中國交通建設股份有限公司

CHINA COMMUNICATIONS CONSTRUCTION COMPANY LIMITED

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

H Share Stock Code: 1800

2023

ANNUAL REPORT

(H SHARE)

CONTENTS

CORPORATE PROFILE

The Company was incorporated on 8 October 2006 and was initiated and founded by CCCG (a state-owned enterprise under the SASAC) through restructuring as approved by the State Council. Its H shares were listed on the Main Board of the Hong Kong Stock Exchange with stock code of 01800.HK on 15 December 2006. It is the first ultra large state-owned infrastructure enterprise entering the overseas capital market. The Company's A shares were listed on the Shanghai Stock Exchange with stock code of 601800.SH on 9 March 2012, representing a leap-and-bound advance taken by the Company in the course of its development.

As a leading transportation infrastructure enterprise in the PRC, the Company is the industry leader in each of its core businesses, namely infrastructure construction, infrastructure design and dredging. Leveraging on its extensive operating experience, expertise and know-how accumulated from projects undertaken across a wide range of areas over the years, the Company is capable of providing integrated solutions throughout each stage of infrastructure projects for its customers. The Company is the world's largest port, road and bridge design and construction company, and the world's largest dredging company; it is also the largest international contractor and highway investor in China; and the Company also owns the largest engineering fleet in the world. The Company currently has 35 principal wholly-owned or controlled subsidiaries. The Company operates its businesses in all provinces, cities, and autonomous regions of China, including Hong Kong and Macau Special Administrative Regions, and has established its global presence in 139 countries and regions.

As an important holding subsidiary of CCCG, the Company played a decisive role in the business performance of CCCG. CCCG has been rated as a Grade A enterprise in the Operating Results Assessment of State-owned Enterprises conducted by the SASAC for eighteen consecutive years, and it has been rated as a Grade A enterprise in the Party Building Accountability Assessment conducted by the SASAC in consecutive years. CCCG has ranked the first among Chinese enterprises in ENR's Top International Contractors for seventeen consecutive years. Meanwhile, CCCG ranked the 63rd in the Fortune Global 500.

Through designing and constructing in state-level engineering construction projects, the Company has set many records recognised as the "first", the "best" and the "most" in the history of port and bridge construction not only in the PRC but also the rest of Asia and around the world. Construction projects such as the Sutong Yangtze River Bridge, Shanghai Yangshan Deepwater Port, Yangtze River Mouth Deepwater Navigation Channel Regulation Project, Hainan Project, and the Hong Kong-Zhuhai-Macau Bridge reflected the state-of-the-art standard of China, and that of the world. The Company entered the railway market since the market opened and participated in the design and construction of over 130 national key railway projects, including Harbin-Dalian PDL, Beijing-Shanghai High Speed Railway, Lanzhou-Chongqing Railway, etc. Meanwhile, the Company proactively participated in the railway projects of "Going Global", and the Mombasa-Nairobi Railway in Kenya and the Nairobi-Maraba Railway Phase I Project were independently designed and constructed by the Company on the basis of the construction standards of railway in China. A number of overseas projects of the Company have won the Luban Award, the National Quality Project Award and the ENR's awards, and have established a number of landmark projects, quality projects, and people's livelihood projects overseas.

During the "14th Five-Year Plan" period, the Company made plans to firmly implement the new development concept, insisted on innovation as the first driving force, grasped the direction of digitalization and smart development in the infrastructure industry, and accelerated the industrial transformation and upgrading, so as to consolidate its position as the national team of "big transportation" construction and the main force of "big city" development. In 2023, the engineering contractor base was solidified, the highway business maintained its leading position in the industry, and the results of "expanding contracting projects" were remarkable. We continued to optimize the investment structure, improved overseas business steadily, accelerated green and low-carbon transformation and made progress in the "three new" businesses. We focused on new industry sectors such as energy conservation and environmental protection, new energy, new information technology as well as new business forms and models to optimize top-level design, with clearer business development directions and management models, and a deepening integration of industry and finance. The Company has successfully spun off its subsidiaries and realised the reorganisation and listing of its design segment, so as to make every effort to build CCCC Design into a world-class design consulting group which is professional, integrated, technological, high-end, capitalised and international.

The Company places great emphasis on technological innovation which would improve the Company's competency and guidance in operation. Following the direction of "making innovations and leapfrog advances in key areas, supporting development and thus creating a better future", the Company continues to optimize the structure and layout of innovative platforms and determines to establish a "three-level and four-type" innovative platform system with key laboratories, R&D centres, enterprise technology centres and field observation stations (bases) at national, provincial and group levels as the core, to achieve the objectives to establish four types of scientifically innovative platform by carry out fundamental research on application at key laboratories, engineering and industrial R&D at R&D centres, supporting production and operation at enterprise technology centres and supporting fundamental research and fundamental research on applications by scientific observation data obtained by field observation stations (bases). The Company has a total of 12 innovation platforms at national level, 87 innovation platforms at provincial level and 31 innovation platforms at group level. This forms a group of innovation platforms that covers each session within the innovation chain and assembles the characteristics of fundamental support and guaranteed condition, fundamental research on applications, technology research and development, achievement transformation, and industrialization. The Company owns 27 Post-Doctoral research centres and 4 academician research centres and has systematically nurtured a pool of scientific experts and a professional innovation team by leveraging on innovation platforms and the establishment of key scientific research projects and key engineering projects to create a nurturing model of a "three-in-one" professional team of scientific calibers with its resources on talents, teams and platforms.

CORPORATE PROFILE

The Company has been accumulatively awarded with 40 National Science and Technology Advancement Awards, 5 Technological Invention Awards, 130 Luban Awards, 400 National Quality Project Awards (including 46 golden awards), 120 Zhan Tianyou Awards, 2 Chinese Golden Patent Awards and 39 Chinese Outstanding Patent Awards. The Company has accumulatively participated in the compilation of 162 national standards and 528 industry standards that have been promulgated, and had a total of 34,343 authorized patents.

The Company owns a diverse range of specialised equipment, including modern dredging vessels, various equipment for marine and onshore engineering, as well as various state-of-the-art machinery and equipment for investigation, design and research, which gives the Group competitive advantages to win and perform contracts for challenging large-scale complex projects.

By insisting on the vision of "making the world more expedite, making the city more habitable, making life more beautiful", adhering to the corporate mission "fostering sustainable development with firm foundation and good morality", and persisting on the corporate spirit of "communicating with the world and constructing without boundaries", the Company will spare no efforts to become a globally competitive world-class enterprise with technology, management and quality and start a new journey of high-quality development in the new era.

PERFORMANCE HIGHLIGHTS

RMB million (except per share data)	For the year ended 31 December 2023	2022	Change (%)
Revenue	755,646	719,084	5.1%
Gross Profit	94,528	83,692	12.9%
Operating Profit	38,955	34,002	14.6%
Profit attributable to owners of the Company	24,734	20,226	22.3%
Basic earnings per share (RMB)(Note)	1.45	1.15	26.1%

RMB million	As at 31 December 2023	2022	Change (%)
Total assets	1,684,262	1,516,713	11.0%
Total liabilities	1,225,138	1,089,221	12.5%
Total equity	459,124	427,492	7.4%
Capital and reserves attributable to owners of the Company	301,734	282,500	6.8%

	For the year ended 31 December			
	2023		2022	
Value of New Contracts RMB million	Number of Projects	Value of Contracts	Value of Contracts	Change (%)
Infrastructure Construction Business	3,853	1,558,482	1,367,070	14.0%
— Port Construction	430	84,523	76,700	10.2%
— Road and Bridge Construction	537	349,005	357,875	-2.5%
— Railway Construction	33	36,919	44,873	-17.7%
— Urban Construction	2,510	792,908	678,981	16.8%
— Overseas Projects	343	295,126	208,641	41.5%
Infrastructure Design Business	5,381	55,972	54,899	2.0%
Dredging Business	1,136	119,193	106,654	11.8%
Other Businesses	N/A	19,568	13,633	43.5%
Total	N/A	1,753,215	1,542,256	13.7%

	As at 31 December			
	2023		2022	
Backlog RMB million	Number of Projects	Value of Contracts	Number of Projects	Value of Contracts
Infrastructure Construction Business	6,969	2,987,922	3,028,916	-1.4%
Infrastructure Design Business	15,666	154,256	148,112	4.1%
Dredging Business	1,577	278,577	204,832	36.0%
Other Businesses	N/A	29,904	6,465	362.6%
Total	N/A	3,450,659	3,388,325	1.8%

Note:
In calculating the amount of basic earnings per share, the interest of perpetual securities with an aggregate amount of approximately RMB1,327 million shall be excluded from profits.

Shenzhen-Zhongshan Bridge, with a total length of 24 kilometers, integrates “bridge, island, tunnel, and underwater interchange” into one complex system. It is designed for a speed of 100 kilometers per hour and features eight lanes in both directions.

The Shenzhen-Zhongshan Bridge is recognized as the most challenging integrated marine construction project in the world, featuring the highest navigable clearance for a sea bridge, the largest span for an offshore steel box-girder suspension bridge, the highest wind-resistant rating for a steel box-girder suspension bridge, the largest mass for a sea anchor, the first dual eight-lane steel-shell concrete immersed tube tunnel, and the longest and widest underwater steel-shell concrete immersed tube tunnel in the world.

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board, I am pleased to present to you the 2023 annual report of the Company for your review.

In 2023, the Company adhered to the general principle of pursuing progress while ensuring stability, closely followed the main line of "Year of Deepening High-quality Development", withstood pressure, coordinated efforts, and focused on surmounting various challenges, thereby realizing progress and improvement amidst stability. The revenue of the Group amounted to RMB755,646 million, representing a year-on-year growth of 5.1%. Net profit attributable to the Shareholders amounted to RMB24,734 million, representing a year-on-year growth of 22.3%, and earnings per share were RMB1.45. The value of new contracts of the Group amounted to RMB1,753,215 million, representing a year-on-year growth of 13.7%. As at 31 December 2023, the backlog amounted to RMB3,450,659 million.

The year 2023 marked the first year of fully embracing the principles set forth by the 20th National Congress of the Chinese Communist Party (CPC) and a pivotal year for economic resurgence and advancement. Additionally, it was a crucial year for the Company as we persisted in our endeavors and intensified our commitment to pursuing a path of high-quality development. The Company's appreciation for high-quality development has become more profound, leading to a widespread consensus within the organization. Our focus has shifted from merely expanding size and speed to a stronger emphasis on quality and efficiency. To this end, we've increasingly embraced the "four initiatives (四做)", which have positioned us at the forefront of our industry in terms of full-employee labor productivity. Additionally, we've seen steady improvements in various performance metrics, including asset growth rate and operating cash flow. Our development approach, operational systems, and development achievements have all seen significant enhancements, resulting in a consistent optimization of development quality and efficiency. As a major holding subsidiary of CCCG, the Company played an important role in the business performance of CCCG. In 2023, CCCG has rated Level A in business performance appraisal of state-owned enterprises (organized by the SASAC) for the eighteenth consecutive year and ranked the first among Chinese enterprises in ENR's Top International Contractors for the seventeenth consecutive year.

CHAIRMAN'S STATEMENT

The year of 2024 is pivotal for achieving the goals and initiatives set forth in the "14th Five-Year Plan" and represents a crucial period for the Company's pursuit of high-quality development. The Company is dedicated to expediting progress toward "six major improvements (六個顯著提升)", i.e., markedly improving development quality and efficiency; substantially increasing our capabilities in scientific and technological innovation; greatly advancing the modernization of our industrial system; significantly strengthening reform and empowerment; notably enhancing our ability to prevent and mitigate major risks; and prominently reinforcing the guiding and protective influence of party-building activities. In order to better promote high-quality development, according to the upgraded version of the "123456" overall development ideas, the Group will stick to the main line of "Year of Improving High-quality Development", and work on six key areas in 2024.

I. Maintaining the strength to push forward high-quality development and stable growth to achieve new results. Firstly, we will focus on expanding volume and enhancing quality to "scale up projects." In 2024, the growth target for the value of new contracts of the contracting business will be no less than the overall growth in the value of new contracts. The Group will advance the management of high-quality projects and improve the performance and efficiency of contracting projects. Secondly, we will focus on creating value to "strengthen investment." In 2024, strict control will be placed on the scale of new investments in domestic project. With cash flow and profit management at the core, we will select high-quality investment projects, and increase the proportion of medium- and short-term projects, light-asset projects, and projects in key regions. Thirdly, we will focus on the improvement of both quality and efficiency to "solidify the value of assets." This includes speeding up the reorganization and divestiture of existing assets without core competitiveness such as lands, real estates, and equipments, enhancing the turnover efficiency of assets, accelerating the cash return, and thus freeing up resources for the core business and creating opportunities for its development. Fourthly, we will focus on the integration of production and financing to "optimise capital." The Group will scientifically expand financing channels, increase the proportion of direct financing, and open up the circulation path of capital, resources and industries, thereby improving the service system which integrates production and financing and promotes production by financing.

