonds (third tranche) (variety I) for qualified investors	500,000.00	500,000.00	–	Normal	No	Yes
China Railway Construction Co., Ltd. on 2021 public offering of renewable corporate bonds (third tranche) (variety II) for qualified investors	1,000,000.00	1,000,000.00	–	Normal	No	Yes
China Railway Construction Co., Ltd. on 2021 public offering of renewable corporate bonds (fourth tranche) (variety I) for qualified investors	1,000,000.00	1,000,000.00	–	Normal	No	Yes
China Railway Construction Co., Ltd. on 2021 public offering of renewable corporate bonds (fourth tranche) (variety II) for qualified investors	1,000,000.00	1,000,000.00	–	Normal	No	Yes

Section X Particulars of Corporate Bonds (continued)

Progress and operational effectiveness of the funds raised for construction projects

Applicable Not Applicable

Description of the change of use of the above bond proceeds during the Reporting Period

Applicable Not Applicable

Other description

Applicable Not Applicable

5. Adjustment of credit rating results

Applicable Not Applicable

Other description

Applicable Not Applicable

6. Implementation and changes in the status of guarantees, debt service plans and other debt service guarantees and their impact during the Reporting Period

Applicable Not Applicable

7. Other explanations on corporate bonds

Applicable Not Applicable

During the Reporting Period, there were no exercise of option renewal, interest step-up, interest deferred and compulsory interest payment for the Company's renewable corporate bonds. The issuance of renewable corporate bonds by the Company complied with the definition and classification conditions of equity instruments in the relevant accounting standards and shall be accounted for other equity instruments.

Section X Particulars of Corporate Bonds (continued)

(III) Non-financial corporate debt financing instruments in the inter-bank bond market

Applicable Not Applicable

1. Non-financial corporate debt financing instruments

Unit: '000 Currency: RMB

Bond	Short name	Date of Code issuance	Value date	Maturity date		Balance of the bond	Interest (%)	Method of principal repayment and interest payment	Exchange platform	Investor suitability arrangements (if any)	Trading mechanism	Whether there is a risk of terminating the listing transaction
China Railway Construction Co., Ltd. - 2019 first issue of medium term note	19 CRCC MTN001	101901285	20 September 2019	23 September 2019	The notes will remain valid indefinitely until they are redeemed by the issuer pursuant to the terms of the issue and they will become due upon redemption by the issuer pursuant to the terms of the issue.	2,991,365	4.13	The interests of the note are paid in installments annually if the Company does not exercise the right of deferred payment of interest.	National Interbank Bond Market	Domestic qualified institutional investors	Auction, quote, inquiry and agreement transaction	No
China Railway Construction Co., Ltd. - 2019 second issue of medium term note (variety I)	19 CRCC MTN002A	101901636	28 November 2019	29 November 2019	The notes will remain valid indefinitely until they are redeemed by the issuer pursuant to the terms of the issue and they will become due upon redemption by the issuer pursuant to the terms of the issue.	1,495,643	3.98	The interests of the note are paid in installments annually if the Company does not exercise the right of deferred payment of interest.	National Interbank Bond Market	Domestic qualified institutional investors	Auction, quote, inquiry and agreement transaction	No

Section X Particulars of Corporate Bonds (continued)

Bond	Short name	Code	Date of issuance	Value date	Maturity date	Balance of the bond	Interest (%)	Method of principal repayment and interest payment	Exchange platform	Investor suitability arrangements (if any)	Trading mechanism	Whether there is a risk of terminating the listing transaction
China Railway Construction Co., Ltd. - 2019 second issue of medium term note (variety II)	19 CRCC MTN002B	101901637	28 November 2019	29 November 2019	The notes will remain valid indefinitely until they are redeemed by the issuer pursuant to the terms of the issue and they will become due upon redemption by the issuer pursuant to the terms of the issue.	1,495,643	4.35	The interests of the note are paid in installments annually if the Company does not exercise the right of deferred payment of interest.	National Interbank Bond Market	Domestic qualified institutional investors	Auction, quote, inquiry and agreement transaction	No
China Railway Construction Co., Ltd. - 2020 first issue of medium term note	20 CRCC MTN001	102001987	23 October 2021	26 October 2021	The notes will remain valid indefinitely until they are redeemed by the issuer pursuant to the terms of the issue and they will become due upon redemption by the issuer pursuant to the terms of the issue.	2,991,242	4.42	The interests of the note are paid in installments annually if the Company does not exercise the right of deferred payment of interest.	National Interbank Bond Market	Domestic qualified institutional investors	Auction, quote, inquiry and agreement transaction	No
China Railway Construction Co., Ltd. - 2021 first issue of medium term note	21 CRCC MTN001	102101658	24 August 2021	25 August 2021	The notes will remain valid indefinitely until they are redeemed by the issuer pursuant to the terms of the issue and they will become due upon redemption by the issuer pursuant to the terms of the issue.	1,994,120	3.30	The interests of the note are paid in installments annually if the Company does not exercise the right of deferred payment of interest.	National Interbank Bond Market	Domestic qualified institutional investors	Auction, quote, inquiry and agreement transaction	No

Company's response to the risk of termination of listing and trading of bonds

Applicable Not Applicable

Overdue bonds

Applicable Not Applicable

Payment of interest on bonds during the Reporting Period

Applicable Not Applicable

Section X Particulars of Corporate Bonds (continued)

Bond	Statement of interest payments
China Railway Construction Co., Ltd. – 2019 first issue of medium term note	According to the Announcement on the Issuance of China Railway Construction Co., Ltd. – 2019 First Issue of Medium Term Note, the issuance scale of “19 CRCC MTN001” is RMB3.0 billion and the issuance interest rate is 4.13%. On 23 September 2021, the Company paid the interest on the China Railway Construction Co., Ltd. – 2019 First Issue of Medium Term Note.
China Railway Construction Co., Ltd. – 2019 second issue of medium term note (variety I)	According to the Announcement on the Issuance of China Railway Construction Co., Ltd. – 2019 Second Issue of Medium Term Note (variety I), the issuance scale of “19 CRCC MTN002A” is RMB1.5 billion and the issuance interest rate is 3.98%. On 29 November 2021, the Company paid the interest on the China Railway Construction Co., Ltd. – 2019 Second Issue of Medium Term Note (variety I).
China Railway Construction Co., Ltd. – 2019 second issue of medium term note (variety II)	According to the Announcement on the Issuance of China Railway Construction Co., Ltd. – 2019 Second Issue of Medium Term Note (variety II), the issuance scale of “19 CRCC MTN002B” is RMB1.5 billion and the issuance interest rate is 4.35%. On 29 November 2021, the Company paid the interest on the China Railway Construction Co., Ltd. – 2019 Second Issue of Medium Term Note (variety II).
China Railway Construction Co., Ltd. – 2020 first issue of medium term note	According to the Announcement on the Issuance of China Railway Construction Co., Ltd. – 2020 First Issue of Medium Term Note, the issuance scale of “20 CRCC MTN001” is RMB3.0 billion and the issuance interest rate is 4.42%. On 26 October 2021, the Company paid the interest on the China Railway Construction Co., Ltd. – 2020 First Issue of Medium Term Note.
China Railway Construction Co., Ltd. – 2021 first issue of ultra-short term note	According to the Announcement on the Issuance of China Railway Construction Co., Ltd. – 2021 First Issue of Ultra-short Term Note, the issuance scale of “21 CRCC SCP001” is RMB3.0 billion and the issuance interest rate is 2.08%. On 21 December 2021, the Company paid the interest on the China Railway Construction Co., Ltd. – 2020 First Issue of Ultra-short Term Note.

Section X Particulars of Corporate Bonds (continued)

2. Triggering and implementation of issuers' or investors' option terms and investors' protection terms

Applicable Not Applicable

3. Intermediaries providing services for bond issuance and duration business

Intermediary	Office address	Name of Signatory Accountant	Contact person	Contact telephone number
Agricultural Bank of China Limited	No. 69, Jianguomennei Avenue Dongcheng District Beijing		An Liwei	010-85109045
Bank of China Limited	No. 1 Fuxingmen Nei Dajie, Xicheng District, Beijing		XIA Ji	010-66591814
Industrial and Commercial Bank of China Limited	55 Fuxingmennei Avenue, Xicheng District, Beijing,		ZHANG Jian	010-81011847
China CITIC Bank Corporation Limited	Building No. 1, 10 Guanghua Road, Chaoyang District, Beijing		ZHANG Tianyi	010-66635908
Beijing Deheng Law Office	12/F, Tower B, Focus Place, No. 19 Finance Street, Beijing		WANG Yuwei, YANG Yong	010-52682888
Deloitte Touche Tohmatsu Certified Public Accountants LLP	30/F Bund Center, 222 Yan An Road East, Shanghai	MA Yanmei, Yin Lili	MA Yanmei, Yin Lili	021-61418888
China Chengxin International Credit Rating Co., Ltd.	Building 6, Galaxy SOHO, No.2 Nanzhugan Hutong, Chaoyangmennei Avenue, Dongcheng District, Beijing		Zhang Xinyu, Du Peishan	010-66428877

Changes in the above intermediaries

Applicable Not Applicable

Section X Particulars of Corporate Bonds (continued)

4. Use of raised funds at the end of the Reporting Period

Applicable Not Applicable

Unit: '000 Currency: RMB

Bond	Total amount of funds raised	Amount used	Amount unused	Operation of the special account for raised funds (if any)	Rectification of illegal use of raised funds (if any)	Whether it is consistent with the purpose, use plan and other agreements promised in the prospectus
China Railway Construction Co., Ltd. – 2019 first issue of medium term note	3,000,000.00	3,000,000.00	-	Normal	No	Yes
China Railway Construction Co., Ltd. – 2019 second issue of medium term note (variety I)	1,500,000.00	1,500,000.00	-	Normal	No	Yes
China Railway Construction Co., Ltd. – 2019 second issue of medium term note (variety II)	1,500,000.00	1,500,000.00	-	Normal	No	Yes
China Railway Construction Co., Ltd. – 2020 first issue of medium term note	3,000,000.00	3,000,000.00	-	Normal	No	Yes
China Railway Construction Co., Ltd. – 2021 first issue of medium term note	2,000,000.00	2,000,000.00	-	Normal	No	Yes
China Railway Construction Co., Ltd. – 2021 first issue of ultra-short term note	3,000,000.00	3,000,000.00	-	Normal	No	Yes

Progress and operational effectiveness of the funds raised for construction projects

Applicable Not Applicable

Description of the change of use of the above bond proceeds during the Reporting Period

Applicable Not Applicable

Other description

Applicable Not Applicable

Section X Particulars of Corporate Bonds (continued)

5. Adjustment of credit rating results

Applicable Not Applicable

Other description

Applicable Not Applicable

6. Implementation and changes in the status of guarantees, debt service plans and other debt service guarantees and their impact during the Reporting Period

Applicable Not Applicable

7. Other explanations on non-financial corporate debt financing instruments

Applicable Not Applicable

During the Reporting Period, the Company's debt financing instruments had no matters such as the exercise of renewal option, jump in interest rate, deferred interest and mandatory interest payment. The debt financing instruments issued by the Company meet the definition and classification conditions of equity instruments in relevant accounting standards and are included in the accounting of other equity instruments.

(IV) The loss within the scope of consolidated statements of the Company during the Reporting Period exceeds 10% of its net assets at the end of the previous year

Applicable Not Applicable

(V) Overdue interest-bearing debts other than bonds at the end of the Reporting Period

Applicable Not Applicable

(VI) The impact on the rights and interests of bond investors of violations of the provisions of laws and regulations, the articles of association, the management system for information disclosure matters and the circumstances agreed or promised in the bond prospectus during the Reporting Period

Applicable Not Applicable

Section X Particulars of Corporate Bonds (continued)

(VII) Accounting data and financial indicators of the Company for the past 2 years as at the end of the Reporting Period

Applicable Not Applicable

Unit: '000 Currency: RMB

Principal indicators	2021	2020	Increase or decrease at this year as compared with the end of last year (%)	Reasons of change
Net profit deducting non-recurring profit or loss	22,429,809	20,564,157	9.07	
Liquidity ratio	1.09	1.12	-2.68	
Quick ratio	0.52	0.60	-13.33	
Gearing ratio (%)	74.39	74.76	Decreased by 0.37 percentage points	
Total debt ratio of EBITDA	5.91%	5.88%	Increased by 0.03 percentage points	
Interest coverage ratio	3.43	3.22	6.52	Mainly due to the significant decrease in cash flow from operating activities.
Cash flow interest coverage	0.96	4.98	-80.72	
Interest coverage multiples EBITDA	4.96	4.74	4.64	
Loan repayment rate (%)	100.00	100.00	-	
Interest repayment rate (%)	100.00	100.00	-	

Section X Particulars of Corporate Bonds (continued)

II. CONVERTIBLE BONDS OF THE COMPANY

Applicable Not Applicable

(I) Issuance of convertible bonds

Applicable Not Applicable

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, and 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). The bond expired on 29 January 2021, and was fully redeemed by the Company. After the redemption, the balance of the bonds is zero.

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

Applicable Not Applicable

The US \$500 million H-share convertible bonds issued by the Company on January 29, 2016 are held by the trustee the Hong Kong and Shanghai Banking Corporation Limited without guarantee. According to the relevant regulations of H-share convertible bonds, the information of holders of bond only exists in the clearing system, and the trustee cannot disclose customer information to any third party without customer authorisation.

(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	
US Dollar H Share Convertible Bonds	3,262,450	-	3,262,450	-	-

Aggregated conversion of convertible bonds during the Reporting Period

Applicable Not Applicable

Section X Particulars of Corporate Bonds (continued)

(IV) Previous adjustments to conversion price

Applicable Not Applicable

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

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 expired on 29 January 2021, and was fully redeemed by the Company. After the redemption, the balance of the bonds is zero.

(VI) Other description of convertible bonds

Applicable Not Applicable

III. CHANGES TO THE COMPANY'S INFORMATION DISCLOSURE AFFAIRS MANAGEMENT SYSTEM

During the Reporting Period, there were no changes to the management system of the Company's information disclosure matters.

As at the date of disclosure of this report, the changes to the management system of information disclosure matters of the Company are as follows: On 25 January 2022, the Company held the third meeting of the Fifth Session of the Board of Directors and considered and approved the "Management Measures for Disclosure of Information on Corporate Bonds of China Railway Construction Company Limited" and amended the "Management Measures for Disclosure of Information on Debt Financing Instruments of China Railway Construction Company Limited". For details, please refer to the relevant announcements of the Company dated 26 January 2022 published in China Securities Journal, Shanghai Securities Journal, Securities Daily, Securities Times and the websites of the Shanghai Stock Exchange (www.sse.com.cn), the Hong Kong Stock Exchange (www.hkex.com.hk) and the Company (www.crcc.cn), and the Company's publication the full text of the System on the websites of the Shanghai Stock Exchange (www.sse.com.cn), the Hong Kong Stock Exchange (www.hkex.com.hk) and the Company's website (www.crcc.cn).

Independent Auditor's Report

De Shi Bao (Shen) Zi (22) No. P01924

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 2021, 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 2021, 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. 47 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;
- (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. 33 "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 classifies the trade receivables and contract assets into different portfolios based on collective credit risk characteristics, and uses provision matrix to assess expected credit losses. The provision rates of each portfolio 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 forecast of the future financial status on a sample basis;
- (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 portfolios classification and provision rates of each portfolio 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 2021 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 2022

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 2021

RMB'000

ASSETS	Note V	31 December 2021	31 December 2020
Current assets			
Cash and bank balances	1	126,821,154	187,997,046
Held-for-trading financial assets	2	460,063	587,022
Bills receivable	3	12,729,240	18,242,816
Receivables at FVTOCI	4	2,475,096	3,683,653
Trade receivables	5	155,677,298	125,696,204
Advances to suppliers	6	25,533,462	24,316,491
Other receivables	7	63,786,446	66,383,081
Inventories	8	279,554,016	232,358,730
Contract assets	9	196,315,628	165,030,475
Current portion of non-current assets	12, 14, 24	20,184,743	16,311,081
Other current assets	10	24,862,581	20,161,207
Total current assets		908,399,727	860,767,806
Non-current assets			
Loans and advances to customers	11	2,981,281	2,772,645
Long-term receivables	12	55,150,088	69,398,137
Long-term equity investments	13	98,163,517	70,621,039
Debt investments	14	9,974,392	5,074,312
Other debt investments		1,008,820	1,003,745
Other non-current financial assets	15	4,531,803	2,839,530
Other equity instrument investments	16	11,621,685	10,510,397
Investment properties	17	8,009,648	7,254,240
Fixed assets	18	61,167,672	56,111,920
Construction in progress	19	9,273,848	7,552,112
Right-of-use assets	20	5,907,025	5,292,332
Intangible assets	21	68,261,159	70,372,417
Development expenditure		44,962	28,612
Goodwill	22	359,499	541,705
Long-term prepayments		597,875	499,927
Deferred tax assets	23	8,075,138	6,423,173
Other non-current assets	24	99,441,867	65,728,750
Total non-current assets		444,570,279	382,024,993
TOTAL ASSETS		1,352,970,006	1,242,792,799

Consolidated Statement of Financial Position (continued)

As at 31 December 2021

RMB'000

LIABILITIES AND SHAREHOLDERS' EQUITY	<i>Note V</i>	31 December 2021	31 December 2020
Current liabilities			
Short-term loans	25	46,057,400	49,879,073
Due to customers	26	1,588,529	4,815,608
Bills payable	27	90,733,401	84,290,956
Trade payables	28	362,063,566	349,327,324
Advances from customers		94,440	126,257
Contract liabilities	29	150,667,341	131,058,617
Employee benefits payable	30	12,181,104	11,973,312
Taxes payable	31	9,510,826	8,392,379
Other payables	32	94,391,304	79,595,459
Current portion of non-current liabilities	33	38,703,490	28,573,343
Other current liabilities	34	26,089,924	21,592,243
Total current liabilities		832,081,325	769,624,571
Non-current liabilities			
Long-term loans	35	115,044,574	111,018,145
Bonds payable	36	29,534,875	26,111,854
Lease liabilities	37	2,889,378	2,677,405
Long-term payables	38	23,141,104	13,689,068
Long-term employee benefits payable		108,349	151,359
Provisions		784,053	590,932
Deferred income	39	923,734	3,786,970
Deferred tax liabilities	23	1,507,553	1,378,201
Other non-current liabilities		462,065	125,204
Total non-current liabilities		174,395,685	159,529,138
Total liabilities		1,006,477,010	929,153,709

Consolidated Statement of Financial Position (continued)

As at 31 December 2021

RMB'000

LIABILITIES AND SHAREHOLDERS' EQUITY	Note V	31 December 2021	31 December 2020
Shareholders' equity			
Share capital	40	13,579,542	13,579,542
Other equity instruments	41	63,253,806	68,258,403
Capital reserve	42	44,886,585	44,158,849
Other comprehensive income	43	(1,276,492)	(1,292,262)
Special reserve	44	–	–
Surplus reserve	45	6,789,771	6,139,569
Retained earnings	46	141,556,080	123,453,661
Total equity attributable to owners of the Company		268,789,292	254,297,762
Non-controlling interests		77,703,704	59,341,328
Total shareholders' equity		346,492,996	313,639,090
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		1,352,970,006	1,242,792,799

The accompanying notes form part of the financial statements.

The financial statements on pages 245 to 501 have been signed by:

Chairman of the Company:
WANG Jianping

CFO:
WANG Xiuming

Head of the Finance Department:
Qiao Guoying

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2021

RMB'000

ITEM	Note V	For the year ended 31 December 2021	For the year ended 31 December 2020
Revenue	47	1,020,010,179	910,324,763
Less: Cost of sales	47	922,126,888	825,987,266
Taxes and surcharges	48	3,622,907	3,733,320
Selling and distribution expenses	49	6,147,103	5,667,867
General and administrative expenses	50	20,741,919	19,038,444
Research and development expenses	51	20,253,956	18,605,952
Finance costs	52	3,683,532	3,496,636
Including: Interest expenses		6,016,226	5,621,495
Interest income		4,052,385	3,440,961
Add: Other income	55	1,063,418	941,516
Investment losses	56	(193,604)	(686,098)
Including: Share of profits of associates and joint ventures		2,769,758	1,637,477
Losses from derecognition of financial assets measured at amortised cost		(3,781,508)	(2,639,464)
Gains/(Losses) on fair value changes	57	(243,222)	105,833
Impairment losses on assets	53	(1,589,571)	(1,023,339)
Impairment of credit losses	54	(8,276,911)	(2,701,879)
Gains on disposal of assets		620,422	589,278
Operating profit		34,814,406	31,020,589
Add: Non-operating income	58	1,111,804	1,068,358
Less: Non-operating expenses	59	774,791	598,395
Profit before tax		35,151,419	31,490,552
Less: Income tax expenses	61	5,836,217	5,781,878
Net profit		29,315,202	25,708,674
Classified by the continuity of operation			
Net profit from continuing operations		29,315,202	25,708,674
Net profit from discontinued operations		—	—
Classified by the ownership			
Net profit attributable to owners of the Company		24,690,556	22,392,983
Net profit attributable to non-controlling interests		4,624,646	3,315,691

Consolidated Statement of Profit or Loss and Other Comprehensive Income (continued)

For the year ended 31 December 2021

RMB'000

ITEM	Note V	For the year ended 31 December 2021	For the year ended 31 December 2020
Other comprehensive income/(expense), net of tax	43		
Other comprehensive income/(expense) attributable to owners of the Company, net of tax		145,962	(1,228,318)
Other comprehensive income/(expense) not to be reclassified to profit or loss			
Changes in fair value of other equity instrument investments		426,509	15,905
Others		(4,474)	7,966
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		(91,448)	(197,315)
Changes in fair value of other debt investments		4,589	(1,164)
Exchange differences on translation of foreign operations		(190,155)	(1,054,850)
Changes in fair value of Receivables at FVTOCI		941	1,140
Other comprehensive income/(expense) attributable to non-controlling interests, net of tax		194,912	(15,902)
Total comprehensive income		29,656,076	24,464,454
Including:			
Total comprehensive income attributable to owners of the Company		24,836,518	21,164,665
Total comprehensive income attributable to non-controlling interests		4,819,558	3,299,789
Earnings per share:			
Basic earnings per share (<i>RMB/share</i>)	62	1.60	1.50
Diluted earnings per share (<i>RMB/share</i>)	62	1.60	1.44

Consolidated Statement of Cash Flows

For the year ended 31 December 2021

RMB'000

ITEM	Note V	For the year ended 31 December 2021	For the year ended 31 December 2020
1. Cash Flows from Operating Activities:			
Cash received from the sale of goods or rendering of services		1,075,803,668	986,032,268
Refunds of tax		246,412	106,094
Net increase in due to customers and due to banks		–	995,373
Net decrease in balances with the central bank		2,285,925	–
Cash received from other operating activities	63(1)	27,927,157	22,830,631
Subtotal of cash inflows from operating activities		1,106,263,162	1,009,964,366
Cash paid for goods and services		989,068,195	861,968,997
Net increase in loans and advances to customers		230,000	30,000
Net decrease in due to customers and due to banks		3,227,079	–
Net increase in balances with the central bank		–	141,291
Cash paid to and on behalf of employees		76,368,883	67,478,870
Cash paid for all taxes		26,711,563	26,214,812
Cash paid for other operating activities	63(2)	17,961,353	14,021,148
Subtotal of cash outflows from operating activities		1,113,567,073	969,855,118
Net cash flows (used in)/generated from operating activities	64(1)	(7,303,911)	40,109,248

Consolidated Statement of Cash Flows (continued)

For the year ended 31 December 2021

RMB'000

ITEM	Note V	For the year ended 31 December 2021	For the year ended 31 December 2020
2. Cash Flows from Investing Activities:			
Cash received from disposal of investments		8,102,705	5,325,793
Cash received from investment income		1,420,422	1,553,930
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		1,949,670	1,893,816
Net decrease in cash and bank balances with title restrictions		962,332	–
Net cash received from disposal of subsidiaries		1,091,759	129,966
Cash received from other investing activities		966,424	1,138,677
Subtotal of cash inflows from investing activities		14,493,312	10,042,182
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		32,875,454	31,388,189
Cash paid for acquisition of investments		42,685,038	24,205,455
Net increase in cash and bank balances with title restrictions		–	3,592,698
Net cash paid for acquisition of subsidiaries		3,005	–
Cash paid for other investing activities		–	1,153,511
Subtotal of cash outflows from investing activities		75,563,497	60,339,853
Net cash flows used in investing activities		(61,070,185)	(50,297,671)

Consolidated Statement of Cash Flows (continued)

For the year ended 31 December 2021

RMB'000

ITEM	Note V	For the year ended 31 December 2021	For the year ended 31 December 2020
3. Cash Flows from Financing Activities:			
Cash received as capital contributions		29,789,589	35,852,026
Including: Cash received from non-controlling shareholders of subsidiaries		17,401,498	5,779,641
Cash received from issuing bonds		15,660,218	13,434,057
Cash received from borrowings		180,640,822	157,726,106
Cash received from other financing activities		–	3,438,307
Subtotal of cash inflows from financing activities		226,090,629	210,450,496
Cash repayments for borrowings		173,618,250	148,331,534
Cash paid for distribution of dividends or profits and for interest expenses		21,753,841	19,417,459
Including: Cash paid to non-controlling shareholders for distribution of dividends by subsidiaries		3,458,065	3,068,919
Cash paid for other financing activities	63(3)	20,116,458	4,462,474
Subtotal of cash outflows from financing activities		215,488,549	172,211,467
Net cash flows generated from financing activities		10,602,080	38,239,029
4. EFFECT OF CHANGES IN EXCHANGE RATES ON CASH AND CASH EQUIVALENTS		(155,619)	(674,726)
5. NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(57,927,635)	27,375,880
Add: Cash and cash equivalents at beginning of the year	64(2)	167,669,496	140,293,616
6. CASH AND CASH EQUIVALENTS AT END OF THE YEAR	64(2)	109,741,861	167,669,496

Consolidated Statement of Changes in Equity

For the year ended 31 December 2021

RMB'000

ITEM	For the year ended 31 December 2021									
	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 2021	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
II. Increase/(decrease) during the year	-	(5,004,597)	727,736	15,770	-	650,202	18,102,419	14,491,530	18,362,376	32,853,906
(I) Total comprehensive income	-	-	-	145,962	-	-	24,690,556	24,836,518	4,819,558	29,656,076
(II) Capital contributions and withdrawals by shareholders	-	(5,004,597)	727,736	-	-	-	9,725	(4,267,136)	17,302,114	13,034,978
1. Capital contributions and withdrawals by shareholders (Note V. 42)	-	-	714,786	-	-	-	-	714,786	17,303,214	18,018,000
2. Capital contributions and withdrawals by other equity instruments holders (Note V. 41)	-	(5,004,597)	(7,311)	-	-	-	-	(5,011,908)	-	(5,011,908)
3. Equity transactions with non-controlling shareholders	-	-	12,812	-	-	-	-	12,812	(1,100)	11,712
4. Others	-	-	7,449	-	-	-	9,725	17,174	-	17,174
(III) Profit distribution	-	-	-	-	-	650,202	(6,728,054)	(6,077,852)	(3,759,296)	(9,837,148)
1. Appropriation to statutory surplus reserve	-	-	-	-	-	650,202	(650,202)	-	-	-
2. Distribution to shareholders (Note V. 46)	-	-	-	-	-	-	(6,077,852)	(6,077,852)	(3,759,296)	(9,837,148)
(IV) Special reserve (Note V. 44)	-	-	-	-	-	-	-	-	-	-
1. Appropriated in current year	-	-	-	-	15,872,742	-	-	15,872,742	-	15,872,742
2. Used in current year	-	-	-	-	(15,872,742)	-	-	(15,872,742)	-	(15,872,742)
(V) Others (Note V. 43)	-	-	-	(130,192)	-	-	130,192	-	-	-
III. As at 31 December 2021	13,579,542	63,253,806	44,886,585	(1,276,492)	-	6,789,771	141,556,080	268,789,292	77,703,704	346,492,996

Consolidated Statement of Changes in Equity (continued)

For the year ended 31 December 2021

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 (Note V. 42)	-	-	-	-	-	-	-	-	5,779,641	5,779,641	
2. Capital contributions and withdrawals by other equity instruments holders	-	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. 46)	-	-	-	-	-	-	(4,876,042)	(4,876,042)	(2,728,151)	(7,604,193)	
(IV) Special reserve (Note V. 44)	-	-	-	-	-	-	-	-	-	-	
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 (Note V. 43)	-	-	-	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	

The Company's Statement of Financial Position

As at 31 December 2021

RMB'000

ASSETS	<i>Note XIV</i>	31 December 2021	31 December 2020
Current assets			
Cash and bank balances		10,921,986	30,836,880
Held-for-trading financial assets		91,338	83,507
Trade receivables	1	4,575,610	4,612,950
Advances to suppliers		354,226	168,857
Other receivables	2	26,404,972	18,417,241
Inventories		1,246	1,293
Contract assets		1,822,263	1,592,534
Current portion of non-current assets		26,516,843	7,171,490
Other current assets		263,228	173,663
Total current assets		70,951,712	63,058,415
Non-current assets			
Long-term receivables		21,378,491	36,883,640
Long-term equity investments	3	103,771,051	102,169,338
Other equity instrument investments		308,186	312,650
Fixed assets		33,535	39,531
Construction in progress		406,482	48,427
Right-of-use assets		4,313	34,292
Intangible assets		133,207	71,440
Long-term prepayments		1,963	1,028
Deferred tax assets		303	345
Other non-current assets		2,369,387	2,759,277
Total non-current assets		128,406,918	142,319,968
TOTAL ASSETS		199,358,630	205,378,383

The Company's Statement of Financial Position (continued)

As at 31 December 2021

RMB'000

LIABILITIES AND SHAREHOLDERS' EQUITY	<i>Note XIV</i>	31 December 2021	31 December 2020
Current liabilities			
Trade payables		10,858,296	8,346,413
Contract liabilities		846,254	581,359
Employee benefits payable		108,643	90,818
Taxes payable		189,953	113,785
Other payables	4	19,060,895	22,109,546
Current portion of non-current liabilities		663,037	6,023,106
Other current liabilities		449,979	454,682
Total current liabilities		32,177,057	37,719,709
Non-current liabilities			
Long-term loans	5	2,328,564	2,632,066
Lease liabilities		2,193	1,816
Long-term payables		2,128,212	2,020,885
Long-term employee benefits payable		9,320	11,380
Deferred tax liabilities		42,614	187,805
Deferred income		9	141
Total non-current liabilities		4,510,912	4,854,093
Total liabilities		36,687,969	42,573,802
Shareholders' equity			
Share capital	Note V. 40	13,579,542	13,579,542
Capital reserve		46,886,474	46,893,785
Other comprehensive income		65,236	68,794
Other equity instruments	Note V. 41	63,253,806	68,258,403
Special reserve		—	—
Surplus reserve	Note V. 45	6,789,771	6,139,569
Retained earnings		32,095,832	27,864,488
Total shareholders' equity		162,670,661	162,804,581
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		199,358,630	205,378,383

The Company's Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2021

RMB'000

ITEM	Note XIV	For the year ended 31 December 2021	For the year ended 31 December 2020
Revenue	6	16,513,518	16,481,078
Less: Cost of sales	6	16,611,857	16,158,319
Taxes and surcharges		16,336	8,386
Selling and distribution expenses		42,282	24,931
General and administrative expenses		549,585	457,553
Research and development expenses		84,524	60,165
Finance costs	7	(2,749,722)	(2,722,862)
Including: Interest expenses		591,259	1,292,984
Interest income		3,159,632	3,254,489
Add: Other income		2,210	6,116
Investment income	8	8,999,026	12,486,411
Gains on fair value changes		7,831	273,835
Impairment losses on assets		(7,041)	(6,141)
Impairment of credit losses		(9,651)	(39,210)
Gains on disposal of assets		–	8
Operating profit		10,951,031	15,215,605
Add: Non-operating income		23,350	56,651
Less: Non-operating expenses		12,137	3,210
Profit before tax		10,962,244	15,269,046
Less: Income tax expenses		2,845	8,415
Net profit		10,959,399	15,260,631
Classified by the continuity of operation			
Net profit from continuing operations		10,959,399	15,260,631
Net profit from discontinued operations		–	–
Other comprehensive income/(expense), net of tax		(3,558)	(40,370)
Other comprehensive income/(expense) not to be reclassified to profit or loss			
Re-measurement of defined benefit plan, net of tax		(210)	(1,373)
Changes in fair value of other equity instrument investments		(3,348)	(38,997)
Total comprehensive income		10,955,841	15,220,261

The Company's Statement of Cash Flows

For the year ended 31 December 2021

RMB'000

ITEM	Note XIV	For the year ended 31 December 2021	For the year ended 31 December 2020
1. Cash Flows from Operating Activities:			
Cash received from the sale of goods or rendering of services		17,951,632	17,238,350
Cash received from other operating activities		9,404,427	14,854,902
Subtotal of cash inflows from operating activities		27,356,059	32,093,252
Cash paid for goods and services		16,040,231	15,335,489
Cash paid to and on behalf of employees		443,242	307,029
Cash paid for all taxes		82,935	157,237
Cash paid for other operating activities		21,994,826	13,484,911
Subtotal of cash outflows from operating activities		38,561,234	29,284,666
Net cash flows (used in)/generated from operating activities	9(1)	(11,205,175)	2,808,586
2. Cash Flows from Investing Activities:			
Cash received from investment income		12,440,630	8,774,706
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		2	21
Net decrease in cash and bank balances with title restrictions		13,456	-
Subtotal of cash inflows from investing activities		12,454,088	8,774,727
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		440,417	70,344
Cash paid for acquisition of investments		1,601,713	5,525,000
Net increase in cash and bank balances with title restrictions		-	947,110
Subtotal of cash outflows from investing activities		2,042,130	6,542,454
Net cash flows generated from investing activities		10,411,958	2,232,273

The Company's Statement of Cash Flows (continued)

For the year ended 31 December 2021

RMB'000

ITEM	Note XIV	For the year ended 31 December 2021	For the year ended 31 December 2020
3. Cash Flows from Financing Activities:			
Cash received as capital contributions		12,388,092	30,088,646
Cash received from borrowings		320,000	1,405,564
Cash received from issuing bonds		3,000,000	–
Subtotal of cash inflows from financing activities		15,708,092	31,494,210
Cash repayments for borrowings		8,431,166	14,027,610
Cash paid for distribution of dividends or profits and for interest expenses		6,383,422	5,725,393
Cash paid for other financing activities		17,437,439	2,034,211
Subtotal of cash outflows from financing activities		32,252,027	21,787,214
Net cash flows (used in)/generated from financing activities		(16,543,935)	9,706,996
4. EFFECT OF CHANGES IN EXCHANGE RATES ON CASH AND CASH EQUIVALENTS		(47,920)	(161,159)
5. NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(17,385,072)	14,586,696
Add: Opening Balance of Cash and Cash Equivalents	9(2)	29,808,391	15,221,695
6. CASH AND CASH EQUIVALENTS AT END OF THE YEAR	9(2)	12,423,319	29,808,391

The Company's Statement of Changes in Equity

For the year ended 31 December 2021

RMB'000

ITEM	For the year ended 31 December 2021							
	Share capital	Other equity instruments	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Total equity
I. As at 1 January 2021	13,579,542	68,258,403	46,893,785	68,794	-	6,139,569	27,864,488	162,804,581
II. Increase/(decrease) during the year	-	(5,004,597)	(7,311)	(3,558)	-	650,202	4,231,345	(133,919)
(I) Total comprehensive income	-	-	-	(3,558)	-	-	10,959,399	10,955,841
(II) Capital contributions and withdrawals by shareholders	-	(5,004,597)	(7,311)	-	-	-	-	(5,011,908)
1. Capital contributions and withdrawals by other equity instruments holders (Note V. 41)	-	(5,004,597)	(7,311)	-	-	-	-	(5,011,908)
(III) Profit distribution	-	-	-	-	-	650,202	(6,728,054)	(6,077,852)
1. Appropriation to statutory surplus reserve	-	-	-	-	-	650,202	(650,202)	-
2. Distribution to shareholders (Note V. 46)	-	-	-	-	-	-	(6,077,852)	(6,077,852)
(IV) Special reserve (Note V. 44)	-	-	-	-	-	-	-	-
1. Appropriated in current year	-	-	-	-	371,361	-	-	371,361
2. Used in current year	-	-	-	-	(371,361)	-	-	(371,361)
III. As at 31 December 2021	13,579,542	63,253,806	46,886,474	65,236	-	6,789,771	32,095,833	162,670,662

The Company's Statement of Changes in Equity (continued)

For the year ended 31 December 2021

RMB'000

ITEM	For the year ended 31 December 2020							
	Share capital	Other equity instruments	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Total equity
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	-	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. 46)	-	-	-	-	-	-	(4,876,042)	(4,876,042)
(IV) Special reserve (Note V. 44)	-	-	-	-	-	-	-	-
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

Notes to the Financial Statements

For the year ended 31 December 2021

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 2022.