II. Making precise efforts to promote industrial reshaping and layout optimization to achieve new upgrades. Firstly, we will continuously promote the transformation and upgrading of traditional industries, advance the mutual promotion between serving the major national strategies and facilitating industrial upgrading. By implementing a batch of long-term beneficial major national projects with strong traction, we will build competitive advantages in high-end, intelligent, and green transformation of traditional industries, and strive to be industry leaders and industrial benchmarks. Secondly, we will accelerate the strategic layout of emerging industries to expand competitive tracks, closely focus on strategic emerging industries and future industries, select 2–3 key areas to strengthen technological breakthroughs, optimize industrial organization, gather industrial elements, and cultivate an industrial ecosystem. Thirdly, we will vigorously promote overseas priority development to make more contribution, and continue to improve the comprehensive contribution of overseas businesses to the Company's development by prioritizing development, management and supervision.

III. Continuing to vigorously promote scientific and technological self-reliance and self-improvement to open up new horizons. Firstly, significant advancements must be made in tackling key core technologies. We will address the issue of scattered investments of the Company's research and development investments, and strive to have an edge over peers for the creation of high-end equipment and superior technologies in areas such as smart ports, smart highways, smart water management, and smart cities. Secondly, national-level innovation platforms should play a more significant role. We will fully utilize national engineering research centers and key laboratories to seize the battleground in technology and industry competition, and continually enhance the "strong magnetic field" effect of the science and technology platforms in attracting innovative resources. Thirdly, the scientific and technological innovation system and mechanism will be optimized to give full play to the "baton" role of assessment and motivation. We will make good use of R&D investments to promote the achievement of breakthroughs in scientific research and accelerate the realization of the scale of application of industrialization.

IV. Coordinating efforts to vigorously promote the deepening of the reform to achieve new breakthroughs. We will deepen the reform by focusing on governance structure to practically enhance the effectiveness of corporate governance. We will deepen the reform by focusing on vitality and efficiency to improve the market-oriented operation mechanism continuously. We will deepen the reform by focusing on internal control system to accelerate the improvement of lean management. We will deepen the reform by focusing on resource allocation optimization to enhance professional management capacity.

V. Improving efficiency and making more efforts to achieve new progress in preventing and resolving risks. Firstly, we will take real and tough measures to prevent and control operational risks, comprehensively optimize the financial structure, orderly reduce the scale of perpetual bonds, accelerate the collection of accounts receivable, and increase the efforts to liquidate inventory and revitalize assets. Secondly, we will improve and optimize the compliance management mechanism, further enhance the awareness and initiative to engage in activities in accordance with the law, manage by the rules, and act by regulations. Thirdly, we will relentlessly focus on safety and environmental protection work, recognizing the importance of effective safety and environmental protection management. To solidify the principle of "one position, dual responsibilities", we will strengthen the standardization of safety and environmental protection inspection at all levels and ensure that all responsible units fulfill their safety and environmental protection obligations.

VI. Making cohesive efforts to promote the party-building windows of state-owned enterprises to highlight the new atmosphere. We will deeply study and comprehend General Secretary Xi Jinping’s important thoughts on the party-building, always remember that central state-owned enterprises are the economic contingent of the Party and the nation, consciously take up the political responsibility as a key point for the party-building, and make every effort to forge a model window of the party-building in state-owned enterprises in the new era.

Dear Shareholders, in 2024, the Company will adhere to the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, anchoring our goals on becoming a world-class enterprise with “Three Orientations (三型)”. With self-confidence and self-reliance, maintaining integrity and fostering innovation, we will strive to promote high-quality development to a new level. We are committed to contributing greater strength to the comprehensive advancement of strong country construction and the great rejuvenation of the Chinese nation! I would like to thank all Shareholders and friends for their support and help!

Wang Tongzhou
Chairman

Beijing, the PRC
28 March 2024

The "Urban Village" renovation project in Fengxi Community, Huaxin Town, Qingpu District, Shanghai, covers a total area of 1,272 mu, with a total investment of approximately RMB33.6 billion.

Fengxi "Urban Village" is currently the largest "Urban Village" renovation project in Shanghai.

BUSINESS OVERVIEW

I. MAIN BUSINESS

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

II. BUSINESS MODEL

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

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

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

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

III. CORE COMPETITIVENESS DURING THE REPORTING PERIOD

(I) Enhance the Strength and Expertise of the Main Responsibility and Principal Business, and Forge the Integration Advantages of the Full Industry Chain

The Company is the world's largest port, road and bridge design and construction company, and the world's largest dredging company; it is also the largest international contractor and highway investor in China; and the Company also owns the largest engineering fleet in the world. The Company has 35 principal wholly-owned or holding subsidiaries, and operates businesses in China's all provinces, cities, autonomous regions, Hong Kong and Macau and 139 countries and regions across the world.

The Company is the world's largest port design and construction company. Driven by the advantages of smart port and shipping characteristics, it enhances its leadership in terms of the development of the port and shipping industry by leveraging the smart port and shipping industry alliance. It promotes the construction of industrial chain leader and drives the synergistic development of the industrial chain, to accelerate the building of an independent and controllable whole industrial chain. It undertakes the design and construction of most of medium and large ports in coastal zones since the founding of PRC, and participates in the design and construction of many large ports overseas, fostering a strong competitiveness and brand influence. In China, there are limited peers that can compete with the Company.

III. CORE COMPETITIVENESS DURING THE REPORTING PERIOD (CONTINUED)

(I) Enhance the Strength and Expertise of the Main Responsibility and Principal Business, and Forge the Integration Advantages of the Full Industry Chain (continued)

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

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

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

(II) Actively Advance the Upgrading of "Company Internationalization" and Jointly Build the Belt and Road with High Quality

During the Reporting Period, based on a global perspective and taking advantage of its main business, the Company actively cooperated with and served national strategies, precisely dovetailed with the deployment of the Belt and Road Initiative, and made every effort to promote the interconnection of transportation infrastructure and improve people's livelihood along the routes, actively contributed Chinese wisdom and Chinese solutions. General Secretary Xi Jinping recently replied to a letter from Kenyan students studying in China, highly praising the contribution of the Mombasa-Nairobi Railway and pointing out that the railway is a flagship project and a successful example of the joint efforts of China and Kenya in the Belt and Road Initiative.

III. CORE COMPETITIVENESS DURING THE REPORTING PERIOD (CONTINUED)

(II) Actively Advance the Upgrading of "Company Internationalization" and Jointly Build the Belt and Road with High Quality (continued)

The Company continued to deepen overseas reforms. Focusing on new milestones and missions of the Belt and Road, it has outlined the development approach for deepening reform of "Company Internationalization", setting ambitious goals, a clear roadmap and a feasible schedule, optimizing overseas operations and management structure and driving the high-quality development of overseas tertiary companies. The Company also continuously optimized the national organizational layout with "a tailored strategy for each country" and consistently achieved new successes with the overseas "four initiatives". **High-end activities led market development.** The Company successively visited the heads of 25 countries, including the Philippines and Malaysia, conducted nearly 100 high-level bilateral meetings, and meticulously organized 111 ambassadors and representatives of international organizations stationed in China to participate in the "Ambassadors to China Step into CCCC" event. During the 3rd "Belt and Road" International Cooperation Summit, it signed more than 19 cooperation agreements. The Company also participated with high quality in 12 international multilateral and bilateral events, including the Global Sustainable Transport Forum, the Hong Kong "Belt and Road" Summit, the China-ASEAN Expo, and the China-Arab States Expo, fully showcasing the comprehensive strength of the Company. **The Company continuously strengthened risk prevention and control.** In response to the coups in Niger and Gabon, the new round of the Israel-Palestine conflict, the public sentiment in the Philippines, and other incidents, timely and effective measures were taken to mitigate security risks. **The Company participated deeply in the high-quality joint construction of "the Belt and Road".** In 2023, the value of new contracts of the Company with countries participating in the joint construction of "the Belt and Road" was USD38,761 million. The value of new contracts with the Middle East region amounted to RMB3,890 million. Since the proposal of jointly building the Belt and Road, the value of new contracts of the Company accumulated to USD234,758 million. The Karnaphuli River Tunnel in Bangladesh officially opened to traffic, the Phnom Penh-Sihanoukville Expressway in Cambodia achieved a safe operation for one year, the Lekki Port in Nigeria commenced operations, and the main structure of Quay No. 1 at the Chancay Port project in Peru was completed ahead of schedule. The construction of the Bogotá Metro Line 1 commenced, and the first section of the Maya Railway in Mexico achieved full line-through. Represented by the Peljesac Bridge in Croatia, a series of the "Belt and Road" flagship projects have shone brilliantly, presenting satisfactory achievements by CCCC for the 10th anniversary of the initiative of joint construction of the "Belt and Road".

(III) Continue to Optimize the Business Layout of "Big City" and Take on the Mantle of Steady Growth

The Company upholds the philosophy of "building, operating, and developing cities". It seizes the opportunities presented by the "three major projects", including new urbanization and affordable housing, construction of dual-use (for peacetime and emergencies) public infrastructure, and the redevelopment of urban villages, thereby deeply engaging in urban renewal and urban inspection actions. The Company has seized the market opportunity presented by the urban development shift from large-scale incremental construction to a focus on both the improvement and transformation of existing stocks and the structural adjustment of increments. It has established an upgrade mechanism guided by high-end design, breaking through the constraints of qualifications, performance, and talent, in order to create a high-quality life for urban and rural residents.

During the Reporting Period, the Company fully optimized its business layout in "big city", accelerating the extension from municipal and housing construction to "front-end" and "back-end" services such as urban planning and design, and city operation. This approach has created a favorable situation where the urban business is characterized by "top-tier leadership, first-level support, and comprehensive coverage of specialized qualifications". The Company organized a special meeting on urban renewal. Its self-developed urban industrial big data platform achieved positive results during the implementation of several projects, including CCCC Sci-tech City. The first national specialized exhibition hall dedicated to urban renewal, the CCCC Urban Renewal Hall, has officially opened in Beijing.

In 2023, the value of new contracts of the Company in "big city" business reached RMB744,900 million, representing a year-on-year increase of 18.7%. The value of new contracts of the comprehensive urban development business amounted to RMB124,674 million, and the "village renovation" project in Fengxi community, Huaxin town, Qingpu district, Shanghai was successfully promoted. In June 2023, the Company considered and passed the "Resolution on Issues Relating to the Increase of Registered Capital of CCCC Urban Investment", agreeing to increase its registered capital from RMB4,099 million to RMB10,000 million. This reflects the Company's judgment on the "three major projects" and the incremental construction of urbanization, as well as the strategic determination to continuously create an "urban developer" identity. It focuses on comprehensive urban development as the fundamental business platform and development mainline, driving value creation through dual engines of urban operation and integration of industry with cities, with new investments concentrated in core cities and key regions.

III. CORE COMPETITIVENESS DURING THE REPORTING PERIOD (CONTINUED)

(IV) Accelerate the Transformation and Upgrading of Digital Traditional Industries, and Spare No Effort to Develop Strategic Emerging Industries

The Company drives the transformation and upgrading of traditional industries through digitization and intelligentization, relying on the construction of a modern industrial chain leader and the establishment of a smart port and shipping industry alliance. We accelerate the integration of digital technologies with traditional industries, actively explore industrial application scenarios such as digital support and intelligent production, participate in the formulation of related standards, and expedite the development of a smart and digital industry system with CCCC characteristics, enhancing our systemic innovation capacity and overall competitiveness. The Company continues to optimize its promotion and application of the CCCC Urban Industry Big Data Platform throughout the entire company, making full and effective use of industrial resources to provide integrated solutions for policy interpretation, urban analysis, and industry introduction. It vigorously advances the integration of smart transportation, smart cities and smart energy into infrastructures. In 2023, the Company launched domestically produced BIM design foundations and more than 10 specialized products for highway, water transport, and airport industries. It continuously built Beidou model projects, with 3 Beidou application entities approved as National Specialized and Innovative "Little Giant" Enterprises.

The Company fully utilized the role of CCCG for pilot reform as a state-owned capital invested company, seized the policy opportunities in the development of strategic emerging industries, compiled a directory of guidelines for the development of strategic emerging industries, clearly defined the entry points and development positioning of the industries in the subdivisions, and formed a package of support policies and specific measures for major investments, mergers and acquisitions of industries, technological research and development, and standard formulation. The green energy segment focuses on the application scenario of "big transportation and big cities", and makes every effort to create a new development mode of "integration of transportation and energy". The construction technology segment has been promoting its businesses in different areas, such as sand and gravel aggregates, solid waste treatment, and assembled buildings, and constructing a synergistic development model for multiple businesses. Cold chain logistics segment plans to cooperate with leading cold chain operators. The digital intelligence segment aims to "strengthen the industry chain" of the traditional core industry, with a priority focus on the strategic layout in three niche areas: smart urban parking operations, vehicle-to-road cooperation, and intelligent port and shipping logistics. We facilitated the integration and development of the "three new" businesses of the Company, initiated the establishment of the specialized and new science and technology innovation fund, and accelerated the Company's layout of the strategic emerging industries through the fund's outward investment and served the Company's industrial transformation and upgrading. In 2023, the Company successfully won the bidding of pumped storage projects such as Ningxia Niushoushan phase II and offshore photovoltaic projects such as Shandong Kenli; and undertook 15 key technical tasks for the future industries of the SASAC. The Company has perfected its top-level design and supporting system for green and low-carbon initiatives, identified a green and low-carbon center, and selected 10 exemplary model projects and 10 key technological achievements for promotion and application. Three international projects have been selected as national cases for the green "Belt and Road" initiative, demonstrating effectiveness in establishing the industry's green and low-carbon brand.

(V) Be the "National Team" of Technological Innovation and Advance towards a World's Leading "Sci-Tech" Enterprise

Focusing on its main responsibility and principal business, the Company attaches great importance to the key and core technologies as well as bottleneck problems. It follows the guidance of pilot projects of building national strength in transportation to continuously improve the technological innovation system, strengthen efforts to achieve breakthroughs in core technologies and build a cradle for original technology. It is committed to improving the independent innovation capability, continuously deepening the technology system reform, enhancing technological innovation incentive and talent pool construction, taking multiple measures to promote the strategy of innovation driven development and staying determined to advance towards a world's leading "Sci-Tech" enterprise by technological innovation.

III. CORE COMPETITIVENESS DURING THE REPORTING PERIOD (CONTINUED)

(V) Be the "National Team" of Technological Innovation and Advance towards a World's Leading "Sci-Tech" Enterprise (continued)

Guided by the national strategic needs and industrial upgrading, the Company conducted technology research and the "National Key Laboratory of Green and Long-life Road Engineering in Extreme Environment (極端環境綠色長壽道路工程全國重點實驗室)" and the "National Key Laboratory of Safe and Long-life, Healthy Operation and Maintenance of Long Bridges (長大橋樑安全長壽與健康運維全國重點實驗室)" have been recognized by the Ministry of Science and Technology. The Company became the only central construction enterprise with two national engineering research centers upon selection of its Long Bridge Engineering Research Center (長大橋工程研究中心) and Dredging Technology and Equipment Research Center (疏浚技術裝備研究中心) into the National Science and Technology Innovation Base (國家科技創新基地), leading infrastructure construction to a new high end and making great strides on the road of strengthening the country with science and technology. The Company established the general research institute for strategy and innovation, which undertakes 15 key technological tasks for future industries. Furthermore, the Company owns 27 post-doctoral research centres and 4 academician research centres and has systematically nurtured a pool of scientific experts and a professional innovation team by leveraging on innovation platforms and the establishment of key scientific research projects and key engineering projects to create a "three-in-one" model integrating talents, teams and platforms to nurture scientific and technological talents team. Zhang Xigang (張喜剛), an academician of the Chinese Academy of Engineering, won the Bridge Award of the Mao Yisheng Science and Technology Award and the title of "100 Excellent Engineers by China Highway & Transportation Society", and Lin Ming (林鳴), an academician of the Chinese Academy of Engineering, won the Science and Technology Achievement Award of Ho Leung Ho Lee Foundation.

The Company overcomes a series of world-class technical issues in engineering projects regarding road construction and maintenance under complicated natural conditions, construction of expressway in high-cold permafrost regions, long-span bridge, long and large mountain tunnel, underwater tunnel, highway-railway bridge, offshore deep-water port, rapid island building in open seas, deep-water submerged tube tunnel, installation and construction of wind power infrastructure. The core technology of super large diameter tunnel shield machine manufacturing breaks the foreign technology blockade, realizes the domestication and industrialization of the whole machine, and is comparable to top-ranking enterprises of European and American markets. With the application of BIM and other new technologies, a large number of intelligent transportation infrastructures have been built, represented by the world's largest single fully automated terminal, Shanghai Yangshan Port Phase IV, and the national first intelligent expressway, Hangzhou-Shaoxing-Ningbo Expressway. Applied technologies including Beidou satellite and high-resolution remote sensing develop rapidly with a leading position in the domestic industry.

Over the years, the Company has been accumulatively awarded with 40 National Science and Technology Advancement Awards, 5 National Technological Invention Awards, 130 Luban Awards, 400 National Quality Project Awards (including 46 golden awards), 120 Zhan Tianyou Awards, 2 Chinese Golden Patent Awards and 39 Chinese Outstanding Patent Awards. The Company has accumulatively participated in the compilation of 162 national standards and 528 industry standards that have been promulgated. It has a total of 34,343 granted patents.[1]

During the Reporting Period, the Group's R&D cost was RMB27,707 million, accounting for 3.7% of the revenue, representing an increase of 0.4 percentage point compared with last year, and a number of "bottleneck" technologies have achieved breakthroughs. The construction of the 30,000 m^3 hopper suction dredger is being accelerated. The first batch of domestic dedicated offshore wind power operation and maintenance mother vessels has broken the foreign technology monopoly. Significant progress has been made in the localization and replacement of dredging core components and software platforms with domestic alternatives.

In the future, the Company's science and technology innovation should closely keep abreast of the trends of global leading science and technology and cross-border technology in relevant areas. It should closely integrate with the development trend of science and technology, national strategy and security as well as market and field demand, stress value creation and highlight the mutual synergy between the innovation chain and the industrial chain so as to achieve the target of "focusing on priorities, consolidating advantages, addressing inadequacies and shoring up points of weakness". It will strive to make greater breakthroughs in "bottleneck" technology, in strengthening the country through transportation and manufacturing and other national strategic frontiers and in common key technologies, so as to firmly grasp the initiative of scientific and technological development. The Company should give full play to the national innovation platforms such as the "National Key Laboratory of Green and Long-life Road Engineering in Extreme Environment (極端環境綠色長壽道路工程全國重點實驗室)", and build itself into a source of cutting-edge technologies, a chain of independent innovation in science and technology, and a pool of academic and technological talents in this field. It will cultivate the original technologies, endeavor to enhance the technological capabilities related to strategic emerging industries, and stride towards the world's leading "Sci-tech" enterprise in an all-out effort.

[1] Statistics from the awards received by CCCC and its subsidiaries.

III. CORE COMPETITIVENESS DURING THE REPORTING PERIOD (CONTINUED)

(VI) Make New Achievements in Business Qualifications

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

The Company has obtained a total of 62 extra-grade qualifications, including 18 extra-grade qualifications for general contracting of port and waterway engineering construction, 38 extra-grade qualifications for general contracting of highway project construction, 4 extra-grade qualifications for general contracting of architectural engineering construction and 2 extra-grade qualifications for general contracting of municipal utilities project construction. The Company now has obtained more than 1,700 qualifications for major engineering construction, nearly 300 qualifications for engineering consulting, survey and design and 8 comprehensive grade A qualifications for engineering design among the engineering design qualifications.

During the Reporting Period, the Company obtained a total of 26 grade A and extra-grade qualifications, including 1 extra-grade qualification for general contracting of architectural engineering construction, 4 extra-grade qualifications for general contracting of highway project construction; 3 extra-grade qualifications for general contracting of port and waterway project construction and 1 grade A qualification for engineering design of the waterworks industry.

(VII) Keep Improving the Market Value Management System and Continuously Enhance the Value Creation Capability of Listed Companies

During the Reporting Period, guided by the pilot reform of state-owned capital investment companies, the Company thoroughly implemented the "Task Plan on Enhancing the Quality of Listed Companies Controlled by Central Enterprises (提高央企控股上市公司質量工作方案)", persisted in enhancing its capital, scientifically expanded financing channels, increased the proportion of direct financing, established interconnected circulation paths for capital, resources, and industries, and improved a service system that integrates industry and finance to promote industrial development through financing. The Company will continuously improve the quality of its holding listed companies, strengthen the coordination of capital operations for holding listed companies, enhance equity management and market value assessment of the listed companies, actively leverage the platform of the listed companies, and support the development of the Company's core business through capital operations.

The first was to carry out cross-central enterprise reorganization and integration. Based on the Company's shareholding in subsidiaries (i.e., CCCC Highway Consultants Co., Ltd., CCCC First Highway Consultants Co., Ltd. and CCCC Second Highway Consultants Co., Ltd.), the Company realized the spin-off and listing of the design segment through the asset swap and the issuance of shares to purchase assets for reorganization and integration. CCCC Design & Consulting Group Co., Ltd. (600720.SH) was officially listed on 28 December 2023, and CCCC holds 53.88% of the shares of CCCC Design upon such reorganization. The listing of the design segment is an important step to realize the strategy of "building a country with strong transportation strength". CCCC Design will become the largest listed company in the design sector domestically, fully leveraging the leading role of the industry chain to support the Company's business development and upgrading. At the same time, CCCC Design will serve as the "national team" in the design field, representing the Chinese design industry on the global stage, which will further exploit the Company's significant advantages as a leader in the infrastructure industry and as a forerunner in the Belt and Road initiative, and fully practice the strategy of "building a country with strong transportation strength". This project is the first market-oriented backdoor listing project among A-shares for state-owned enterprises (SOEs), marking the first spin-off and listing project through restructuring and the first multiple-asset restructuring listing project following the comprehensive implementation of the registration-based system for A+H listed companies.

The second was to actively explore equity financing channels and focus on enhancing the Company's direct financing capability. The proposal on the issuance of 30,000 million preference shares to specific targets by the Company has been approved by SASAC, as well as considered and approved by the general meeting on 30 June 2023.

The third was to vigorously grasp the capital cost window on the market and innovate various types of asset-backed securitization business models. The annual general meeting of the Company considered and approved the proposal of RMB120,000 million asset-backed securitization business plan, including but not limited to asset-backed securitization business of underlying assets such as supply chain receivables, leasing assets, partnership shares, government subsidies, infrastructure assets, and commercial real estate.

III. CORE COMPETITIVENESS DURING THE REPORTING PERIOD (CONTINUED)

(VII) Keep Improving the Market Value Management System and Continuously Enhance the Value Creation Capability of Listed Companies (continued)

The fourth was to strengthen the control of fund business and promote the transformation and upgrading of industrial funds. Combined with the Company's fund business and the actual combination of production and financing, the Company comprehensively sorted out the fund business, put forward pressure control adjustment suggestions for the stock business, systematic planning and direction mode suggestions for the incremental business, and simultaneously put forward the follow-up management optimization plan for fund business. At the same time, it promoted the market-oriented transformation of fund business, facilitated the integration and development of the "three new" businesses of the Company, initiated the establishment of the specialized and new science and technology innovation fund, and promoted the Company to accelerate the layout of the strategic emerging industries through the fund's outward investment and served the Company's industrial transformation and upgrading.

The fifth was to proactively plan for a market value management system, thoroughly implement the decisions and arrangements of the CPC Central Committee and the State Council, earnestly put into practice the "Opinions of the State Council on Further Improving the Quality of Listed Companies" and the requirements of the three-year action plan for the reform of SOEs, and continuously push forward the specialized work of enhancing the quality of central SOEs' listed companies. The Company will actively study the relevant regulations of the SASAC, and in conjunction with the actual situation of the Company, implement the requirements of the SASAC regarding the market value management work of listed companies owned by central SOEs.

IV. BUSINESS OVERVIEW

During the reporting period, the global economy faced downward pressure and the international situation was complex and severe, resulting in an increase in the unpredictability. However, the economy of China showed a recovery trend with a growth in GDP of 5.2% for 2023. A new round of the reform and high-quality development of state-owned enterprises will lay a foundation for the long-term prosperity and development. The Company implemented the "three majors, two macros and two priorities" business strategy in depth and firmly grasped the cash remittance market, enabling the "big transportation" business maintain the leading position in the industry, the market share of the "big city" business continue to increase, and its advantages in the "rivers, lakes and seas" traditional business are consolidated, and thereby gracing the "gold-lettered signboard" of CCCC in abroad. The main business of the Company has covered important strategic areas at home and abroad, and the core industrial clusters facing the world and focusing on construction are taking shape.

During the reporting period, the value of new contracts of the Company amounted to RMB1,753,215 million, representing a year-on-year increase of 13.7%, which was mainly due to the increased construction demand from overseas projects, urban construction, ports and bridges, key national strategic projects and other fields. The Company continuously improved the business structure, steadily expanded the scale of cash remittance and significantly enhanced the quality and efficiency of investment. As at 31 December 2023, the backlog of the Company amounted to RMB3,450,659 million.

During the reporting period, the value of new contracts of all businesses from overseas markets of the Company amounted to RMB319,746 million (equivalent to approximately USD47,526 million), representing a year-on-year increase of 47.5%, and accounting for approximately 18% of the Company's new contracts value. Wherein, 30 new projects were entered into with each contract value of over USD300 million and a total contract value of USD31,105 million, accounting for 65% of total value of all overseas new contracts of the Company. Statistics showed that as at 31 December 2023, the Company operated businesses in 139 countries and regions.

The value of contracts of all businesses from infrastructure and other investment projects amounted to RMB208,618 million, including RMB195,056 million for domestic market and RMB13,562 million for overseas market as recognized in proportion to the Company's shareholding, and the contract value of construction and installation contracts to be undertaken by the Company in the design and construction sector was estimated to be RMB150,140 million.

(I) BUSINESS REVIEW AND MARKET STRATEGIES

1. Domestic Market

During the reporting period, following general principle of pursuing progress while ensuring stability and leveraging on the synergetic effect of macro policies, the economic operation of China showed an overall upturn with a positive trajectory and GDP recorded a year-on-year growth of 5.2%. Driven by the issuance of additional state bonds for supporting post-disaster reconstruction and relevant projects regarding the enhancement of disaster prevention, mitigation, and relief capabilities, the investment in infrastructure grew steadily. Data published by the National Bureau of Statistics showed that from January to November, investment in infrastructure recorded a year-on-year growth of 5.8%, representing a higher rate of 2.9 percentage points as compared to that of all fixed asset investment. Specifically, investment in shipping business increased by 22.0%, investment in railway transport business increased by 21.5%, investment in water conservancy management increased by 5.2%, investment in road transportation business decreased by 0.2% and investment in public facility management decreased by 2.5%.