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 of the People’s Republic of China (“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 (“CSRC”), 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 *China Accounting Standards*, taking into account the disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited 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 2021

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 2021 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 2021

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 2021

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 2021

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.

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights related to administrative tasks only. The relevant activities of a structured entity are directed by means of contractual agreements. When the Group acts as an asset management in the structured entity, the Group is required to determine whether it is exercising decision-making rights as a principal or an agent in the structured entity. If the Group is only acting as an agent, it exercises decision-making rights on behalf of the principal (other investors of the structured entity), and does not control the structured entity. If the Group is exercising decision-making rights on its own behalf, it is the principal and controls the structured entity.

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 2021

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.

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.

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

9. Financial instruments (Continued)

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.

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 due within one year that are presented under non-current assets due within one year and debt investments due within one year that are presented under non-current assets due within one year.

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.

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

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 (Continued)*

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.

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.

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

9. Financial instruments (Continued)

9.1 Classification and measurement of financial assets (Continued)

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.

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.

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

9. Financial instruments (Continued)

9.2 Impairment of financial assets (Continued)

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.

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.

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

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 (Continued)

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.

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 2021

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 2021

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 2021

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 2021

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 2021

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 2021

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 2021

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 2021

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 2021

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 2021

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 2021

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 2021

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 2021

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 2021

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 other construction works) 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 are accounted for according to their arrangement nature, and details are set out in Note III.32.

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.

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.

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

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.

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.

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

19. Revenue (Continued)

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.

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.

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

19. Revenue (Continued)

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.

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.

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

19. Revenue (Continued)

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.

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.

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

19. Revenue (Continued)

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.

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.

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

20. Government grants (Continued)

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.

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.

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

21. Income tax (Continued)

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.

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.

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

22. Leases (Continued)

22.1 As a lessee (Continued)

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.

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.

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

22. Leases (Continued)

22.1 As a lessee (Continued)

Lease liabilities (Continued)

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.

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.

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

22. Leases (Continued)

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.

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.

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

23. Impairment of long-term assets (Continued)

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.

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.

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

24. Employee benefits (Continued)

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.

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.

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

24. Employee benefits (Continued)

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.

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.

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

25. Debt restructuring (Continued)

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.

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.

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

26. Nonmonetary Transactions (Continued)

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.

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 2021

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.

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.

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

31. Asset securitization (Continued)

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. Public –Private –Partnership (“PPP”) project contract

The PPP project contract represents the contract entered into between the private party and the government in respect of the Public-Private-Partnership project (hereinafter referred to as the “PPP project”) in accordance with the laws and regulations. The PPP project contract shall meet the following two characteristics (hereinafter referred to as the “Dual characteristics”): (1) the private party shall utilize the PPP project assets so as to provide public goods and services on behalf of the government during the operation period stipulated in the contract; (2) the private party shall be compensated for the public goods and services it provides during the period stipulated in the contract. The PPP project contract shall also meet the following two conditions (hereinafter referred to as the “Dual controls”): (1) the government shall have control over the type, object and price of the public goods and services that must be provided by the private party through the utilization of the PPP project assets; (2) the government shall control the significant residual interest in the PPP project assets through ownership, right to income or other forms of rights upon termination of the PPP project contract.

The Group, as the private party, has entered into PPP project contracts with the government. According to such contracts, the Group shall provide construction services (including construction, renovation and expansion, similarly hereinafter), contract out the construction to other parties or perform other obligations. And the Group shall account for such contracts and recognize contract assets based on the determination that whether it is an agent or a principal in accordance with ASBE No. 14 – Revenue.

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

32. Public –Private –Partnership (“PPP”) project contract (Continued)

If the Group provides multiple services (for example, provide both construction services for PPP project assets and the operation and maintenance services upon the completion of the construction) in accordance with the contract, it shall identify the single performance obligation included in the contract and allocate the transaction price to each performance obligation in accordance with the proportion of the stand-alone selling price of each performance obligation in accordance with the provisions of ASBE No. 14 – Revenue.

During the operation period of the project, if the Group has the right to receive fees from the party which obtains the public goods and services in accordance with the PPP project contract, but the amount of the fees cannot be determined, the consideration for the PPP project assets or the amount of construction revenue recognized in respect of the project will be recognized as an intangible asset and presented as concessions under the line of intangible assets in the balance sheet when the PPP project assets are ready for intended use.

During the operation of the project, if the Group has the right to receive a determinable amount of cash (or other financial assets), the Group can recognize the amount as a receivable when it has the right to receive such cash (such right only depends on the passage of time) in accordance with the PPP project contract. The Group recognizes the difference between the consideration for the PPP project assets or the amount of construction revenue recognized in respect of the project and the determinable amount of cash (or other financial assets) that the Group has the right to receive as an intangible asset when the PPP project assets are ready for intended use.

For the portion of the Group’s consideration or construction revenue recognized for relevant PPP project assets that has been included in intangible assets and the contract assets recognized during the construction period, they are presented in the concessions under the line item of intangible assets; for other contract assets recognized during construction period, they are presented under the line item of contract assets or other non-current assets, depending on whether they are expected to be realized within one year since the balance sheet date.

33. 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 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

33. 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. The Group's management classifies the trade receivables and contract assets into different portfolios based on credit risk characteristics, and uses provision matrix to assess expected credit losses. The provision rates of every portfolio 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.

The Group adjusted its customer credit risk portfolio due to its changing business and customer portfolio, macro-economic changes and specific industry factors, so that the portfolio classification could reflect credit risk characteristic of customers.

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 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

33. 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.

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.

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

33. Significant accounting judgments and estimates (Continued)

Useful lives and residual values of fixed assets (Continued)

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 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

33. 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.

34. Changes in significant accounting policies

The Group implemented the Accounting Standards for Business Enterprises Interpretation No. 14 ("Interpretation No. 14") and the Accounting Standards for Business Enterprises Interpretation No. 15 ("Interpretation No. 15") issued by the Ministry of Finance in 2021.

34.1 The impact of Interpretation No.14 on the Group

Interpretation No. 14 defines PPP project contract and the conditions of "Dual characteristics" and "Dual controls" that a PPP project contract must meet and clarifies the relevant accounting treatment of the private party. In particular, it stipulates the recognition criteria of receivables and intangible assets under PPP project contracts, the accounting treatment of mixed mode (including both financial assets and intangible assets) under PPP project contracts and relevant disclosure requirements. Interpretation No. 14 has followed the revenue standard by stipulating that the construction services provided or contracted out by the private party shall be accounted for in accordance with the provisions of ASBE No. 14 – Revenue, and it also specifies the accounting treatment for borrowing costs during the construction of PPP project assets. For specific accounting policies, please refer to Note III, 32.

For the PPP project contracts adopted before 1 January 2021 but not completed at the commencement date of Interpretation No. 14 that were not accounted for according to the above provisions, the Group shall, as required by Interpretation No. 14, make retrospective adjustment and adjust the opening retained earnings and other relevant items in the financial statements according to the cumulative effect of such contracts, without adjusting the information for comparable periods.

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

34. Changes in significant accounting policies (Continued)

The impact of the adoption of Interpretation No. 14 on relevant balance sheet items of the Group as at 1 January 2021 is as follows:

Item	31 December 2020	Impact of adoption of Interpretation No. 14	1 January 2021
Current assets:			
Accounts receivable (Note 2)	125,696,204	114,524	125,810,728
Contract assets (Note 1)	165,030,475	306,888	165,337,363
Non-current assets due within one year (Note 1, 2)	16,311,081	(421,412)	15,889,669
Total current assets	860,767,806	–	860,767,806
Non-current assets:			
Long-term receivables (Note 1)	69,398,137	(15,974,790)	53,423,347
Other non-current assets (Note 1)	65,728,750	15,974,790	81,703,540
Total non-current assets	382,024,993	–	382,024,993
TOTAL ASSETS	1,242,792,799	–	1,242,792,799
Total liabilities	929,153,709	–	929,153,709
Shareholders' equity	–	–	–
Total shareholders' equity	313,639,090	–	313,639,090
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	1,242,792,799	–	1,242,792,799

Note 1: As of 1 January 2021, in terms of certain PPP project contracts, the Group did not have the unconditional right to receive the consideration (i.e., only depends on the passage of time), and therefore it reclassified the long-term receivables recognized under such contracts to contract assets and presented them under the line item of "contract assets" or "other non-current assets" based on whether such receivables are expected to be realized within one year.

Note 2: As at 1 January 2021, the Group reclassified part of its non-current assets due within one year to accounts receivable in accordance with the relevant provisions of Interpretation No. 14.

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

34. Changes in significant accounting policies (Continued)

34.2 The impact of Interpretation No.15 on the Group

Interpretation No.15 standardizes the following presentation on centralized management funds: (1) the presentation of funds pooled from a member company's account to the parent's; (2) the presentation of funds borrowed by a unit company from the parent; (3) the presentation of funds deposited by a unit company into the finance company of the group, instead of pooling them to the parent's account; (4) the presentation of funds borrowed by a unit company from the finance company of the group, instead of the parent. The finance company referred by Interpretation No.15 is a non-banking financial institution, which provides each company of the group with financial management services, supervised by the China Banking and Insurance Regulatory Commission, in order to strengthen fund management and enhance the efficiency of fund utilization. For non-current items, Interpretation No.15 requires the group to list them appropriately in current assets, non-current assets, current liabilities or non-current liabilities in accordance with the requirements of Accounting Standards No.30 Financial Statements for liquidity listing. Interpretation No.15 requires that assets and liabilities related to centralized management should not be offset in the balance sheet of the parent, member companies or the financial company, unless the offsetting are required in accordance with Accounting Standards No.37 Financial Instruments.

Interpretation No.15 should come into force as of the date of promulgation, and requires comparable data to be adjusted appropriately. The above provisions do not have a significant impact on the financial position and operating results of the group.

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

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%, 13%
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 2021

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), with respect to research and development (R&D) expenses of the Company and its subsidiaries that complies with the above provisions, an extra 75% of the actual amount of expenses is deductible before tax.

Pursuant to the provisions of the Announcement on Further Improving the Policies Regarding Weighted Pre-tax Deduction of Research and Development Expenses (Announcement No. 13 [2021] of the Ministry of Finance and the State Taxation Administration), with respect to the calculation of taxable income by the Company and its subsidiaries from 1 January 2021, an extra 100% of the amount of R&D expenses that comply with the above provisions and actually incurred is deductible before tax.

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 2021

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 11th Bureau Group Tibet Engineering Co., Ltd. (中鐵十一局集團西藏工程有限公司), China Railway 11th Bureau Group Xi'an Construction Co., Ltd. (中鐵十一局集團西安建設有限公司), 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 (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 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

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

IV. TAXATION (Continued)

2. Tax preferential (Continued)

Tax preferential for the Western Region Development (Continued)

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 Tibet Engineering Co., Ltd. (中鐵二十三局集團西藏工程有限公司), China Railway 25th Bureau Group (Ganzhou) Engineering Co., Ltd. (中鐵二十五局集團(贛州)工程有限公司), China Railway Chongqing Urban Rail Transit Engineering Co., Ltd. (中鐵建重慶軌道環綫建設有限公司), 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 (Hubei) Engineering Supervision Consulting Co., Ltd. Nanning Branch. (中鐵四院(湖北)工程監理諮詢有限公司南寧分公司), China Railway Material Group Southwest Co., Ltd. (中鐵物資集團西南有限公司), China Railway Material Group Chongqing CRCC Trading Co., Ltd. (中鐵物資集團重慶鐵建貿易有限公司), China Railway Material Group Yunnan Co., Ltd. (中鐵物資集團雲南有限公司), 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), Chongqing Jinlu Traffic Engineering Co., Ltd. (重慶金路交通工程有限責任公司), CRCC Ecological Environment Co., Ltd. (中鐵建生態環境有限公司), 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 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), Chengdu CRCC Kunlun Rail Engineering Co., Ltd. (成都中鐵建昆侖軌道工程有限公司), Chengdu China Railway Construction Kunlun Zhenrong Ecological Construction Co., Ltd. (成都中鐵建昆侖振蓉生態建設有限公司), Jintang China Railway Construction Kunlun Urban Construction Co., Ltd. (金堂中鐵建昆侖城市建設有限公司), Chengdu China Railway Construction Capital Rail Transit Development Co., Ltd. (成都中鐵建成資軌道交通發展有限公司), 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), and CRCC Expressway China Petroleum(Sichuan) Energy Co., Ltd. (鐵建高速中油(四川)能源有限公司) 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 2020 and 2021.

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

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) China Railway 11th Bureau Group Co., Ltd. (中鐵十一局集團有限公司) and 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) have 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; (2) 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; (3) its subsidiary China Railway 11th Bureau Group Bridge Engineering Co., Ltd. (中鐵十一局集團橋梁有限公司) 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; 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 2021, and are entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2021 to 31 December 2023.

China Railway 12th Bureau Group Co., Ltd. (中鐵十二局集團有限公司): (1) 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 2021, and are entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2021 to 31 December 2023; (2) 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; (3) 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; 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 2021, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2021 to 31 December 2023.

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

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 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; (3) 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; (4) 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; (5) 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; (6) 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; (7) its subsidiary China Railway Zhuzhou Bridge Co., Ltd. (中鐵株洲橋梁有限公司) 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; and (8) 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 2021, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2021 till 31 December 2023; and.

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

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 including China Railway 14th Bureau Group 1th Engineering Co., Ltd.(中鐵十四局集團第一工程發展有限公司), Tiezheng Testing Technology Co., Ltd. (鐵正檢測科技有限公司), 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 China Railway 14th Bureau Group Qingdao Engineering Construction Co., Ltd. (中鐵十四局集團青島工程建設有限公司) have been recognised as a High-tech Enterprise by Shandong Provincial Science and Technology Department, Shandong Provincial Department of Finance, and Shandong Provincial Tax Service, State Taxation Administration since 2021, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2021 to 31 December 2023; (2) 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; (3) its subsidiary including China Railway 14th Bureau Group 4th Engineering Co., Ltd. (中鐵十四局集團第四工程有限公司), China Railway 14th Bureau Group Tunnel Engineering Co., Ltd. (中鐵十四局集團隧道工程有限公司), China Railway 14th Bureau Group Construction Technology Co. Ltd (中鐵十四局集團建築科技有限公司), Shandong Civil Air Defense Architectural Design Institute Co., Ltd (山東省人民防空建築設計院有限責任公司), have been recognised as a High-tech Enterprise by Shandong Provincial Science and Technology Department, 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 14th Bureau Construction Engineering Co. Ltd. (中鐵十四局集團建築工程有限公司) has been recognised as a High-tech Enterprise by Shandong Provincial Science and Technology Department, 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; (4) its subsidiary China Railway 14th Bureau Group Large Shield Engineering Co., Ltd. (中鐵十四局集團大盾構工程有限公司) has been recognised as a High-tech Enterprise by Jiangsu Provincial Science and Technology Department, Jiangsu Provincial Department of Finance, and Jiangsu Provincial Tax Service, State Taxation Administration since 2021, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2021 to 31 December 2023; (5) its subsidiary China Railway 14th Bureau Group Housing and 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 2021, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2021 to 31 December 2023; and (6) its subsidiary CRCC North-China Construction Technology Co. Ltd. (中鐵建華北建築科技有限公司) has been recognised as a High-tech Enterprise by Hebei Provincial Science and Technology Department, Hebei Provincial Department of Finance, and Hebei Provincial Tax Service, State Taxation Administration since 2021, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2021 to 31 December 2023.

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

IV. TAXATION (Continued)

2. Tax preferential (Continued)

Other preferential tax for the Company's subsidiaries (Continued)

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 2021, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2021 to 31 December 2023; (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 2021, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2021 to 31 December 2023.

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 2021, and are entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2021 to 31 December 2023; (2) 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 2021, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2021 to 31 December 2023; (3) 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; (4) 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; (5) 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

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

IV. TAXATION (Continued)

2. Tax preferential (Continued)

Other preferential tax for the Company's subsidiaries (Continued)

income tax rate at 15% from 1 January 2019 to 31 December 2021; (6) 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) have 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; 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 Guangdong Provincial Department of Science and Technology, Guangdong Provincial Department of Finance, and Guangdong Provincial Tax Service, State Taxation Administration since 2021, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2021 to 31 December 2023.

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 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; (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 2021, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2021 till 31 December 2023.

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

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 Hebei Provincial Department of Science and Technology, Hebei Provincial Department of Finance, and Hebei Provincial Tax Service, State Taxation Administration since 2021, and are entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2021 to 31 December 2023; (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 2021, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2021 to 31 December 2023; (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 2021

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 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 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 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 2021, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2021 to 31 December 2023; (3) 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; (4) 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; (5) 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 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 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; and (7) 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 2021, and are entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2021 to 31 December 2023.

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

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 2021, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2021 to 31 December 2023.

China Railway 21st Bureau Group Co., Ltd. (中鐵二十一局集團有限公司): (1) its subsidiary 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) has been recognised as a High-tech Enterprise by Gansu Provincial Science and Technology Department, Gansu Provincial Department of Finance, and Gansu Provincial Tax Service, State Taxation Administration since 2021, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2021 to 31 December 2023; (2) its subsidiary Western Railway Construction Engineering Materials Technology Co., Ltd. (西部鐵建工程材料科技有限公司) has been recognised as a High-tech Enterprise by Gansu Provincial Science and Technology Department, Gansu Provincial Department of Finance, and Gansu Provincial Tax Service, State Taxation Administration since 2021, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2021 to 31 December 2023; and (3) its subsidiary 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 1st Engineering Co., Ltd. (中鐵二十二局集團第一工程有限公司) 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 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 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; 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 2021

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; and its subsidiary 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) has been recognised as a High-tech Enterprise by Sichuan Municipal Science & Technology Commission, Sichuan Finance Bureau, and Sichuan 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 24th Bureau Group Co., Ltd. (中鐵二十四局集團有限公司): (1) 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; (2) its subsidiary China Railway 24th Bureau Group Jiangsu Construction Co., Ltd. (中鐵二十四局集團江蘇工程有限公司) has been recognised as a High-tech Enterprises by Department of Science & Technology of Jiangsu Province, Jiangsu Province Finance Bureau, 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; and (3) its subsidiary China Railway 24th Bureau Group Shanghai electrification Co., Ltd. (中鐵二十四局集團上海電務電化有限公司) 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 is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2020 to 31 December 2022; and (4) its subsidiary China Railway 24th Bureau Group Shanghai Railway Construction Co., Ltd. (中鐵二十四局集團上海鐵建工程有限公司) 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 2021, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2021 to 31 December 2023.

China Railway 25th Bureau Group Co., Ltd. (中鐵二十五局集團有限公司): (1) 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) 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 2021, and are entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2021 to 31 December 2023; (2) 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

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

IV. TAXATION (Continued)

2. Tax preferential (Continued)

Other preferential tax for the Company's subsidiaries (Continued)

preferential enterprise income tax rate at 15% from 1 January 2019 to 31 December 2021; (3) 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; (4) 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 2021, and is entitled to enjoy the preferential income tax rate at 15% from 1 January 2021 to 31 December 2021; (5) 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 2021; and (6) 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.

China Railway Construction Group Co., Ltd. (中鐵建設集團有限公司): (1) China Railway Construction Group Co., Ltd. (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 2021; (2) its subsidiaries including 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; (3) 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; (4) its subsidiary China Railway Construction Group Central-south China Construction Co., Ltd. (中鐵建設集團中南建設有限公司) 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 2021; (5) its subsidiary China Railway Construction Group North China Engineering Co. Ltd. (中鐵建設集團華北工程有限公司) has been recognised as a High-tech Enterprise by Tianjin Science and Technology Bureau, Tianjin Municipal Bureau of Finance, and Tianjin 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 2021; (6) its subsidiary Beijing CRCC Decoration Engineering Co., Ltd. (北京中鐵裝飾工程有限公司), Beijing CRCC Elevator Engineering Co., Ltd. (北京中鐵電梯工程有限公司), and China Railway Construction Group Beijing Engineering Co. Ltd. (中鐵建設集團北京工程有限公司) 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 2021, and are entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2021 till 31 December 2023

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

IV. TAXATION (Continued)

2. Tax preferential (Continued)

Other preferential tax for the Company's subsidiaries (Continued)

China Railway Construction Electrification Bureau Group Co., Ltd. (中國鐵建電氣化局集團有限公司): (1) 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; (2) 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. (3) its subsidiary China Railway Construction Electrification Bureau Group 2nd Engineering Co., Ltd. (中鐵建電氣化局集團第二工程有限公司) have been recognised as a High-tech Enterprise by the Shanxi Science and Technology Department, Department of Finance of Shanxi Province, 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 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; (5) 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; (6) its 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

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

IV. TAXATION (Continued)

2. Tax preferential (Continued)

Other preferential tax for the Company's subsidiaries (Continued)

December 2021; (7) 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; (8) its subsidiary China Railway Construction Electrification Bureau Group Co., Ltd. (中國鐵建電氣化局集團有限公司) and 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 2021, and are entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2021 to 31 December 2023; (9) its subsidiary 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) has been recognised as a High-tech Enterprise by Department of Science & Technology of Shaanxi Province, Department of Finance of Shaanxi Province, and Shaanxi 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; (10) 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 2021, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2021 to 31 December 2023; (11) 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 2021, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2021 to 31 December 2023; and (12) 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 2021, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2021 to 31 December 2023.

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 2021, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2021 to 31 December 2023.

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

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 2021, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2021 to 31 December 2023; (2) 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 2021, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2021 to 31 December 2023; (3) 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 2021, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2021 to 31 December 2021; (4) 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; and (5) 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.

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 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

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

IV. TAXATION (Continued)

2. Tax preferential (Continued)

Other preferential tax for the Company's subsidiaries (Continued)

January 2019 to 31 December 2021; (3) 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; (4) its subsidiary Haixia (Fujian) Transportation Engineering Design Co., Ltd. (海峽(福建)交通工程設計有限公司) has been recognised as High-tech Enterprises by Department of Science & Technology of Fujian Province, Department of Finance of Fujian Province, 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; (5) its subsidiary 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) has 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 2021 and are entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2021 to 31 December 2023; (6) its subsidiary China Railway SIYUAN Survey and Design Group Nanning survey and Design Institute Co., Ltd. (中鐵四院集團南寧勘察設計院有限公司) has been recognised as High-tech Enterprises by Department of Science & 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 2021, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2021 to 31 December 2023; (7) its subsidiary China Railway SIYUAN Survey and Design Group Southwest survey and Design Institute Co., Ltd. (中鐵四院集團西南勘察設計有限公司) has been recognised as High-tech Enterprises by Department of Science & Technology of Yunnan Province, Department of Finance of Yunnan Province, and Yunnan Provincial Tax Service, State Taxation Administration since 2021, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2021 to 31 December 2023; and (8) 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 2021 and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2021 till 31 December 2023.

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): (1) 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), Beijing Tiejian Construction Supervision Co., Ltd. (北京鐵研建設監理有限責任公司), Quzhou Communication Design Co., Ltd. (衢州市交通設計有限公司), Beijing China Railway Ecological Environment Design Institute Co., Ltd. (北京中鐵生態環境設計院有限公司), and Beijing Tiejian GIGNA Engineering Testing Co., Ltd. (北京鐵城檢測認證有限公司) 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; and (2) its subsidiary Beijing Tiejian Construction Supervision Co., Ltd. (北京鐵城建設監理有限責任公司) 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 2021, and are entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2021 to 31 December 2023.

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

IV. TAXATION (Continued)

2. Tax preferential (Continued)

Other preferential tax for the Company's subsidiaries (Continued)

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.

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 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 Development Group Co., Ltd. (中鐵建發展集團有限公司): its subsidiary 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.

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 2021, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2021 to 31 December 2023.

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

1. Cash and bank balances

RMB'000

Item	31 December 2021	31 December 2020
Cash on hand	59,533	63,475
Cash at banks	115,249,713	173,759,526
Other cash and bank balances	7,099,547	7,475,759
Mandatory reserves placed by CRCC Finance Company Limited with the central bank	4,412,361	6,698,286
Total	126,821,154	187,997,046

The restricted cash and bank balances of the Group are stated in Note V. 65.

As at 31 December 2021, the Group held foreign cash and bank balances amounting to RMB12,562,879,000(31 December 2020: RMB13,646,348,000), and held no restricted deposits (31 December 2020: Nil).

RMB'000

Item	31 December 2021	31 December 2020
Cash and bank balances at the end of the year	126,821,154	187,997,046
Less: Mandatory reserves placed by CRCC Finance Company Limited with the central bank	4,412,361	6,698,286
Less: Other restricted cash and bank balances	6,808,858	7,402,151
Less: Non-pledged time deposits with original maturity of three months or more when acquired	5,858,074	6,227,113
Cash and cash equivalents at the end of the year	109,741,861	167,669,496

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. Held-for-trading financial assets

RMB'000

Item	31 December 2021	31 December 2020
Equity instruments	259,605	150,183
Others	200,458	436,839
Total	460,063	587,022

3. Bills receivable

RMB'000

Item	31 December 2021	31 December 2020
Commercial acceptance bills	13,387,919	17,702,191
Bank acceptance bills	294,612	606,185
Less: Impairment of credit losses	953,291	65,560
Total	12,729,240	18,242,816

Bill receivable and impairment of credit losses are listed by category are listed as follows:

RMB'000

Category	Gross carrying amount		31 December 2021 Impairment of credit losses		Carrying amount
	Amount	Percentage (%)	Amount	Percentage (%)	
Impairment of credit losses assessed individually	5,013,706	36.64	883,031	17.61	4,130,675
Impairment of credit losses assessed by credit risk portfolio	8,668,825	63.36	70,260	0.81	8,598,565
Total	13,682,531	100.00	953,291	6.97	12,729,240

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

3. Bills receivable (Continued)

Trade receivables and impairment of credit losses are listed by category are listed as follows: (Continued)

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	18,308,376	100.00	65,560	0.36	18,242,816
Total	18,308,376	100.00	65,560	0.36	18,242,816

The restricted bills receivable of the Group are stated in Note V. 65.

4. Receivables at FVTOCI

RMB'000

Item	31 December 2021	31 December 2020
Bank acceptance bills	2,475,096	3,683,653
Total	2,475,096	3,683,653

As at 31 December 2021, the Group had RMB4,839,418,000(31 December 2020: RMB3,870,101,000) 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.

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5. Trade receivables

An aging analysis of trade receivables is listed as follows:

RMB'000

Aging	31 December 2021	31 December 2020
Within 1 year	131,449,832	102,570,270
1 to 2 years	19,877,853	16,542,230
2 to 3 years	8,295,475	6,122,823
Over 3 years	8,523,216	8,728,128
Subtotal	168,146,376	133,963,451
Less: Impairment of credit losses	12,469,078	8,267,247
Total	155,677,298	125,696,204

Movements in impairment of credit losses for trade receivables are listed as follows:

RMB'000

Item	2021	2020
Closing balance of the prior year	8,267,247	6,613,019
Changes in accounting policies (Note III, 34)	575	–
Opening balance of current year	8,267,822	6,613,019
Provision for the year	7,431,766	3,270,335
Less: Reversal for the year	1,746,008	1,310,500
Less: Write-off for the year	1,231,418	138,917
Others	(253,084)	(166,690)
Closing balance of current year	12,469,078	8,267,247

The movements in detail of impairment of credit losses for the year ended 31 December 2021 are presented in Note VIII. 3.

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

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 2021 Impairment of credit losses		Carrying amount
	Amount	Percentage (%)	Amount	Percentage (%)	
Impairment of credit losses assessed individually	22,275,994	13.25	7,297,787	32.76	14,978,207
Impairment of credit losses assessed by credit risk portfolio	145,870,382	86.75	5,171,291	3.55	140,699,091
Total	168,146,376	100.00	12,469,078	7.42	155,677,298

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

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5. Trade receivables (Continued)

As at 31 December 2021, 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	385,496	66.97	Note
Company 2	401,354	53,102	13.23	Note
Company 3	390,749	47,828	12.24	Note
Company 4	386,722	63,809	16.50	Note
Company 5	350,960	100,376	28.60	Note
Others	20,170,570	6,647,176	32.95	–
Total	22,275,994	7,297,787	32.76	–

Note: According to the recoverability of receivables, the Group recorded all or a portion of impairment of credit losses.