During the reporting period, the economic operation in China faced new challenges and difficulties, mainly arising from insufficient domestic demand and numerous risks and hidden dangers in key areas. The state government proposed to further stabilize the expectation of society, enhance the development confidence, stimulate the market viability, promote the economy to continue to recover and grow, and accelerate the launch of specialized and valuable policies and measures. It also proposed to strengthen macro policy control, enhance the counter-cyclical adjustments as well as the reserve of policies, focus on expanding domestic demand, enhance the citizen's confidence and prevent risks, continue to implement proactive fiscal policies and prudent monetary policies, make full use of tools of macroscopic and structural monetary policy. It also called for the continuity, optimization, improvement and implementation of the policies on tax reduction and fee reduction, the effective prevention and elimination of local debt risks, the accelerated issuance and utilization of the special bonds of local governments, aiming to continually promote the continuous improvement of economic operation, the continuous enhancement of endogenous power, the continuous improvement of the expectation of society, the continuous defusing of potential risks, and thereby, driving the effective improvement of quality and reasonable growth of quantity in the economy, solidly promoting the high-quality development of economy, and making the overall expectation of the infrastructure construction industry rise steadily. A new round of policy control initiated in the fourth quarter released a host of positive news in terms of policy orientation, financial support, industry cultivation, etc. The accelerated implementation of special bonds had brought a certain leveraging effect, effectively bolstering the growth of infrastructure investment and market liquidity.

During the reporting period, bearing its mission of being the "great power of the country", the Company firmly implemented the national strategy of strengthening the country through transportation, undertook the Pinglu Canal (平陸運河), a landmark project for the construction of a strong transportation country, and provided an integrated plan of design and construction. The deck closure of Lingdingyang Bridge, the main bridge of the Shenzhen-Zhongshan Bridge, which is a major national project, and the submarine immersed tunnel, were successfully completed, creating a number of "world's best"; the excavation of main tunnel of Yigong Tunnel (易貢隧道), the longest railway tunnel in China had commenced; the project of Tianshanshengli Tunnel (天山勝利隧道), the longest highway tunnel under construction in the world had achieved major breakthroughs; Dalian Bay Submarine Tunnel (大連灣海底隧道), the first cross-sea immersed tunnel in north of China, had achieved all line run-through. Focusing on the "3060" carbon peaking and carbon neutrality target and relying on digital and intelligent management, the Company continued to build China's No. 1 brand in offshore wind power, and achieved the value of new contracts of RMB12,496 million in 2023 through signing new contracts in relation to the wind turbine foundations and wind turbine installation works of the 200MW offshore wind power projects in Qinhuangdao and Tangshan of HECIC (河北建投) as well as Lemen offshore wind power project in Shantou. The Company has been playing an active role in the areas of rural revitalisation and urban renewal for the well-being of the people by fully aligning with the needs of economic and social development as well as the people to successfully implement a number of key projects with strong representative and influential effects, such as the municipal pipe network construction, old town renovation, and living environment and ecosystem upgrade. In addition, the Company promoted the research on advanced technology to traditional industries through relying on the national key laboratories to facilitate the high-end, intelligent and green upgrades of the industry. The Company utilized the advantages on industrial linkage among the "big city" business, the "big transportation" business and the "rivers, lakes and seas" business, to enhance the integration of internal and external resources and provide a comprehensive package of high-quality "CCCC solutions" to the market.

BUSINESS OVERVIEW

(I) BUSINESS REVIEW AND MARKET STRATEGIES (CONTINUED)

2. Overseas Market

During the reporting period, the world economy recovered slowly and the Russian-Ukrainian conflict continued, the effects of which on global politics and economy were increased. Some economies still faced sovereign debt risks, and as competition in the global infrastructure construction market heated up, the competition among products had progressively evolved into a competition of industrial supply chains and ecosystem, forcing enterprises to accelerate transformation and upgrading. Based on scientific and technological reform and industrial reform, high-quality economic and social development giving rise to many new industries and new models, the development of the infrastructure construction industry is facing a new round of integration, the demand for inter-regional transportation interconnection has increased, and major projects and high-quality projects are further clustered to the leading enterprises. The 10th anniversary of the Belt and Road Initiative with quality will provide more space for growth.

During the reporting period, the Company actively coped with the material changes in international and industry situation, steadily promoted the works of "Internationalization of the Company", continued to consolidate the foundation of interconnection cooperation, taking account of the advantages of the traditional main business and the expansion of emerging markets, forming a sound situation of diversification and making concurrent progress, leading to a steady enhancement of operating quality and business scale. The construction of the Bogota Metro Project has also commenced, while the Mombasa-Nairobi Railway has successfully operated for six years, and the Company had completed various major projects such as ROSHN Riyadh East and Sedera III, IV and V Housing Construction in Saudi Arabia and Operation and Maintenance of Keffi to Makurdi Highway in Nigeria. A number of environmental protection and pipe network projects were successfully signed in Guangdong, Hong Kong, Macao, Singapore and Central Asia areas, and new momentum was added to the development of emerging business, representing the abundant achievements regarding the Belt and Road Initiative.

The Company insists on the principle of "jointly negotiate, establish and share (共商共建共享)" and the goal of "building a shared future for mankind (構建人類命運共同體)", takes "heart-to-heart bridge (連心橋)", "road to wealth (致富路)", "developed port (發展港)", "happy city (幸福城)" and "Chinese equipment (中國裝備)" as target, plans and implements the livelihood projects along the Belt and Road at a high level to benefit the governments of two countries and local society, and firmly promotes the development of overseas business in the direction of "high quality, benefiting people's livelihood and sustainability (高質量、惠民生、可持續)".

3. Business Summary

(1) Infrastructure Construction Business

The scope of infrastructure construction business mainly consists of investment, design, construction, operation and management of ports, roads and bridges, railways, water conservancy and hydropower, urban rail transit, municipal infrastructures, buildings, environmental protection and related projects at home and abroad. Categorised by project type, it specifically covers port construction, road and bridge construction, railway construction, urban construction, and overseas projects.

During the reporting period, the value of new infrastructure construction contracts entered into by the Company amounted to RMB1,558,482 million, representing a year-on-year increase of 14.0%. The value of new contracts from overseas markets amounted to RMB295,126 million (equivalent to approximately USD43,866 million). Wherein, the confirmed value of contracts from infrastructure and other investment projects was RMB208,197 million, and the value of construction and installation contracts to be undertaken by the Company was estimated to be RMB149,257 million. As at 31 December 2023, the backlog of the Company amounted to RMB2,987,922 million.

Categorised by project type and location, the value of new contracts in terms of port construction, road and bridge construction, railway construction, urban construction and overseas projects amounted to RMB84,523 million, RMB349,005 million, RMB36,919 million, RMB792,908 million and RMB295,126 million, representing 6%, 22%, 2%, 51% and 19% of the total value of new infrastructure construction contracts, respectively.

(I) BUSINESS REVIEW AND MARKET STRATEGIES (CONTINUED)

3. Business Summary (continued)

(1) Infrastructure Construction Business (continued)

① Port Construction

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

During the reporting period, the value of new contracts of the Company for port construction projects in Chinese Mainland amounted to RMB84,523 million, representing a year-on-year increase of 10.2%, and accounting for 6% of that of the infrastructure construction business. The confirmed value of contracts from infrastructure and other investment projects was RMB579 million, and the value of construction and installation contracts to be undertaken by the Company was estimated to be RMB2,475 million.

Data published by the Ministry of Transport of the PRC showed that fixed asset investment in coastal and inland water transport construction after completion amounted to approximately RMB182,867 million from January to November 2023, representing a year-on-year increase of 23.7%. The major investing targets in coastal ports include the construction of international hub seaports, north-south sea transportation channels, national energy and resource strategic reserve bases and other fields, while as for the inland river regions, the investments are mainly targeting the newly added navigation target of 2,500 kilometers for the "14th Five-Year Plan" period of the "four verticals, four horizontals and two networks", the national high-grade waterway networks.

Replying on the development of modern industrial chain leadership and the establishment of an intelligent port and maritime industry alliance, and following the business layout in strategic regions, the Company deeply got involved in Beijing-Tianjin-Hebei, the Yangtze River Delta, Guangdong, Hong Kong and Macao and other key regions, focused on major projects, and successfully completed the main works of the Pinglu Canal, Phase I of Container Terminal Project of Eastern Operating Area in Yantian Zone, Shenzhen Port and Laomukong Navigation Power Junctions in Minjiang.

② Road and Bridge Construction

As one of the largest road and bridge construction enterprises in China, the Company enjoys remarkable technical and scale advantages in construction of expressways, high-grade highways as well as river-crossing and sea-crossing bridges, and is the market leader in the same industry in China. The road business of the Company realizes a consulting service industry pattern of infrastructure sector with full lifecycle and whole-process integration, covering from single industry chain to whole industry chain (planning, feasibility study, investment and financing, survey and design, project construction, operation and maintenance, and asset disposal). With the advantages of leading technical strength, sufficient capital resources, outstanding project performance, abundant resource reserves and good reputation in the highway business, the Company is able to provide integrated consulting services across the whole industry chain. The Company has made important breakthroughs in key technologies such as the construction of mega-span suspension bridges, and has developed a comparative advantage over its competitors in the research of alpine frozen soil technologies, along with the whole industry chain and integrated services covering bridge, island and tunnel projects. Major competitors of the Company are some large-scale central enterprises and local state-owned infrastructure enterprises.

During the reporting period, the value of new contracts of the Company for road and bridge construction projects in Chinese Mainland reached RMB349,005 million, representing a year-on-year decrease of 2.5%, and accounting for 22% of that of the infrastructure construction business. Wherein, the confirmed value of contracts from infrastructure and other investment projects amount to RMB38,077 million, and the value of construction and installation contracts to be undertaken by the Company was estimated to be RMB35,995 million.

Data published by the Ministry of Transport of the PRC showed that fixed asset investment in road transport construction amounted to approximately RMB2,648,708 million from January to November 2023, representing a year-on-year increase of 1.2%. During the "14th Five-Year Plan" period, China will construct its expressways with a target of accelerating the construction of a country with strong transportation network and guided by developing integrated and multi-dimensional transportation networks. China will alleviate the imbalance of road network development needs between regions, so as to enhance the quality of national expressway networks and develop a modern and integrated transportation system. Following the mid-term plan adjustment for the "14th Five-Year Plan", there is an enhanced focus on front-end leadership and green, low-carbon transformation, requiring the implementation of regional governance on key projects such as the urbanization reconstruction of expressways that run through the cities, upgrading and expansion of busy road sections, trunk routes and cross-harbor crossings. From the perspective of market layout, Guangdong, Hong Kong and Macao, the Yangtze River Delta, Central China, Northeast China, Northwest China and Beijing-Tianjin-Hebei regions have a relatively broad market.

(I) BUSINESS REVIEW AND MARKET STRATEGIES (CONTINUED)

3. Business Summary (continued)

(1) Infrastructure Construction Business (continued)

② Road and Bridge Construction (continued)

During the reporting period, following the construction of a country with strong transportation network and a national integrated and multi-dimensional transportation networks, the Company focused on the incremental markets of comprehensive transportation hubs, highway urbanization reconstruction, smart transportation and "transportation + new energy", and has engaged in the construction of a number of high-quality highway projects such as works of Qi County-Lishi Expressway in Lvliang, Shanxi Province, Zhaosu-Wensu Highway and Wenquan-Horgos Highway of Line G219 in Xinjiang, Beijing-Taipei Expressway – Huanghua Port Section of Qugang Expressway in Hebei Province and Concession Project of He County-Wuwei Section of Nanjing–Jiujiang Expressway of G4231. The Company continued to lead the core technology of long bridges and long-diameter shields, created many "world's best (世界之最)" showpiece, and successfully won the tender for National Highway 209 Wangguan Yellow River Bridge, Jinsha River Bridge and Quanzhou Baiqi Channel, with the world's leading technology, constantly refreshing the world record in road and bridge construction.

③ Railway Construction

As one of the largest railway construction enterprises in China, the Company sticks to the strategic target of completely becoming a first-class rail transportation comprehensive service provider with leading technology, advanced management and outstanding quality. As for the domestic market, the Company has developed into the main force of China's railway construction by virtue of its outstanding construction level and excellent management capability, but a large gap still exists between the Company and the two domestic traditional railway infrastructure enterprises in terms of market shares in China. As for the overseas market, the Company has successfully entered into the railway construction markets in Africa, Southeast Asia, etc., and several major railway projects have been completed or operated or are under construction by the Company, and the brand of "CCCC Railway" shows vital influence in the international market.

During the reporting period, the railway business focused on improving the construction of the "eight verticals and eight horizontals" high-speed railway network, actively promoting intercity railways, accelerating the development of urban railways, enhancing the road network layout, and the excavation of main tunnel of Yigong Tunnel, the longest railway tunnel in China had commenced. The Company has formed a full industry chain layout of rail transportation business around design and consult, construction, equipment manufacturing, operation and maintenance. Relying on the Company's industrial advantages in highways and airports, the Company innovated to build "rail+" integrated urban operation solutions. The Company firmly implemented the national strategy of strengthening the country through transportation and successfully won the bidding for the construction projects of Section TYZQ-4 of Pre-Station and Related Project of the Advance Section of the New Nantong-Ningbo High Speed Railway, civil works of the New Jinan-Zaozhuang Railway in Shandong Province, polishing the brand of "CCCC Railway".