As at 31 December 2021, trade receivables whose impairment of credit losses were assessed by credit risk portfolio are listed as follows:

Portfolio 1:

RMB'000

Aging	31 December 2021			
	Gross carrying amount Amount	Impairment of credit losses Percentage (%)	Amount	Percentage (%)
Within 1 year	71,857,687	81.65	816,807	1.14
1 to 2 years	10,709,034	12.17	627,856	5.86
2 to 3 years	3,535,391	4.02	456,378	12.91
Over 3 years	1,899,246	2.16	973,562	51.26
Total	88,001,358	100.00	2,874,603	3.27

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5. Trade receivables (Continued)

As at 31 December 2021, trade receivables whose impairment of credit losses were assessed by credit risk portfolio are listed as follows: (Continued)

Portfolio 2:

RMB'000

Aging	31 December 2021			
	Gross carrying amount		Impairment of credit losses	
	Amount	Percentage (%)	Amount	Percentage (%)
Within 1 year	9,331,241	87.52	77,060	0.83
1 to 2 years	753,206	7.06	38,606	5.13
2 to 3 years	279,104	2.62	29,548	10.59
Over 3 years	298,637	2.80	175,058	58.62
Total	10,662,188	100.00	320,272	3.00

Portfolio 3:

RMB'000

Aging	31 December 2021			
	Gross carrying amount		Impairment of credit losses	
	Amount	Percentage (%)	Amount	Percentage (%)
Within 1 year	4,701,067	66.84	28,678	0.61
1 to 2 years	1,205,686	17.15	60,486	5.02
2 to 3 years	745,841	10.61	74,584	10.00
Over 3 years	379,561	5.40	211,930	55.84
Total	7,032,155	100.00	375,678	5.34

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5. Trade receivables (Continued)

As at 31 December 2021, trade receivables whose impairment of credit losses were assessed by credit risk portfolio are listed as follows: (Continued)

Portfolio 4:

RMB'000

Aging	31 December 2021			
	Gross carrying amount		Impairment of credit losses	
	Amount	Percentage (%)	Amount	Percentage (%)
Within 1 year	9,828,265	87.29	27,857	0.28
1 to 2 years	1,214,600	10.79	4,170	0.34
2 to 3 years	107,001	0.95	376	0.35
Over 3 years	109,347	0.97	852	0.78
Total	11,259,213	100.00	33,255	0.30

Portfolio 5:

RMB'000

Aging	31 December 2021			
	Gross carrying amount		Impairment of credit losses	
	Amount	Percentage (%)	Amount	Percentage (%)
Within 1 year	22,992,911	79.52	467,372	2.03
1 to 2 years	3,177,357	10.99	212,403	6.68
2 to 3 years	1,824,319	6.31	296,775	16.27
Over 3 years	920,881	3.18	590,933	64.17
Total	28,915,468	100.00	1,567,483	5.42

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5. Trade receivables (Continued)

As at 31 December 2021, 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	2,400,096	Within 1 year	1.43
Company 2	Third party	1,180,640	Within 1 year	0.70
Company 3	Third party	1,171,316	Within 1 year	0.70
Company 4	Third party	1,169,206	Within 1 year	0.70
Company 5	Associates	873,642	Within 1 year	0.52
Total	–	6,794,900	–	4.05

For the year ended 31 December 2021, the write-off of trade receivables amounted to RMB1,231,418,000 (For the year ended 31 December 2020: RMB138,917,000)

Transferred trade receivables that are derecognised are analyzed as follows:

For the year ended 31 December 2021, the Group derecognised trade receivables of RMB79,874,501,000 (For the year ended 31 December 2020: RMB55,699,312,000) due to transfer of financial assets and recognised losses from derecognition of financial assets, amounting to RMB3,760,886,000 (For the year ended 31 December 2020: RMB2,639,464,000).

Assets and liabilities recognised due to continuing involvement in the transferred asset:

As at 31 December 2021, the Group recognised assets of RMB502,207,000 and liabilities of RMB502,207,000 (As at 31 December 2020: RMB381,000,000 and RMB381,000,000) related to continuing involvement of transferred trade receivables.

The restricted trade receivables of the Group are stated in Note V. 65.

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

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 2021		31 December 2020	
	Gross carrying amount	Percentage (%)	Gross carrying amount	Percentage (%)
Within 1 year	24,893,422	97.49	23,782,856	97.81
1 to 2 years	440,576	1.73	294,588	1.21
2 to 3 years	175,280	0.69	225,999	0.93
Over 3 years	24,184	0.09	13,048	0.05
Total	25,533,462	100.00	24,316,491	100.00

As at 31 December 2021, there were no significant advances to suppliers aged over one year.

As at 31 December 2021, 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	569,215	Within 1 year	2.23
Company 2	Third party	390,000	Within 1 year	1.53
Company 3	Third party	193,487	Within 1 year	0.76
Company 4	Third party	179,164	Within 1 year	0.70
Company 5	Third party	166,101	Within 1 year	0.65
Total	–	1,497,967	–	5.87

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

7. Other receivables

An aging analysis of other receivables is listed as follows:

	<i>RMB'000</i>	
Aging	31 December 2021	31 December 2020
Within 1 year	44,099,766	53,477,470
1 to 2 years	10,903,920	7,123,511
2 to 3 years	5,452,240	5,852,947
Over 3 years	8,063,607	5,085,125
Subtotal	68,519,533	71,539,053
Less: Impairment of credit losses	4,733,087	5,155,972
Total	63,786,446	66,383,081

Movements in the impairment of credit losses of other receivables are listed as follows:

	<i>RMB'000</i>	
Item	2021	2020
Opening balance of the current year	5,155,972	4,766,484
Provision for the year	1,596,124	1,032,493
Less: Reversal for the year	691,965	361,562
Less: Write-off for the year	1,320,828	216,753
Others	(6,216)	(64,690)
Closing balance of the current year	4,733,087	5,155,972

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

7. Other receivables (Continued)

- (1) As at 31 December 2021, 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	35,204,838	288,434	0.82
Security deposit and cash pledged	16,065,414	872,406	5.43
Advance payments	5,946,084	121,692	2.05
Others	6,716,034	331,525	4.94
Total	63,932,370	1,614,057	2.52

- (2) As at 31 December 2021, analysis of impairment of credit losses of other receivables at phase II is listed as follows:

RMB'000

Category	31 December 2021				Carrying amount
	Gross carrying amount Amount	Percentage (%)	Impairment of credit losses Amount	Percentage (%)	
Impairment of credit losses assessed by credit risk portfolio	1,711,512	100.00	586,934	34.29	1,124,578
Total	1,711,512	100.00	586,934	34.29	1,124,578

- (3) As at 31 December 2021, analysis of impairment of credit losses of other receivables at phase III is listed as follows:

RMB'000

Category	31 December 2021				Carrying amount
	Gross carrying amount Amount	Percentage (%)	Impairment of credit losses Amount	Percentage (%)	
Impairment of credit losses assessed individually	2,574,479	89.53	2,247,455	87.30	327,024
Impairment of credit losses assessed by credit risk portfolio	301,172	10.47	284,641	94.51	16,531
Total	2,875,651	100.00	2,532,096	88.05	343,555

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

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	284,158	284,158	100.00	Note
Company 2	258,100	77,430	30.00	Note
Company 3	168,765	168,765	100.00	Note
Company 4	118,947	118,947	100.00	Note
Company 5	96,000	96,000	100.00	Note
Others	1,648,509	1,502,155	91.12	–
Total	2,574,479	2,247,455	87.30	–

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 2021, the write-off of other receivables amounted to RMB1,320,828,000 (for the year ended 31 December 2020: RMB216,753,000).

Gross carrying amount of other receivables categorized by nature is listed as follows:

RMB'000

Nature	31 December 2021	31 December 2020
Loans for cooperative development project	35,204,838	36,839,524
Security deposit and cash pledged	17,608,240	19,973,944
Advance payments	6,425,517	5,834,607
Others	9,280,938	8,890,978
Total	68,519,533	71,539,053

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

7. Other receivables (Continued)

As at 31 December 2021, other receivables from the five largest customers are listed as follows:

RMB'000

Company name	Relationship with the Group	Gross carrying amount	Percentage of total other receivables (%)	Nature	Aging	Provision for credit losses
Company 1	Joint Venture	2,750,544	4.01	Loans for cooperative development project	Within 4 years	153,143
Company 2	Associate	2,467,049	3.60	Loans for cooperative development project	Within 2 years	2,467
Company 3	Joint Venture	2,282,663	3.33	Loans for cooperative development project	Within 3 years	73,081
Company 4	Joint Venture	1,725,878	2.52	Loans for cooperative development project	Within 2 years	1,726
Company 5	Associate	1,718,298	2.51	Loans for cooperative development project	Within 3 years	1,722
Total		10,944,432	15.97	–	–	232,139

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

8. Inventories

RMB'000

Item	31 December 2021		Carrying amount
	Gross carrying amount	Provision for decline in value	
Raw materials	23,822,063	24,879	23,797,184
Work in progress	4,144,352	-	4,144,352
Finished goods	6,779,745	83,269	6,696,476
Turnover materials	12,744,588	99,514	12,645,074
Properties under development (1)	190,761,260	677,641	190,083,619
Completed properties held for sale (2)	43,190,534	1,003,223	42,187,311
Total	281,442,542	1,888,526	279,554,016

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

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

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 2021	Additions		Reductions		31 December 2021
		Provision		Reversal	Write-off and Others	
Raw materials	22,508	3,677	–	–	1,306	24,879
Finished goods	153,248	32,637	–	70,275	32,341	83,269
Turnover materials	99,514	–	–	–	–	99,514
Properties under development	730,436	41,578	–	87,877	6,496	677,641
Completed properties held for sale	897,527	306,672	–	10,807	190,169	1,003,223
Total	1,903,233	384,564	–	168,959	230,312	1,888,526

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

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

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 2021	31 December 2020
Tianjin Guoyin Wenyuan Project	October 2018	October 2022	9,145,876	7,144,243	7,325,443
Wenzhou Lucheng Future Community	September 2020	August 2023	10,705,140	6,746,534	5,207,538
Huayu Yuncui Project	January 2022	April 2024	9,030,790	5,807,580	-
Xipai Jinsha Residence Project	May 2020	November 2022	7,054,390	5,114,052	6,961,243
International Mansion Project	July 2019	May 2022	5,576,179	4,794,166	4,414,447
CRCC Haiyu Xi'an Project	August 2019	April 2022	10,727,370	4,179,440	5,008,482
Chongqing Dadukou Project	July 2019	September 2022	5,889,404	4,082,970	3,563,598
CRCC Huayutang Project	December 2019	December 2022	5,900,000	3,603,106	3,214,315
Chongqing Shanyu Taoyuan Project	October 2021	October 2024	5,564,884	3,281,145	-
Shaoxing Huayujiangnan Mansion Project	August 2019	September 2022	4,362,786	3,147,120	3,268,356
Jinan Wutongyuan Project	November 2019	December 2022	4,665,170	2,794,472	2,510,764
Shanghai Huayu Lanting Project	October 2021	October 2023	4,274,060	2,774,300	-
Lingxiu Mansion South Zone Project	December 2018	March 2022	3,733,690	2,746,101	2,392,050
Suzhou Jingwan - Huayu Tianjing Huating Project	July 2020	December 2022	3,081,720	2,744,277	2,497,191
Huayu Tianjingfu Project	August 2019	October 2022	2,872,340	2,692,865	2,314,548
CRCC Xinda Huayu Tianchen Project	November 2021	December 2023	3,836,220	2,687,979	-
Xinchuan Project	December 2021	October 2023	3,772,505	2,627,176	-
Huayu Lingnanyuan Project	November 2019	August 2022	3,054,280	2,592,059	2,281,873
CRCC Huayu City Project	July 2020	May 2022	4,983,739	2,563,728	2,974,903
Nanchoumingju Project	August 2020	June 2022	3,792,080	2,476,190	2,126,539
Others	-	-	342,805,728	116,161,757	102,160,096
Total	-	-	454,828,351	190,761,260	158,221,386

As at 31 December 2021, the aggregate carrying amount of borrowing costs capitalised in properties under development was RMB12,024,983,000 (31 December 2020: RMB10,528,744,000). Borrowing costs capitalised for the year ended 31 December 2021 amounted to RMB5,392,616,000 (for the year ended 31 December 2020: RMB5,114,789,000). The capitalisation rates of borrowing costs ranged from 3.15%~8.00% (2020: 3.50%~8.00%).

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

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 2021 Gross carrying amount	Additions	Reductions	31 December 2021 Gross carrying amount
CRCC Xipai City Project	December 2021	798,899	3,754,512	2,247,670	2,305,741
Lingxiu Mansion North Zone Project	December 2020	2,840,806	–	814,927	2,025,879
CRCC Wutong Graden Project	December 2021	–	2,513,124	493,589	2,019,535
Xipai Jinsha Residence Project	December 2021	–	3,241,949	1,462,418	1,779,531
Qingyangpeng Project	December 2021	155,422	1,583,148	157,374	1,581,196
Changchun Xipai Tangsong Project	December 2021	680,422	1,211,798	332,681	1,559,539
Tianjin CRCC International City Project	April 2019	1,452,164	–	8,153	1,444,011
Guiyang CRCC International City Project	December 2019	1,567,284	–	175,415	1,391,869
Xiangxie International Project	February 2021	1,063,384	1,947,092	1,638,050	1,372,426
Chengdu Beihu Xinqu Project	December 2019	1,500,380	–	156,081	1,344,299
Beijing CRCC International City Project	September 2019	1,134,434	–	227,571	906,863
CRCC Fuzhou Langqi Shanyucheng Project	December 2020	911,733	–	21,875	889,858
Nananhuayu Project	October 2018	1,101,215	–	276,990	824,225
CRCC Southern Headquarter Base Project	June 2019	1,031,500	–	211,447	820,053
Tiejian Tower Project	December 2020	1,464,727	–	654,473	810,254
Wutong Bay Project	December 2021	–	3,022,667	2,214,645	808,022
Jiucheng Yihao Project	November 2021	648,052	331,446	195,469	784,029
Tianjin Guoyin Wenyuan Project	December 2021	–	1,009,940	320,562	689,378
Guian Shanyucheng Project	December 2021	739,897	239,915	295,358	684,454
Wuhan Jiangyu City Project	November 2021	–	931,843	305,387	626,456
Others	–	15,271,380	31,130,048	27,878,512	18,522,916
Total	–	32,361,699	50,917,482	40,088,647	43,190,534

The restricted inventories of the Group are stated in Note V. 65.

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

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 2021	31 December 2020
Contract assets	202,167,164	170,497,190
Less: Impairment losses on assets	5,851,536	5,466,715
Total	196,315,628	165,030,475

Movements in the Impairment losses on assets of contract assets are listed as follows :

RMB'000

Item	2021	2020
Closing balance of prior period/year	5,466,715	5,370,948
Change in accounting policies (<i>Note III. 34</i>)	1,542	-
Opening balance of current period/year	5,468,257	5,370,948
Provision for the period/year	1,159,138	1,167,295
Less: Reversal for the period/year	701,974	722,355
Others	(73,885)	(349,173)
Closing balance of current period/year	5,851,536	5,466,715

The movements of impairment losses for contract assets for the year ended 31 December 2021 are presented in Note VIII. 3.

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

9. Contract assets (Continued)

Contract assets and Impairment losses on assets are listed by category are listed as follows :

RMB'000

Category	Gross carrying amount		31 December 2021 Impairment of credit losses		Carrying amount
	Amount	Percentage (%)	Amount	Percentage (%)	
Impairment of credit losses assessed individually	25,051,791	12.39	4,886,117	19.50	20,165,674
Impairment of credit losses assessed by credit risk portfolio	177,115,373	87.61	965,419	0.55	176,149,954
Total	202,167,164	100.00	5,851,536	2.89	196,315,628

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	21,784,316	12.78	4,628,926	21.25	17,155,390
Impairment of credit losses assessed by credit risk portfolio	148,712,874	87.22	837,789	0.56	147,875,085
Total	170,497,190	100.00	5,466,715	3.21	165,030,475

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

9. Contract assets (Continued)

As at 31 Decemb 2021, contract assets whose Impairment losses on assets were assessed by credit risk portfolio are listed as follows :

RMB'000

	Gross carrying amount	Provision for asset impairment Amount	Percentage (%)	Reasons
Portfolio 1	147,016,998	729,982	0.50	Expected loss of credit
Portfolio 2	10,830,483	55,462	0.51	Expected loss of credit
Portfolio 3	2,021,073	4,526	0.22	Expected loss of credit
Portfolio 4	17,246,819	175,449	1.02	Expected loss of credit
Total	177,115,373	965,419	0.55	—

10. Other current assets

RMB'000

Item	31 December 2021	31 December 2020
Prepaid taxes and VAT input to be deducted	21,558,327	19,617,127
Reverse repurchase of treasury bonds	2,000,000	—
Others	1,304,254	544,080
Total	24,862,581	20,161,207

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

11. Loans and advances to customers

RMB'000

Item	31 December 2021	31 December 2020
Loans to customers	2,981,281	2,772,645

12. Long-term receivables

RMB'000

Item	31 December 2021		
	Gross carrying amount	Impairment of credit losses	Carrying amount
Long-term project receivables	29,169,455	725,036	28,444,419
Long-term loans to customers	9,437,711	35,879	9,401,832
Land development receivables	6,956,181	34,430	6,921,751
Others	20,893,043	165,173	20,727,870
Total	66,456,390	960,518	65,495,872
Less: Current portion of non-current assets:	10,396,823	51,039	10,345,784
Including: Long-term project receivables	1,864,059	11,006	1,853,053
Long-term loans to customers	1,533,667	7,668	1,525,999
Land development receivables	963,983	4,820	959,163
Others	6,035,114	27,545	6,007,569
Long-term receivables due after one year	56,059,567	909,479	55,150,088

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

12. Long-term receivables (Continued)

RMB'000

Item	31 December 2020		Carrying amount
	Gross carrying amount	Impairment of credit losses	
Long-term project receivables	27,649,820	555,095	27,094,725
Long-term loans to customers	8,869,042	33,122	8,835,920
Land development receivables	9,981,764	45,369	9,936,395
Others	30,536,239	197,046	30,339,193
Total	77,036,865	830,632	76,206,233
Less: Current portion of non-current assets:			
Including: Long-term project receivables	6,842,426	34,330	6,808,096
Long-term loans to customers	3,028,254	15,637	3,012,617
Land development receivables	1,523,677	7,618	1,516,059
Others	1,572,892	7,513	1,565,379
Long-term receivables due after one year	717,603	3,562	714,041
Long-term receivables due after one year	70,194,439	796,302	69,398,137

The Group assesses ECL of long-term receivables on an individual or a collective basis of credit risk characteristics.

RMB'000

Category	31 December 2021		31 December 2021		Carrying amount
	Gross carrying amount		Impairment of credit losses		
	Amount	Percentage (%)	Amount	Provision percentage (%)	
Impairment of credit losses assessed individually	987,697	1.49	484,928	49.10	502,769
Impairment of credit losses assessed by credit risk portfolio	65,468,693	98.51	475,590	0.73	64,993,103
Total	66,456,390	100.00	960,518	1.45	65,495,872

As at 31 December 2021, long-term receivables with significant financing component were presented in accordance with the net amount after discount. The discount rate is 4.35%-5.50% (31 December 2020: 4.75%-5.50%).

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

12. Long-term receivables (Continued)

Movements in the impairment of credit losses of long-term receivables were as follows:

	<i>RMB'000</i>	
Item	2021	2020
Closing balance of the prior year	830,632	755,930
Changes in accounting policies (Note III, 34)	(74,551)	–
Opening balance of the current year	756,081	755,930
Provision for the year	324,989	112,461
Less: Reversal for the year	104,426	64,222
Less: Write-off for the year	4,651	4,394
Others	(11,475)	30,857
Closing balance of the current year	960,518	830,632

Long-term receivables derecognised due to the transfer of financial assets:

In 2021, the Group derecognised long-term receivables of RMB655,297,000 due to the transfer of financial assets (as at 31 December 2020: nil), and has recognised losses on derecognition of RMB20,622,000 (2020: nil).

Assets and liabilities recognised due to continuing involvement of transferred long-term receivables:

As at 31 December 2021, the Group recognised assets of RMB23,043,000 and liabilities of RMB23,043,000 (As at 31 December 2020: 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. 65.

13. Long-term equity investments

	<i>RMB'000</i>	
Item	31 December 2021	31 December 2020
Investments in unlisted companies		
– equity method		
Joint ventures (1)	45,633,608	32,741,001
Associates (2)	52,579,117	37,929,246
Less: Provision for impairment of long-term equity investments	49,208	49,208
Total	98,163,517	70,621,039

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

13. Long-term equity investments (Continued)

(1) Investment in joint ventures

31 December 2021:

RMB'000

Investee	Investment cost	1 January 2021	Changes for the year				Others	31 December 2021	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			
Hohhot Metro Line 2 Construction & Management Co., Ltd. (Note 1)	3,610,664	3,610,664	-	-	92,936	-	-	3,703,600	-
Sichuan Tianfu Airport Expressway Co., Ltd.	3,624,600	3,624,600	-	-	(103,762)	-	-	3,520,838	-
Kunming Metro Line 5 Construction & Operation Co., Ltd (Note2)	3,137,980	-	3,137,980	-	-	-	-	3,137,980	-
Qingdao Blue Silicon Valley Intercity Rail Transit Co., Ltd.	1,688,159	1,688,101	-	-	-	-	-	1,688,101	-
Sichuan Chengdu Mianyang cangba Expressway Co., Ltd	1,593,634	598,500	995,134	-	-	-	-	1,593,634	-
CRCC Shaanxi Highway Co., Ltd.	1,597,200	1,597,163	-	-	(52,333)	-	-	1,544,830	-
Sichuan nansuitong Expressway Co., Ltd	1,358,709	108,400	1,250,309	-	-	-	-	1,358,709	-
Chongqing Tiefu Jiaxin Highway Co., Ltd.	1,554,400	1,355,386	-	-	(151,264)	-	-	1,204,122	-
Chongqing Rail Transit Line 18 Construction and Operation Co., Ltd.	1,132,036	671,073	460,963	-	-	-	-	1,132,036	-
Tianjin line 1 Rail Transit Operation Co., Ltd	981,320	-	981,320	-	24,240	-	-	1,005,560	-
Yunnan Yulin Expressway Construction Co., Ltd (Note3)	-	3,192,991	-	(3,192,991)	-	-	-	-	-
Others	-	16,244,915	9,397,163	(844,570)	1,926,264	(976,098)	(52,684)	25,694,990	(49,208)
Total	-	32,691,793	16,222,869	(4,037,561)	1,736,081	(976,098)	(52,684)	45,584,400	(49,208)

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

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 2020:

RMB'000

Investee	Investment cost	1 January 2020	Transfer to/ Increase in investment	Changes for the year			31 December 2020	Provision for impairment at the end of year	
				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.	1,021,998	1,009,176	-	-	15,445	-	1,024,621	-	
China-Africa Lekkil Investment Co., Ltd.	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)

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 Kunming Metro Line 5 Construction & Operation Co., Ltd. ("Kunming Metro Line 5"), the major decisions made in the shareholders' meetings shall be subject to all voting rights of shareholders. The Group holds 9.40% shares in Kunming Metro Line 5 and has sent one director to the board of directors. 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: China Railway Construction Kunlun Investment Group Co., Ltd., a subsidiary of the company, entered into an equity transfer agreement with Yunnan communications investment and Construction Group Co., Ltd. on July 3, 2021 to transfer all the equity of Yunnan Yulin Expressway Construction Co., Ltd. held by it to Yunnan communications investment and Construction Group Co., Ltd.

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

13. Long-term equity investments (Continued)

(2) Investment in associates

31 December 2021:

RMB'000

Investee	Investment cost	1 January 2021	Transfer to/ Increase in investment	Decrease in investment	Changes for the year				31 December 2021	Provision for impairment at the end of year
					Investment profits or losses under equity method	Other comprehensive income	Declaration of cash dividends	Others		
CRCC Financial Leasing Co., Ltd. (Note 1)	1,747,618	2,450,549	-	-	226,769	-	(84,031)	29,519	2,622,806	-
Hengda Real Estate (Shenzhen) Co., Ltd.	2,313,506	2,185,523	-	-	-	-	-	-	2,185,523	-
Yunnan Kunchu Highway Investment & Development Co., Ltd.	2,029,494	930,494	1,099,000	-	-	-	-	-	2,029,494	-
Hangqu Railway Co., Ltd.	1,928,195	971,194	952,470	-	4,199	-	-	-	1,927,863	-
CRCC-Tongguan Investment Co., Ltd.	1,472,366	1,433,413	-	-	480,508	(91,448)	-	-	1,822,473	-
Ningxia Inter-City Railway Co., Ltd.	1,812,850	1,924,675	-	(111,825)	72,484	-	(72,484)	-	1,812,850	-
CRCC Sichuan Dejian Expressway Co., Ltd (Note 2)	1,735,304	-	1,735,304	-	-	-	-	-	1,735,304	-
CRCC Gansu Zhangbian Highway Co., Ltd.	1,469,650	1,502,928	3,850	-	26,121	-	-	-	1,532,899	-
CRCC Tianjin Hongtu Fengchuang investment partnership (limited partnership)	1,475,017	675,017	800,000	-	75,591	-	(75,591)	-	1,475,017	-
Hangzhou fanyue Jingxin Real Estate Co., Ltd	1,470,000	-	1,470,000	-	-	-	-	-	1,470,000	-
Others	-	25,855,453	12,510,520	(4,250,607)	148,005	-	(283,032)	(15,451)	33,964,888	-
Total	-	37,929,246	18,571,144	(4,362,432)	1,033,677	(91,448)	(515,138)	14,068	52,579,117	-

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

13. Long-term equity investments (Continued)

(2) Investment in associates (Continued)

31 December 2020:

RMB'000

Investee	Investment cost	1 January 2020	Transfer to/ Increase in investment	Changes for the year				31 December 2020	Provision for impairment at the end of year	
				Decrease in investment	Investment profits or losses under equity method	Other comprehensive income	Declaration of cash dividends			
Kunming Metro Line 5 Construction & Operation Co., Ltd.	2,637,980	775,400	1,862,580	-	-	-	-	2,637,980	-	
CRCC Financial Leasing Co., Ltd. (Note 1)	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 Xiaqinghe Development Co., Ltd.	980,000	420,000	560,000	-	-	-	-	980,000	-	
Hangqu Railway Co., Ltd.	975,725	292,532	683,368	-	(4,706)	-	-	971,194	-	
Yunnan Kunchu Highway Investment & Development Co., Ltd.	930,494	660,099	270,395	-	-	-	-	930,494	-	
Others	-	13,615,606	8,156,456	(169,051)	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	-

Note 1: 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.

Note 2: China Railway Construction Investment Group Co., Ltd., a subsidiary of the company, disposed of 27.28% of shares of its subsidiary China Railway Construction Sichuan Dejian Expressway Co., Ltd. (hereinafter referred to as "Sichuan Dejian"). After the disposal transaction is completed, the group holds 49% of shares and voting rights of Sichuan Dejian. According to the articles of association of Sichuan Dejian, the major decisions made in the shareholders' meeting shall be subject to more than half of voting rights of shareholders. 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 2021

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.

14. Debt investments

RMB'000

Item	31 December 2021		
	Gross carrying amount	Impairment of credit losses	Carrying amount
Long-term loans receivable	9,039,292	522,560	8,516,732
Others	2,069,765	–	2,069,765
Total	11,109,057	522,560	10,586,497
Less : Current portion of non-current assets :	612,670	565	612,105
Including : Long-term loans receivable	565,352	565	564,787
Others	47,318	-	47,318
Debt investments due after one year	10,496,387	521,995	9,974,392

RMB'000

Item	31 December 2020		
	Gross carrying amount	Impairment losses on assets	Carrying amount
Long-term loans receivable	5,095,936	21,665	5,074,271
Others	41	–	41
Total	5,095,977	21,665	5,074,312

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

14. Debt investments (Continued)

Debt investments and impairment of credit losses by category are listed as follows :

RMB'000

Category	Gross carrying amount		31 December 2021 Impairment of credit losses		Carrying amount
	Amount	Percentage (%)	Amount	Provision	
				percentage (%)	
Impairment of credit losses assessed individually	2,927,356	26.35	514,839	17.59	2,412,517
Impairment of credit losses assessed by credit risk portfolio	8,181,701	73.65	7,721	0.09	8,173,980
Total	11,109,057	100.00	522,560	4.70	10,586,497

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 by credit risk portfolio	5,095,977	100.00	21,665	0.43	5,074,312
Total	5,095,977	100.00	21,665	0.43	5,074,312

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

15. Other non-current financial assets

RMB'000

Item	31 December 2021	31 December 2020
Investments in unlisted fund product	1,962,945	1,108,331
Equity investments in listed companies	92,416	67,537
Others	2,476,442	1,663,662
Total	4,531,803	2,839,530

16. Other equity instrument investments

RMB'000

Item	31 December 2021	31 December 2020
Equity investments in listed companies	2,384,871	2,167,237
Equity investments in unlisted companies	9,236,814	8,343,160
Total	11,621,685	10,510,397

2021:

RMB'000

Item	Changes for the year					31 December 2021s	Dividends recognised for the year
	1 January 2021	Increase of investment	Decrease of investment	Changes in fair value	Others		
Other equity instrument investments	10,510,397	1,106,333	(663,648)	663,541	5,062	11,621,685	180,576

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

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

17. Investment properties

Subsequent measurement under cost method

2021:

RMB'000

	Buildings and land use right	Total
I. Original costs		
1 January 2021	8,585,369	8,585,369
Increase	1,425,811	1,425,811
Additions	364,283	364,283
Transferred in from inventories	579,464	579,464
Transferred in from fixed assets	96,884	96,884
Transferred in from Construction in progress	380,912	380,912
Transferred in	4,268	4,268
Decrease	425,143	425,143
Disposal	338,479	338,479
Transferred out to fixed assets	79,278	79,278
Transferred out	7,386	7,386
31 December 2021	9,586,037	9,586,037
II. Accumulated depreciation and amortisation		
1 January 2021	1,050,604	1,050,604
Increase	296,756	296,756
Provision	269,610	269,610
Transferred in from fixed assets	27,146	27,146
Decrease	47,667	47,667
Disposal	42,483	42,483
Transferred out to fixed assets	5,184	5,184
31 December 2021	1,299,693	1,299,693
III. Provision for impairment		
1 January 2021	280,525	280,525
Provision	54,865	54,865
Decrease	58,694	58,694
31 December 2021	276,696	276,696
IV. Carrying amount		
Closing balance	8,009,648	8,009,648
Opening balance	7,254,240	7,254,240

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

17. Investment properties (Continued)

Subsequent measurement under cost method (Continued)

2020:

	Buildings and land use right	<i>RMB'000</i> 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	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

As at 31 December 2021, the Group has no investment properties of which the title certificates are in the process of handling (as at 31 December 2020: nil).

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

18. Fixed assets

2021:

RMB'000

Item	Buildings	Machinery	Vehicles	Other equipment	Total
I. Original costs					
1 January 2021	25,002,740	48,699,370	14,890,754	55,567,539	144,160,403
Increase	2,277,191	6,070,082	1,683,440	11,564,580	21,595,293
Additions	405,299	4,157,886	1,283,556	10,500,295	16,347,036
Transferred in from construction in progress	1,766,970	1,828,317	331,250	1,060,939	4,987,476
Transferred in	104,922	83,879	68,634	3,346	260,781
Decrease	513,471	3,746,662	863,974	6,550,714	11,674,821
Disposal or retirement	196,750	3,089,688	850,562	6,514,216	10,651,216
Transferred out to investment properties	188,968	656,974	–	–	845,942
Transferred out	127,753	–	13,412	36,498	177,663
31 December 2021	26,766,460	51,022,790	15,710,220	60,581,405	154,080,875
II. Accumulated depreciation					
1 January 2021	5,506,602	29,908,848	11,644,234	40,821,211	87,880,895
Increase	814,319	3,640,237	1,300,591	9,108,530	14,863,677
Provision	809,135	3,640,237	1,298,371	9,106,626	14,854,369
Transferred in	5,184	–	2,220	1,904	9,308
Decrease	203,429	2,821,836	845,166	6,134,630	10,005,061
Disposal or retirement	98,551	2,522,682	833,417	6,120,990	9,575,640
Transferred out to investment properties	74,521	299,154	–	–	373,675
Transferred out	30,357	–	11,749	13,640	55,746
31 December 2021	6,117,492	30,727,249	12,099,659	43,795,111	92,739,511
III. Provision for impairment					
1 January 2021	71,082	71,787	830	23,889	167,588
Provision	10,057	–	–	–	10,057
Transferred out	3,559	243	105	46	3,953
31 December 2021	77,580	71,544	725	23,843	173,692
IV. Carrying amount					
31 December 2021	20,571,388	20,223,997	3,609,836	16,762,451	61,167,672
1 January 2021	19,425,056	18,718,735	3,245,690	14,722,439	56,111,920

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

18. Fixed assets (Continued)

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	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 2020c	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

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

18. Fixed assets (Continued)

The restricted fixed assets of the Group are stated in Note V. 65.

As at 31 December 2021, the amount of interest expenses capitalised in the balance of fixed assets was RMB126,213,000 (31 December 2020: RMB60,153,000). For the year ended 31 December 2021, there is RMB66,060,000 of interest expenses capitalised which was transferred in from construction in progress (2020: RMB24,287,000).

As at 31 December 2021, the Group had no significant fixed assets that were temporarily idle (31 December 2020: Nil).

As at 31 December 2021, 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 RMB2,182,162,000 (31 December 2020: RMB2,278,025,000). 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 2021.

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

19. Construction in progress

RMB'000

Item	31 December 2021			31 December 2020		
	Gross carrying amount	Provision for impairment	Carrying amount	Gross carrying amount	Provision for impairment	Carrying amount
CRCC Wisdom Port	912,946	-	912,946	752,509	-	752,509
Hengqin Tiejian Plaza Project (Original name: Zhuhai Tiejian Plaza Project)	892,495	-	892,495	681,746	-	681,746
CRCC South China Headquarters Building Project	784,058	-	784,058	-	-	-
Guanggu Hi-Tech Innovation Base Project	525,011	-	525,011	451,041	-	451,041
New office building of Jian'an Company (Original name: Hengda Weilai City Phase II Office Building No.3)	450,005	-	450,005	297,064	-	297,064
CRCC Shanghai Lingang Jiayuan project	410,815	-	410,815	-	-	-
Public Wharf of Qiwei Operating Area, Taixing Port Area, Taizhou Port	374,466	-	374,466	644,771	-	644,771
Yangtze River Wharf Project	370,339	-	370,339	300,856	-	300,856
CRCC Cloud Data Center Computer Room Construction Project	352,020	-	352,020	-	-	-
Renovation of S-1068 Shield Machine Project	311,085	-	311,085	-	-	-
Others	3,900,171	9,563	3,890,608	4,433,688	9,563	4,424,125
Total	9,283,411	9,563	9,273,848	7,561,675	9,563	7,552,112

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

19. Construction in progress (Continued)

2021:

RMB'000

Item	Budget	1 January	Additions	Transfer out	Others	31 December	Source of funds	Proportion of
		2021				2021		investment to budget (%)
CRCC Wisdom Port	1,207,543	752,509	160,437	-	-	912,946	Self-funding / loan	76
Hengqin Tiejian Plaza Project (Original name: Zhuhai Tiejian Plaza Project)	2,056,000	681,746	210,749	-	-	892,495	Self-funding / loan	43
CRCC South China Headquarters Building Project	1,032,170	-	784,058	-	-	784,058	Self-funding	76
Guanggu Hi-Tech Innovation Base Project	822,482	451,041	73,970	-	-	525,011	Self-funding	64
New office building of Jian'an Company (Original name: Hengda Weilai City Phase II Office Building No.3)	450,936	297,064	152,941	-	-	450,005	Self-funding	99
CRCC Shanghai Lingang JIayuan project	1,522,364	-	410,815	-	-	410,815	Self-funding / loan	27
Public Wharf of Qiwei Operating Area, Taixing Port Area, Taizhou Port	1,211,836	644,771	178,398	448,703	-	374,466	Self-funding	68
Yangtze River Wharf Project	377,320	300,856	69,483	-	-	370,339	Self-funding / loan	98
CRCC Cloud Data Center Computer Room Construction Project	400,000	-	352,020	-	-	352,020	Self-funding	88
Renovation of S-1068 Shield Machine Project	320,000	-	311,085	-	-	311,085	Self-funding	97
Others	-	4,433,688	4,551,979	5,037,742	(47,754)	3,900,171	Self-funding / loan	
Total	-	7,561,675	7,255,935	5,486,445	(47,754)	9,283,411	-	
Less: Provision for impairment	-	9,563	-	-	-	9,563	-	
Net value at the end of the year	-	7,552,112	7,255,935	5,486,445	(47,754)	9,273,848	-	

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

19. Construction in progress (Continued)

2020:

Item	Budget					RMB'000	
		1 January 2020	Additions	Transfer out	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 / loan	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	-	-

For the year ended 31 December 2021, construction in progress with a carrying amount of RMB4,987,476,000 (2020: RMB3,188,655,000), RMB118,057,000 (2020: RMB40,538,000) and RMB380,912,000 (2020: RMB41,138,000) 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. 65.

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

19. 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:

2021:

RMB'000

Item	Progress as at 31 December 2021 (%)	Accumulated amount of interest capitalised as at 31 December 2021	Interest capitalised during the year	Capitalisation rate during the year (%)
CRCC Wisdom Port	76	35,894	9,655	4.67
Yangtze River Wharf Project	98	24,585	12,152	3.45
Hengqin Tiejian Plaza Project	43	8,205	7,110	4.90
Others	–	46,191	17,480	–
Total	–	114,875	46,397	–

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 (%)
Tiejian Building Phase II Project	94	40,306	15,359	4.35
CRCC Wisdom Port	62	26,239	26,239	4.90
Yangtze River Wharf Project	83	12,433	7,712	3.46
Tiejian Tower Project	83	6,844	911	5.10
Others	–	32,972	17,745	–
Total	–	118,794	67,966	–

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

20. Right-of-use assets

2021:

RMB'000

Item	Buildings	Machinery	Vehicles	Other equipment	Total
I. Original costs					
1 January 2021	2,135,181	6,006,369	515,300	127,476	8,784,326
Additions	1,629,316	1,139,583	134,853	154,152	3,057,904
Disposal or retirement	369,272	775,248	9,606	112,990	1,267,116
31 December 2021	3,395,225	6,370,704	640,547	168,638	10,575,114
II. Accumulated depreciation					
1 January 2021	805,083	2,493,467	148,894	44,550	3,491,994
Provision	749,432	982,446	106,348	27,834	1,866,060
Disposal or retirement	199,371	458,566	2,532	29,496	689,965
31 December 2021	1,355,144	3,017,347	252,710	42,888	4,668,089
III. Carrying amount					
Closing balance	2,040,081	3,353,357	387,837	125,750	5,907,025
Opening balance	1,330,098	3,512,902	366,406	82,926	5,292,332

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

20. Right-of-use assets (Continued)

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 2021

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

21. Intangible assets

2021:

RMB'000

Item	Land use rights	Concession rights	Software licenses	Mining rights and others	Total
I. Original costs					
1 January 2021	8,298,983	65,443,708	981,444	1,592,305	76,316,440
Increase	706,094	15,589,603	161,146	63,040	16,519,883
Additions	679,383	15,589,603	49,530	63,040	16,381,556
Transferred in from construction in progress	26,711	–	91,346	–	118,057
Others	–	–	20,270	–	20,270
Decrease	245,519	16,896,711	11,988	47,333	17,201,551
Disposal or retirement	83,237	–	11,907	47,333	142,477
Disposal of subsidiaries (Note 1)	–	12,987,711	81	–	12,987,792
Transfer out to inventory	162,282	–	–	–	162,282
Other (Note V. 39)	–	3,909,000	–	–	3,909,000
31 December 2021	8,759,558	64,136,600	1,130,602	1,608,012	75,634,772
II. Accumulated amortisation					
1 January 2021	1,646,847	2,379,379	536,610	311,136	4,873,972
Increase	187,837	696,878	181,633	296,606	1,362,954
Provision	187,837	696,878	181,633	296,606	1,362,954
Decrease	25,893	40,004	7,825	23,844	97,566
Disposal or retirement	19,514	–	7,825	23,844	51,183
Disposal of subsidiaries	–	40,004	–	–	40,004
Transfer out to inventory	6,379	–	–	–	6,379
31 December 2021	1,808,791	3,036,253	710,418	583,898	6,139,360
III. Provision for impairment					
1 January 2021	9,043	1,060,130	–	878	1,070,051
Increase	–	–	–	164,202	164,202
Provision	–	–	–	164,202	164,202
Decrease	–	–	–	–	–
Disposal or retirement	–	–	–	–	–
31 December 2021	9,043	1,060,130	–	165,080	1,234,253
IV. Carrying amount					
Closing balance	6,941,724	60,040,217	420,184	859,034	68,261,159
Opening balance	6,643,093	62,004,199	444,834	1,280,291	70,372,417

Note 1: In 2021, the decrease of concession rights of RMB12,947,707,000 arising from disposal of subsidiaries, is mainly due to the impact of the disposal of Sichuan Dejian, which are stated in Note V.13 (2) Note 2 for details.

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

21. Intangible assets (Continued)

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	–	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 balances	6,039,932	52,805,392	389,959	636,660	59,871,943

As at 31 December 2021, there were no intangible assets recognised through internal research and development (31 December 2020: Nil).

The restricted intangible assets of the Group are stated in Note V. 65.

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

21. Intangible assets (Continued)

As at 31 December 2021, 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 RMB93,793,000 (31 December 2020: RMB727,130,000). 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 2021.

The amounts of interest capitalised in the balance of intangible assets and the capitalisation rates are analyzed as follows:

2021:

RMB'000

Item	Progress as at 31 December 2021 (%)	Accumulated amount of interest capitalised as at 31 December 2021 (Note)	Interest capitalised during the period	Capitalisation rate during the period (%)
Sichuan Jianpu Highway Project concession rights	100	1,151,795	–	–
Sichuan Dedu Highway Project concession rights	100	650,458	241,256	4.45
Guangxi Ziyuan (Meixi) to Xing'an Highway BOT project concession rights	100	546,609	–	–
Hunan Anxiang to Cili Highway Project concession rights	100	423,184	169,694	4.34
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	–	–
Henan Lanyuan Expressway Project concession rights	66	45,399	40,012	4.24
Non core medical charges of Xixiang people's Hospital Project concession rights	100	29,254	29,254	4.33
Jiyang Yellow River Bridge concession rights	100	23,564	–	–
S404 from Sucheng, Suzhou to demarcation between Anhui and Jiangsu concession rights	100	20,720	–	–
Chongqing rail transit Jiangjiang jumper construction and operation project	85	19,888	19,730	4.40
Others	–	43,188	26,045	–
Total	–	3,415,832	525,991	–

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

21. Intangible assets (Continued)

The amounts of interest capitalised in the balance of intangible assets and the capitalisation rates are analyzed as follows: (Continued)

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	–

Note: It is accumulated during the construction of the concession rights and will be amortized according to the expected realization of the initial economic benefits related to the project after the concession rights project enters the operation period.

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

22. Goodwill

2021:

Original costs

RMB'000

Item	1 January 2021	Increase	Decrease	Exchange differences on translation of foreign operations	31 December 2021
Acquisition of ALDESA Company (Note 1)	431,444	-	-	(43,295)	388,149
Acquisition of Hangsheng Company (Note 2)	100,135	-	100,135	-	-
Acquisition of CIDEON Company (Note 3)	91,369	-	-	-	91,369
Others	44,199	-	1,071	-	43,128
Total	667,147	-	101,206	(43,295)	522,646

Accumulated depreciation

RMB'000

Item	1 January 2021	Increase	Decrease	31 December 2021
Acquisition of ALDESA Company (Note 1)	-	115,511	-	115,511
Acquisition of Hangsheng Company (Note 2)	100,135	-	100,135	-
Acquisition of CIDEON Company (Note 3)	24,236	23,400	-	47,636
Others	1,071	-	1,071	-
Total	125,442	138,911	101,206	163,147

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

22. Goodwill (Continued)

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

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. on 8 May 2020. In 2021, the Group accrued impairment of the goodwill of RMB115,511,000.

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. In 2021, the Group wrote off the original value and provision of the goodwill.

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 RMB23,400,000 in 2021 (2020: RMB8,580,000).

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

23. Deferred tax assets/liabilities

RMB'000

Item	31 December 2021		31 December 2020	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Deferred tax assets				
Provision for long-term post-leaving benefits	169,186	39,886	235,913	52,594
Provision for impairment of assets and credit losses	19,500,455	3,862,322	12,515,583	2,518,637
Deductible tax losses	3,993,748	770,502	3,309,749	643,154
Revaluation surplus from restructuring	1,241,243	309,264	1,291,263	319,517
Unrealised profits of intra-group transactions	7,012,366	1,655,715	5,873,768	1,375,549
Changes in fair value of other equity instrument investments	405,680	80,861	258,048	53,603
Interest expenses that can be carried forward for deduction	854,517	213,629	952,471	238,117
Others	5,927,681	1,430,280	5,961,789	1,433,110
Total	39,104,876	8,362,459	30,398,584	6,634,281
Item	Taxable temporary differences		Deferred tax liabilities	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Deferred tax liabilities				
Changes in fair value of other equity instrument investments	2,045,886	348,644	1,233,898	233,607
Asset appreciation from appraisal for business combinations involving entities not under common control	530,088	138,734	821,926	209,428
Book-tax temporary differences for revenue recognition	3,574,096	893,524	3,106,988	776,747
Others	2,080,950	413,972	1,834,332	369,527
Total	8,231,020	1,794,874	6,997,144	1,589,309

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

23. Deferred tax assets/liabilities (Continued)

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	287,321	8,075,138	211,108	6,423,173
Deferred tax liabilities	287,321	1,507,553	211,108	1,378,201

Deductible temporary differences and deductible tax losses for which deferred tax assets are not recognised are listed as follows:

RMB'000

Item	31 December 2021	31 December 2020
Deductible temporary differences	11,578,483	12,789,866
Deductible tax losses	17,210,432	13,358,364
Total	28,788,915	26,148,230

Deductible losses, for which no deferred tax assets are recognised, will expire in the following years:

RMB'000

Year	31 December 2021	31 December 2020
2021	—	749,592
2022	1,393,804	1,423,477
2023	3,029,643	3,315,590
2024	2,352,776	2,692,330
2025	3,463,360	3,525,758
2026	4,923,972	35,299
2027	130,889	130,889
2028	294,123	295,292
2029	292,739	295,344
2030	869,230	894,793
2031	459,896	—
Total	17,210,432	13,358,364

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

24. Other non-current assets

RMB'000

Item	31 December 2021	31 December 2020
Retention receivables	71,728,766	61,772,918
Contract assets derived from land development receivables and other project receivables	32,447,887	10,310,299
Others	4,475,408	3,089,146
Subtotal	108,652,061	75,172,363
Less: Current portion of non-current assets	9,210,194	9,443,613
Including: Retention receivables	9,210,194	9,443,613
Total	99,441,867	65,728,750

The restricted other non-current assets of the Group are stated in Note V. 65.

25. Short-term loans

RMB'000

Item	31 December 2021	31 December 2020
Pledged loans (Note 1, Note 2, Note 3)	557,174	1,762,489
Guaranteed loans (Note 4)	4,466,190	4,203,911
Credit loans	41,034,036	43,912,673
Total	46,057,400	49,879,073

Note 1: As at 31 December 2021, short-term loans with a carrying amount of RMB425,424,000 (31 December 2020: RMB735,666,000) 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 RMB425,424,000 (31 December 2020: RMB735,666,000).

Note 2: As at 31 December 2021, short-term loans with a carrying amount of RMB131,750,000 (31 December 2020: RMB926,823,000) were secured by the pledge of the Group's bills receivable with a carrying amount of RMB131,750,000 (31 December 2020: RMB926,823,000).

Note 3: As at 31 December 2020, the group obtained a short-term loan of RMB100,000,000 with the franchise right of RMB668,895,000 as the pledge.

Note 4: As at 31 December 2021, all guaranteed loans were guaranteed by the entities comprising the Group (31 December 2020: all guaranteed loans were guaranteed by the entities comprising the Group).

As at 31 December 2021, annual interest rates of above short-term loans ranged from 0.35% to 6.40% (31 December 2020: 0.43% to 7.00%).

As at 31 December 2021, the Group had no overdue short-term loans (31 December 2020: Nil).

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

26. Due to customers

RMB'000

Item	31 December 2021	31 December 2020
Due to customers	1,588,529	4,815,608

27. Bills payable

RMB'000

Item	31 December 2021	31 December 2020
Commercial acceptance bills	26,105,276	25,472,104
Bank acceptance bills	64,628,125	58,818,852
Total	90,733,401	84,290,956

As at 31 December 2021 the Group had no unpaid overdue bills payable (31 December 2020: Nil).

28. Trade payables

Aging of trade payables is listed as follows:

RMB'000

Item	31 December 2021	31 December 2020
Within 1 year	352,926,302	340,777,759
1 to 2 years	6,359,877	6,038,420
2 to 3 years	1,971,334	1,499,873
Over 3 years	806,053	1,011,272
Total	362,063,566	349,327,324

As at 31 December 2021, trade payables aged over one year amounted to RMB9,137,264,000 (31 December 2020: RMB8,549,565,000), 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.

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

29. Contract liabilities

RMB'000

Item	31 December 2021	31 December 2020
Advances for construction contracts	75,482,310	72,901,759
Advances for the sale of properties (Note)	68,954,587	52,259,745
Advances for the sale of materials	4,330,833	4,189,679
Advances for the sale of goods	868,053	682,891
Others	1,031,558	1,024,543
Total	150,667,341	131,058,617

Note: Details of advances for the sale of properties are listed as follows:

RMB'000

Project name	31 December 2021	Percentage of accumulated pre-sales as at 31 December 2021 %	Estimated completion date
Shaoxing Huayujiangnan Mansion Project	4,328,969	89	September 2022
CRCC Shuxiang Yaoting Project	3,607,270	96	April 2022
International Mansion Project	3,554,568	71	May 2022
CRCC Haiyu Xi'an Project	3,525,522	53	April 2022
Wenzhou Lucheng Future Community	3,518,114	80	August 2023
Suzhou Jingwan - Huayu Tianjing Huating Project	3,162,088	87	December 2022
Huayu Tianjingfu Project	2,835,552	95	October 2022
Xipai Jinsha Residence Project	2,228,138	32	November 2022
Xi'an CRCC International City II Project	2,157,500	84	June 2022
Huayu Lingnan Garden Project	1,952,631	57	August 2022
CRCC Nanshaiyue International Project	1,904,234	45	September 2022
CRCC Xiangyumeixi Project	1,597,207	87	November 2022
Guanhefu Project	1,505,320	79	December 2022
Wu tonggang Jiayuan Project	1,456,296	50	September 2022
CRCC Beijing International city Project	1,207,193	100	September 2019
Champs Elysees International Project	1,196,888	71	February 2021
CRCC Yuhu Project	1,092,846	67	December 2023
CRCC Wutongyuan Project	1,090,334	73	March 2022
Tianjin Guoyin Wenyuan Project	1,054,936	29	October 2022
CRCC Shengxingwan Project	1,050,809	28	March 2023
Others	24,928,172	—	—
Total	68,954,587	—	—

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

29. 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 2021	Reasons
Company 1	Third party	600,801	Work performed but not billed
Company 2	Third party	477,108	Work performed but not billed
Company 3	Third party	268,179	Work performed but not billed
Company 4	Third party	259,121	Work performed but not billed
Company 5	Third party	178,376	Work performed but not billed
Total	–	1,783,585	–

30. Employee benefits payable

2021:

RMB'000

Item	1 January 2021	Accrued	Paid	31 December 2021
Short-term benefits	10,354,655	68,708,733	68,622,856	10,440,532
Post-employment benefits (defined contribution plans)	1,618,657	7,761,532	7,639,617	1,740,572
Total	11,973,312	76,470,265	76,262,473	12,181,104

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 2021

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

30. Employee benefits payable (Continued)

Short-term benefits:

2021:

RMB'000

Item	1 January 2021	Accrued	Paid	31 December 2021
Salaries, bonuses, allowances and subsidies	7,393,925	47,459,350	47,570,957	7,282,318
Staff welfare	–	4,265,740	4,265,740	–
Social insurance	1,039,590	4,062,748	4,035,568	1,066,770
Including: Medical insurance	915,438	3,676,899	3,664,666	927,671
Work injury insurance	82,627	284,410	268,206	98,831
Maternity insurance	41,525	101,439	102,696	40,268
Housing funds	651,810	3,891,516	3,769,428	773,898
Union fund and employee education fund	659,766	1,349,602	1,326,065	683,303
Others	609,564	7,679,777	7,655,098	634,243
Total	10,354,655	68,708,733	68,622,856	10,440,532

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 2021

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

30. Employee benefits payable (Continued)

Defined contribution plan:

2021:

RMB'000

Item	1 January 2021	Accrued	Paid	31 December 2021
Basic pension insurance	1,078,969	5,605,262	5,491,758	1,192,473
Unemployment insurance	77,585	216,453	210,623	83,415
Supplementary pension insurance	462,103	1,939,817	1,937,236	464,684
Total	1,618,657	7,761,532	7,639,617	1,740,572

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

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 2021

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

31. Taxes payable

RMB'000

Item	31 December 2021	31 December 2020
VAT	4,300,236	3,591,537
EIT	3,193,492	2,639,368
Others	2,017,098	2,161,474
Total	9,510,826	8,392,379

32. Other payables

RMB'000

Item	31 December 2021	31 December 2020
Payables for advances	29,111,785	24,578,277
Guarantees and deposits	25,301,556	22,030,794
Amounts due to related parties	9,686,589	8,477,965
Project financing received	7,252,843	5,990,989
Dividends payable	905,252	779,570
Others	22,133,279	17,737,864
Total	94,391,304	79,595,459

As at 31 December 2021, significant other payables aged over one year are listed as follows:

RMB'000

Company name	Relationship with the Group	31 December 2021	Reasons
Company 1	Third party	280,712	Payables not settled
Company 2	Third party	213,576	Payables not settled
Company 3	Third party	212,945	Payables not settled
Company 4	Third party	173,949	Payables not settled
Company 5	Third party	169,695	Payables not settled
Total	–	1,050,877	–

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

33. Current portion of non-current liabilities

RMB'000

Item	31 December 2021	31 December 2020
Current portion of long-term loans (Note V. 35)	26,251,890	15,381,398
Current portion of bonds payable (Note V. 36)	6,825,326	8,342,887
Current portion of long-term payables	3,689,053	2,670,332
Current portion of lease liabilities (Note V. 37)	1,673,793	1,942,562
Current portion of provisions	202,591	151,610
Current portion of post-employment benefits payable	60,837	84,554
Total	38,703,490	28,573,343

The current portion of long-term loans is presented as follows:

RMB'000

Item	31 December 2021	31 December 2020
Credit loans	10,485,076	8,849,570
Guaranteed loans (Note V. 35 (Note 8))	11,064,917	2,072,624
Mortgaged loans (Note V. 35 (Note 4, 5, 6, 7))	4,119,866	2,418,711
Pledged loans (Note V. 35 (Note 1, 2, 3))	582,031	2,040,493
Total	26,251,890	15,381,398

34. Other current liabilities

RMB'000

Item	31 December 2021	31 December 2020
Amounts to be transferred to output VAT	24,884,361	19,059,566
Short-term unsecured financing bonds (Note 1)	407,986	2,106,771
Others	797,577	425,906
Total	26,089,924	21,592,243

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 2021

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

34. 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
Aldesa Agrupación Empresarial, S.A.U. EUR 18.60 million short-term commercial bills	EUR 18.60 million	14 May 2021	12 months	-	136,501	-	(8,443)	-	128,058
China Railway Construction Real Estate Group Co., Ltd. 2020 first issue short-term financing bond	1,400,000	13 March 2020	12 months	1,426,797	-	13,670	543	1,441,010	-
China Railway Construction Real Estate Group Co., Ltd. 2020 second issue short-term financing bond	600,000	24 March 2020	12 months	611,345	-	5,770	195	617,310	-
Aldesa Agrupación Empresarial, S.A.U. EUR 5.9 million short-term commercial bills	EUR 5.90 million	3 December 2020	6 months	47,013	-	-	(581)	46,432	-
Aldesa Agrupación Empresarial, S.A.U. EUR 2.7 million short-term commercial bills	EUR 2.70 million	3 December 2020	3 months	21,616	-	-	(329)	21,287	-
Others	-	-	-	-	3,553,247	3,419	(21,574)	3,255,164	279,928
Total	-	-	-	2,106,771	3,689,748	22,859	(30,189)	5,381,203	407,986

35. Long-term loans

RMB'000

Item	31 December 2021	31 December 2020
Pledged loans (Note 1, Note 2, Note 3)	44,206,255	45,602,598
Mortgaged loans (Note 4, Note 5, Note 6, Note 7)	13,676,113	12,016,895
Guaranteed loans (Note 8)	11,654,930	14,096,548
Credit loans	45,507,276	39,302,104
Total	115,044,574	111,018,145

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

35. Long-term loans (Continued)

Note 1: As at 31 December 2021, long-term loans with a carrying amount of RMB35,069,342,000, including current portion of long-term loans of RMB223,000,000 (31 December 2020: RMB37,750,629,000, including current portion of long-term loans of RMB175,710,000) were secured by pledges of the Group's concession rights with a carrying amount of RMB47,728,490,000 (31 December 2020: RMB59,148,340,000).

Note 2: As at 31 December 2021, long-term loans with a carrying amount of RMB617,591,000 (31 December 2020: RMB342,154,000), were secured by pledge of the Group's trade receivables with a carrying amount of RMB633,653,000 (31 December 2020: RMB431,357,000).

Note 3: As at 31 December 2021, long-term loans with a carrying amount of RMB9,101,353,000, including current portion of long-term loans of RMB359,031,000 (31 December 2020: RMB9,550,308,000, including current portion of long-term loans of RMB1,864,783,000) were secured by pledges of the Group's contract assets of BT projects with a carrying amount of RMB25,963,981,000 (31 December 2021 the Group's contract assets of BT Projects RMB 7,526,905,000, and long-term receivables RMB 10,472,021,000).

Note 4: As at 31 December 2021, long-term loans with a carrying amount of RMB140,577,000, including current portion of long-term loans of RMB3,124,000 (31 December 2020: RMB49,381,000, including no current portion of long-term loans) were secured by mortgages of the Group's fixed assets with a carrying amount of RMB273,348,000 (31 December 2020: RMB60,290,000).

Note 5: As at 31 December 2021, long-term loans with a carrying amount of RMB16,233,187,000, including current portion of long-term loans of RMB4,104,292,000 (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) were secured by mortgages of the Group's inventories with a carrying amount of RMB45,426,209,000 (31 December 2020: RMB36,791,724,000).

Note 6: As at 31 December 2021, long-term loans with a carrying amount of RMB586,592,000, (31 December 2020: RMB213,546,000), were secured by mortgages of the Group's construction in progress with a carrying amount of RMB1,391,992,000 (31 December 2020: RMB681,746,000).

Note 7: As at 31 December 2021, long-term loans with a carrying amount of RMB835,623,000, including current portion of long-term loans of RMB12,450,000 (31 December 2020: RMB720,001,000), none of which was due with one year were secured by pledges of the Group's land use rights with a carrying amount of RMB3,139,066,000 (31 December 2020: RMB4,398,531,000).

Note 8: As at 31 December 2021, the guaranteed long-term loans, including current portion of long-term loans of RMB11,064,917,000 (31 December 2020: RMB2,072,624,000), were all internally guaranteed by the entities comprising the Group.

As at 31 December 2021, the Group had no overdue long-term loans (31 December 2020: Nil).

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

35. Long-term loans (Continued)

The maturity profile of the long-term loans as at the end of the year is listed as follows:

	<i>RMB'000</i>	
Item	31 December 2021	31 December 2020
Within one year or paid on demand (<i>Note V. 33</i>)	26,251,890	15,381,398
In the second year (inclusive)	27,787,627	25,051,038
In the third to fifth year (inclusive)	40,509,857	35,874,440
Over five years	46,747,090	50,092,667
Total	141,296,464	126,399,543

36. 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 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 and 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; and (3) 5-year Euro bonds issued by overseas subsidiaries in the international market and guaranteed by the Company. The bonds' interest is repayable annually whereas the principal is repayable upon maturity.

	<i>RMB'000</i>	
Item	31 December 2021	31 December 2020
Bonds payable	36,360,201	34,454,741
Less: Current portion of bonds payable (<i>Note V. 33</i>)	6,825,326	8,342,887
Non-current portion of bonds payable	29,534,875	26,111,854

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

36. Bonds payable (Continued)

As at 31 December 2021, balances of bonds payable are listed as follows:

RMB'000

Bonds	Par value	Issue date	Maturity	Amount	Annual interest rate	1 January 2021	Amount issued	Interest accrued in the year	Discount or premium amortisation and exchange effects	Principle and interest paid in the year	31 December 2021
CRCC Yuxiang Limited Guaranteed Note due in 2023 with principal of USD 800 million and interest rate of 3.5%	USD 800,000	16 May 2013	10 years	USD 800,000	3.50%	5,228,336	-	179,124	(113,241)	179,647	5,114,572
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%	3,119,356	-	145,395	629	145,395	3,119,985
China Railway Construction Real Estate Group Co., Ltd. - 2019 first issue of public placement Corporate bond (variety I)	2,700,000	15 March 2019	3+2 years	2,700,000	4.25%	2,778,548	-	114,750	2,203	114,750	2,780,751
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%	2,315,723	-	97,607	(1,540)	130,680	2,281,110
CRCC Huan Limited Guaranteed Note due in 2026 with principal of EUR 300 million and interest rate of 0.875%	EUR300,000	20 May 2021	5 years	EUR300,000	0.88%	-	2,344,961	11,683	(186,739)	-	2,169,905
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%	2,145,323	-	67,200	1,173	67,200	2,146,496
China Railway Construction Real Estate Group Co., Ltd. - 2021 first issue of medium term note	2,000,000	2 March 2021	5 years	2,000,000	4.17%	-	1,994,338	62,550	767	-	2,057,655
China Railway Construction Investment Group Co., Ltd. - 2021 first issue of public placement Corporate bond	2,000,000	18 October 2021	3 years	2,000,000	3.52%	-	1,997,600	17,600	214	-	2,015,414
CRCC Huan Limited Guaranteed Note due in 2026 with principal of USD 300 million and interest rate of 1.875%	USD300,000	20 May 2021	5 years	USD300,000	1.88%	-	1,931,488	22,108	(24,564)	17,932	1,911,100
China Railway Construction Real Estate Group Co., Ltd. - 2019 first issue of private placement Corporate bond (variety II)	1,500,000	10 January 2019	3+2 years	1,500,000	4.90%	1,563,468	-	73,500	1,063	73,500	1,564,531
China Railway Construction Real Estate Group Co., Ltd. - 2021 first issue of public corporate bonds for professional investors	1,300,000	22 January 2021	5 years	1,300,000	3.78%	-	1,297,248	45,045	543	-	1,342,836
China Railway Construction Real Estate Group Co., Ltd. - 2021 second issue of public corporate bonds for professional investors	1,300,000	3 February 2021	5 years	1,300,000	3.95%	-	1,297,296	42,792	453	-	1,340,541
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%	1,235,215	-	47,760	442	47,760	1,235,657
China Railway Construction Real Estate Group Co., Ltd. - 2021 third issue of public corporate bonds for professional investors	1,110,000	1 September 2021	5 years	1,110,000	3.28%	-	1,107,540	12,136	153	-	1,119,829
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%	1,007,883	-	47,300	-	47,300	1,007,883
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%	820,552	-	23,320	232	25,440	818,664
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%	711,805	-	25,000	-	20,069	716,736
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%	652,384	-	39,894	1,616	39,894	654,000
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%	620,008	-	29,520	480	29,520	620,488
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%	616,683	-	18,975	100	20,700	615,058
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%	512,928	-	14,667	146	16,000	511,741
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%	691,144	-	37,934	903	226,381	503,600

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

36 Bonds payable (Continued)

Bonds	Par value	Issue date	Maturity	Amount	Annual interest rate	1 January 2021	Amount issued	Interest accrued in the year	Discount or premium amortisation and exchange effects	Principle and interest paid in the year	31 December 2021
China Railway Construction Real Estate Group Co., Ltd. 2019 second issue of private placement Corporate bond	300,000	18 March 2019	3+2 years	300,000	4.90%	310,185	-	14,700	245	14,700	310,430
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%	301,615	-	15,600	(188)	15,600	301,427
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%	99,679	-	5,500	113	5,500	99,792
China Railway Construction Corporation Limited -USD500 million Zero Coupon Convertible Bond due 2021 (Note 1)	USD 500,000	29 January 2016	5 years	USD 500,000	0.00%	3,262,450	-	-	(20,200)	3,242,250	-
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%	2,745,652	-	8,633	428	2,754,713	-
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%	1,563,519	-	5,913	1,518	1,570,950	-
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%	1,177,941	-	19,950	1,959	1,199,850	-
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%	974,344	-	18,604	1,702	994,650	-
Total	-	-	-	-	-	34,454,741	11,970,471	1,264,760	(329,390)	11,000,361	36,360,201
Less: Current portion of bonds payable	-	-	-	-	-	8,342,887	-	-	-	-	6,825,326
Non-current portion of bonds payable	-	-	-	-	-	26,111,854	-	-	-	-	29,534,875

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

36. 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 USD 800 million and interest rate of 3.5%	USD 800,000	16 May 2013	10 years	USD 800,000	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 1)	USD 500,000	29 January 2016	5 years	USD 500,000	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	3+2 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	3+2 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

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

36. 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. – 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	3+2 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 2021

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

36. 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 2)	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 2021

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

36. Bonds payable (Continued)

Note 1: The Company issued a five-year Convertible Bond at zero interest rate with the principal of USD 500 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 HKD 10.30 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 excess of the fair value of derivative financial instruments is recognised as debt instruments. As at 29 January 2021, all the convertible bonds will be redeemed.