During the reporting period, China promoted the railway construction in a scientific and orderly manner with an investment on fixed assets of national railway field of RMB764,500 million, representing a year-on-year increase of 7.5%. According to statistics, a total of 167 railway projects were successfully tendered nationwide, with a total bidding amount of RMB501,695 million. In terms of the value of contracts awarded, the Company's market share amounted to 3.8%, ranking third in the industry and first among non-railway sectors. The value of new contracts of the Company for railway construction projects in Chinese Mainland amounted to RMB36,919 million, representing a year-on-year decrease of 17.7%, and accounting for 2% of that of the infrastructure construction business.

(I) BUSINESS REVIEW AND MARKET STRATEGIES (CONTINUED)

3. Business Summary (continued)

(1) Infrastructure Construction Business (continued)

④ Urban Construction

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

During the reporting period, the value of new contracts of the Company for urban construction projects in Chinese Mainland reached RMB792,908 million, representing a year-on-year increase of 16.8%, and accounting for 51% of that of the infrastructure construction business. The confirmed value of contracts from infrastructure and other investment projects was RMB155,979 million, and the value of construction and installation contracts to be undertaken by the Company was estimated to be RMB99,199 million.

In 2023, the State indicated that the renovations of villages in super-large and mega cities should be actively and steadily promoted. We accelerated new urbanization process, and urban construction ushered in new challenges and opportunities. We will adhere to "maintaining stability while pursuing progress, fostering stability through progress, and establishing before dismantling", which sets higher developmental requirements in the areas such as new urbanization and the realization of rural revitalization values in 2024. A variety of national policies have been implemented to actively and cautiously eliminate the risks in real estate industry, and to accelerate the construction of "three major programs", aiming to bolster the overall stability and positive momentum in the city clusters with advantages, the real estates in metropolitan areas and urban renewal markets. People's livelihood projects released new momentum for the development of the industry, and the market demand for the old community renovation, collective rental house, affordable house, hospitals and schools, public services continued to increase. Under the strategy of carbon peaking and carbon neutrality target, the way of housing construction transformed quickly, and digital construction, green construction and construction industrialization developed fast. The gathering of urban population put forward higher requirements for public supporting facilities, and the market demand for urban renewal, comprehensive development of underground space, intelligent parking and pipe network renovation continued to be released.

During the reporting period, the Company catered to a new round of demands for district development and construction brought by the strategy of new type of urbanization, national land space planning and adjustment and urban renewal actions. The Company signed a number of large urban complex projects such as Haikou Henggou Village Urban Renewal, one of the first batch of pilot projects for urban renewal in Haikou city, and projects for the renovation of villages in Fengxi community, Huaxin town, Qingpu district, Shanghai. Our district development model has been refined, and our business scale has been growing. Focusing on the needs of people's livelihood and taking up its corporate responsibility, the Group has signed resettlement housing projects in Anhui and Hainan, and promoted renovation and expansion projects in Shanghai, Tianjin and Guangzhou, so as to deepen and expand in the field of livelihood housing construction. The Company entered areas with high technology such as complex urban transportation and smart parking. The Company implemented municipal projects including the Design and General Contracting Project for the Construction and Renovation of Intelligent Car Parks (Phase I) in Pengjiang District to improve the urban modernization and build livable, resilient and smart cities. The Company is committed to building a beautiful China and has participated in watershed management and sewage treatment projects in Yunan and Chongqing. Focusing on the carbon peaking and carbon neutrality target and building a professional platform of "CCCC Offshore Wind Power (中交海風)", and achieved the value of new contracts amounted to RMB12,496 million in 2023 through completing the installation, operation and maintenance works for offshore wind power projects in Qinhuangdao, Yingkou, Shantou and Fangchenggang, etc., the Company has obtained a number of national leading offshore construction and operation and maintenance technologies, and has initially realized the scale effect of emerging businesses.

(I) BUSINESS REVIEW AND MARKET STRATEGIES (CONTINUED)

3. Business Summary (continued)

(1) Infrastructure Construction Business (continued)

⑤ Overseas Projects

The Company's scope of overseas projects in the infrastructure construction business includes all kinds of large-scale infrastructure projects such as roads and bridges, ports, railways, airports, environmental protection, subways, buildings, etc., with remarkable competitive edges in the market.

During the reporting period, the value of new contracts of the Company for overseas projects in the infrastructure construction business amounted to RMB295,126 million (equivalent to approximately USD43,866 million), accounting for 19% of that of the infrastructure construction business. Wherein, the confirmed value of contracts from infrastructure and other investment projects was RMB13,562 million, and the value of construction and installation contracts to be undertaken by the Company was estimated to be RMB11,588 million.

Categorised by project type, the value of contracts for urban construction, roads and bridges, urban rail transit, ports, railways and others accounted for 33%, 25%, 11%, 11%, 8% and 12% of the value of new contracts for overseas projects, respectively.

Categorised by project location, the value of new infrastructure construction contracts for Africa, Asia (excluding Hong Kong, Macau and Taiwan), Oceania, Latin America, Europe, as well as Hong Kong, Macau and Taiwan, and other regions accounted for 34%, 32%, 12%, 11%, 8% and 3% of the value of new contracts for overseas projects, respectively.

Based on a global perspective and taking advantage of its main business, the Company actively cooperated with and served national strategies, took the third "Belt and Road Summit" as an opportunity to give full play to its advantages in the fields of "big cities", "big transportation", as well as "rivers, lakes and seas", and made every effort to promote the interconnection of transportation infrastructure and improve people's livelihood along the routes, actively contributed Chinese wisdom and Chinese solutions. During the reporting period, the rehabilitation and widening works for Kayonza-Rusumo road in Rwanda have been successfully accepted, which was an important artery traffic between Rwanda and Tanzania; the entire Kuala Lumpur Metro Line 2 in Malaysia has been opened to traffic; E763 New Belgrade-Surčin section in Serbia has been opened to traffic, which was the fastest road connecting Belgrade to the southern cities; the first phase of the Kaifei Road project in Nigeria has been completed and accepted, which was an important channel connecting Abuja, the capital of Nigeria, and the golden triangle region in the southeast; the Karnaphuli tunnel project in Bangladesh has been officially accepted, which was of great significance to promoting the construction of the Bangladesh-China-India-Myanmar economic corridor as an important fulcrum project of "the Belt and Road" construction and an important part of the "Bangladesh-China-India-Myanmar" economic corridor. The Company has participated in the construction of the Sedera III, IV and V infrastructure projects in Riyadh, Saudi Arabia and other series of landmark projects, making important contributions to the high-quality development of China-Saudi Arabia economic and trade cooperation.

During the reporting period, the Company steadily promoted the international development and the pilot of localization and separate operations. The coordination of major projects was strongly promoted. We optimized the business structure with larger contracting projects and stronger investments, enhanced the operating structure continuously and controlled the investment risks effectively. We coordinated the construction of overseas "smart site (智慧工地)" control platform, and the refinement and digital transformation of the projects under construction took a new step. The Company has done well in the prevention and control of overseas risks, accelerated the improvement of overseas compliance systems, conducted comprehensive checks on overseas operation risks and implemented list management by levels and classification.

(I) BUSINESS REVIEW AND MARKET STRATEGIES (CONTINUED)

3. Business Summary (continued)

(2) Infrastructure Design Business

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

As the largest port design enterprise in China, as well as the world's leading highway, bridge and tunnel design enterprise, the Company enjoys remarkable competitive edges in related business fields. As compared with the Company, other participants in the market have relatively weak competitiveness. During the reporting period, the Company's design business had successfully listed by reorganization, and CCCC Design & Consulting Group Co., Ltd. (600720.SH) was officially listed on 28 December 2023. After the completion of asset swap, the preliminary professional integration of CCCG's design segment was completed, and CCCC Design will become the largest listed company in China engaged in design business, it will fully playing its leading role in the industry chain, vigorously expanding the high-end markets, and aiding the growth and upgrade of the Group's business.

In terms of the railway infrastructure design business, the Company has entered into the market during the "11th Five-Year Plan" period, and its operations mainly involve overseas railway projects and domestic rail transit projects.

During the reporting period, the value of new contracts of the Company in infrastructure design business reached RMB55,972 million, representing a year-on-year increase of 2.0%. Wherein, the value of new contracts from overseas markets amounted to RMB3,186 million (equivalent to approximately USD474 million). As at 31 December 2023, the backlog of the Company amounted to RMB154,256 million.

During the reporting period, the Company continued to strengthen the role of ballast stone of traditional infrastructure design business, focusing on integrated and multi-dimensional transportation networks and large-scale integrated projects, and marching steadfastly in the field of large transportation and big cities; strengthened the leading role of the front-end of the design consulting, and closely surrounded the industrial pattern formed by the national strategy and the new growth points, increased high-end planning, and led by scientific and technological innovations, explored the synergistic joint efforts of the whole industry chain, and fully developed the comprehensive advantages of the whole industry to promote the landing of large projects. In the construction of the Pinglu Canal (平陸運河), the Company fully participated in the hubs, waterways, bridges and other relevant projects with an integrated solution, and played an important role in the planning and implementation of such projects. In terms of water transportation business, the Company focused on "carbon peaking and carbon neutrality target", and successfully signed the Design, Procurement and Construction of General Contracting Projects of Supporting Terminal Project of LNG Receiving Station Project in Huizhou, Terminal Project of Liquefied Natural Gas (LNG) Phase III Expansion Project in Guangxi around the construction of new energy ports to promote the green transformation of energy structure. The Company focused on the market opportunities in upgrading and reconstruction of seaports and improvement of inland waterways, and signed contracts such as the 2*50,000-ton Terminal Project of Luoyuan Bay of Fuzhou Port and the Passenger and Cargo Ro-ro Terminal Project of Xuwen Port of Zhanjiang Port, etc., and continued to consolidate its market share in its traditional main business. In terms of road and bridge business, the Company gave full play to its absolute leading edge in highway design, landing a number of highway construction projects with strong regional influence, such as the highway construction projects of G309 Heshui (Laocheng)-Xifeng section and G217 Altay-Burqin in Xinjiang. In response to the national strategy of rural revitalization, the Company signed contracts for rural road construction, such as the supporting rural road of the Yibin Sanjiang New District Modern Agricultural Industrial Park to expand its sinking market share. In terms of urban business, the Company continued to root in cities, cultivate cities and operate at the cities, and signed contracts for urban development projects such as the Infrastructure Construction Project of the Intelligent Science and Technology Industrial Park in Xingwen County, Yibin City, and the Bundled Project of Upgrading the Capacity of Urban Renewal in Jiuqing District, Xingwen County. In terms of emerging industries, the Company continued to build the "CCCC Offshore Wind Power" brand and carry out offshore wind power survey, supervision and consulting in Shantou, Fangchenggang, Weihai and other parts of China.

(I) BUSINESS REVIEW AND MARKET STRATEGIES (CONTINUED)

3. Business Summary (continued)

(3) Dredging Business

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

As the largest dredging enterprise in China and even in the world, the Company enjoys absolute influence in China's coastal dredging market. The Company won the bidding for the Dongting Lake Ecological Restoration Pilot Project.

During the reporting period, the value of new contracts of the Company in dredging business reached RMB119,193 million, representing a year-on-year increase of 11.8%. Wherein, the value of new contracts from overseas markets amounted to RMB20,807 million (equivalent to approximately USD3,093 million), the confirmed contract value from infrastructure and other investment projects amounted to RMB421 million, and the value of construction and installation contracts to be undertaken by the Company was estimated to be RMB883 million. As at 31 December 2023, the backlog of the Company amounted to RMB278,577 million.

During the reporting period, the Company continued to optimize its asset structure by investing in the construction and acquisition of major dredging vessels and equipment, eliminating some old and inefficient outdated vessels, optimizing the dispatching mechanism of equipment such as cutter suction dredgers to improve the construction utilization rate. Currently, the Company has the largest and most advanced fleet of dredging vessels in China and ranks in the forefront in the global market in terms of the total number of trailing suction hopper dredgers and cutter suction dredgers.

National coastal investment gradually slowed down and the traditional reclamation business was relatively sluggish due to the impact of water transport and environmental protection policies. However, as the country rolled out the blueprint for "four horizontals, four verticals and two networks" and the green development concept was widely accepted, smart upgrading of coastal ports, improvement of high-grade inland waterways, ecological improvement and protection of watershed brought out new market opportunities.

During the reporting period, the Company focused on its strengths and promoted the operation of major projects, winning bids for a number of major projects such as the Waterway Engineering of the Pinglu Canal, the Land Reclamation Works of Niukengwan Port and Processing and Logistics Area in Luoyuan County, Fujian Province and Chongqing Zaodu Reservoir, and making breakthroughs in the areas of lake and reservoir desilting, inland waterways, water conservancy projects and other areas of restructuring. To promote green development and build a beautiful China, the Company actively put efforts in the large ecological and environmental protection and water resources incremental market, promoting the implementation of a number of target-oriented key projects with global drive, such as the Ecology Restoration Pilot Project of Donting Lake, the Soil Pollution Treatment and Remediation, Ecological Restoration Projects of Mines and the Marine Ecological Protection and Restoration Project in Tianjin City, and the Upgrading and Renovation of Daxi Governance Project in Lishui City.