Note 2: 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 HKD 13.775 per H share (calculated in a fixed exchange rate by HKD 1 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.

37. Lease liabilities

RMB'000

Item	31 December 2021	31 December 2020
Lease liabilities	4,563,171	4,619,967
Less: Total current portion of lease liabilities (Note V. 33)	1,673,793	1,942,562
Total non-current portion of lease liabilities	2,889,378	2,677,405

38. Long-term payables

RMB'000

Item	31 December 2021	31 December 2020
Retention payables	16,356,101	10,268,528
Payables for specific items	4,172,215	1,489,000
Special payables (Note 1)	74,003	74,060
Others	2,538,785	1,857,480
Total	23,141,104	13,689,068

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

38. Long-term payables (Continued)

Note 1:

2021:

RMB'000

Item	1 January 2021	Additions	Reductions	31 December 2021
Specific project funds	62,901	67,723	67,170	63,454
Research and development funds	11,159	2,066	2,676	10,549
Total	74,060	69,789	69,846	74,003

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

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

39. Deferred income

2021:

RMB'000

Item	1 January 2021	Additions	Reductions	31 December 2021
Government grants related to assets	3,020,189	1,107,285	3,918,969	208,505
Government grants related to income	392,282	844,569	883,186	353,665
Others	374,499	3,518	16,453	361,564
Total	3,786,970	1,955,372	4,818,608	923,734

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

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

39. Deferred income (Continued)

As at 31 December 2021, projects related to governments grants are listed as follows:

RMB'000

Project	1 January 2021	Additions	Included in non-operating income/other income in the year	Other changes (Note)	31 December 2021	Related to assets /income
Sichuan Dedu Highway Project Enterprise	2,817,200	1,091,800	–	(3,909,000)	–	Related to assets
Development and Support Fund	87,537	502,225	(330,117)	(1,973)	257,672	Related to assets/income
Others	507,734	357,829	(537,798)	(23,267)	304,498	–
Total	3,412,471	1,951,854	(867,915)	(3,934,240)	562,170	–

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	–

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 2021

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

40. Share capital

2021:

RMB'000

Item	1 January 2021	Increase	Decrease	31 December 2021
Unrestricted shares				
– RMB ordinary shares	11,503,246	–	–	11,503,246
– Overseas listed foreign shares	2,076,296	–	–	2,076,296
Total	13,579,542	–	–	13,579,542

2020:

RMB'000

Item	1 January 2020	Increase	Decrease	31 December 2020
Unrestricted shares				
– RMB ordinary shares	11,503,246	–	–	11,503,246
– Overseas listed foreign shares	2,076,296	–	–	2,076,296
Total	13,579,542	–	–	13,579,542

41. Other equity instruments

RMB'000

Item		31 December 2021	31 December 2020
2019 & 2020 renewable loans	Note 1	25,200,000	35,600,000
2019 renewable corporate bonds	Note 2	11,994,417	11,994,417
2021 renewable corporate bonds	Note 3	9,593,972	–
2019 CRCC medium-term notes	Note 4	5,982,651	5,982,651
2020 renewable corporate bonds	Note 5	4,697,404	4,697,404
2020 medium-term notes Phase I	Note 6	2,991,242	2,991,242
2021 CRCC medium-term notes	Note 7	1,994,120	–
2021 renewable loans	Note 8	800,000	–
2018 renewable corporate bonds	Note 9	–	6,992,689
Total		63,253,806	68,258,403

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

41. Other equity instruments (Continued)

Note 1: In 2019&2020, the Company issued RMB35,600,000,000 in an aggregate principal amount of renewable loans. According to the terms of the contract above, 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 2021, the Company redeemed the principal of this renewable loan above of RMB10,400,000,000.

Note 2: 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 and recognised the bonds as other equity instruments. 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 3: In 2021, the Company issued 9,600,000,000 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 RMB6,028,000, net of the relevant expenses of issuance of RMB9,593,972,000 were included in other equity instruments.

Note 4: 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 5: 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 6: 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 RMB8,758,000, net of the relevant expenses of issuance of RMB2,991,242,000 were included in other equity instruments.

Note 7: In 2021, the Company issued RMB2,000,000,000 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 RMB5,880,000, net of the relevant expenses of issuance of RMB1,994,120,000 were included in other equity instruments.

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

41. Other equity instruments (Continued)

Note 8: In 2021, the Company issued RMB800,000,000 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 notes did not satisfy the definition of financial liabilities. The issuance were included in other equity instruments °

Note 9: 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. In 2021, the Company redeemed the principal of the renewable corporate bonds of RMB7,000,000,000, and the difference between the repayment of the principal and the carrying amount of RMB7,311,000 was included in the capital reserve.

42. Capital reserve

2021:

RMB'000

Item	1 January 2021	Increase	Decrease	31 December 2021
Share premium (<i>Note 1</i>)	41,241,813	714,786	-	41,956,599
Relocation compensation granted by government	160,961	-	-	160,961
Equity transactions with non-controlling shareholders	2,878,729	12,812	-	2,891,541
Others	(122,654)	7,449	7,311	(122,516)
Total	44,158,849	735,047	7,311	44,886,585

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

42. Capital reserve (Continued)

2020:

Item				<i>RMB'000</i>
	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 (<i>Note 2</i>)	(124,729)	18,336	16,261	(122,654)
Total	44,154,726	20,384	16,261	44,158,849

Note 1: On 22 June 2021, China Railway Construction Heavy Industry Group Co., Ltd. (hereinafter referred to as “China Railway Construction Heavy Industry”), a subsidiary of the Company, was listed on the Science and Technology Innovation Board of the Shanghai Stock Exchange. The number of shares issued was 1,285.18 million shares, and the issue price was RMB2.87/share. On 21 July 2021, the lead underwriter exercised the over-allotment option to issue additional 192.78 million shares. Before the issuance, the Group held 100% of the shares of China Railway Construction Heavy Industry and had control over it and included it in the scope of consolidation. After the issuance, the Group holds 72.29% of the equity of China Railway Construction Heavy Industry and still has control over it. This transaction resulted in an increase of RMB714,786,000 in capital reserves and an increase of RMB3,446,383,000 in non-controlling interests in the Group's consolidated financial statements.

Note 2: The Company issued a five-year 1.5% Coupon Convertible Bond at RMB3,450,000,000 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 2021

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

43. 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 2020	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
				2021		(Note)	2021
Other comprehensive income to be reclassified to profit or loss in subsequent periods, share of other comprehensive income of investee, under the equity method	128,513	(197,315)	-	(68,802)	(91,448)	-	(160,250)
Changes in fair value of other debt investments	96	(1,164)	-	(1,068)	4,589	-	3,521
Changes in fair value of other equity instrument investments	602,207	32,335	-	634,542	514,288	158,003	990,827
Effect of deferred tax from changes in fair value of other equity instrument investments	(126,470)	(16,430)	-	(142,900)	(87,779)	-	(230,679)
Changes in fair value of receivables at FVTOCI	(7,785)	3,019	-	(4,766)	1,218	-	(3,548)
Effect of deferred tax from changes in fair value of receivables at FVTOCI	2,703	(1,879)	-	824	(277)	-	547
Exchange differences on translation of foreign operations	(641,344)	(1,054,850)	-	(1,696,194)	(190,155)	-	(1,886,349)
Other	(24,078)	7,966	(2,214)	(13,898)	(4,474)	(27,811)	9,439
Total	(66,158)	(1,228,318)	(2,214)	(1,292,262)	145,962	130,192	(1,276,492)

Note: in 2021, the Group sold non-trading equity instrument investments originally designated to be measured at fair value and whose changes are included in other comprehensive income, which have included in the other comprehensive income in previous years. The transfer out of profits is included in the retained earnings of RMB 158,003,000 (2020: none).

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

43. Other comprehensive income (Continued)

Other comprehensive income in the statement of profit or loss:

2021:

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				
Changes in fair value of other equity instrument investments	663,541	87,779	426,509	149,253
Others	(6,714)	(1,661)	(4,474)	(579)
Other comprehensive income to be reclassified to profit or loss				
Share of other comprehensive income of the investee under the equity method	(91,448)	–	(91,448)	–
Changes in fair value of other debt investments	6,563	1,641	4,589	333
Changes in fair value of receivables at FVTOCI	1,771	277	941	553
Exchange differences on translation of foreign operations	(144,803)	–	(190,155)	45,352
Total	428,910	88,036	145,962	194,912

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

43. Other comprehensive income (Continued)

2020:

	<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				
Changes in fair value of other equity instrument investments	39,438	17,495	15,905	6,038
Others	8,634	672	7,966	(4)
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)

44. 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 2021

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

45. Surplus reserve

2021:

RMB'000

Item	1 January 2021	Increase	31 December 2021
Statutory surplus reserve (Note)	6,139,569	650,202	6,789,771

2020:

RMB'000

Item	1 January 2020	Increase	31 December 2020
Statutory surplus reserve (Note)	4,613,506	1,526,063	6,139,569

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 2021

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

46. Retained earnings

Item	RMB'000	
	2021	2020
Retained earnings at the beginning of the year	123,453,661	107,488,965
Net profit attributable to the owners of the company	24,690,556	22,392,983
Less: Appropriation to statutory surplus reserve	650,202	1,526,063
Cash dividend declared for ordinary Shares (Note 1)	3,123,295	2,851,704
Interest distributed to other equity instruments holders (Note 2)	2,954,557	2,024,338
Others (Note 3)	139,917	(26,182)
Retained earnings at the end of the year (Note 4)	141,556,080	123,453,661

Note 1: In accordance with the resolution at the 2020 annual general meeting of shareholders on 29 June 2021, the Company declared a cash dividend for the year ended 31 December 2020 of RMB0.23 per share (2020: RMB0.21 per share), which amounted to RMB3,123,295,000 (2020: RMB2,851,704,000) based on 13,579,541,500 ordinary shares in issue. The above dividends have been paid on July 2021 and August 2021.

Note 2: In 2021, the Company accrued interest of other equity instruments holders amounting to RMB2,954,557,000 (2020: RMB2,024,338,000).

Note 3: The Company sold non tradable equity instrument investments originally designated to be measured at fair value and whose changes were included in other comprehensive income, and transferred out the accumulated profits included in other comprehensive income in previous years into retained earnings (See Note V. 43).

Note 4: On 31 December 2021, there is no amount attributable to other equity instruments holders in the balance of the Group's retained earnings (31 December 2020: Nil).

47. Revenue and cost of sales

Item	2021		2020	
	Revenue	Cost of sales	Revenue	Cost of sales
Revenue from principal operations	1,010,604,543	915,328,735	902,956,052	820,353,184
Other operating revenue	9,405,636	6,798,153	7,368,711	5,634,082
Total	1,020,010,179	922,126,888	910,324,763	825,987,266

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

47. Revenue and cost of sales (Continued)

(1) Revenue is listed as follows:

RMB'000

Sector	2021	2020
Construction operations	871,215,850	795,121,482
Real estate development operations	50,662,478	40,928,924
Manufacturing operations	20,364,941	15,545,978
Survey, design and consultancy operations	19,372,949	18,453,059
Other business operations	58,393,961	40,275,320
Total	1,020,010,179	910,324,763

(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	871,215,850	-	-	15,476,741	5,444,324	892,136,915
A point in time	-	50,662,478	20,364,941	3,896,208	52,949,637	127,873,264
Total	871,215,850	50,662,478	20,364,941	19,372,949	58,393,961	1,020,010,179

(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 2021, 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 2021

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

48. Taxes and surcharges

RMB'000

Item	2021	2020
City maintenance and construction tax	767,687	746,674
Stamp duty	588,470	492,980
Property tax	298,251	235,843
Others	1,968,499	2,257,823
Total	3,622,907	3,733,320

49. Selling and distribution expenses

RMB'000

Item	2021	2020
Employee compensation costs	3,194,805	2,979,979
Advertising and publicity expenses	1,816,204	1,641,838
Others	1,136,094	1,046,050
Total	6,147,103	5,667,867

50. General and administrative expenses

RMB'000

Item	2021	2020
Employee compensation costs	15,030,249	13,801,756
Depreciation expenses of fixed assets	691,911	781,148
Office, travelling and transportation expenses	1,093,031	938,580
Others	3,926,728	3,516,960
Total	20,741,919	19,038,444

The above general and administrative expenses include audit fees for the year 2021, amounting to RMB29,880,000 (2020 : RMB29,880,000).

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

51. Research and development expenses

RMB'000

Item	2021	2020
Employee compensation costs and material costs	20,253,956	18,605,952

52. Finance costs

RMB'000

Item	2021	2020
Interest expenses	11,996,974	11,534,826
Less: Interest income	4,052,385	3,440,961
Less: Interest capitalised	5,980,748	5,913,331
Exchange gains	(31,802)	(82,451)
Bank charges and others	1,751,493	1,398,553
Total	3,683,532	3,496,636

The amount of capitalised interest had been included in the balances of construction in progress (Note V. 19), intangible assets (Note V. 21) and properties under development (Note V. 8 (1)).

53. Impairment losses on assets

RMB'000

Item	2021	2020
Losses from impairment of contract assets	(961,154)	(619,203)
Losses from decline in value of inventories	(215,605)	(373,905)
Losses from impairment of intangible assets	(164,202)	-
Losses from impairment of goodwills	(138,911)	(8,580)
Others	(109,699)	(21,651)
Total	(1,589,571)	(1,023,339)

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

54. Impairment of credit losses

	<i>RMB'000</i>	
Item	2021	2020
Losses from impairment of receivables	(8,255,547)	(2,714,524)
Losses from impairment of loans to customers	(21,364)	12,645
Total	text-align: right;"> (8,276,911)	text-align: right;">(2,701,879)

55. Other income

	<i>RMB'000</i>	
Item	2021	2020
Government grants relating to daily operations	737,204	739,216
Others	326,214	202,300
Total	text-align: right;"> 1,063,418	text-align: right;">941,516

56. Investment losses

	<i>RMB'000</i>	
Item	2021	2020
Share of profits of long-term equity investments under the equity method	2,769,758	1,637,477
Investment income from disposal of long-term equity investments	322,610	29,366
Gains from the re-measurement at fair values of remaining equity investments when losing controls of subsidiaries	281,357	-
Losses from derecognition of financial assets measured at amortised cost	(3,781,508)	(2,639,464)
Investment income from holding other equity instruments	180,576	118,395
Investment income from holding and disposal of held-for-trading financial assets	22,987	65,895
Investment income from holding Debt investment	188,375	243,827
Others	(177,759)	(141,594)
Total	text-align: right;"> (193,604)	text-align: right;">(686,098)

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

57. Gains/(losses) on fair value changes

<i>RMB'000</i>			
Item	2021	2020	
Financial assets and liabilities at fair value through profit or loss	(243,222)	105,833	

58. Non-operating income

<i>RMB'000</i>			
Item	2021	2020	Non-recurring profit or loss of the year
Government grants	137,137	202,455	137,137
Approved unpayable balances	316,024	284,463	316,024
Gains on compensation, penalties and fines	421,583	210,644	421,583
Others	237,060	370,796	237,060
Total	1,111,804	1,068,358	1,111,804

Government grants credited to profit or loss for the period are listed as follows:

<i>RMB'000</i>			
Nature	2021	2020	Related to assets/income
Enterprise development funds	343,200	366,089	Related to income
Refund of taxes	246,412	106,094	Related to income
Others	284,729	469,488	Related to income
Total	874,341	941,671	–
Including: Other income	737,204	739,216	–
Non-operating income	137,137	202,455	–

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

59. Non-operating expenses

RMB'000

Item	2021	2020	Non-recurring profit or loss of the year
Loss on compensation, penalties and fines	423,502	287,598	423,502
Donations	65,835	117,962	65,835
Others	285,454	192,835	285,454
Total	774,791	598,395	774,791

60. 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	2021	2020
Cost of services rendered	748,516,116	689,240,479
Cost of goods sold	102,258,425	73,761,895
Employee benefits (Note V. 30)	76,470,265	67,455,429
Depreciation expenses on fixed assets (Note V. 18)	14,854,369	14,236,618
Depreciation expenses on right-of-use assets (Note V. 20)	1,866,060	2,121,504
Amortisation expenses on intangible assets (Note V. 21)	1,362,954	990,169
Depreciation expenses on investment properties (Note V. 17)	269,610	190,017

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

61. Income tax expenses

RMB'000

Item	2021	2020
Current tax expenses – Mainland China	7,247,370	5,595,522
Current tax expenses – Others	81,125	109,727
Deferred tax expenses	(1,492,278)	76,629
Total	5,836,217	5,781,878

A reconciliation of the income tax expense applicable to profit before tax is listed as follows:

RMB'000

Item	2021	2020
Profit before tax	35,151,419	31,490,552
Income tax at the statutory income tax rate of 25%	8,787,855	7,872,638
Tax effect of preferential tax rates for some subsidiaries	(1,538,405)	(1,160,272)
Tax effect of share of profits and losses of joint ventures and associates	(692,440)	(409,369)
Effect of non-taxable income	(154,940)	(127,158)
Effect of non-deductible expenses	457,679	440,632
Effect of utilisation of unrecognised deductible tax losses	(296,312)	(475,740)
Effect of utilisation of deductible temporary differences previously not recognised	(710,449)	(39,543)
Tax preference for qualifying research and development expenses	(1,431,561)	(1,128,009)
Effects of deductible losses as deferred tax assets not recognised in the current year	1,432,419	1,098,719
Deductible temporary differences not recognised as deferred tax assets	456,416	237,077
Adjustments in respect of current income tax of previous years	76,853	(159,858)
Effect of interest expense of perpetual bonds	(646,532)	(356,030)
Others	95,634	(11,209)
Income tax expense at the Group's effective tax rate	5,836,217	5,781,878

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 2021

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

62. 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.

	<i>RMB'000</i>	
Item	2021	2020
Earnings		
Net profit attributable to shareholders of the Company	24,690,556	22,392,983
Including: profit or loss from continuing operations	24,690,556	22,392,983
Less: attributable to holder of other equity instruments (Note V. 46)	2,954,557	2,024,338
Net profit attributable to ordinary shareholders	21,735,999	20,368,645
Shares		
Number of the outstanding ordinary shares of the Company	13,579,541,500	13,579,541,500
Basic earnings per share (RMB/share)	1.60	1.50
Diluted earnings per share (RMB/share) (Note)	1.60	1.44

Note: A Coupon Convertible Bond at USD 500 million with the issue date on 29 January 2016 has been taken into consideration.

63. Notes to items in the statement of cash flows

	<i>RMB'000</i>	
Item	2021	2020
(1) Cash received from other operating activities:		
Security deposit and cash pledged	5,636,466	1,350,916
Sale of raw materials	3,300,219	1,937,045
Project financing received	1,261,854	3,591,541
Others	17,728,618	15,951,129
Total	27,927,157	22,830,631

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

63. Notes to items in the statement of cash flows (Continued)

<i>RMB'000</i>		
Item	2021	2020
(2) Cash paid for other operating activities:		
Advertising and publicity expenses	1,816,204	1,641,838
Office and travelling expenses	1,475,517	1,144,771
Repair and maintenance costs	460,806	439,423
Others	14,208,826	10,795,116
Total	17,961,353	14,021,148

<i>RMB'000</i>		
Item	2021	2020
(3) Cash paid for other financing activities:		
Redemption of other equity instruments	17,399,999	2,001,000
Acquisition of non-controlling interests	12,087	69,848
Cash paid for lease liabilities	2,704,372	2,391,626
Total	20,116,458	4,462,474

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

64. Supplementary information to the consolidated statement of cash flows

(1) Supplementary information to the statement of cash flows

	2021	2020
		<i>RMB'000</i>
Reconciliation of net profit to cash flows generated from operating activities:		
Net profit	29,315,202	25,708,674
Add: Impairment losses on assets	1,589,571	1,023,339
Impairment of credit losses	8,276,911	2,701,879
Depreciation of fixed assets	14,854,369	14,236,618
Depreciation of right-of-use assets	1,866,060	2,121,504
Amortisation of intangible assets	1,362,954	990,169
Amortisation of investment properties	269,610	190,017
Amortisation of long-term prepayments	198,056	207,772
Gains from disposal of fixed assets, intangible assets and other long-term assets	(545,498)	(515,870)
(Gains)/Losses on fair value changes	243,222	(105,833)
Finance costs	5,692,086	5,262,583
Investment income	(3,765,663)	(1,844,663)
(Decrease)/Increase in deferred tax assets	(1,629,181)	64,703
(Decrease) Increase in deferred tax liabilities	14,315	(79,574)
Increase in inventories	(47,410,891)	(37,841,060)
Increase in contract assets	(31,742,317)	(10,572,334)
Increase in operating receivables	(27,952,655)	(10,828,377)
Increase in operating payables	39,774,013	49,530,992
Decrease/(Increase) in the deposits with the central bank	2,285,925	(141,291)
Net cash flows used in operating activities	(7,303,911)	40,109,248

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

64. 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	2021	2020
Cash at the end of the year	102,421,626	160,935,485
Less: Opening balance of cash	160,935,485	134,751,232
Add: Closing balance of cash equivalents	7,320,235	6,734,011
Less: Opening balance of cash equivalents	6,734,011	5,542,384
Net increase in cash and cash equivalents	(57,927,635)	27,375,880

(2) Cash and cash equivalents

	<i>RMB'000</i>	
Item	31 December 2021	31 December 2020
Cash	102,421,626	160,935,485
Including: Cash on hand	59,533	63,475
Cash with banks/financial institutions without restriction	102,362,093	160,872,010
Cash equivalents	7,320,235	6,734,011
Closing balance of cash and cash equivalents	109,741,861	167,669,496

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

65. Assets with title restrictions

RMB'000

Item	31 December 2021	31 December 2020	Reason
Inventories	45,426,209	36,791,724	Mortgaged for loans
Intangible assets	50,867,556	64,215,766	Pledged for loans/ Mortgaged for loans
Other non-current assets	25,963,981	7,526,905	Pledged for loans
Cash and bank balances	11,221,219	14,100,437	<i>Note</i>
Bills receivable	131,750	926,823	Pledged for loans
Construction in progress	1,391,992	681,746	Mortgaged for loans
Trade receivables	1,059,077	1,167,023	Pledged for loans
Fixed assets	273,348	60,290	Mortgaged for loans
Long-term receivables	-	10,472,021	Pledged for loans
Total	136,335,132	135,942,735	-

Note: As at 31 December 2021, the Group held frozen deposits of RMB1,928,751,000 (31 December 2020: RMB794,376,000). The residual amount of RMB4,880,107,000 (31 December 2020: RMB6,607,775,000) was comprised of several kinds of deposits. CRCC Finance Company Limited placed RMB4,412,361,000 (31 December 2020: RMB6,698,286,000) in the central bank as statutory reserves.

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

66. Foreign currency monetary items

31 December 2021:

Item	<i>RMB'000</i>		
	Closing balance of foreign currencies (<i>'000</i>)	Exchange rate	Closing balance in RMB
Cash and bank balances			5,474,354
Including: U.S. Dollar	690,438	6.3757	4,402,024
Euro	62,201	7.2197	449,072
Others			623,258
Trade receivables			1,991,832
Including: U.S. Dollar	174,229	6.3757	1,110,829
Algeria Dinars	10,923,628	0.0457	499,199
Others			381,804
Other receivables			266,749
Including: U.S. Dollar	20,348	6.3757	129,731
Others			137,018
Trade payables			518,301
Including: U.S. Dollar	40,935	6.3757	260,988
Algeria Dinars	415,064	0.0457	18,968
Others			238,345
Other payables			171,359
Including: U.S. Dollar	9,831	6.3757	62,677
Others			108,682
Short-term loans			2,012,974
Including: U.S. Dollar	70,000	6.3757	446,299
Others	217,000	7.2197	1,566,675
Long-term loans (Including long-term loans due within one year)			2,619,974
Including: U.S. Dollar	252,650	6.3757	1,610,821
Euro	139,778	7.2197	1,009,153
Bonds payable (including current portion of bonds payable)			7,284,477
Including: U.S. Dollar	802,198	6.3757	5,114,572
Euro	300,553	7.2197	2,169,905

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

VI. CHANGES OF CONSOLIDATION SCOPE

In 2021, the Company established wholly-owned subsidiaries, i.e., China Railway Construction Treasury Management (Hong Kong) Co., Ltd. and China Railway Construction Southwest Investment Co. Ltd. In addition, the scope of the consolidated financial statements of the Group has not changed significantly compared with the previous year.

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	-

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

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 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	1,052,500	100.00	-
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	5,333,497	71.93	0.36
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 2021

VII. EQUITY IN OTHER ENTITIES (Continued)

1. Subsidiaries (Continued)

(2) The subsidiaries with significant non-controlling interests are listed as follows:

31 December 2021:

RMB'000

Subsidiary	Shareholding proportion <i>(Note)(%)</i>	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 <i>(Note)</i>
China Railway Construction Investment Group Co., Ltd.	12.66	1,016,299	926,676	14,439,003
CRCC Kunlun Investment Group Co., Ltd.	29.23	604,039	270,227	5,087,352
China Railway 11th Bureau Group Co., Ltd.	18.38	365,738	318,674	3,970,978
China Railway Construction Heavy Industry Corporation Limited <i>(Note V,42)</i>	27.71	697,370	–	3,948,128
China Railway Construction Group Co., Ltd.	14.36	179,210	299,845	3,220,261

Note: The mentioned above subsidiaries issued financial instruments, such as outstanding renewable corporate bonds, medium-term notes or renewable loans, which are recognized in other equity instruments and presented under the line item of "non-controlling interests" in the consolidated balance sheet of the Group. The shareholding proportion of minority shareholders of these subsidiaries represents the proportion of equity interests held by minority shareholders other than holders of other equity instruments.

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

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	31 December 2021					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
China Railway Construction Investment Group Co., Ltd.	33,645,273	114,252,790	147,898,063	53,173,830	60,498,922	113,672,752
CRCC Kunlun Investment Group Co., Ltd.	13,006,265	24,942,696	37,948,961	18,246,202	5,181,009	23,427,211
China Railway 11th Bureau Group Co., Ltd.	46,982,576	13,527,596	60,510,172	44,842,966	1,282,240	46,125,206
China Railway Construction Heavy Industry Corporation Limited	14,336,068	8,329,757	22,665,825	7,070,027	1,402,717	8,472,744
China Railway Construction Group Co., Ltd.	75,413,031	14,360,314	89,773,345	74,615,026	3,334,657	77,949,683

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 Heavy Industry Corporation Limited	10,114,765	6,945,050	17,059,815	8,124,905	637,913	8,762,818
China Railway Construction Group Co., Ltd.	65,375,626	11,121,202	76,496,828	61,502,496	3,505,419	65,007,915

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

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	2021			
	Revenue	Net profit	Total comprehensive income	Net cash flows generated from operating activities
China Railway Construction Investment Group Co., Ltd.	35,516,022	2,292,856	2,523,880	6,145,872
CRCC Kunlun Investment Group Co., Ltd.	30,302,421	1,997,912	1,997,912	5,379,173
China Railway 11th Bureau Group Co., Ltd.	84,898,899	1,505,725	1,509,740	18,803
China Railway Construction Heavy Industry Corporation Limited	9,517,287	1,735,709	1,734,916	(1,484,088)
China Railway Construction Group Co., Ltd.	85,773,943	39,049	28,599	(3,977,167)

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
CRCC Kunlun Investment Group Co., Ltd.	28,539,844	1,753,201	1,753,201	5,116,901
China Railway 11th Bureau Group Co., Ltd.	70,685,909	1,368,986	1,374,946	2,353,198
China Railway Construction Heavy Industry Corporation Limited	7,610,745	1,567,885	1,572,875	(334,844)
China Railway Construction Group Co., Ltd.	72,023,447	1,044,778	1,051,069	(2,339,338)

As of December 31, 2021, the information of bonds, renewable corporate bonds and medium-term notes publicly issued by the above subsidiaries is listed as follows:

RMB'000

Subsidiary	Amount
China Railway Construction Investment Group Co., Ltd.	13,483,905
China Railway 11th Bureau Group 5th Engineering Co., Ltd.	2,497,500

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

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 Construction & Investment	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

Major financial information of principle joint ventures

RMB'000

	31 December 2021/For the year ended 31 December 2021		31 December 2020/For the year ended 31 December 2020	
	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	932,758	482,376	2,260,207	271,270
Including: Cash and cash equivalents	149,062	468,988	976,668	199,884
Non-current assets	14,023,178	36,185,579	12,959,133	32,873,476
Total assets	14,955,936	36,667,955	15,219,340	33,144,746
Current liabilities	2,074,604	1,531,405	2,349,258	326,243
Non-current liabilities	5,669,054	28,094,874	5,858,032	25,793,903
Total liabilities	7,743,658	29,626,279	8,207,290	26,120,146

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

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 2021/For the year ended 31 December 2021		31 December 2020/For the year ended 31 December 2020	
	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	7,212,278	7,041,676	7,012,050	7,024,600
The net assets multiplied by the shareholding proportion	3,678,262	3,520,838	3,576,146	3,512,300
Adjustment event				
- Others	25,338	-	34,518	112,300
Carrying amount of investments in the joint ventures attributable to the Group	3,703,600	3,520,838	3,610,664	3,624,600
Revenue	961,702	55,923	232,915	-
Finance costs	279,495	154,678	71,088	-
Income tax expenses	(15,817)	-	(9,354)	-
Net profit	182,228	(207,524)	35,035	-
Other comprehensive income	-	-	-	-
Total comprehensive income	182,228	(207,524)	35,035	-
Dividends from joint ventures for the year	-	-	-	-

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

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 2021/For the year ended 31 December 2021		31 December 2020/For the year ended 31 December 2020	
	Hengda Real Estate (Shenzhen) Co., Ltd.	CRCC Financial Leasing Co., Ltd.	Hengda Real Estate (Shenzhen) Co., Ltd.	CRCC Financial Leasing Co., Ltd.
Total assets	11,696,071	45,571,252	11,298,169	46,192,054
Total liabilities	7,003,975	39,700,512	6,607,915	40,606,790
Non-controlling interests	–	–	–	–
Total equity attributable to owners of the company	4,692,096	5,870,740	4,690,254	5,585,264
The net assets multiplied by the shareholding proportion	2,299,127	2,935,370	2,298,224	2,792,632
Adjustment event				
– Unrealized profits of intra-group transactions	(127,849)	(310,670)	(127,849)	(339,636)
– Others	14,245	(1,894)	15,148	(2,447)
Carrying amount of investments in the associates attributable to the Group	2,185,523	2,622,806	2,185,523	2,450,549
Revenue	2,025	4,160,640	916	4,545,063
Finance costs	–	–	(72)	–
Income tax expenses	–	161,465	–	211,647
Net profit	1,842	453,539	(435)	622,455
Other comprehensive income	–	–	–	–
Total comprehensive income	1,842	453,539	(435)	622,455
Dividends from associates for the year	–	84,031	–	–

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

VII. EQUITY IN OTHER ENTITIES (Continued)

2. Equity in joint ventures and associates (Continued)

Major financial information of principle joint ventures (Continued)

The aggregate financial information of the individually insignificant joint ventures:

RMB'000

Item	31 December 2021	31 December 2020
Shares of net profit of the joint ventures attributable to the Group	1,746,907	844,073
Shares of total comprehensive income of the joint ventures attributable to the Group	1,746,907	844,073
Carrying amount of investments in the joint ventures attributable to the Group	38,359,962	25,456,529

The aggregate financial information of the individually insignificant associates:

RMB'000

Item	31 December 2021	31 December 2020
Shares of net profit of the associates attributable to the Group	806,908	482,397
Shares of other comprehensive income (loss) of the associates attributable to the Group	(91,448)	(197,315)
Shares of total comprehensive income of the associates attributable to the Group	715,460	285,082
Carrying amount of investments in the associates attributable to the Group	47,770,788	33,293,174

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

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, 2021 the scale of major structured entities that the Group participated in and that were not included in the consolidated financial statements totaled approximately RMB23,975,318,000 (31 December, 2020: RMB22,870,846,000). Among them, the subscription amount of the Group was approximately RMB8,244,496,000 (31 December, 2020: RMB4,028,222,000) and that of other investors was approximately RMB15,730,822,000 (31 December, 2020: 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, 2021, the actual subscription amount paid by the Group was approximately RMB1,953,541,000 (31 December, 2020: RMB1,251,767,000), of which RMBNil (31 December, 2020: RMB76,637,000) was accounted in held-for-trading financial assets and RMB1,953,541,000 (31 December, 2020: 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, 2021 the Group's cumulative issuance amount of asset-backed securities and asset-backed notes was RMB68,688,020,000(31 December, 2020: RMB44,724,699,000). The subordinated tranche of the asset-backed securities and asset-backed notes was RMB2,619,000,000 (31 December, 2020: RMB2,387,840,000). On December 31, 2021, the subordinated tranche of asset-backed securities and asset-backed notes held by the Group was RMB530,250,000(31 December, 2020: RMB401,250,000), of which RMB156,250,000 (31 December, 2020: RMB305,000,000) was accounted in held-for-trading financial assets and RMB374,000,000 (31 December,2020: RMB96,250,000) was accounted in other non-current financial assets.