(4) Other Businesses

Other businesses mainly include the equipment manufacturing of shield machines along the Company's entire industrial chain, centralized procurement of materials and financial industry support, etc.

During the reporting period, the Company's shield machine equipment and complete set of technologies realized the development of the whole industry chain, manufactured and repaired over 100 shield machines with a diameter ranging from 3.64 meters to 16.07 meters, and competed and innovated with international first-class shield machine manufacturers in large shield machine projects such as the Nanjing Weisan Road/Heyan Road, the Shanghai Airport Liaison Line, the Reconstruction Project of the Sixth Eastern Ring Road in Beijing, and the Karnaphuli Tunnel Project in Bangladesh, and built up a core advantage in the field of intensive development of mega and ultra mega cities across rivers and lakes. In the construction of the Fuzhou Metro, the Company utilized the dual-model shield tunneling machines, which enabled us to cope with a range of hydrogeological conditions by adjusting its operational mode, leading to a substantial improvement in construction efficiency and ensuring the safety and quality of the projects as compared to conventional techniques. The Company continues to optimize the procurement mode of materials, establish the control scheme for domestic trade enterprises, and strengthen the source procurement in practice; dynamically adjust the procurement catalog, explore the regional procurement of different categories, and implement the procurement of flooring materials, so as to expand the benefits of procurement; and carry out regional procurement with overseas markets to improve the system construction of the Company's overseas supply chain, and enhance the internationalization of the procurement management standard.

During the reporting period, the value of new contracts of the Company in other businesses amounted to RMB19,568 million, representing a year-on-year increase of 43.5%. As at 31 December 2023, the backlog of the Company amounted to RMB29,904 million.

(I) BUSINESS REVIEW AND MARKET STRATEGIES (CONTINUED)

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

(1) Infrastructure Construction Business

Port Construction

No.	Contract Name	Contract Value
1	Section NO.SN3 of the Waterway Engineering Construction of the Pinglu Canal	5,278
2	Section NO.SN5 of the Waterway Engineering Construction of the Pinglu Canal	4,146
3	Phase I of Changshan River (Huibu-Shuanggangkou) Navigation-power Junction EPC Project (Changshan Section), Middle and Upper Reaches of Qiantang River (Section NO.SJSG)	3,580
4	Section NO.SN12 of the Waterway Engineering Construction of the Pinglu Canal	3,028
5	Section 3 of Dalu Line East Extension Channel Renovation Project	2,151

Road and Bridge Construction

No.	Contract Name	Contract Value
1	Comprehensive Development Project of Tongxiang High-Tech Town in Xiamen City, Fujian Province	19,023
2	Project of G1816 Wuhai-Maqin Cooperation – Saierlong Expressway (Gansu-Qinghai) in Gansu Province	13,514
3	The package of projects for Highways including Taihangshan Highway in Hebei Province (I) Public-Private-Partnership (PPP) Project – Zunhua-Qinhuangdao Section of Beijing-Qinhuangdao Expressway	13,482
4	General Contracting Project of Dejiang-Yuqing Highway in Guizhou Province	10,216
5	Project of Guigang – Bobai (via Xingye) Expressway in Guangxi Autonomous Region	8,969

Railway Construction

No.	Contract Name	Contract Value
1	Section TYZQ-4 of Pre-Station and Related Project of the Advance Section of the New Nantong-Ningbo High Speed Railway	7,058
2	Civil Engineering Project of the New Jinan-Zaozhuang Railway in Shandong Province	3,388
3	Project of Chizhou Bridge (Bid I) in Anhui Province	2,845
4	Section XCTJ 10 of Pre-Station Project of Gansu-Qinghai Section of the New Xining-Chengdu Railway	2,665
5	Project of Xiong'an New District Underground Civil Engineering and Related Ancillary Works (Bid VI) of Xiongan-Xinzhou High Speed Railway in Heibei Province	2,603

Urban Construction

No.	Contract Name	Contract Value
1	Renovation Project of "Urban Villages" in Fengxi Community, Huaxin Town, Qingpu District, Shanghai	30,186
2	EPC Project of Urban Renewal Project (Taihua Area) in Kuiwen District, Weifang City, Shandong Province	13,300
3	City-industry Integration Comprehensive Development Project of Junshan New City in Wuhan Economic Development Zone	9,000
4	Development Project of Lehuo Town in Fengquan District, Xinxiang City, Henan Province	9,000
5	Construction General Contracting for the Phase I Project of Urban Rail Transit Line 4 in Shijiazhuang City, Hebei Province	8,491

(I) BUSINESS REVIEW AND MARKET STRATEGIES (CONTINUED)

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

(1) Infrastructure Construction Business (continued)

Overseas Projects

No.	Contract Name	Contract Value
1	ROSHN Riyadh East and Sedera III, IV and V Housing Construction Projects, Saudi Arabia	15,874
2	Standard-gauge Railway (Lamu Port – Garissa Section) of the Lapsset Corridor in Kenya	12,741
3	Road Project of Rajaa-Timsa, Rumbek, Avier, Wau and Kwajok in South Sudan	10,085
4	Project of Phnom Penh-Bavet Expressway in Cambodia	9,258
5	Improvement and Upgrade Project of M7-M12 Highway in Sydney, Australia	6,170

(2) Infrastructure Design Business

No.	Contract Name	Contract Value
1	Construction Project of the Highway of G309 Heshui (Old Town) to Xifeng Section in Qingyang City, Gansu Province	4,683
2	Highway Construction Project of G217 Altay- Burqin in Xinjiang (Contractual Section I)	1,270
3	EPC Project of Guaranteed Rental Housing in the New Town of Power Battery of Sanjiang New Special District, Yibin City, Sichuan Province	1,200
4	Section SG03 of the Project of Yangpushu Port Access Highway in Danzhou City, Hainan Province	1,172
5	City-industry Integration Development and Infrastructure Construction Projects in Hi-Tech District, Yibin City, Sichuan Province	1,093

(3) Dredging Business

No.	Contract Name	Contract Value
1	Iron Ore Project Offshore Cagayan, Philippines	6,605
2	Niukengwan Port and Processing Logistics Area Reclamation Project in Luoyuan County, Fujian Province	3,587
3	EPC Project of the Zaodu Reservoir in Chongqing	3,232
4	EPC Project of Infrastructure of Hongqiao Industrial Park, Fenghuangshan Industrial Park and Yangchang Industrial Park in Xuanwei Economic and Technological Development Zone, Yunnan Province	3,203
5	EPC General Project Contracting for Ecology Restoration Pilot Project of Donting Lake	2,986

(II) MAJOR PRODUCTION AND OPERATIONAL DATA

1. Values of Contracts Newly Entered into during the Reporting Period *(RMB million)*

Business Segment	October – December 2023		Accumulated in 2023		Aggregate for the same period of 2022	Year-on-year change
	Number	*Amount*	*Number*	*Amount*	*Amount*	*(%)*
Infrastructure Construction Business	**1,119**	**513,946**	**3,853**	**1,558,482**	**1,367,070**	**14.0%**
Port Construction	60	21,417	430	84,523	76,700	10.2%
Road and Bridge Construction	165	101,692	537	349,005	357,875	-2.5%
Railway Construction	12	15,814	33	36,919	44,873	-17.7%
Urban Construction, etc.	743	282,694	2,510	792,908	678,981	16.8%
Overseas Projects	139	92,329	343	295,126	208,641	41.5%
Infrastructure Design Business	**1,514**	**19,702**	**5,381**	**55,972**	**54,899**	**2.0%**
Dredging Business	**401**	**42,133**	**1,136**	**119,193**	**106,654**	**11.8%**
Other Businesses	**N/A**	**5,691**	**N/A**	**19,568**	**13,633**	**43.5%**
Total	**N/A**	**581,471**	**N/A**	**1,753,215**	**1,542,256**	**13.7%**

Values of infrastructure construction contracts newly entered into outside the PRC during the reporting period *(RMB million)*

Region of projects	Number of projects	Total value
Africa	115	100,344
Asia (excluding Hong Kong, Macau and Taiwan)	124	95,489
Oceania	19	36,317
Latin America	36	32,018
Europe	14	23,554
Hong Kong, Macau, Taiwan and other regions	35	7,404
Total	**343**	**295,126**

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

(II) MAJOR PRODUCTION AND OPERATIONAL DATA (CONTINUED)

2. Completed and Accepted Projects during the Reporting Period *(RMB million)*

Total number of projects			N/A
Total project value			247,044
		Number	**Value**
Categorised by region	Domestic	N/A	243,171
	Overseas	N/A	3,873
Categorised by business type	Infrastructure construction business	732	210,622
	Infrastructure design business	197	6,748
	Dredging business	132	29,614
	Other businesses	N/A	60

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

3. Projects under Construction during the Reporting Period *(RMB million)*

Total number of projects			N/A
Total project value			5,091,585
		Number	**Value**
Categorised by region	Domestic	N/A	4,327,187
	Overseas	N/A	764,398
Categorised by business type	Infrastructure construction business	5,645	4,567,924
	Infrastructure design business	16,703	228,904
	Dredging business	1,281	265,491
	Other businesses	N/A	29,266

(II) MAJOR PRODUCTION AND OPERATIONAL DATA (CONTINUED)

4. Outstanding Projects during the Reporting Period *(RMB million)*

	Contracted but not yet commenced	Under construction and not yet completed
Total number of projects	N/A	N/A
Total project value	877,596	2,573,063

		Number	Value	Number	Value
Categorised by region	Domestic	N/A	666,387	N/A	2,112,315
	Overseas	N/A	211,209	N/A	460,748
Categorised by business type	Infrastructure construction business	1,715	780,257	5,254	2,207,665
	Infrastructure design business	299	27,453	15,367	126,803
	Dredging business	381	69,867	1,196	208,710
	Other businesses	N/A	19	N/A	29,885

5. Infrastructure and Other Investment Projects

In 2023, China introduced a new PPP mechanism, promoting the lawful, compliant, and orderly implementation of government and social capital cooperation projects. The optimization of the state-owned economy layout and the in-depth promotion of structural adjustments brought about both investment opportunities and challenges. In March 2023, the Report on the Work of the Government pointed out that the government launched several major projects set out in the "14th Five-Year Plan" ahead of schedule, expedited the processes of issuing and utilising local government special-purpose bonds, and replenished the capital for construction of major projects. The state ministries and committees have intensively issued a number of policy documents, organised and carried out various special actions, and gradually detailed the regulatory requirements for PPP, fund business, non-main business investments, overseas investments, and financing guarantees, etc., under which it is required to fully and faithfully apply the new development philosophy on all fronts, focus on promoting high-quality development, highlight the work of stabilizing investment, effectively prevent and resolve investment risks, and achieve effective qualitative improvement and reasonable quantitative growth in investment.

Since the "14th Five-Year Plan", the Company has strengthened top-level design and coordination and strictly controlled total investment to guide all kinds of resources to invest in key businesses and areas, and to prevent industrial, regional and model-related system risks; improved system construction through comprehensively reviewing and upgrading the existing systems and establishing a unified investment system covering the entire process; strengthened lifecycle management by emphasizing on project selection, strict pre-investment review, enhancing intra-investment management and control, proper risk diffusion and severe accountability for negligence, in an effort to steadily improve project quality and business structure; and strengthened the capability to "invest smartly and sell effectively" by actively planning for asset revitalization, thereby enhancing the efficiency of asset turnover.

(II) MAJOR PRODUCTION AND OPERATIONAL DATA (CONTINUED)

5. Infrastructure and Other Investment Projects (continued)

During the reporting period, the Company adhered to the concept of valuable investment and oriented towards enhancing capital returns to control the total investment and optimize the incremental investment, optimised the "regional structure, business structure, cycle structure, profit structure, and cash flow structure" of investment, focused on driving the Company's core competitiveness of "entering cities" to continuously improve, promoted the development and growth of the "three new" businesses, and cultivated more growth points for the Company's high-quality development. The Company had landed a series of high-quality road and bridge projects including the Project of Guigang–Bobai (via Xingye) Expressway in Guangxi Province, and the advantages of the main business in the field of "big transportation" had been consolidated. The Company participated in major projects with regional influence, such as the Renovation Project of "Urban Villages" in Fengxi Community, Huaxin Town, Qingpu District, Shanghai, and the City-industry Integration Comprehensive Development Project of Junshan New City in Wuhan Economic Development Zone in Wuhan, Hubei Province, and had successfully invested in projects such as the Old Village Reconstruction of Zhujiang Village in Guangzhou and the Renewal of Minzhi Street in Shenzhen, successfully entering the urban renewal market in Shenzhen and other core areas. The investment model in the field of "big city" continued to mature and the quality and efficiency of investment continued to improve. By implementing projects such as Ningxia Cloud Data Center, Guangdong Yingde Sand and Stone Mine, Dalian Marine Pasture and Heilongjiang High-Standard Farmland Improvement, the Company had achieved breakthroughs in the fields of the digital economy, mineral resources, marine economy and rural revitalization, practicing the concept of sustainable development in the fields of "rivers, lakes and seas" and "three new" businesses.