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

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 2021:

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	-	-	-	12,729,240	12,729,240
Trade receivables	-	-	-	155,677,298	155,677,298
Receivables at FVTOCI	2,475,096	-	-	-	2,475,096
Loans and advances to customers	-	-	-	2,981,281	2,981,281
Other receivables (excluding petty cash)	-	-	-	63,338,121	63,338,121
Other current assets	-	-	-	2,712,510	2,712,510
Long-term receivables	-	-	-	55,150,088	55,150,088
Cash and bank balances	-	-	-	126,821,154	126,821,154
Held-for-trading financial assets	-	-	460,063	-	460,063
Debt investments	-	-	-	9,974,392	9,974,392
Other debt investments	1,008,820	-	-	-	1,008,820
Other equity instrument investments	-	11,621,685	-	-	11,621,685
Other non-current financial assets	-	-	4,531,803	-	4,531,803
Current portion of non-current assets	16,660	-	-	10,957,889	10,974,549
Total	3,500,576	11,621,685	4,991,866	440,341,973	460,456,100

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

VIII. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (Continued)

1. Financial instruments by category (Continued)

The carrying amount of each category of financial instruments at the balance sheet date are as follows: (Continued)

31 December 2021: (Continued)

Financial liabilities

RMB'000

Item	Other financial liabilities	Total
Short-term loans	46,057,400	46,057,400
Due to customers	1,588,529	1,588,529
Bills payable	90,733,401	90,733,401
Trade payables	362,063,566	362,063,566
Other payables	94,391,304	94,391,304
Current portion of non-current liabilities (excluding current portion of long-term employee benefits payable, provisions and lease liabilities)	36,766,269	36,766,269
Other current liabilities	561,236	561,236
Long-term loans	115,044,574	115,044,574
Bonds payable	29,534,875	29,534,875
Long-term payables (excluding special payables)	23,067,101	23,067,101
Other non-current liabilities	384,057	384,057
Total	800,192,312	800,192,312

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

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 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	-	-	-	69,398,137	69,398,137
Cash and bank balances	-	-	-	187,997,046	187,997,046
Held-for-trading financial assets	-	-	587,022	-	587,022
Debt investments	-	-	-	5,074,312	5,074,312
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 2021

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 2021

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 2021, the Group had endorsed and discounted bank acceptance bills which are not yet due amounting to RMB4,839,418,000 (31 December 2020: RMB3,870,101,000). As at 31 December 2021, 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 2021, 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 2021, 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 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 2021

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 bills receivable, 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, receivables at FVTOCI, other receivables, debt investments, other 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. Customer type and aging information may reflect these customers' solvency in regard of such trade receivables. The Group's management classifies the trade receivables into different portfolios based on credit risk characteristics. The Group calculates the historical actual loss rate by different customer types and different aging periods based on historical data and, through regression analysis, determines the relationship between the historical actual loss rate and economic indicators, such as GDP growth, CPI. Based on the forecasted future relevant economic indicators, the Group estimates the credit loss rates. The Group's management classifies contract assets and long-term receivables into different portfolios based on their credit risk characteristics expect for contract assets or long-term receivables that are individually significant and credit-impaired. On the basis of the historical actual loss rate, the Group takes account of forward-looking information mentioned above and then determines the credit loss rates and provision matrix to evaluate expected credit losses of contract assets and long-term receivables. The Group adjusted its customer credit risk portfolio due to its changing business and customer portfolio, macro-economic changes and specific industry factors so that the portfolio classification could reflect credit risk characteristics of customers.

For account receivables, contract assets and long-term receivables that are individually significant and credit-impaired, the Group made separate credit loss assessment on individual basis. Based on the credit-impaired evidence and forward-looking information, The Group determines the expected credit loss by the difference between carrying amounts of these financial assets and the present value discounted by the original effective interest rate of expected cash flows.

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

VIII. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (Continued)

3. Financial instrument risks (Continued)

Credit risk (Continued)

At present, strict national financial supervision has become the norm, the capital market environment has become increasingly complex, and debt explosions of individual industries, large state-owned enterprises and private enterprises have been occurring from time to time. The Group's trade receivables and other financial assets due from these customers are credit-impaired. These financial assets were originated from different contracts several subsidiaries of the Company entered into with different customers. The Group estimates future cash flows and the collection schedule based on these customers' financial position, liquidity information, collateral and other information. The Group calculates the weighted credit loss rates based on future economic scenarios, scenario weights and loss rates under different economic scenarios. The Group calculates the present value of future cash flows of these financial assets and then determines the expected credit losses. In 2021, the Group has made a provision of RMB 4,607 million for credit impairment of account receivables and other financial assets and contract assets due from a real estate industry customer. The key assumptions of credit loss assessment including: credit loss rate, forward-looking information and discount rate. The Group determines the credit loss rate of the financial assets mentioned above with reference to the credit loss rate of comparable credit-rating financial instruments. Through historical data analysis, the relationship between the credit loss rate and macro-economic indicators is identified to determine forward-looking information. The Group has identified GDP growth and CPI growth as relevant macro-economic indicators. For the discount rate, the Group uses the effective interest rate or its proxies determined at the recognition of the financial asset to discount cash flows.

For other financial assets, the Group calculates the ECL through default exposure and the expected credit loss rate for the next 12 months or the full lifetime.

As at 31 December 2021, 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 2021	145,870,382	22,275,994	168,146,376
	Impairment of credit losses		
	Not credit impaired	Credit impaired	Total
1 January 2021	3,959,662	4,308,160	8,267,822
Transferred to impairment of credit losses occurred	(80,129)	80,129	–
Transferred out impairment of credit losses occurred	75,423	(75,423)	–
Provision for the year	2,900,716	4,531,050	7,431,766
Reversal for the year	(1,443,054)	(302,954)	(1,746,008)
Write-off for the year	–	(1,231,418)	(1,231,418)
Others	(241,327)	(11,757)	(253,084)
31 December 2021	5,171,291	7,297,787	12,469,078

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

VIII. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (Continued)

3. Financial instrument risks (Continued)

Credit risk (Continued)

The movements of impairment losses for contract assets for the year ended 31 December 2021 are listed as follows :

RMB'000

	Gross carrying amount		
	Not credit impaired	Credit impaired	Total
31 December 2021	177,115,373	25,051,791	202,167,164

	Impairment of credit losses		
	Not credit impaired	Credit impaired	Total
1 January 2021	895,384	4,572,873	5,468,257
Transferred to impairment of credit losses occurred	(24,130)	24,130	–
Provision for the period	688,743	470,395	1,159,138
Reversal for the period	(567,136)	(134,838)	(701,974)
Others	(27,442)	(46,443)	(73,885)
31 December 2021	965,419	4,886,117	5,851,536

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

VIII. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (Continued)

3. Financial instrument risks (Continued)

Credit risk (Continued)

As at 31 December 2021, 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		
	Not credit impaired	Credit impaired	Total
31 December 2021	35,137,939	987,697	36,125,636

	Impairment of credit losses		
	Not credit impaired	Credit impaired	Total
1 January 2021	191,678	408,786	600,464
Transferred to impairment of credit losses occurred	(3,884)	3,884	–
Transferred out impairment of credit losses occurred	31,660	(31,660)	–
Provision for the year	133,052	107,990	241,042
Reversal for the year	(82,690)	(13)	(82,703)
Write-off for the year	–	(4,144)	(4,144)
Others	4,722	85	4,807
31 December 2021	274,538	484,928	759,466

As at 31 December 2021, 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 104,176,653,000 (2020:RMB72,083,217,000), with no credit impaired. The Group recognises loss provision amounting to RMB1,645,581,000 (2020 : RMB957,149,000) based on lifetime ECL.

As at 31 December 2021, external financial guarantees and mortgages for real estate development operations provided by the Group amounted to RMB2,660,213,000 and RMB26,025,745,000 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 2021, 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.

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

VIII. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (Continued)

3. Financial instrument risks (Continued)

Credit risk (Continued)

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.

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 2021, 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 2021, the Group has 35.4% of loans and bonds payable that would expire within one year (As at 31 December 2020: 35.1%).

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

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 2021					Total
	On demand	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	
Short-term loans	-	46,872,244	-	-	-	46,872,244
Due to customers	1,588,529	-	-	-	-	1,588,529
Bills payable	-	90,733,401	-	-	-	90,733,401
Trade payables	-	362,063,566	-	-	-	362,063,566
Other payables	-	94,391,304	-	-	-	94,391,304
Current portion of non-current liabilities (excluding current portion of long-term employee benefits payable and provisions)	-	39,313,321	-	-	-	39,313,321
Other current liabilities	-	561,236	-	-	-	561,236
Long-term loans	-	5,418,582	31,651,378	49,122,216	65,543,822	151,735,998
Bonds payable	-	1,525,633	10,154,267	19,846,999	1,134,411	32,661,310
Long-term payables (excluding special payables)	-	-	12,518,402	7,648,373	4,040,959	24,207,734
Lease liabilities	-	-	1,305,402	1,407,542	776,120	3,489,064
Other non-current liabilities	-	-	384,057	-	-	384,057
Financial guarantees (Note XI.3)(excluding the real estate mortgage guarantee)	2,660,213	-	-	-	-	2,660,213
Total	4,248,742	640,879,287	56,013,506	78,025,130	71,495,312	850,661,977

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

VIII. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (Continued)

3. Financial instrument risks (Continued)

Liquidity risk (Continued)

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 2021

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 2021, floating interest rate loans and fixed interest rate loans accounted for approximately 81.05% and 18.95% 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% (2020: 0.25%), with all other variables held constant, the consolidated operating results would have decreased/increased by approximately RMB158,776,000 in 2021 (2020: RMB150,009,000), 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 2021 and the exposure to interest rate risk has been applied to those borrowings in existence at that date. The estimated 0.25 % (2020: 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 2021

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 2021 in order to reduce the Group's exposure to foreign currency risk in this regard (31 December 2020: 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.

2021:

RMB'000

Item	Exchange Rate Increase/ (Decrease)	Net profit or loss Increase/ (Decrease)	Total equity Increase/ (Decrease)
Increase in the United States dollar rate	6%	(143,495)	(143,495)
Decrease in the United States dollar rate	(6%)	143,495	143,495
Increase in the Euro rate	5%	(178,415)	(178,415)
Decrease in the Euro rate	(5%)	178,415	178,415
Increase in the Algerian dinar rate	8%	41,234	41,234
Decrease in the Algerian dinar rate	(8%)	(41,234)	(41,234)

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

VIII. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (Continued)

3. Financial instrument risks (Continued)

Market risk (Continued)

Foreign currency risk (Continued)

2020:

	<i>RMB'000</i>		
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)

The sensitivity analysis above has been determined assuming that the changes in foreign exchange rates had occurred as at 31 December 2021 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 2021

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 2021 and 31 December 2020.

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:

RMB'000

Item	31 December 2021	31 December 2020
Short-term loans	46,057,400	49,879,073
Long-term loans	115,044,574	111,018,145
Due to customers	1,588,529	4,815,608
Bills payable	90,733,401	84,290,956
Trade payables	362,063,566	349,327,324
Other payables	94,391,304	79,595,459
Current portion of non-current liabilities (excluding current portion of long-term employee benefits payable and provisions)	38,440,062	28,337,179
Other current liabilities	561,236	2,417,770
Bonds payable	29,534,875	26,111,854
Long-term payables (excluding special payables)	23,067,101	13,615,008
Lease liabilities	2,889,378	2,677,405
Other non-current liabilities	384,057	85,250
Less: Cash and bank balances	126,821,154	187,997,046
Net debt	677,934,329	564,173,985
Attributable to shareholders' equity of the Company	268,789,292	254,297,762
Non-controlling interests	77,703,704	59,341,328
Total equity	346,492,996	313,639,090
Total equity and net debt	1,024,427,325	877,813,075
Gearing ratio	66%	64%

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

IX. DISCLOSURE OF FAIR VALUE

1. Assets and liabilities measured at fair value

RMB'000

31 December 2021	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	–	2,475,096	–	2,475,096
Held-for-trading financial assets	259,605	–	200,458	460,063
Other debt investments	–	1,008,820	–	1,008,820
Current portion of other debt investments	–	16,660	–	16,660
Other equity instrument investments	1,756,005	–	9,865,680	11,621,685
Other non-current financial assets	92,416	–	4,439,387	4,531,803
Sum of assets under continuous measurement of fair value	2,108,026	3,500,576	14,505,525	20,114,127

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

IX. DISCLOSURE OF FAIR VALUE (Continued)

1. Assets and liabilities measured at fair value (Continued)

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 2021

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 2021	Valuation technique(s)	Key input(s)
Receivables at FVTOCI	2,475,096	Discounted cash flows	Discount rates for bank acceptance bills in the same term
Other debt investments	1,008,820	Discounted cash flows	Market average rate of return with the category in the same term
Current portion of other debt investments	16,660	Discounted cash flows	Market average rate of return with the category in the same term
Total	3,500,576	–	–

Quantitative information of fair value measurement at Level 3:

RMB'000

Item	Fair value as at 31 December 2021	Valuation technique(s)	Significant unobservable input(s)
Held-for-trading financial assets	157,250	Discounted cash flows	Future cash flows discounted at rates that reflected the expected risk level
Other equity instrument investments	9,865,680	Market method	Discount rate for lack of market mobility
Held for trading financial assets / Other non-current financial assets – call options for unlisted entities	2,013,157	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	2,469,438	Discounted cash flows	Future cash flows discounted at rates that reflected the expected risk level
Sum of assets under continuous measurement of fair value	14,505,525	–	–

Fair value of listed equity instruments is determined based on a quoted market price.

For the year of 2021, 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 2021

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 2021	31 December 2020	31 December 2021	31 December 2020
Long-term loans	115,044,574	111,018,145	115,610,667	111,340,614
Bonds payable	29,534,875	26,111,854	31,129,380	26,443,445

Note: Fair value of long-term loans and bonds payable 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 2021, 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 2021

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

3. Joint venture and associate

Company name	Related party relationship
CRCC-HC-CR15G Joint Venture	Joint venture
Beijing Jiehai 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
Changzhou China Railway Blue Flame Component Co., Ltd.	Joint venture
Chengdu Wuhou District Yale Real Estate Development Co., Ltd.	Joint venture
Chengdu Tiecheng Real Estate Co., Ltd.	Joint venture
Chengdu China Railway Huaifu Real Estate Co., Ltd.	Joint venture
Chengdu Zhongwan Yixing Real Estate Co., Ltd.	Joint venture
Dalian Wancheng Zhiguang Real Estate Co., Ltd.	Joint venture
Deqing Jingsheng Real Estate Development Co., Ltd.	Joint venture
Foshan City Shunde District Shunhao Real Estate Co., Ltd.	Joint venture
Fuzhou Xincheng Real Estate Co., Ltd.	Joint venture
Guangzhou City Longguang Junshen Real Estate Co., Ltd.	Joint venture
Guangzhou Suiyun Real Estate Co., Ltd.	Joint venture
Guangzhou Zengcheng District Shunxuan Real estate Co., Ltd.	Joint venture
Guangzhou Xintie Xinjian Investment Co., Ltd.	Joint venture
Guizhou Guijin Expressway Co., Ltd.	Joint venture
Guizhou Zhongguang Wenchuang City Real Estate Co., Ltd.	Joint venture
Hangzhou Genshan East Road Crossing Tunnel Management Co., Ltd.	Joint venture
Hangzhou Jianshen Real Estate Co., Ltd.	Joint venture
Hangzhou Jingke Real Estate Co., Ltd.	Joint venture
Hengyang Hengshan Science City Zhiyuan Development and Construction Co., Ltd.	Joint venture
Hohhot Metro Line 2 Construction & Management Co., Ltd.	Joint venture
Hohhot Jiantong Rail Engineering Co., Ltd.	Joint venture
Jiangmen Jiangwan Nanguang Investment Development Co., Ltd.	Joint venture
Jiangyin China Railway Construction Kunlun City Development Co., Ltd.	Joint venture
Kunming Metro Line 5 Construction & Operation Co., Ltd.	Joint venture
Kunming Kunlun Shouzhi Real Estate Co., Ltd.	Joint venture
Kunming Qiping Real Estate Co., Ltd.	Joint venture
Kunming Tiexin Construction Management Co., Ltd.	Joint venture
Lin'an Changxi Investment and Construction Management Co., Ltd.	Joint venture
Nanjing Jingrui Real Estate Investment Co., Ltd.	Joint venture

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

3. Joint venture and associate (Continued)

Company name	Related party relationship
Nanjing Jiangbei New Area Guanglian Pipeline Corridor Construction Co., Ltd.	Joint venture
Nanjing Xincheng Guanghong Real Estate Co., Ltd.	Joint venture
Ningbo Jinghai Investment Management Co., Ltd.	Joint venture
Ningbo Jingwan Investment Management Co., Ltd.	Joint venture
Qingdao Blue Silicon Valley Intercity Rail Transit Co., Ltd.	Joint venture
Shanghai Hongjun Real Estate 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
Sichuan Chengmian Cangba Highway Co., Ltd.	Joint venture
Sichuan Nansuitong Expressway Co., Ltd.	Joint venture
Sichuan Suide Expressway Co., Ltd.	Joint venture
Sichuan Tianfu Airport Expressway Co., Ltd.	Joint venture
Suzhou Jinghong Real Estate Development Co., Ltd.	Joint venture
Taiyuan Rail Transit Line 1 Construction & Operation Co., Ltd.	Joint venture
Taiyuan Rongchuang Huifeng Real Estate Co., Ltd.	Joint venture
Tianjin Wanhe Real Estate Co., Ltd.	Joint venture
Tianjin China Railway Yuhua Real Estate Co., Ltd.	Joint venture
Wuhu Changjiang Tunnel Co., Ltd.	Joint venture
Wuhan Tongsui Construction & Investment Co., Ltd.	Joint venture
Xi'an China Railway Jingmao Real Estate Co., Ltd.	Joint venture
Xixian New Area Xingchengrenju Real Estate Co., Ltd.	Joint venture
Xuzhou Metro Line 2 Rail Transit Investment & Development Co., Ltd.	Joint venture
Yunnan Luqiu Guangfu Expressway Investment & Development Co., Ltd.	Joint venture
Changsha Yuchi River Area Development & Investment Co., Ltd.	Joint venture
PetroChina & CRCC Petroleum Marketing Co., Ltd.	Joint venture
CRCC Real Estate Group Ningbo Jingping Real Estate Co., Ltd.	Joint venture
CRCC Kunlun Yunnan Real Estate Co., Ltd.	Joint venture
CRCC Shaanxi Highway Co., Ltd.	Joint venture
CRCC Yudongnan (Chongqing) Expressway Co., Ltd.	Joint venture
Chongqing Rail Transit Line 18 construction and Operation Co., Ltd.	Joint venture
Chongqing Jianlian New Real Estate Co., Ltd.	Joint venture
Chongqing Tiefa Jianxin Highway Co., Ltd.	Joint venture
Chongqing Tiefa Shuanghe Expressway Co., Ltd.	Joint venture

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

3. Joint venture and associate (Continued)

Company name	Related party relationship
Chongqing Yonglu Expressway Co., Ltd.	Joint venture
Chongqing Yuxiang Fuxian Highway Co., Ltd.	Joint venture
Changzhou Jingrui Real Estate Development Co., Ltd.	Joint venture
Chengdu Lugang Real Estate Co., Ltd.	Joint venture
China Railway Construction Real Estate Group Suzhou Real Estate Co., Ltd.	Joint venture
China Railway Construction & Investment Xi'an City Development Co., Ltd	Joint venture
China Railway First Survey and Design Institution Group Shandong Architecture Design Institute Co., Ltd.	Joint venture
Chongqing Pinjinyue Real Estate Co., Ltd.	Joint venture
Guiyang Changda Rail Transit Construction Co. Ltd.	Joint venture
Jiangsu Yancheng tietou Construction Development Co., Ltd.	Joint venture
Jiangsu Yinbao Gangkai Construction Co., Ltd.	Joint venture
CRCC Shaanxi Meitai Expressway Co., Ltd.	Joint venture
Guizhou Jianli Highway Co., Ltd.	Joint venture
Guizhou Tongxin Expressway Development Co., Ltd.	Joint venture
Nanchang Xintiecheng Construction Co., Ltd.	Joint venture
CRCC (Tianjin)Rail Transit Investment & Development Co., Ltd.	Joint venture
Chongqing Danei Expressway Co., Ltd.	Joint venture
Changchun Jingde Real Estate Development Co., Ltd.	Joint venture
China Railway Construction Investment (Shenyang) urban development and Construction Co., Ltd.	Joint venture
Changde Yuanjiang Tunnel Co., Ltd.	Associate
Chengdu Yueran Real Estate Co., Ltd.	Associate
Fuzhou North Railway Station South Square Construction & Development Co., Ltd.	Associate
Gansu Dundang Highway Project Management Co., Ltd.	Associate
Gansu Gonghanglv Lan-A Highway Management Co., Ltd.	Associate
Guansu Gonghanglv Longzhang Expressway Management Co., Ltd.	Associate
Gansu tietou Materials Co., Ltd.	Associate
Gansu Zhuzhong Railway Co., Ltd.	Associate
Guangde Railway Construction Chuangxin Investment Partnership (Limited Partnership)	Associate
Guangde CRCC Daqin Investment Partnership Enterprise (Limited Partnership)	Associate
Guangde CRCC Blue Ocean Fengjian Investment Center (Limited Partnership)	Associate
Guangde CRCC Blue Ocean Longxin Investment Center (Limited Partnership)	Associate
Guangzhou Hongjia Real Estate Co., Ltd.	Associate
Guangzhou Hongxuan Real Estate Co., Ltd.	Associate
Guangzhou Huangpu Light Rail Line 1 Investment Construction Co., Ltd.	Associate
Guangzhou Jingye Real Estate Co., Ltd.	Associate
Guangzhou Baorui Real Estate Co., Ltd.	Associate
Guangzhou ShengDu Investment Development Co., Ltd.	Associate

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

3. Joint venture and associate (Continued)

Company name	Related party relationship
Guizhou Wengma Railway Limited Co., Ltd.	Associate
CRCC Guizhou Engineering Investment Co., Ltd	Associate
Guizhou Jinrentong Expressway Development Co., Ltd.	Associate
Hangqu Railway Co., Ltd.	Associate
Hangzhou Jiandejiang Investment Co., Ltd.	Associate
Hangzhou Xiashalu Tunnel Co., Ltd.	Associate
Hengda Real Estate (Shenzhen) Co., Ltd.	Associate
Hubei Provincial Communications Investment Ziyun Railway Co., Ltd.	Associate
Huizhou CRCC Harbor & Channel Engineering Bureau Infrastructure Investment Co., Ltd.	Associate
Jining CRCC Sihe Road Management Co., Ltd.	Associate
Jining Zhongtie Shengtong Urban Construction Development Co., Ltd.	Associate
Jiashan Chengfa Construction & Development Co., Ltd.	Associate
Jianyang Railway Construction Hexing Highway Investment Co., Ltd.	Associate
Jiangxi Wanshui Ecology Resource Development Co., Ltd.	Associate
Kunming Fuyi Highway Co., Ltd.	Associate
Kunming Sanqing Highway Co., Ltd.	Associate
Lanzhou Matan Pipeline Corridor Project Management Co., Ltd.	Associate
Linyi xinfenghuang land Co., Ltd.	Associate
Liaocheng Xurui Municipal Engineering Co., Ltd.	Associate
Liuzhou Zhongbei Construction Investment Management Co., Ltd.	Associate
CRCC Luoyang guozhan development and Construction Co., Ltd	Associate
Nanjing Yuanchen Real Estate Co., Ltd.	Associate
Ningbo Hangtong Prefabricated Components Engineering Co., Ltd.	Associate
Ningxia Inter-City Railway Co., Ltd.	Associate
Qingyuan Maglev Transportation Co., Ltd.	Associate
Shaanxi Huangpu Highway Co., Ltd.	Associate
Sichuan Jintou Project Investment Co., Ltd.	Associate
Taiyuan City Jinyuan East Zone Comprehensive Pipeline Corridor Construction & Management Co., Ltd.	Associate
Tianjin Tiejian Hongtu Fengchuang Investment Partnership(Limited Partnership)	Associate
Tianjin China Railway Guancheng Real Estate Co., Ltd.	Associate
Tianjin China Railway Jinyu Real Estate Co., Ltd.	Associate
China Railway Construction (Weinan) Chengwei Expressway Co., Ltd.	Associate
Wuhu China Railway Vossloh Cogifer Rail Co., Ltd.	Associate
Wuhan Lvyin Green Lawn Engineering Co., Ltd.	Associate
Wuhan Zhaorui Real Estate Co., Ltd.	Associate
Wuhan Qingfeng Construction & Investment Co., Ltd.	Associate
Xinjiang Taqia Highway Project Management Co., Ltd.	Associate

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

3. Joint venture and associate (Continued)

Company name	Related party relationship
Xinganmeng xingzhong Project Management Co., Ltd.	Associate
Yuxi China Railway Infrastructure Construction Co., Ltd.	Associate
Yunnan Chuda Expressway Investment and Development Co., Ltd.	Associate
Yunnan Kunchu Highway Investment & Development Co., Ltd.	Associate
Yunnan Gangcheng Infrastructure Construction Co., Ltd.	Associate
Zhejiang Jinsheng Constuction Development Co., Ltd.	Associate
Zhengzhou Jiaotou East Fourth Ring Project Management Co., Ltd.	Associate
CRCC (Guangzhou) North Railway Station Xincheng Investment Construction Co., Ltd.	Associate
CRCC (Shandong) Deshang Highway Co., Ltd.	Associate
CRCC (Shandong) Gaodong Highway Co., Ltd.	Associate
CRCC Dongfang Investment Construction (Cixi) Co., Ltd.	Associate
CRCC Gansu Zhangbian Highway Co., Ltd.	Associate
CRCC Financial Leasing Co., Ltd.	Associate
CRCC Ningxia Highway Co. Ltd.	Associate
CRCC Ningxia Ningdong Road And Bridge Investment Development Co., Ltd.	Associate
CRCC-Shandong Jinghu Highway Jile Co., Ltd.	Associate
CRCC Group Rongsheng Chengdu Tianfu New Area Investment Co., Ltd.	Associate
China Railway Construction port and Waterway Bureau Group	Associate
Changshou Changjiang Second Bridge Construction Co., Ltd.	Associate
CRCC Investment Weifang City Development and Construction Co., Ltd.	Associate
CRCC-Tongguan Investment Co., Ltd.	Associate
CRCC Investment (Ningbo) Development and Construction Co., Ltd.	Associate
CRCC Investment (Tianjin) Development and Construction Co., Ltd.	Associate
CRCC Investment (Tongxiang) Construction Management Co., Ltd.	Associate
CRCC Investment (Yancheng)urban development and Construction Co., Ltd.	Associate
CRCC Investment (Zhumadian) City Development Co., Ltd.	Associate
CRCC Investment Baoding urban development and Construction Co., Ltd.	Associate
CRCC Investment Jizhong development and Construction Co., Ltd.	Associate
CRCC Investment Langfang Development and Construction Co., Ltd.	Associate
CRCC Investment Luoyang Urban Development And Construction Co., Ltd.	Associate
CRCC Investment Shandong Xiaoqinghe Development Co., Ltd.	Associate
China Railway Construction and Investment Shanxi Expressway Co., Ltd.	Associate

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

3. Joint venture and associate (Continued)

Company name	Related party relationship
CRCC Xinjiang Jingxin Expressway Co., Ltd.	Associate
CRCC Real Estate Co., Ltd.	Associate
CITIC Railway Construction (Luoyang) Excavating Equipment Co., Ltd.	Associate
Chongqing Monorail Transit Engineering Co., Ltd.	Associate
Chongqing Tiefa Xiusong Highway Co., Ltd.	Associate
Chongqing Yurong Highway Co., Ltd.	Associate
Anqing Gaotie New Area Construction Investment Co., Ltd.	Associate
Gansu Gonghanglv Tianzhuang Highway Management Co., Ltd.	Associate
Jinan Tiesing Urban and Rural Construction Co., Ltd.	Associate
Longyan Hongsheng Cultural Tourism Investment Development Co., Ltd.	Associate
Taiyuan airport hub Real Estate Co., Ltd.	Associate
Taiyuan Existing Residential Energy Saving Transformation Project Management Co., Ltd.	Associate
Shanxi Lihuo Expressway Co., Ltd.	Associate
Zhejiang Hangyong Multiple Line Ningbo Highway Phase I Co., Ltd.	Associate
China Railway Construction Investment Jilin Changtai Expressway Co., Ltd.	Associate
Chengdu Urban Investment & Construction Technology Co., Ltd.	Associate
Guangzhou Nansha Kecheng Investment Development Co., Ltd.	Associate
Jintai infrastructure investment (Tianjin) partnership (limited partnership)	Associate
CRCC Shandong Jixu Expressway Jiyu Co., Ltd.	Associate
China Railway Construction Sichuan Dejian Expressway Co., Ltd.	Associate
China Railway Construction Investment Gaoyi Urban Development Co., Ltd.	Associate
China Railway Construction Investment Huanggang Construction and Development Co., Ltd.	Associate
Zhuhai Railway Construction Asia Investment Equity Investment Partnership (Limited Partnership)	Associate

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

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

5. Major related party transactions

		RMB'000	
Item		2021	2020
(1) Revenue from construction services	<i>Note 1</i>		
Sichuan Chengmian Cangba Highway Co., Ltd.		4,813,778	551,247
CRCC Ningxia Highway Co. Ltd.		4,143,679	1,574,321
Yunnan Kunchu Highway Investment & Development Co., Ltd.		4,069,289	4,229,079
Chongqing Yuxiang Fuxian Highway Co., Ltd.		3,429,293	9,004
Chongqing Tiefsa Jianxin Highway Co., Ltd.		3,126,567	3,514,259
Chongqing Tiefsa Shuanghe Expressway Co., Ltd.		3,059,308	3,351,071
Yunnan Chuda Expressway Investment and Development Co., Ltd.		2,907,464	1,448,861
CRCC Investment Shandong Xiaqinghe Development Co., Ltd.		2,895,993	2,341,363
Chongqing Railway Line 18 Construction & Operation Co., Ltd.		2,773,973	711,721
Taiyuan Rail Transit Line 1 Construction & Operation Co., Ltd.		2,427,067	–
Kunming Metro Line 5 Construction & Operation Co., Ltd.		2,248,912	2,571,084
Gansu Gonghanglv Tianzhuang Highway Management Co., Ltd.		2,017,277	525,712
Hangzhou Genshan East Road Crossing Tunnel Management Co., Ltd		1,917,874	403,356
Kunming Sanqing Highway Co., Ltd.		1,739,229	975,908
Sichuan Suide Expressway Co., Ltd.		1,728,952	1,816,559
Taiyuan Existing Residential Energy Saving Transformation Project Management Co., Ltd.		1,679,865	2,831
CRCC Xinjiang Jingxin Expressway Co., Ltd.		1,638,860	3,371,351
Hangqu Railway Co., Ltd.		1,514,897	73,330
CRCC (Tianjin)Rail Transit Investment & Development Co., Ltd.		1,477,514	50,099
Guizhou Guijin Expressway Co., Ltd.		1,438,861	2,661
CRCC and Investment Shanxi Expressway Co., Ltd.		1,414,452	1,242,799
CRCC Jianguyin Kunlun City Development Co., Ltd.		1,175,770	343,842
Kunming Fuyi Highway Co., Ltd.		1,112,421	910,823
CRCC Guizhou Engineering Investment Co., Ltd.		1,109,781	895,400
Guiyang Changda Rail Transit Construction Co. Ltd		1,094,334	–
CRCC Shaanxi Highway Co., Ltd.		1,091,126	3,690,913
Guizhou Tongxin Expressway Development Co., Ltd.		1,066,856	194,507
Guizhou Jianli Highway Co., Ltd.		943,249	156,341
CRCC Investment Jilin Changtai Highway Co., Ltd.		942,587	1,979,871
Shanxi Lihuo Highway Co., Ltd.		935,625	182,420
Jiangsu Yinbao Gangkai Construction Co., Ltd.		914,531	–

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

5. Major related party transactions (Continued)

Item	2021	2020
(1) Revenue from construction services (Continued)		
Hangzhou Xiashalu Tunnel Co., Ltd.	883,296	719,665
Gansu Gonghanglv Longzhang Expressway Management Co., Ltd.	879,350	1,411,009
Zhejiang Hangyong Multiple Line Ningbo Highway Phase I Co., Ltd.	839,393	968,384
CRCC Investment Langfang Development and Construction Co., Ltd.	832,945	1,963
Chongqing Danei Expressway Co., Ltd.	820,741	783,588
Nanchang Xintiecheng Construction Co., Ltd.	808,503	475,918
Zhejiang Jinsheng Constuction Development Co., Ltd.	785,911	165,151
CRCC Investment Weifang City Development and Construction Co., Ltd.	678,118	652,271
Xuzhou Metro Line 2 Rail Transit Investment & Development Co., Ltd.	596,283	1,683,040
Ningxia Inter-City Railway Co., Ltd.	576,287	78,563
Sichuan Tianfu Airport Expressway Co., Ltd.	552,012	1,483,213
Jining Zhongtie Shengtong Urban Construction Development Co., Ltd.	492,243	1,026,428
CRCC Investment Gaoyi City Development Co., Ltd.	481,348	470,356
Liuzhou Zhongbei Construction Investment Management Co., Ltd.	431,762	351,139
Nanjing Jiangbei New Area Guanglian Pipeline Corridor Construction Co., Ltd.	354,772	572,330
Jiashan Chengfa Construction & Development Co., Ltd.	323,926	1,038,382
Zhengzhou Jiaotou East Fourth Ring Project Management Co., Ltd.	309,828	260,575
Qingyuan Maglev Transportation Co., Ltd.	287,632	339,580
Guangzhou Huangpu Light Rail Line 1 Investment Construction Co., Ltd.	265,716	767,311
Changzhou Jingrui Real Estate Development Co., Ltd.	262,418	334,808
CRCC (Guangzhou) North Railway Station Xincheng Investment Construc-tion Co., Ltd.	249,951	356,580
Jiayang Railway Construction Hexing Highway Investment Co., Ltd.	246,397	259,510
Chengdu China Railway Huafu Real Estate Co., Ltd.	224,393	348,091
Hohhot Metro Line 2 Construction & Management Co., Ltd.	195,003	976,458
CRCC (Shandong) Gaodong Highway Co., Ltd.	176,087	1,329,805
Shaanxi Huangpu Highway Co., Ltd.	168,382	646,900
Jiangxi Wanshui Ecology Resource Development Co., Ltd.	120,901	267,673
Gansu Dundang Highway Project Management Co., Ltd.	120,557	1,662,489
CRCC Gansu Zhangbian Highway Co., Ltd.	118,534	1,470,328

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

5. Major related party transactions (Continued)

Item	2021	2020
(1) Revenue from construction services (Continued) <i>Note 1</i>		
Fuzhou North Railway Station South Square Construction & Development Co., Ltd.	88,267	102,460
Shijiazhuang Runshi Ecological Protection Management Service Co., Ltd.	84,676	350,831
CRCC Group Rongsheng Chengdu Tianfu New Area Investment Co., Ltd.	77,578	105,375
Yuxi China Railway Infrastructure Construction Co., Ltd.	75,955	135,788
Hubei Provincial Communications Investment Ziyun Railway Co., Ltd.	66,291	22,630
Gansu Zhuzhong Railway Co., Ltd.	34,576	307,516
Jining CRCC Sihe Road Management Co., Ltd.	34,378	281,129
Guizhou Wengma Railway Limited Co., Ltd.	25,884	1,515,168
Lanzhou Matan Pipeline Corridor Project Management Co., Ltd.	25,350	31,208
Changde Yuanjiang Tunnel Co., Ltd.	21,728	48,148
Xingan Mengxingzhong Project Management Co., Ltd.	21,051	137,105
Chongqing Monorail Transit Engineering Co., Ltd.	20,651	52,353
Huizhou CRCC Harbor & Channel Engineering Bureau Infrastructure In-vestment Co., Ltd.	20,621	298,399
Tianjin China Railway Guancheng Real Estate Co., Ltd.	11,326	58,991
Shijiazhuang Jiasheng Pipeline Corridor Engineering Co., Ltd.	9,889	40,762
Taiyuan City Jinyuan East Zone Comprehensive Pipeline Corridor Con-struction & Management Co., Ltd.	9,291	35,762
Total	76,559,585	61,545,866
(2) Revenue from sales of goods <i>Note 2</i>		
CRCC Financial Leasing Co., Ltd.	477,144	1,148,982
Chongqing Tiefsa Jianxin Highway Co., Ltd.	132,661	422,426
Chongqing Monorail Transit Engineering Co., Ltd.	17,833	3,866
Chongqing Tiefsa Shuanghe Expressway Co., Ltd.	5,316	–
Wuhu China Railway Vossloh Cogifer Rail Co., Ltd.	1,342	7,428
Shaanxi Huangpu Highway Co., Ltd.	793	–
Hohhot Jiantong Rail Engineering Co., Ltd.	–	52,226
Total	635,089	1,634,928

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

5. Major related party transactions (Continued)

Item		2021	2020
(3) Other incomes	<i>Note 3</i>		
CRCC Dongfang Investment Construction (Cixi) Co., Ltd.		111,490	–
Beijing Xinda Real Estate Co., Ltd.		107,071	97,440
Guizhou Zhongguang Wenchuang City Real Estate Co., Ltd.		105,540	–
CRCC Corporation	<i>Note 4</i>	98,675	97,736
CRCC Real Estate Co., Ltd.		72,243	71,966
Foshan City Shunde District Shunhao Real Estate Co., Ltd.		66,832	–
Beijing Ruida Real Estate Co., Ltd.		55,284	53,793
China Railway Construction & Investment Xi'an City Development Co., Ltd.		50,571	417
Wuhan Zhaorui Real Estate Co., Ltd.		49,197	36,024
Kunming Qiping Real Estate Co., Ltd.		45,458	49,351
Chengdu China Railway Huafu Real Estate Co., Ltd.		42,854	107,172
CRCC-Shandong Jinghu Highway Jile Co., Ltd.		39,796	37,399
CRCC Investment (Zhumadian) City Development Co., Ltd.		38,083	5,764
Xixian New Area Xingchengrenju Real Estate Co., Ltd.		37,875	30,620
CRCC Investment Jizhong Development Construction Co., Ltd.		37,745	255
Chengdu Lugang Real Estate Co., Ltd.		34,024	5,239
China Railway Construction and Investment Baoding Development Co., Ltd.		32,869	–
CRCC Investment Luoyang Urban Development And Construction Co., Ltd.		29,953	–
Guangzhou Suiyun Real Estate Co., Ltd.		28,661	98,378
CRCC-Tongguan Investment Co., Ltd.		27,125	25,750
China Railway Construction Real Estate Group Suzhou Real Estate Co., Ltd.		26,562	187,367
Ningbo Jinghai Investment Management Co., Ltd.		18,557	79,156
Beijing Jiehai Real Estate Co., Ltd.		15,354	21,161
Guangzhou Xintie Xinjian Investment Co., Ltd.		15,288	98,222
Beijing Liuzhuang Real Estate Co., Ltd.		13,600	5,018
Jinan Tieying Urban and Rural Construction Co., Ltd.		11,406	60,245
Nanjing Jingrui Real Estate Investment Co., Ltd.		8,281	28,863
Changzhou Jingrui Real Estate Development Co., Ltd.		7,015	38,422
CRCC Sichuan Jiande Highway Co., Ltd.		5,465	285
CRCC Real Estate Group Ningbo Jingping Real Estate Co., Ltd.		3,014	2,651
Chengdu Tiecheng Real Estate Co., Ltd.		2,835	521
Hengda Real Estate (Shenzhen) Co., Ltd.		–	194,733
Total		1,238,723	1,433,948

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

5. Major related party transactions (Continued)

Item		2021	2020
(4) Purchase of goods or receipt of services	<i>Note 5</i>		
Gansu Railway Investment Material Co., Ltd.		262,490	–
CRCC Financial Leasing Co., Ltd.		61,784	–
China Railway First Survey and Design Institution Group Shandong Architecture Design Institute Co., Ltd.		58,051	61,796
Wuhu China Railway Vossloh Cogifer Rail Co., Ltd.		12,372	13,110
Chongqing Monorail Transit Engineering Co., Ltd.		10,555	38,239
Ningbo Hangtong Prefabricated Components Engineering Co., Ltd.		7,401	12,425
Changzhou China Railway Blue Flame Component Co., Ltd.		–	3,751
PetroChina & CRCC Petroleum Marketing Co., Ltd.		–	29
Total		412,653	129,350
(5) Other expenses	<i>Note 5</i>		
Guangzhou Xintie Xinjian Investment Co., Ltd.		151,577	70,599
CRCC Corporation	<i>Note 4</i>	49,686	44,871
CRCC JinLi Asset Management Co., Ltd.	<i>Note 4</i>	16,943	16,105
CRCC Shaanxi Highway Co., Ltd.		14,588	5,050
CRCC Investment Shandong Xiaoqinghe Development Co., Ltd.		6,680	7,232
CRCC Shaanxi Meitai Expressway Co., Ltd.		4,187	3,622
CRCC Ningxia Highway Co. Ltd.		3,832	1,845
CRCC Shandong Jixu Highway Jiyu Co., Ltd.		3,726	1,677
CRCC Investment (Tongxiang) Construction Management Co., Ltd.		3,397	1,159
CRCC Investment (Zhumadian) City Development Co., Ltd		3,075	375
CRCC Real Estate Co., Ltd.		1,915	2,476
Beijing Tongda Jingcheng Highway Co., Ltd.	<i>Note 4</i>	1,396	3,075
CRCC Xinjiang Jingxin Expressway Co., Ltd.		845	7,474
Jiayang Railway Construction Hexing Highway Investment Co., Ltd.		257	4,019
CRCC (Guangzhou) North Railway Station Xincheng Investment Construction Co., Ltd.		64	30
Beijing Xinda Real Estate Co., Ltd.		10	5
Total		262,178	169,614

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

5. Major related party transactions (Continued)

(6) Related party leasing

As the lessee:

		<i>RMB'000</i>		
Lessor		Leasing asset types	Amount recognised in the current year	Amount recognised in the prior year
CRCC Financial Leasing Co., Ltd.	<i>Note6</i>	Machinery	1,676,059	1,914,446
CRCC Corporation	<i>Note4, Note6</i>	Buildings	72,855	75,834
CRCC JinLi Asset Management Co., Ltd.	<i>Note4, Note6</i>	Buildings	27,539	25,974
Total	–	–	1,776,453	2,016,254

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

5. Major related party transactions (Continued)

(7) Guarantees granted to a related party

31 December 2021:

RMB'000

Secured party	Amount of guarantee	Inception of guarantee	Termination of guarantee	Whether the guarantee is fulfilled
CRCC-Tongguan Investment Co., Ltd.	763,171	17 March 2014	30 December 2023	No
Guizhou Wengma Railway Limited Co., Ltd.	648,511	31 March 2016	31 March 2039	No
CRCC-Tongguan Investment Co., Ltd.	554,686	13 June 2019	13 June 2024	No
Wuhan Zhaorui Real Estate Co., Ltd.	281,750	9 July 2021	27 March 2024	No
CRCC-Tongguan Investment Co., Ltd.	78,663	20 May 2015	20 November 2023	No
Total	2,326,781	-	-	-

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
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	2,569,693	-	-	-

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

5. Major related party transactions (Continued)

(8) Key management's remuneration

	<i>RMB'000</i>	
Item	2021	2020
Key management's remuneration	13,606	12,946

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.

Note 6: The lease fees recognized by the group and its affiliated companies are the lease payments paid by the group to repay the lease liabilities in the current period and the short-term lease and low value lease expenses included in the current profit and loss.

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

6. Major amounts due from/to related parties

RMB'000

		31 December 2021		31 December 2020	
		Gross carrying amount	Impairment of credit losses	Gross carrying amount	Impairment of credit losses
Bills receivable	<i>Note 1</i>				
Chongqing Tiefu Shuanghe Expressway Co., Ltd.		395,080	473	1,056,822	1,057
China Railway Construction and Investment Shanxi Expressway Co., Ltd.		276,061	276	340,274	340
Guangzhou Huangpu Light Rail Line 1 Investment Construction Co., Ltd.		234,240	2,342	–	–
CRCC Shaanxi Highway Co., Ltd.		–	–	1,120,000	1,120
Shaanxi Huangpu Highway Co., Ltd.		–	–	200,000	200
Total		905,381	3,091	2,717,096	2,717
Trade receivables	<i>Note 1</i>				
Zhejiang Jinsheng Constuction Development Co., Ltd.		873,642	2,040	164,433	164
Qingyuan Maglev Transportation Co., Ltd.		759,793	760	603,057	603
Shijiazhuang Runshi Ecological Protection Management Service Co., Ltd.		525,885	5,645	554,216	1,796
Hohhot Metro Line 2 Construction & Management Co., Ltd.		489,963	541	494,124	494
Yunnan Chuda Expressway Investment and Development Co., Ltd.		475,671	476	–	–
Wuhu Changjiang Tunnel Co., Ltd.		407,186	36	–	–
Chongqing Tiefu Jianxin Highway Co., Ltd.		378,198	378	599,565	1,813
China Railway Construction Sichuan Dejian Expressway Co., Ltd.		369,728	370	–	–
CRCC Guizhou Engineering Investment Co., Ltd.		357,610	358	126,137	6,307
Nanjing Jiangbei New Area Guanglian Pipeline Corridor Construction Co., Ltd.		351,913	3,519	588,076	3,379
Yuxi China Railway Infrastructure Construction Co., Ltd.		332,178	3,322	261,511	7,941
China Railway Construction Investment Gaoyi Urban De-velopment Co., Ltd.		314,919	315	12,060	60
CRCC Investment Weifang City Development and Construction Co., Ltd.		270,989	271	–	–
CRCC Financial Leasing Co., Ltd.		157,846	3,247	147,478	2,417
CRCC Jiangyin Kunlun City Development Co., Ltd.		151,250	220	366,655	1,833
Chongqing Monorail Transit Engineering Co., Ltd.		108,090	111	99,537	186
Jiangxi Wanshui Ecology Resource Development Co., Ltd.		97,814	98	86,501	113

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

6. Major amounts due from/to related parties (Continued)

RMB'000

	31 December 2021		31 December 2020	
	Gross carrying amount	Impairment of credit losses	Gross carrying amount	Impairment of credit losses
Trade receivables (Continued)				
Shijiazhuang Jiatai Pipeline Corridor Operation Co., Ltd.	94,779	209	99,753	208
Liuzhou Zhongbei Construction Investment Management Co., Ltd.	80,384	804	202,785	1,014
Chengdu China Railway Huafu Real Estate Co., Ltd.	70,076	206	111,317	274
Changzhou Jingrui Real Estate Development Co., Ltd.	61,757	292	262,160	11,504
CRCC Group Rongsheng Chengdu Tianfu New Area Investment Co., Ltd.	60,718	61	52,858	53
Fuzhou North Railway Station South Square Construction & Development Co., Ltd.	60,580	61	52,808	53
CRCC Xinjiang Jingxin Expressway Co., Ltd.	33,997	173	246,246	480
Gansu Zhuzhong Railway Co., Ltd.	27,169	228	18,653	19
CRCC Shaanxi Highway Co., Ltd.	23,652	24	5,131	18
Tianjin China Railway Yuhua Real Estate Co., Ltd.	22,342	12	26,194	29
Yunnan Kunchu Highway Investment & Development Co., Ltd.	21,813	7	161,085	175
Xi'an China Railway Jingmao Real Estate Co., Ltd.	21,573	99	44,835	225
Hubei Provincial Communications Investment Ziyun Railway Co., Ltd.	19,742	79	7,793	8
Jianyang Railway Construction Hexing Highway Investment Co., Ltd.	17,674	177	118,742	594
Lin'an Changxi Investment and Construction Management Co., Ltd.	9,866	49	9,866	49
CRCC (Shandong) Gaodong Highway Co., Ltd.	5,528	6	4,162	13
CITIC Railway Construction (Luoyang) Excavating Equipment Co., Ltd.	3,332	13	6,858	27
Xuzhou Metro Line 2 Rail Transit Investment & Development Co., Ltd.	2,552	13	438,338	2,344
CRCC (Shandong) Deshang Highway Co., Ltd.	1,346	14	8,812	33
CRCC Gansu Zhangbian Highway Co., Ltd.	196	2	57,012	58
Chongqing Yurong Highway Co., Ltd.	32	–	1,287	1
Shaanxi Huangpu Highway Co., Ltd.	–	–	444,267	445
Gansu Gonghanglv Longzhang Expressway Management Co., Ltd.	–	–	393,634	394
Total	7,061,783	24,236	6,877,946	45,124

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

6. Major amounts due from/to related parties (Continued)

RMB'000

		31 December 2021		31 December 2020	
		Gross carrying amount	Impairment of credit losses	Gross carrying amount	Impairment of credit losses
Loans and advances to related parties					
CRCC Corporation	<i>Note 3</i>	3,000,000	76,563	2,820,000	57,105
Hangqu Railway Co., Ltd.		60,000	2,156	10,000	250
Total		3,060,000	78,719	2,830,000	57,355
Other receivables					
Tianjin Wanhe Real Estate Co., Ltd.	<i>Note 2</i>	2,750,544	153,143	2,879,247	2,879
Wuhan Zhaorui Real Estate Co., Ltd.	<i>Note 2</i>	2,467,049	2,467	1,544,297	7,723
Beijing Xinda Real Estate Co., Ltd.	<i>Note 2</i>	2,282,663	73,081	2,072,975	2,073
Guizhou Zhongguang Wenchuang City Real Estate Co., Ltd.	<i>Note 2</i>	1,725,878	1,726	1,721,574	1,722
CRCC Real Estate Co., Ltd.	<i>Note 2</i>	1,718,298	1,722	1,611,118	1,611
Guangzhou Shengdu Investment Development Co., Ltd.		1,506,180	1,506	-	-
CRCC Investment Baoding urban development and Construction Co., Ltd.		1,337,211	1,341	-	-
Beijing Ruida Real Estate Co., Ltd.	<i>Note 2</i>	1,248,923	1,249	1,207,616	1,208
CRCC Dongfang Investment Construction (Cixi) Co., Ltd.		850,508	860	255,000	1,275
CRCC Investment Jizhong development and Construction Co., Ltd.		823,278	1,383	450,705	451
CRCC Investment (Yancheng)urban development and Construction Co., Ltd.		763,120	766	-	-
CRCC Investment (Zhumadian) City Development Co., Ltd.		740,436	770	505,764	506
Nanjing Yuanchen Real Estate Co., Ltd.	<i>Note 2</i>	727,080	727	947,080	947
Guangzhou Suiyun Real Estate Co., Ltd.	<i>Note 2</i>	657,394	657	1,035,713	1,036
Suzhou Jinghong Real Estate Development Co., Ltd.	<i>Note 2</i>	628,118	628	-	-

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

6. Major amounts due from/to related parties (Continued)

RMB'000

	31 December 2021		31 December 2020	
	Gross carrying amount	Impairment of credit losses	Gross carrying amount	Impairment of credit losses
Other receivables (Continued)				
China Railway Construction Investment Luoyang urban development and Construction Co., Ltd.	615,901	622	–	–
China Railway Construction & Investment Xi'an City Development Co., Ltd.	569,088	573	500,417	500
China Railway Construction Investment (Tianjin) Development and Construction Co., Ltd.	537,423	550	–	–
Deqing Jingsheng Real Estate Development Co., Ltd. <i>Note 2</i>	532,644	533	347,802	348
Kunming Qiping Real Estate Co., Ltd. <i>Note 2</i>	517,797	518	560,971	561
Chengdu Yueran Real Estate Co., Ltd. <i>Note 2</i>	512,812	513	–	–
Foshan City Shunde District Shunhao Real Estate Co., Ltd. <i>Note 2</i>	500,029	500	940,766	941
Chengdu Lugang Real Estate Co., Ltd. <i>Note 2</i>	457,011	457	542,858	542
CRCC Guizhou Engineering Investment Co., Ltd. <i>Note 2</i>	443,700	4,437	345,564	1,728
Beijing Liuzhuang Real Estate Co., Ltd. <i>Note 2</i>	410,436	410	408,059	408
Jiangmen Jiangwan Nanguang Investment Development Co., Ltd. <i>Note 2</i>	401,999	404	501,270	501
Guangzhou City Zengcheng District Shunxuan Real Estate Co., Ltd. <i>Note 2</i>	393,106	68	378,971	379
Changchun Jingde Real Estate Development Co., Ltd. <i>Note 2</i>	386,174	386	–	–
Guangzhou Nansha Kecheng Investment Development Co., Ltd. <i>Note 2</i>	385,353	385	–	–
China Railway Construction Investment (Shenyang) urban development and Construction Co., Ltd. <i>Note 2</i>	366,950	372	403,934	404
Ningbo Jingwan Investment Management Co., Ltd. <i>Note 2</i>	364,446	365	355,399	355
China Railway Construction Investment Huanggang Construction and Development Co., Ltd. <i>Note 2</i>	342,265	345	1,000	5
Beijing Jiehai Real Estate Co., Ltd. <i>Note 2</i>	331,157	331	284,881	285
Fuzhou Xincheng Real Estate Co., Ltd. <i>Note 2</i>	308,758	309	230,884	231
Qingyuan Maglev Transportation Co., Ltd. <i>Note 2</i>	260,126	260	248,186	248
Chengdu China Railway Huafu Real Estate Co., Ltd. <i>Note 2</i>	253,272	253	567,672	568
Jiangsu Yancheng tietou Construction Development Co., Ltd. <i>Note 2</i>	168,000	169	–	–
Chongqing Jianlian New Real Estate Co., Ltd. <i>Note 2</i>	152,013	152	212,013	212

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

6. Major amounts due from/to related parties (Continued)

RMB'000

		31 December 2021		31 December 2020	
		Gross carrying amount	Impairment of credit losses	Gross carrying amount	Impairment of credit losses
Other receivables (Continued)					
Xixian New Area Xingchengrenju Real Estate Co., Ltd.	Note 2	114,830	115	424,310	424
CRCC Financial Leasing Co., Ltd.		81,748	343	69,439	1,192
Ningbo Jinghai Investment Management Co., Ltd.	Note 2	75,422	75	636,694	637
Chongqing Pinjinyue Real Estate Co., Ltd.	Note 2	64,671	65	60,415	60
Chengdu Tiecheng Real Estate Co., Ltd.	Note 2	60,715	61	-	-
Guangzhou City Longguang Junshen Real Estate Co., Ltd.	Note 2	59,041	59	1,291,700	1,291
Xinjiang Tacha Highway Project Management Co., Ltd.		56,000	560	-	-
CRCC Shaanxi Highway Co., Ltd.		23,662	24	284,713	285
Tianjin China Railway Yuhua Real Estate Co., Ltd.		10,902	11	10,902	11
Chongqing Monorail Transit Engineering Co., Ltd.		6,469	7	6,479	7
Chongqing Tiefu Jianxin Highway Co., Ltd.		5,908	28	20,229	82
Guangzhou Xintie Xinjian Investment Co., Ltd.		669	1	2,060,932	289
CRCC-Shandong Jinghu Highway Jile Co., Ltd.		649	1	182,291	183
Guangzhou Huangpu Light Rail Line 1 Investment Construction Co., Ltd.		260	2	-	-
CRCC Xinjiang Jingxin Expressway Co., Ltd.		112	1	299,162	299
CRCC Investment Shandong Xiaoqinghe Development Co., Ltd.		52	-	3,544	4
Nanjing Jingrui Real Estate Investment Co., Ltd.	Note 2	32	-	87,207	87
CRCC (Shandong) Gaodong Highway Co., Ltd.		-	-	1,020,160	1,020
Jinan Tiejing Urban and Rural Construction Co., Ltd.		-	-	730,000	730
Total		29,998,282	256,291	28,249,913	36,248

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

6. Major amounts due from/to related parties (Continued)

RMB'000

	31 December 2021		31 December 2020	
	Gross carrying amount	Impairment of credit losses	Gross carrying amount	Impairment of credit losses
Long-term receivables				
China Railway Construction Real Estate Group Suzhou Real Estate Co., Ltd. <i>Note 2</i>	1,395,684	1,405	2,819,605	5,068
Qingdao Blue Silicon Valley Intercity Rail Transit Co., Ltd.	480,000	2,400	480,000	480
Yuxi China Railway Infrastructure Construction Co., Ltd.	373,845	1,869	355,927	356
Xuzhou Metro Line 2 Rail Transit Investment & Development Co., Ltd.	252,709	258	2,000	2
Jiangsu Yinbao Gangkai Construction Co., Ltd.	98,686	99	–	–
Taiyuan airport hub Real Estate Co., Ltd. <i>Note 2</i>	86,818	87	–	–
Jiangsu Yancheng tietou Construction Development Co., Ltd.	52,500	263	–	–
CRCC Financial Leasing Co., Ltd.	51,970	52	51,970	260
Tianjin China Railway Jinyu Real Estate Co., Ltd. <i>Note 2</i>	49,000	49	–	–
China Railway Construction (Weinan) Chengwei Expressway Co., Ltd.	48,593	49	–	–
Anqing Gaotie New Area Construction Investment Co., Ltd.	35,200	35	–	–
Longyan Hongsheng Cultural Tourism Investment Development Co., Ltd.	35,000	175	–	–
Tianjin China Railway Guancheng Real Estate Co., Ltd. <i>Note 2</i>	10,300	10	47,843	48
Chengdu Wuhou District Yale Real Estate Development Co., Ltd.	107	1	107	–
Hengyang Hengshan Science City Zhiyuan Development and Construction Co., Ltd.	–	–	118,912	119
Total	2,970,412	6,752	3,876,364	6,333

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

6. Major amounts due from/to related parties (Continued)

RMB'000

	31 December 2021		31 December 2020	
	Gross carrying amount	Impairment of credit losses	Gross carrying amount	Impairment of credit losses
Debt investments				
Hengda Real Estate (Shenzhen) Co., Ltd.	2,927,357	514,839	2,927,357	2,927
Jinan Tiejing Urban and Rural Construction Co., Ltd.	878,714	1,808	-	-
China Railway Construction Investment (Yancheng)urban development and Construction Co., Ltd.	808,556	800	-	-
CRCC Real Estate Co., Ltd.	677,755	678	-	-
CRCC-Tongguan Investment Co., Ltd.	611,261	611	584,137	584
Liaocheng Xurui Municipal Engineering Co., Ltd.	587,717	588	-	-
Changsha Yuchi River Area Development & Investment Co., Ltd.	576,775	577	748,646	819
Yunnan Gangcheng Infrastructure Construction Co., Ltd.	484,374	484	-	-
China Railway Construction port and Waterway Bureau Group Changshou Changjiang Second Bridge Construction Co., Ltd.	316,836	1,384	316,836	1,384
CRCC Ningxia Ningdong Road And Bridge Investment Development Co., Ltd.	305,353	305	-	-
Linyi New Phoenix Land Co., Ltd.	260,000	260	300,000	300
Huizhou CRCC Harbor & Channel Engineering Bureau Infrastructure Investment Co., Ltd.	200,330	200	155,230	155
Wuhan Qingfeng Construction & Investment Co., Ltd.	20,200	20	20,200	70
Total	8,655,228	522,554	5,052,406	6,239

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

6. Major amounts due from/to related parties (Continued)

RMB'000

	31 December 2021	31 December 2020
Bills payable	<i>Note 1</i>	
Gansu tietou Materials Co., Ltd	244,050	–
Wuhu China Railway Vossloh Cogifer Rail Co., Ltd.	–	5,936
Total	244,050	5,936
Trade payables	<i>Note 1</i>	
Kunming Tiexin Construction Management Co., Ltd.	299,978	12,185
CRCC Financial Leasing Co., Ltd.	206,352	36,334
China Railway Construction Real Estate Group Suzhou Real Estate Co., Ltd.	159,230	–
China Railway First Survey and Design Institution Group Shandong Architecture Design Institute Co., Ltd.	36,224	39,566
PetroChina & CRCC Petroleum Marketing Co., Ltd.	7,118	2,300
Wuhu China Railway Vossloh Cogifer Rail Co., Ltd.	4,582	5,377
Ningbo Hangtong Prefabricated Components Engineering Co., Ltd.	4,036	–
Changzhou China Railway Blue Flame Component Co., Ltd.	2,575	24,838
Wuhan Lvyin lawn Engineering Co., Ltd.	26	–
Gansu Gonghanglv Lan-A Highway Management Co., Ltd.	–	59,746
Total	720,121	180,346

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

6. Major amounts due from/to related parties (Continued)

	31 December 2021	31 December 2020
		<i>RMB'000</i>
Contract liabilities		
	<i>Note 4</i>	
Kunming Metro Line 5 Construction & Operation Co., Ltd.	1,542,635	656,090
Sichuan Chengmian Cangba Highway Co., Ltd.	974,328	622,750
Chongqing Yuxiang Fuxian Highway Co., Ltd.	842,465	477,108
Yunnan Luqiu Guangfu Expressway Investment & Development Co., Ltd.	737,000	–
Sichuan Nansuitong Expressway Co., Ltd.	595,442	9,158
Guizhou Jianli Highway Co., Ltd.	374,245	42,481
Nanjing Jiangbei New Area Guanglian Pipeline Corridor Construction Co., Ltd.	310,000	–
Kunming Sanqing Highway Co., Ltd.	297,654	432,635
Guizhou Jinrentong Expressway Development Co., Ltd.	296,695	143,949
Kunming Fuyi Highway Co., Ltd.	294,831	447,398
Sichuan Jintou Project Investment Co., Ltd.	193,574	270,039
Guizhou Guijin Expressway Co., Ltd.	188,838	302,738
Chongqing Tiefa Jianxin Highway Co., Ltd.	101,610	129,392
Hangzhou Xiashalu Tunnel Co., Ltd.	37,181	214,736
Chongqing Tiefa Shuanghe Expressway Co., Ltd.	32,460	66,824
CRCC Shaanxi Highway Co., Ltd.	1,089	–
Hangzhou Genshan East Road Crossing Tunnel Management Co., Ltd.	–	401,782
Wuhan Tongtui Construction & Investment Co., Ltd.	–	1,084
Total	6,820,047	4,218,164
Other payables		
	<i>Note 1</i>	
Sichuan Nansuitong Expressway Co., Ltd.	1,119,017	–
CRCC Jiangyin Kunlun City Development Co., Ltd.	638,347	–
Shijiazhuang Runshi Ecological Protection Management Service Co., Ltd.	549,986	615,554
Kunming Kunlun Shouzhi Real Estate Co., Ltd.	448,995	314,595
Chengdu Zhongwan Yixing Real Estate Co., Ltd.	397,852	328,552
Taiyuan Rongchuang Huifeng Real Estate Co., Ltd.	360,000	140,600
Guangzhou Xintie Xinjian Investment Co., Ltd.	311,400	613,326
Chengdu Wuhou District Yale Real Estate Development Co., Ltd.	260,450	–
Changzhou Jingrui Real Estate Development Co., Ltd.	245,822	–
CRCC Kunlun Yunnan Real Estate Co., Ltd.	222,171	919,362
Guangzhou Hongxuan Real Estate Co., Ltd.	215,572	215,572
CRCC (Tianjin) Rail Transit Investment & Development Co., Ltd.	214,561	139,276