Meanwhile, the Company had been facing numerous new risks and challenges in promoting business development. In 2023, affected by the continuous decline in local government fund revenues and the new PPP mechanism, the demand for pre-financing funds for infrastructure investment projects of local governments and investment platforms had been increasing. Key provinces had strengthened the management of government investment projects, posing challenges to the sustainable and healthy development of the infrastructure construction industry. There had been changes in the supply and demand relationship in the real estate market in the PRC, and the real estate market was undergoing a continuous downward trend. Despite frequent policy interventions by the state and local governments to control and optimize the real estate industry, facilitate the urban renewals, and improve the renovations of villages and affordable housing, the market's rebound had been relatively slow, and the industry was still facing challenges.

(1) New Contracts of Infrastructure and Other Investment Projects

During the reporting period, the Company actively adjusted market development and operation strategies according to macro policies, followed the main direction of "controlling the total investment, improving the structure, managing the risk and improving the quality and efficiency", and focused resources on key projects, important regions, major markets and short-and mid-cycle projects. The confirmed value of contracts from infrastructure and other investment projects was RMB195,056 million for domestic projects and RMB13,562 million for overseas projects. The value of total construction and installation contracts to be undertaken was estimated to be RMB150,140 million, among which, the confirmed values of contracts from BOT projects, government paid projects and urban comprehensive development projects were RMB56,536 million, RMB27,408 million and RMB124,674 million respectively, accounting for 27%, 13% and 60% of that of infrastructure and other investment projects respectively.

(2) Government Paid Projects and Urban Comprehensive Development Projects

The accumulative completed investment in government paid projects by the Company amounted to RMB379,100 million with cumulatively RMB69,300 million recovered.

The accumulative completed investment in urban comprehensive development projects by the Company was RMB167,900 million and RMB152,300 million had been received by the Company.

(II) MAJOR PRODUCTION AND OPERATIONAL DATA (CONTINUED)

5. Infrastructure and Other Investment Projects (continued)

(3) Concession Projects

As at 31 December 2023, according to statistics of the consolidated items contracted and financed by the Company (the latest statistics shall prevail if there was any change), the accumulative completed investment in concession projects amounted to RMB200,100 million. 31 concession projects together with 34 share-participation projects had been put into operation, and the operating revenue and net loss for the reporting period were RMB7,694 million and RMB1,945 million, respectively. As at 31 December 2023, the uncompleted investment amounted to RMB51,388 million.

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

No.	Project Name	Project Type	Total Investment Budget Estimate	Contract Value according to Shareholding Ratio of the Company	Expected Construction and Installation Contract Value	Operating Project or Not	Consolidated or Not	Construction Period *(Year)*	Toll Collection/ Operation Period *(Year)*
1	Renovation Project of "Urban Villages" in Fengxi Community, Huaxin Town, Qingpu District, Shanghai	Comprehensive urban development	33,540	30,186	11,086	Yes	Yes	9	3
2	Project of Guigang–Bobai (via Xingye) Expressway in Guangxi Province	BOT	13,200	13,200	9,073	Yes	Yes	3	30
3	City-industry Integration Comprehensive Development Project of Junshan New City in Wuhan Economic Development Zone	Comprehensive urban development	12,479	10,800	8,440	Yes	Yes	4	8
4	Common Prosperity Demonstration Project in Tanghe New Town, Rui'an City, Zhejiang Province	Comprehensive urban development	10,474	9,427	5,918	Yes	Yes	8	2
5	Guxing Urban Renewal Project (Phase I) in Huiji District, Zhengzhou City	Comprehensive urban development	10,865	9,323	6,999	Yes	Yes	6	2
6	Project of Phnom Penh-Bavet Expressway in Cambodia	BOT	9,258	9,258	7,415	Yes	Yes	4	50
7	Renovation Project of Old Village of Zhujiang Village, Xiasha Community, Huangpu Street, Huangpu District, Guangzhou City	Comprehensive urban development	9,179	9,179	4,857	Yes	Yes	4	0.5
8	Comprehensive Development Project of Changgouhe Area, West of Wujin District, Changzhou City	Comprehensive urban development	8,338	8,406	4,579	Yes	Yes	6	2
9	Urban Renewal Project of Henggou Village in Meilan District, Haikou City	Comprehensive urban development	8,118	8,118	3,782	Yes	Yes	5	2.5
10	Wushan-Guandu Expressway and Mineral Resources Development Project in Chongqing	BOT	7,850	7,850	5,245	Yes	Yes	4	30
11	Project of Jiangjin-Yibin (via Luzhou) (Sichuan Section) Expressway	BOT	19,262	6,833	4,415	Yes	No	3	30

(II) MAJOR PRODUCTION AND OPERATIONAL DATA (CONTINUED)

5. Infrastructure and Other Investment Projects (continued)

(3) Concession Projects (continued)

① Infrastructure and Other Investment Projects Newly Entered into *(RMB million)* (continued)

No.	Project Name	Project Type	Total Investment Budget Estimate	Contract Value according to Shareholding Ratio of the Company	Expected Construction and Installation Contract Value	Operating Project or Not	Consolidated or Not	Construction Period *(Year)*	Toll Collection/ Operation Period *(Year)*
12	Urban Renewal Project in Xiyingmen Area, Nankai District, Tianjin Municipality	Comprehensive urban development	14,560	5,708	6,300	Yes	No	5	0
13	Mining Right Project of Gneiss Mine for Construction in Fenghuangling Mining Area Phase II, Xitou Town, Yangxi County, Yangjiang City	BOT	5,408	5,408	1,146	Yes	Yes	2	18
14	Urban Renewal Project A and B of the Initial Development Area of Phase I of "Riverside" Project in Yelin Town, Lingshui County	Comprehensive urban development	6,257	5,000	2,419	Yes	Yes	4	3.5
15	Comprehensive Development Project of Linping International Future Industrial and Residential Eco-city	Comprehensive urban development	5,456	4,959	4,159	Yes	Yes	4	2
16	Comprehensive Development Project of the Ecological Smart City in Tianqiao District, Jinan City	Comprehensive urban development	4,851	4,926	2,956	Yes	Yes	7	0
17	Urban Organic Renewal Project of Liangerku Area, Erqi District, Zhengzhou City	Comprehensive urban development	4,497	4,500	1,817	Yes	Yes	4	1
18	Project of the Ningxia (Zhongwei) Cloud Data Centre	BOT	3,798	3,797	3,253	Yes	Yes	8	10
19	New Construction of Xingyang-Xinmi Section of Jiaozuo-Pingdingshan Highway in Henan Province	Government paid project	9,953	3,733	4,483	No	No	3	5
20	Supporting Project of Infrastructure and Public Services in Jingkai New City (South Area) in Jingzhou	Comprehensive urban development	8,646	3,186	5,069	Yes	No	8	2
21	Others		177,687	44,821	46,729	–	–	–	–
	Total		383,676	208,618	150,140	–	–	–	–

(II) MAJOR PRODUCTION AND OPERATIONAL DATA (CONTINUED)

5. Infrastructure and Other Investment Projects (continued)

(3) Concession Projects (continued)

② Concession Projects under Development[2] *(RMB million)*

No.	Project Name	Contract Value according to Shareholding Ratio	Accumulated Investment Value	Investment Amount in the Period
1	Highways including Taihangshan Highway in Hebei Province	14,570	Share participation	–
2	PPP Project of Quanzhou-Rongxian Highway (Pingnan-Rongxian Section) in Guangxi Province	12,755	582	546
3	Chengde (Lijiaying)-Pinggu (Hebei and Beijing Conjunction) Section Project of the Capital Region Ring Expressway (G95)	11,453	5,668	1,514
4	Highways including Urumchi-Yuli Highway in Xinjiang	10,616	Share participation	–
5	Project of Guiyang-Jinsha-Gulin (between Guizhou and Sichuan) Highway in Guizhou Province	9,999	Share participation	–
6	Project of Chongqing-Hunan Parallel Line (City Center to Youyang Section) and Wulong-Daozhen (Chongqing Section) Highway in Chongqing	9,687	Share participation	–
7	Project of Dejiang-Yuqing Highway in Guizhou Province	9,388	Share participation	–
8	Project of Quanzhou-Rongxian Highway (Pingle-Zhaoping Section) in Guangxi Province	9,192	1,840	1,416
9	Project of Chongqing-Wuhan Highway Expansion in Chongqing	9,080	7,317	2,911
10	PPP Project of Gansu G1816 Wuhai-Maqin Cooperation-Saierlong Expressway (between Gansu and Qinghai)	8,581	592	590
11	Jianglu North Line Expressway in Chongqing	8,498	Share participation	–
12	Phase I of Project of Urumchi Rail Transit Line 4 in Xinjiang	8,287	Share participation	–
13	PPP Project of Health Production Area in Jinxian Medical Park in Nanchang, Jiangxi	6,558	133	96
14	Project of Wushan – Guandu Section of Xuanhan – Kaizhou – Yunyang – Wuxi – Wushan Expressway in Chongqing	6,225	5	5
15	Tong'an Expressway in Chongqing	6,047	Share participation	–
16	Project of Phase I of Expressway from Lingtai to Huating of Line S28 in Gansu Province	4,050	Share participation	–
17	Project of Mengxi Industrial Park-Sanbei Yangchang Railway in Ordos, Inner Mongolia	3,383	Share participation	–
18	Project of Naomao Lake-Jiangjun Temple Railway in Xinjiang	3,313	Share participation	–
19	Others	29,076	3,216	668
	Total	180,758	19,353	7,746

2 The breakdown of concession projects under development does not include the concession projects acquired overseas.

(II) MAJOR PRODUCTION AND OPERATIONAL DATA (CONTINUED)

5. Infrastructure and Other Investment Projects (continued)

(3) Concession Projects (continued)

③ Concession Projects in Operation Period *(RMB million)*

No.	Project Name	Accumulated Investment Value	Operating Revenue in the Period	Toll Collection Rights Period *(Year)*	Completed Toll Collection Rights Period *(Year)*
1	New Songming-Kunming Expressway, Xuanwei-Qujing Expressway, and Mengzi-Wenshan-Yanshan Expressway in Yunnan Province	27,359	1,126	30	6.0
2	Daozhen-Weng'an Expressway in Guizhou Province	26,599	762	30	8.0
3	Jiangkou-Weng'an Expressway in Guizhou Province	14,246	843	30	8.0
4	Phnom Penh-Port of Sihanoukville Expressway in Cambodia	12,843	249	50	0.5
5	Guiyang-Qianxi Expressway in Guizhou Province	9,223	452	30	7.0
6	Yanhe-Dejiang Expressway in Guizhou Province	7,523	147	30	8.0
7	Guiyang-Duyun Expressway in Guizhou Province	7,435	524	30	12.8
8	Concessions of Lekki Port in Nigeria	6,271	260	45	0.7
9	Yulin-Jiaxian Expressway in Shaanxi Province	6,138	289	30	10.0
10	Yongchuan-Jiangjin Expressway in Chongqing	6,024	113	30	9.0
11	Fengdu-Fuling Expressway in Chongqing	5,982	301	30	10.0
12	Fengdu-Shizhu Expressway in Chongqing	5,570	163	30	10.0
13	Foshan-Guangming Expressway in Guangdong Province	5,186	614	25	14.5
14	South-North Highway in Jamaica	5,137	384	50	8.0
15	Quanzhou Section of Quanzhou-Xiamen-Zhangzhou City Alliance Expressway in Fujian Province	4,950	110	24	3.0
16	Zhuankou Yangtze River Bridge Project in Wuhan, Hubei Province	4,860	255	30	6.0
17	BOT Project of Expressway in Nairobi, Kenya	4,691	200	27	0.5
18	Xianning-Tongshan Expressway in Hubei Province	3,125	123	30	10.0
19	Others	17,626	779	–	–
	Total	180,788	7,694	–	–

(III) BUSINESS PLAN AND PROSPECT

In 2023, according to statistics, the value of new contracts of the Group reached RMB1,753,215 million, indicating 104% of the annual target has been realized and meeting expectations. The revenue amounted to RMB755,646 million, indicating 98% of the annual target has been realized and meeting expectations.

The Group plans to achieve a year-on-year growth rate of not less than 13.5% in the value of new contracts for the year of 2024, and the planned year-on-year growth rate of revenue is not less than 8.2%.

From a domestic perspective, China's economy has shifted from the stage of high-speed growth to high-quality development, despite that triple pressures of shrinking demand, supply shocks, and weakening expectations still exist, given its strong resilience, China's economy maintains the favorable long-term fundamentals. Since the fourth quarter of 2023, a series of incremental policies and stock policies have provided support for economic recovery. In 2024, the national conference highlighted the approach of "maintaining stability while pursuing progress, fostering stability through progress, and establishing new systems before dismantling the old", which proposes a higher level of developmental demand in areas such as industrial infrastructure, new infrastructure, new urbanization, rural revitalization and realization mechanism of ecological product values. The state will actively and cautiously address the risks in real estate sector and accelerate the "three major projects" construction, aiming to bolster the overall stability and positive momentum in the real estate and urban renewal markets of leading urban agglomerations and metropolitan areas. It will also actively and cautiously put efforts in meeting the requirements of carbon peaking and carbon neutrality, and keeping the construction of new energy and energy resource reserve bases at a high level; continuously pursue the "scope expansion and effectiveness enhancement" on fiscal policies, with expectations that the fiscal deficit rate will surpass 3%, and the amount of new special bonds will reach around RMB4 trillion, moderately increasing and expanding the scope of capital utilization, as well as being strongly supported by local government's special refinancing bonds and trillions of treasury bonds. At the same time, the scale of social financing will match the economic growth targets, with costs being stable and moderately declining, collaboratively ensuring the funding needs for public infrastructure construction. In 2024, the investment scale of road construction will reach RMB8.4 trillion, and the investment in railway construction will remain at around RMB800 billion; the investment in urban rail transit will exceed RMB500 billion; the construction scale of municipal business will be around RMB2 trillion; and the market scale of comprehensive urban development business will remain at around RMB1.5 trillion. In the next two years, the water conservancy and hydropower business is expected to complete an investment of approximately RMB2.5 trillion.