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

6. Major amounts due from/to related parties (Continued)

RMB'000

	31 December 2021	31 December 2020
Other payables (Continued)		
Shanghai Hongjun Real Estate Co., Ltd.	210,120	210,120
Guangzhou Hongjia Real Estate Co., Ltd.	186,852	186,852
Hangzhou Jingke Real Estate Co., Ltd.	175,542	217,260
Xi'an China Railway Jingmao Real Estate Co., Ltd.	140,529	334,447
CRCC Real Estate Group Ningbo Jingping Real Estate Co., Ltd.	129,189	306,446
Kunming Fuyi Highway Co., Ltd.	114,312	49,236
Dalian Wancheng Zhiguang Real Estate Co., Ltd.	114,033	145,648
CRCC Investment Shandong Xiaoqinghe Development Co., Ltd.	85,300	92,620
Guangzhou Baorui Real Estate Co., Ltd.	80,154	168,703
Nanjing Xincheng Guanghong Real Estate Co., Ltd.	60,800	136,800
Guangzhou Jingye Real Estate Co., Ltd.	59,589	59,589
Chongqing Tiefa Jianxin Highway Co., Ltd.	52,999	3,836
Chongqing Tiefa Xiusong Highway Co., Ltd.	41,833	3,621
Kunming Sanqing Highway Co., Ltd.	38,506	1,818
CRCC Yudongnan (Chongqing) Expressway Co., Ltd.	37,029	2,804
CRCC Shaanxi Highway Co., Ltd.	35,147	62,191
CRCC Investment (Tongxiang) Construction Management Co., Ltd.	29,134	183,772
CRCC Gansu Zhangbian Highway Co., Ltd.	21,333	87,093
Hangzhou Jianshen Real Estate Co., Ltd.	20,000	210,000
CRCC (Shandong) Deshang Highway Co., Ltd.	17,855	406,896
CRCC Investment (Ningbo) Development and Construction Co., Ltd.	16,103	186,763
Chongqing Tiefa Shuanghe Expressway Co., Ltd.	15,813	455
Chongqing Yonglu Expressway Co., Ltd.	11,184	3,110
CRCC-HC-CR15G Joint Venture	2,331	10,461
Hangzhou Jiandejiang Investment Co., Ltd.	2,283	43,207
Chengdu Tiecheng Real Estate Co., Ltd.	-	343,106
CRCC Financial Leasing Co., Ltd.	-	180,531
CRCC JinLi Asset Management Co., Ltd.	-	48,189
Total	6,682,143	6,972,411
Advances to suppliers		
CRCC Financial Leasing Co., Ltd.	129,422	97,558
Total	129,422	97,558

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

6. Major amounts due from/to related parties (Continued)

RMB'000

		31 December 2021	31 December 2020
Due to customers	<i>Note 5</i>		
CRCC JinLi Asset Management Co., Ltd.		742,611	804,557
CRCC Luoyang guozhan development and Construction Co., Ltd		254,717	–
CRCC Corporation		220,029	139,055
Hangzhou Jiandejiang Investment Co., Ltd.		174,227	–
Beijing Tongda Jingcheng Highway Co., Ltd.		60,088	178,942
Guangzhou Xintie Xinjian Investment Co., Ltd.		53,297	3,343,611
CRCC Shaanxi Meitai Expressway Co., Ltd.		–	227,971
Jiayang Railway Construction Hexing Highway Investment Co., Ltd.		–	100,478
Total		1,504,969	4,794,614
Long-term loans (including current portion)	<i>Note 6</i>		
CRCC Corporation		1,163,066	843,066
Total		1,163,066	843,066
Lease liabilities (including current portion)			
CRCC Financial Leasing Co., Ltd.		1,958,059	2,598,337
CRCC Corporation		15,595	104,291
Total		1,973,654	2,702,628

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

6. Major amounts due from/to related parties (Continued)

RMB'000

	31 December 2021	31 December 2020
Long-term payables (including current portion)		
Guangde CRCC Daqin Investment Partnership Enterprise (Limited Partnership)	561,792	537,311
Guangde Railway Construction Chuangxin Investment Partnership (Limited Partnership)	352,907	396,653
Zhuhai Railway Construction Asia Investment Equity Investment Partnership (Limited Partnership)	340,393	–
Tianjin Tiejian Hongtu Fengchuang Investment Partnership(Limited Partnership)	209,913	410,476
Guangde CRCC Blue Ocean Longxin Investment Center (Limited Partnership)	180,217	187,314
Jintai infrastructure investment (Tianjin) partnership (limited partnership)	170,998	–
Guangde CRCC Blue Ocean Fengjian Investment Center (Limited Partnership)	82,632	88,267
CRCC Financial Leasing Co., Ltd.	52,885	87,142
Total	1,951,737	1,707,163

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 2021

XI. COMMITMENTS AND CONTINGENCIES

1. Commitments

RMB'000

	31 December 2021	31 December 2020
Contracted, but not provided for:		
Capital commitments	1,465,402	1,184,137
Investment commitments	55,675,097	39,819,252
Other commitments	250,931	234,062
Total	57,391,430	41,237,451

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.

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 2021	31 December 2020
Associates	2,326,781	2,569,693
Other entities	333,432	223,012
Total	2,660,213	2,792,705

The above guarantees exclude guarantees in respect of the banking facilities other than mortgages. As at 31 December 2021, the Group's guarantees (excluding guarantees in respect of the banking facilities other than mortgages) amounted to RMB2,660,213,000 (31 December 2020: RMB2,792,705,000), the guarantees in respect of mortgages amounted to RMB26,025,745,000 (31 December 2020: RMB23,737,531,000). 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.

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

XI. COMMITMENTS AND CONTINGENCIES (Continued)

3. Guarantees (Continued)

The Company had issued guarantees to banks in respect of the banking facilities granted to the following parties:

RMB'000

The Company	31 December 2021	31 December 2020
Subsidiaries	19,842,658	17,365,697
Associates	2,326,781	2,720,633
Other entities	333,432	72,072
Total	22,502,871	20,158,402

In addition, no interest-bearing bank and other loans of the Company were guaranteed by the subsidiaries of the Company as at 31 December 2021 (31 December 2020: Nil).

XII. EVENTS AFTER THE BALANCE SHEET DATE

1. Profit distribution

Pursuant to the resolution approved in the 5th session of the 4th board of directors meeting held on 29 to 30 March 2022, the Board of Directors proposed that cash dividends may be distributed to all shareholders by the Company at RMB2.46 per 10 shares (i.e. cash dividend of RMB0.246 per share). The cash dividend of RMB3,340,567,000 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.;

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

XIII. OTHER SIGNIFICANT EVENTS (Continued)

1. Segment reporting (Continued)

Operating segments (Continued)

- (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.

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
2021:							
Revenue from external customers	871,215,850	19,372,949	20,364,941	50,662,478	58,393,961	-	1,020,010,179
Inter-segment sales	22,604,624	47,160	1,497,257	-	45,329,412	(69,478,453)	-
Total	893,820,474	19,420,109	21,862,198	50,662,478	103,723,373	(69,478,453)	1,020,010,179
Share of profits/(losses) of joint ventures and associates	826,712	(26,764)	158,817	1,638,942	172,051	-	2,769,758
Impairment of credit losses and impairment losses on assets	(9,050,330)	(83,558)	(124,326)	(635,809)	27,541	-	(9,866,482)
Depreciation and amortisation	16,182,600	261,928	1,005,286	67,555	835,624	-	18,352,993
Profit before tax	18,785,934	3,614,545	2,481,022	6,619,098	4,292,702	(641,882)	35,151,419
Other disclosures:							
Increase in non-current assets other than long-term equity investments	15,460,395	134,862	1,726,551	1,598,759	13,954,887	-	32,875,454
31 December 2021							
Segment assets (Note 1)	945,951,919	28,180,914	46,782,514	321,503,668	341,868,650	(331,317,659)	1,352,970,006
Segment liabilities (Note 2)	731,977,285	11,788,020	22,252,847	270,719,352	297,419,914	(327,680,408)	1,006,477,010
Other disclosures:							
Long-term equity investments in joint ventures and associates	82,496,769	2,826,655	1,756,277	7,333,732	3,750,084	-	98,163,517

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

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
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 (<i>Note 1</i>)	864,395,899	26,546,024	38,903,871	232,729,444	360,576,334	(280,358,773)	1,242,792,799
Segment liabilities (<i>Note 2</i>)	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

Note 1: Segment assets do not include deferred tax assets of RMB8,075,138,000 (31 December 2020: RMB6,423,173,000), as the Group does not manage these assets based on operating segments. In addition, inter-segment receivables of RMB339,392,797,000 (31 December 2020: RMB286,781,946,000) are eliminated on consolidation.

Note 2: Segment liabilities do not include deferred tax liabilities of RMB1,507,553,000 (31 December 2020: RMB1,378,201,000) and corporate income tax payable of RMB3,193,492,000 (31 December 2020: RMB2,639,368,000) as the Group does not manage these liabilities based on operating segments. In addition, inter-segment payables of RMB332,381,453,000 (31 December 2020: RMB278,314,810,000) are eliminated on consolidation.

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

XIII. OTHER SIGNIFICANT EVENTS (Continued)

1. Segment reporting (Continued)

Group information

Geographical information

Revenue from external customers

	2021	2020
		<i>RMB'000</i>
		2021
Mainland China	973,044,512	871,621,772
Outside Mainland China	46,965,667	38,702,991
Total	1,020,010,179	910,324,763

Total non-current assets (*Note*)

	31 December 2021	31 December 2020
		<i>RMB'000</i>
		31 December 2020
Mainland China	240,194,610	209,410,632
Outside Mainland China	11,231,096	8,321,967
Total	251,425,706	217,732,599

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 2021 (2020: 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 2021

XIII. OTHER SIGNIFICANT EVENTS (Continued)

2. Other financial information

(i) Pension scheme contributions

RMB'000

Item	2021	2020
Pension scheme contributions (defined contribution plans)	7,545,079	5,541,112
Pension scheme costs (defined benefit plans)	5,090	8,090

As at 31 December 2021, there were no forfeited contributions available to reduce the Group's contributions to its pension scheme in the next year (31 December 2020: Nil).

(ii) Directors' and supervisors' remuneration

RMB'000

Item	2021	2020
Salaries, housing welfare and other allowances and physical benefits	2,489	2,341
Performance bonus	3,227	3,333
Defined contribution plan	758	722
Total	6,474	6,396

Name and remuneration of independent non-executive directors for the current year are as follows:

RMB'000

Item	2021	2020
Independent Non-executive Directors		
Mr. MA Chuanjing (Note 1)	5	–
Mr. ZHAO Lixin (Note 1)	5	–
Mr. XIE Guoguang (Note 1)	5	–
Mr. TSIN Wai Lun Kenneth (Note 1)	14	–
Mr. WANG Huacheng (Before December 21, 2021)	212	213
Mr. Patrick SUN (Before December 21, 2021)	192	193
Mr. CHENG Wen (Before December 21, 2021)	100	60
Ms. Amanda Xiao Qiang LU (Before December 21, 2021)	158	159
Total	691	625

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 2021

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
2021				
Executive director				
Mr. WANG Jianping (board chairman)	310	462	142	914
Mr. ZHUANG Shangbiao (president)	310	683	142	1,135
Mr. CHEN Dayang	275	627	133	1,035
Mr. LIU Ruchen	275	607	132	1,014
Sub-total	1,170	2,379	549	4,098
Non-executive director				
Mr. GAO Lieyang (Note 1)	–	–	–	–
Sub-total	–	–	–	–
Independent non-executive director				
Mr. MA Chuanjing (Note 1)	5	–	–	5
Mr. ZHAO Lixin (Note 1)	5	–	–	5
Mr. XIE Guoguang (Note 1)	5	–	–	5
Mr. QIAN Weilun (Note 1)	14	–	–	14
Mr. WANG Huacheng (Before December 21, 2021)	212	–	–	212
Mr. Patrick SUN (Before December 21, 2021)	192	–	–	192
Mr. CHENG Wen (Before December 21, 2021)	100	–	–	100
Ms. Amanda Xiao Qiang LU (Before December 21, 2021)	158	–	–	158
Sub-total	691	–	–	691
Supervisor				
Mr. ZHAO Wei (Note 1)	22	23	8	53
Mr. CAO Xirui (Before December 21, 2021)	–	–	–	–
Mr. LIU Zhengchang	303	403	100	806
Mr. KANG Fuxiang	303	422	101	826
Sub-total	628	848	209	1,685
Total	2,489	3,227	758	6,474

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

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
2020				
Executive director				
Mr. WANG Jianping (board chairman)	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 2021

XIII. OTHER SIGNIFICANT EVENTS (Continued)

2. Other financial information (Continued)

(ii) Directors' and supervisors' remuneration (Continued)

Note 1: On 21 December 2021, Mr. Ma Chuanjing, Mr. Zhao Lixin, Mr. Xie Guoguang and Mr. TSIN Wai Lun Kenneth act as a non-executive independent director of the 5th board. Mr. Wang Huacheng, Mr. Patrick SUN, Mr. Cheng Wen and Ms. Lu Xiaoqiang has ceased to hold their positions as a non-executive director. Mr. Gao Lieyang acts as a non-executive director of the 5th board. Mr. Zhao Wei acts as a supervisor of the 5th board, and Mr. Cao Xirui has ceased to hold their positions as a supervisor.

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:

	2021	2020
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:

	2021	2020
Salaries, housing welfare and other allowances and physical benefits	1,230	1,898
Performance bonus	19,831	17,424
Defined contribution plan	500	487
Total	21,561	19,809

RMB'000

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

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	2021	2020
HKD 2,500,000 to 3,000,000 (including 3,000,000)	–	–
HKD 3,000,000 to 3,500,000 (including 3,500,000)	–	–
HKD 3,500,000 to 4,000,000 (including 4,000,000)	1	1
HKD 4,000,000 to 4,500,000 (including 4,500,000)	2	2
HKD 4,500,000 to 5,000,000 (including 5,000,000)	1	–
Over HKD 5,000,000	1	2
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:

	31 December 2021	31 December 2020
Aging		
Within 1 year	3,746,362	3,526,860
1 to 2 years	488,141	721,222
2 to 3 years	295,324	385,651
Over 3 years	233,315	150,487
Subtotal	4,763,142	4,784,220
Less: Impairment of credit losses	187,532	171,270
Total	4,575,610	4,612,950

RMB'000

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

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 2021 Impairment of credit losses		Carrying amount
	Amount	Percentage (%)	Amount	Percentage (%)	
Impairment of credit losses assessed by credit risk portfolio	4,763,142	100.00	187,532	3.94	4,575,610
Total	4,763,142	100.00	187,532	3.94	4,575,610

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

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

XIV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

1. Trade receivables (Continued)

As at 31 December 2021, trade receivables whose impairment of credit losses were assessed by credit risk portfolio are listed as follows:

RMB'000

Aging	31 December 2021			
	Gross carrying amount		Impairment of credit losses	
	Amount	Percentage	Amount	Percentage
		%		%
Within 1 year	3,746,362	78.65	36,926	0.99
1 to 2 years	488,141	10.25	18,319	3.75
2 to 3 years	295,324	6.20	54,734	18.53
Over 3 years	233,315	4.90	77,553	33.24
Total	4,763,142	100.00	187,532	3.94

As at 31 December 2021, 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	1,403,669	Within 1 year	29.46
Company 2	Joint Venture	489,963	Within 2 years	10.29
Company 3	Third Party	441,382	Within 1 year	9.27
Company 4	Third Party	414,288	Within 1 year	8.70
Company 5	Third Party	304,267	Within 2 years	6.39
Total	—	3,053,569	—	64.11

As at 31 December 2021 and 31 December 2020, 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 2021

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:

	31 December 2021	31 December 2020
Aging		
Within 1 year	23,984,785	17,605,735
1 to 2 years	1,644,503	119,453
2 to 3 years	90,422	525,764
Over 3 years	686,546	177,095
Subtotal	26,406,256	18,428,047
Less: Impairment of credit losses	1,284	10,806
Total	26,404,972	18,417,241

RMB'000

Provision for impairment of credit losses are as follows:

- (1) As at 31 December 2021, the Company did not have other receivables at phase II.
- (2) As at 31 December 2021, the Company did not have other receivables at phase III.

In 2021, no other receivables have been written off. (2020: Nil)

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

XIV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

2. Other receivables (Continued)

As at 31 December 2021, 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	Subsidiaries	12,500,000	Within 1 year	47.33
Company 2	Subsidiaries	6,078,559	Within 4 years	23.02
Company 3	Subsidiaries	3,471,236	Within 2 years	13.15
Company 4	Subsidiaries	1,100,000	Within 1 year	4.17
Company 5	Subsidiaries	706,364	Within 1 year	2.67
Total	–	23,856,159	–	90.34

As at 31 December 2021 and 31 December 2020, 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 2021	31 December 2020
Equity investment under cost method – Subsidiaries	(i)	103,771,051	102,169,338
Total		103,771,051	102,169,338

Note: All the long-term equity investments are investments in unlisted companies, except for CRCC High-Tech Equipment Corporation Limited and CRCC Heavy Industry Corporation Limited.

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

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 2021	Percentage of the investee's registered capital directly attributable to the Company as at 31 December 2021 (%)	Category
	Carrying amount at 31 December 2020	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.
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.

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

XIV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

3. Long-term equity investments (Continued)

(i) Subsidiaries (Continued)

RMB'000

Investee	Changes for the year			Carrying amount at 31 December 2021	Percentage of the investee's registered capital directly attributable to the Company as at 31 December 2021 (%)	Category
	Carrying amount at 31 December 2020	Transfer to/ Increase in investment	Decrease in investment			
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.	1,047,809	20,000	-	1,067,809	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 (Note 1)	4,028,004	-	-	4,028,004	71.93	Co., Ltd.
China Railway Construction (Beijing) Business Management Co., Ltd.	28,313	-	-	28,313	100.00	Co., Ltd.
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	3,012,602	-	-	3,012,602	100.00	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.

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

XIV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

3. Long-term equity investments (Continued)

(i) Subsidiaries (Continued)

RMB'000

Investee	Changes for the year			Carrying amount at 31 December 2021	Percentage of the investee's registered capital directly attributable to the Company as at 31 December 2021 (%)	Category
	Carrying amount at 31 December 2020	Transfer to/ Increase in investment	Decrease in investment			
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. (Note 2)	1,300,000	-	1,300,000	-	-	Co., Ltd.
CRCC South China Investment Co., Ltd. (Note 2)	-	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.
China Railway Construction Northwest Investment & Construction Co., Ltd.	1,000,000	-	-	1,000,000	100.00	Co., Ltd.
CRCC Urban Investment & Construction Co., Ltd.	2,000,000	-	-	2,000,000	100.00	Co., Ltd.
CRCC Cyber Information Technology Co., Ltd. (Note 3)	101,161	-	101,161	-	-	Co., Ltd.
CRCC East Investment & Construction Co., Ltd.	2,000,000	-	-	2,000,000	100.00	Co., Ltd.
CRCC International Investment Co., Ltd.	1,500,000	200,000	-	1,700,000	70.00	Co., Ltd.
CRCC Development Group Co., Ltd. (Note 3)	600,000	898,690	-	1,498,690	100.00	Co., Ltd.
CRCC North Investment & Construction Co., Ltd.	20,000	180,000	-	200,000	100.00	Co., Ltd.
CRCC Yellow River Investment & Construction Co., Ltd.	810,000	300,000	-	1,110,000	100.00	Co., Ltd.
CRCC Capital Holdings Group Co., Ltd.	3,633,290	-	-	3,633,290	100.00	Co., Ltd.

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

XIV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

3. Long-term equity investments (Continued)

(i) Subsidiaries (Continued)

RMB'000

Investee	Changes for the year			Carrying amount at 31 December 2021	Percentage of the investee's registered capital directly attributable to the Company as at 31 December 2021 (%)	Category
	Carrying amount at 31 December 2020	Transfer to/ Increase in investment	Decrease in investment			
China Railway Construction Treasury Management (Hong Kong) Co., Ltd (Note 4)	-	4,184	-	4,184	100.00	Co., Ltd.
China Railway Construction Southwest Investment Co., Ltd (Note 5)	-	100,000	-	100,000	100.00	Co., Ltd.
Total	102,169,338	3,002,874	1,401,161	103,771,051	-	-

Note 1: China Railway Construction Heavy Industry Corporation Limited first publicly issued 1,285,180,000 ordinary shares on 22 June 2021 and exercised the options to issue additional 192,777,000 ordinary shares on 21 July 2021. The outstanding shares increased to 1,477,957,000 and the registered capital increased by RMB1,477,960,000, resulting in the company's direct shareholding in CRCC Heavy Industry decreased from 99.5% to 71.93%.

Note 2: In 2021, the Company used its shares in CRCC Southern Construction and Investment Co., Ltd. to increase capital for CRCC South China Investment Co., Ltd. .

Note 3: In 2021, the Company used its shares in CRCC Cyber Information Technology Co., Ltd and cash to increase capital for CRCC Development Group Co., Ltd.

Note 4: In 2021, the Company used cash to establish CRCC Finance (Hong Kong) Co., Ltd., a wholly subsidiary.

Note 5: In 2021, the Company used cash to establish China Railway Construction Southwest Investment & Construction Co., Ltd, a wholly subsidiary.

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

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 2021	31 December 2020
Payables for advances	14,936,180	16,507,168
Centralized funds payable	3,326,755	4,556,826
Dividends payable	382,251	557,800
Guarantees and deposits	75,179	80,709
Others	340,530	407,043
Total	19,060,895	22,109,546

5. Long-term loans

	<i>RMB'000</i>	
Item	31 December 2021	31 December 2020
Credit loans	2,328,564	2,632,066
Total	2,328,564	2,632,066

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 2021	31 December 2020
Within one year or paid on demand	623,502	2,189,025
In the second year (inclusive)	391,564	623,502
In the third year (inclusive)	406,000	391,564
Over three years	1,531,000	1,617,000
Total	2,952,066	4,821,091

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

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	2021	2020
Revenue from principal operations	15,268,762	15,550,479
Other operating revenue	1,244,756	930,599
Total	text-align: right;">16,513,518	text-align: right;">16,481,078

Operating cost is presented as follows:

	<i>RMB'000</i>	
Item	2021	2020
Operating cost	16,611,857	16,158,319

7. Finance costs

	<i>RMB'000</i>	
Item	2021	2020
Interest expenses	591,259	1,292,984
Less: Interest income	3,159,632	3,254,489
Exchange (gains)/losses	(203,846)	(772,252)
Bank charges and others	22,497	10,895
Total	text-align: right;">(2,749,722)	text-align: right;">(2,722,862)

8. Investment income

	<i>RMB'000</i>	
Item	2021	2020
Investment income received from long-term equity investments under cost method	8,984,501	12,473,199
Others	14,525	13,212
Total	text-align: right;">8,999,026	text-align: right;">12,486,411

For the year ended 31 December 2021, the investment income mentioned above was composed of investment income of RMB14,525,000 (2020: RMB51,941,000) from listed companies and RMB8,984,501,000 from unlisted companies (2020: RMB12,434,470,000).

As at 31 December 2021, 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 2021

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	2021	2020
Reconciliation of net profit to cash flows from operating activities:		
Net profit	10,959,399	15,260,631
Plus: Impairment of credit losses	9,651	39,210
Impairment losses on assets	7,041	6,141
Depreciation of fixed assets	17,077	12,664
Amortisation of intangible assets	10,526	7,002
Amortisation of long-term prepayments	1,918	–
Depreciation of right-of-use assets	30,469	31,799
Gains from disposal of fixed assets, intangible assets and other long-term assets	–	(8)
Losses on retirement of fixed assets	607	2,190
Gains from changes in fair value	(7,831)	(273,835)
Finance costs	323,769	520,732
Investment income	(8,999,026)	(12,486,411)
Decrease in deferred tax assets	725	705
Increase in deferred tax liabilities	1,958	7,355
Decrease (Increase) in inventories	47	(1,293)
(Increase) Decrease in contract assets	(237,110)	(1,288,806)
Decrease (Increase) in operating receivables	(12,401,812)	896,337
Increase (Decrease) in operating payables	(922,583)	74,173
Net cash flows generated from operating activities	(11,205,175)	2,808,586

(2) Cash and cash equivalents

RMB'000

Item	31 December 2021	31 December 2020
Cash	12,423,319	29,808,391
Including: Cash on hand	5	3
Cash with banks/financial institutions without restrictions	12,423,314	29,808,388
Closing balance of cash and cash equivalents	12,423,319	29,808,391

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

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	2021	2020
(1) Revenue from other related party transactions Subsidiaries	4,217,809	3,988,040
Total	4,217,809	3,988,040
(2) Purchase of goods and receipt of services Subsidiaries	16,250,083	15,906,550
Total	16,250,083	15,906,550
(3) Other expenses Subsidiaries	459,551	724,351
Other related parties	40,566	37,730
Total	500,117	762,081

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

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 2021		31 December 2020	
	Gross carrying amount	Impairment of credit losses	Gross carrying amount	Impairment of credit losses
Trade receivables				
Other related parties	499,688	1,738	932,466	3,456
Total	499,688	1,738	932,466	3,456
Other receivables				
Subsidiaries	24,379,865	–	18,366,395	–
Other related parties	632	–	9	–
Total	24,380,497	–	18,366,404	–
Advances to suppliers				
Subsidiaries	305,228	–	146,206	–
Total	305,228	–	146,206	–
Cash and bank balances				
Subsidiaries	7,880,521	–	25,385,896	–
Total	7,880,521	–	25,385,896	–
Long-term receivables				
Subsidiaries	20,930,000	–	36,883,640	–
Total	20,930,000	–	36,883,640	–
Current portion of non-current assets				
Subsidiaries	26,503,823	–	7,086,000	–
Total	26,503,823	–	7,086,000	–

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

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 2021	31 December 2020
Trade payables		
Subsidiaries	11,283,709	8,227,421
Total	11,283,709	8,227,421
Other payables		
Subsidiaries	18,378,464	21,249,371
Other related parties	55,680	55,680
Total	18,434,144	21,305,051
Long-term loans		
Other related parties	625,564	843,066
Total	625,564	843,066
Non-current liabilities due within one year		
Subsidiaries	32,697	532,634
Other related parties	537,502	33,769
Total	570,199	566,403
Long-term payables		
Subsidiaries	2,104,437	1,997,110
Total	2,104,437	1,997,110

Supplementary Information

For the year ended 31 December 2021

XV. SUPPLEMENTARY INFORMATION

1. Summary of non-recurring profit or loss

Item	<i>RMB'000</i>	
	2021	2020
Gains from disposal of non-current assets	620,422	589,278
Gains from disposal of long-term equity investments	322,610	29,366
Investment income from remeasurement of the remaining shares at fair value after disposal of part of shares	281,357	–
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)	874,341	941,671
Net gains from debt restructuring	166,858	173,444
Investment income from holding and disposal of held-for-trading financial assets	22,987	65,895
Investment income from holding the other equity instrument investments	180,576	118,395
Gains/(losses) on fair value changes	(243,222)	105,833
Reversal of impairment of receivables	458,484	88,021
Other non-operating income and expenses other than the above items	199,876	167,948
Impact on income tax	(541,507)	(418,581)
Impact on non-controlling interests (after tax)	(82,035)	(32,444)
Non-recurring profit or loss	2,260,747	1,828,826

Supplementary Information (continued)

For the year ended 31 December 2021

XV. SUPPLEMENTARY INFORMATION (Continued)

2. Return on net assets and earnings per share (“EPS”)

2021:

	Weighted average return on net assets (%)	EPS (RMB)	
		Basic	Diluted
Net profit attributable to the Company's ordinary shareholders	11.10	1.60	1.60
Net profit attributable to the Company's ordinary shareholders after deducting non-recurring profit or loss	9.94	1.43	1.43

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

A Coupon Convertible Bond at USD 500 million with the issue date on 29 January 2016 has 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 XII Five Years' Financial Summary

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Unit: '000 Currency: RMB

Item	2021	2020	2019	2018	2017
Revenue	1,020,010,179	910,324,763	830,452,157	730,123,045	680,981,127
Cost of sales	922,126,888	825,987,266	750,365,068	658,711,266	618,059,386
Taxes and surcharges	3,622,907	3,733,320	4,633,550	4,805,880	4,950,483
Selling and distribution expenses	6,147,103	5,667,867	5,432,855	4,431,330	4,530,901
General and administrative expenses	20,741,919	19,038,444	18,151,260	17,235,632	15,660,246
Research and development expenses	20,253,956	18,605,952	16,527,801	11,571,783	10,397,720
Finance costs	3,683,532	3,496,636	3,632,348	3,910,313	2,875,908
Other income	1,063,418	941,516	415,139	260,140	152,158
Investment income	-193,604	-686,098	-420,036	-226,251	337,004
Gains on fair value change	-243,222	105,833	656,543	-226,347	367,903
Impairment losses on assets	-1,589,571	-1,023,339	-1,893,643	-179,635	-4,469,500
Impairment of credit losses	-8,276,911	-2,701,879	-3,117,515	-4,292,765	/
Gains on disposal of assets	620,422	589,278	279,016	529,783	15,756
Operating profit	34,814,406	31,020,589	27,628,779	25,321,766	20,909,804
Non-operating income	1,111,804	1,068,358	974,713	1,096,998	1,090,270
Non-operating expenses	774,791	598,395	576,842	1,313,502	744,310
Net non-operating income	337,013	469,963	397,871	-216,504	345,960
Profit before tax	35,151,419	31,490,552	28,026,650	25,105,262	21,255,764
Income tax expenses	5,836,217	5,781,878	5,402,959	5,266,854	4,336,574
Net profit	29,315,202	25,708,674	22,623,691	19,838,408	16,919,190
Profit or loss attributable to owners of the Company	24,690,556	22,392,983	20,197,378	17,935,281	16,057,235
Profit or loss attributable to non-controlling interests	4,624,646	3,315,691	2,426,313	1,903,127	861,955
Basic earnings per share (RMB/share)	1.60	1.50	1.40	1.26	1.16
Diluted earnings per share (RMB/share)	1.60	1.44	1.33	1.23	1.09

Section XII Five Years' Financial Summary (continued)

TOTAL CONSOLIDATED ASSETS AND LIABILITIES

Unit: '000 Currency: RMB

Item	2021	2020	2019	2018	2017
Total assets	1,352,970,006	1,242,792,799	1,081,239,213	917,670,582	821,887,459
Total liabilities	1,006,477,010	929,153,709	819,217,639	710,335,727	643,238,614
Total Shareholders' equity	346,492,996	313,639,090	262,021,574	207,334,855	178,648,845

Chairman: **WANG Jianping**

Submission Date Approved By the Board: 30 March 2022

Revision Information

Applicable Not Applicable

By order of the Board
China Railway Construction Corporation Limited
Chairman
WANG Jianping

Beijing, PRC
30 March 2022

As at the date of this announcement, the board of directors 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. GAO Lieyang (Non-executive Director), Mr. MA Chuanjing (Independent Non-executive Director), Mr. ZHAO Lixin (Independent Non-executive Director), Mr. XIE Guoguang (Independent Non-executive Director) and Mr. TSIN Wai Lun Kenneth (Independent Non-executive Director).