At the same time, there are a number of new risks and challenges in promoting the business development. Firstly, subject to dwindling local government fund revenues and the new PPP policy, there is a rising demand for financing infrastructure investment projects undertaken by local governments and investment platforms. Recently, key provinces have strengthened the management of government investment projects, posing a challenge to the sustainable and healthy development of the infrastructure construction industry. Secondly, the supply and demand relationship in the real estate market has undergone significant changes. In 2024, with a more pronounced segmentation within regional markets and a considerable uncertainty in the market's expected recovery, it is expected that there will still be downward pressure on real estate sales, which will also affect the housing construction market. Thirdly, the proportions of new energy, new infrastructure and water conservancy and hydropower in the infrastructure market continue to increase, together with a high level of industry barriers and industry concentration, leading to the increased market competition. Fourthly, the business fields of central construction enterprise are mutually infiltrating, with their competition reaching a critical point. Driven by the integration model of investment, construction and operation, local platform enterprises achieve the goal of expanding their own construction sectors through internal cooperation, thereby reducing the market space.

From an overseas perspective, the world is experiencing profound and rapid changes, and the changes to the world, to our times and to history are taking place in an unprecedented way. The ongoing Russia-Ukraine conflict and the Israel-Palestine conflict have led to an increase in instabilities in specific regions. The superpower games have led to the accelerated evolution of international relations, increasing political and economic risks. The competition in the global infrastructure market is becoming increasingly fierce, with product competition gradually escalating into competition over supply chains and industry ecosystems, thereby forcing enterprises to accelerate their transformation and upgrading. As developed countries transform and upgrade, and developing countries march towards industrialization, opportunities are provided to infrastructure enterprises. In emerging economies and some countries (regions), based on people's rigid demand for public facilities and services, infrastructure investment will be gradually released along with the economic recovery, and the outsourcing business will usher in a new round of development opportunities. Opportunities for mutually beneficial cooperation have increased in drinking water safety, water environment protection, environmental health, poverty alleviation, food safety, solid waste disposal and other "small, outstanding and beneficial" livelihood projects. The business prospects for deep-sea pipeline deployment and decommissioning, and the construction, operation and maintenance of floating production storage and offloading units (FPSOs) are vast. The demand for new energy businesses, including offshore wind energy, continues to grow. As digitization and de-carbonization technologies rapidly advance, technological innovation and self-evolution become decisive factors for business success.

BUSINESS OVERVIEW

(III) BUSINESS PLAN AND PROSPECT (CONTINUED)

In 2024, with a comprehensive, dialectical and long-term perspective, the Company will navigate opportunities and challenges by embracing the new prospects of industrial transformation and bolstering its bottom-line thinking and awareness of unexpected development, to strive to overcome various risks and challenges. The Company will continue to take advantage of the traditional main business of "big transportation", become a standard enterprise focusing on "big city", and keep as a leader of international development. It will seek to expand international influence by further expanding domestic and foreign markets and adjusting the business layout, thereby fully promoting the high-quality development of the Company.

Firstly, the Company will actively implement the national strategy of "strengthening the country through transportation", and proactively march towards "innovation+". As for the "big transportation" business, the Company will seize the development opportunity of accelerating the construction and upgrading the quality of the integrated and multi-dimensional transportation networks, strengthen the traction role of design and consultation in providing overall solutions and integration of new processes and technologies, and accelerate the green and low-carbon transformation; it will also pay high attention to future growth poles, such as big transportation hubs, and actively enter into the smart highways, "highway+" and other new business forms and modes, to grasp the development opportunities. The Company will proactively pursue growth by embracing innovation and refining tis business models, and constantly strengthen business model innovation in response to the challenges and opportunities brought by the new PPP mechanism; It will also promote technological innovation, pay more attention to the supporting and driving role of scientific and technological innovation in market operation, rely on scientific and technological innovation to reduce technology costs, improve bidding efficiency, and depend on core equipment and core technology to enhance the core competitiveness of market development. **In the field of road and bridge**, the Company will seize the development opportunity of accelerating the construction and upgrading the quality of the integrated and multi-dimensional transportation networks, enhance the front-end leadership and green, low-carbon transformation, and sort out key projects such as the municipal transformation of expressways through the cities, upgrading and expansion of busy road sections, trunk line corridors and river-crossing and sea-crossing projects by districts, to maintain an absolute lead in major transportation strategic project contracting, high-end project operation, and spot market share. **In the field of railway**, the Company will seize the new opportunity of the state to appropriately advance the development of railway investment, and focus on the "Transportation of Xinjiang Coal to External Regions (疆煤外運)" and "Reserved Space for Western Railways (西部鐵路留白)", to improve the operational capacity of the railway business.

Secondly, the Company will be fully engaged in the urban business and provide services for urban renewal initiatives. As for "big city" business, the Company will seize the market opportunity of urban development changing from large-scale incremental construction to the simultaneous improvement of the quality of stock and incremental structural adjustment, establish a high-end and design-oriented renewal mechanism, overcome the barriers of quality, performance and talents, to craft a lifestyle of excellence for the residents of both cities and countryside. **In the field of municipal utilities project**, the Company will focus on the construction of dual-use (for peacetime and emergencies) public infrastructure in ultra-large metropolitan areas, focus on smart cities and sponge cities, gives full play to the leading role of design front-end, and pay attention to the infrastructure projects such as urban rapid transit corridors, bus station, logistics facilities, landscaping, environmental health and renovation of old residential areas, and the infrastructure projects such as water supply and sewerage systems, underground pipe network and utility tunnels, and also take steps in the infrastructure projects such as heat and gas supply, power communication, an dual-use (for peacetime and emergencies) projects. **In the field of building construction**, the Company will be highly concerned about the demand for government-subsidized housing construction in 35 cities with a resident population over 3 million, and focus on tracking, planning and participating in "high-precision, specialized and cutting-edge" construction projects such as tall buildings, extensive span constructions, steel infrastructure, large-scale public institutions, arenas and deep trenches. **In the field of comprehensive urban development**, the Company will take urban renewal and transformation of urban villages as the main direction, consolidate and expand industrial parks, TOD, parking complexes and cold chain complexes, thoroughly research the policies of various places, innovate the mode according to local conditions, and actively make arrangements for the high-quality lots in the central city to lay the foundation for sustainable development.

(III) BUSINESS PLAN AND PROSPECT (CONTINUED)

Thirdly, the Company will dedicate all efforts to advancing the national strategy of strengthening the country through ocean, upgrading and optimizing "rivers, lakes and seas" structure. The Company will consolidate the leading position in the field of port and waterway dredging, accelerate the integration of resources in the deep and remote ocean engineering, equipment and technology and other fields by relying on the leading edge in the port and waterway dredging, ocean engineering equipment and other fields, to enhance the core competitiveness of the "deep and remote ocean" field, and make due contribution to the national "ocean economy developing (經略海洋)". The Company will invest more resources in water conservancy and hydropower, ecological and environmental protection, ocean engineering and other business areas, so as to seize the first chance for development, grasp market initiative, and maintain the advantageous position. The cultivation of ocean strategic emerging industries such as ocean engineering equipment manufacturing industry, comprehensive seawater utilization industry, ocean new energy industry and modern ocean service industry will be accelerated, while offshore wind power, marine pasture, desalination of seawater, ocean engineering equipment manufacturing and other subdivisions are ushering in the incremental development space. **In the field of port and waterway dredging**, the Company will continue to consolidate its leading position, give full play to its advantages of entire industry chains in planning and consultation, survey and design, construction, intelligent port and shipping, pay close attention to the important regions and key projects, dynamically adjust the allocation of market resources, and continue to expand the "basic situation" of cash remittance, so as to be the leader in its professional field. **In the field of ecological and environmental protection**, the Company will focus on the demand for systematic and comprehensive treatment of aquatic resources, aquatic ecology and aquatic environment, focus on the treatment of key watersheds such as the Yangtze River, the Yellow River and the Pearl River, as well as urban and rural water treatment and sewage networks and the utilization of resources, and give full play to its strengths in preventing and treating pollution and in reducing carbon and pollution, so as to consolidate its leading position in the industry. The Company will also continue to pay attention to the ecological restoration of mines, marine ecological protection and restoration, soil remediation and other integrated protection and restoration markets of mountains, waters, forests, fields, lakes, grasslands and deserts, to boost the sustainable development of the ecological and environmental protection business. **In the field of water conservancy and hydropower**, the Company will seize the opportunity of comprehensively promoting the national water network and the treasury bond funds for flood prevention and drainage, systematically study the competition strategy and implementation path, strengthen the extended cooperation with power groups, which belong to "five leading government-run power enterprises, and six major power industry players", and rapidly enhance the credit capacity of the personnel performance. **In the field of offshore business**, the Company will focus on the construction of eight major offshore wind power bases, enhance its overall competitiveness through innovation in technology and methods and market-oriented resource allocation, and accelerate the market expansion for survey and consultation, operation and maintenance services, and the bottom cable laying. As for ocean engineering equipment, the Company will adhere to the direction of high-end, intelligent and green development, and seize the opportunity of recovering market in ocean engineering equipment.

Fourthly, the Group will vigorously develop the "overseas priority" strategy and make every effort to promote the upgrading of the "company internationalization". Adhering to the principle of "refraining from entering dangerous zones and disorderly areas", the Company will focus on key countries and regions, provide forward-looking and systematic services for the high-quality joint construction of "the Belt and Road", proactively lay out interconnection projects such as key corridors, key ports, key airports and other infrastructure, and strengthen the development in urban water supply and drainage, watershed management, garbage disposal, desalination of seawater and other businesses, to improve the overseas business system. By utilizing the four leading international platform companies, the Company will collaborate with its subsidiaries to enhance their ability of "going out" and "bringing in" in terms of complete set of technologies, business models and management systems, to build a global three-dimensional industrial ecosystem, and to accelerate the transformation and upgrading from "business internationalization" to "company internationalization". The Company will promote the upgrading plan of company internationalization, deepen the reform of the overseas business system, and develop an integrated and streamlined approach to overseas expansion. The Company will actively contribute to the new development pattern, focus on the eight actions for high-quality joint construction of "the Belt and Road", target major landmark projects and "small but outstanding" livelihood projects, plan major projects such as the Trans-Caspian International Transport Corridor (跨里海國際運輸走廊) from a high starting point, consolidate the leading position in the field of "big transportation" and "big city", and strengthen the "hard power" in new energy, watershed management, garbage disposal, desalination of seawater and other fields, so as to continuously enhance the competitiveness and right of speech in the global industry.

(III) BUSINESS PLAN AND PROSPECT (CONTINUED)

Fifthly, the Company will fully accelerate the development of new quality production and continue to increase the proportion of "strategic and new" businesses. The Company will identify the entry point of the "9+6" layout system, specify the subdivisions and development responsibilities of key areas such as smart transportation, high-end equipment, clean energy and ecological and environmental protection, accelerate the formation of the development trend of "achieving breakthroughs on multiple fronts", and develop a "specialized, refined, differential and innovative" and "little giant" enterprise in each subdivision of the strategic emerging industries. The Company will speed up the formation of CCCC strategic emerging industry development fund, concentrate resources in strategic emerging industries, make arrangements in energy conservation, carbon emission reduction, new infrastructure, agriculture, forestry, animal husbandry, fishery and other fields that expand domestic demand and protect people's livelihood, and promote the incremental development of the company's "three new" businesses through making breakthroughs in the relevant industries and related industries. The **onshore new energy field** will realize a leapfrog development. The Company will take a forward-looking approach to positioning in strategic emerging industries such as onshore wind power and photovoltaics and advanced energy storage, strengthen the survey, design and resources cultivation of new energy, focus on the wind power and photovoltaic bases in seven deserts, as well as the infrastructure construction in the Gobi, the coal mining subsidence area and the "water, wind and photovoltaic integration" base in the southwest China, to secure a strategic position in the development of new energy. The **new infrastructure business field** will achieve an integrated development. The Company will actively plan and respond to the demand for transformation and upgrading of traditional infrastructure, and vigorously advance the integration of smart transportation, smart cities and smart energy into infrastructures. The Company will increase the integration and development of the Eastern Data Western Computing Data Center (東數西算數據中心) and new energy construction, seize the industrial opportunities of the national computing hub node data center cluster by relying on the traditional advantages in civil engineering, mechanical and electrical systems and system integration, further sort out the experience of expanding the implementation of the 5G base station project, and accelerate the development of the related information infrastructure business. The **agriculture, forestry, animal husbandry and fishery business field** will be advanced steadily. The Company will fully utilize the its advantages in resource integration of the entire industrial chain, focus on participating in the first batch of 20 pilot projects of high-standard farmland construction in the entire region, actively participate in the comprehensive transformation of saline-alkali soil in conjunction with the national water network construction plan, and deeply plan and promote the implementation of landmark projects.

The Guangxi Pinglu Canal, with a length of 134.2 kilometers, is designed for an annual single-direction throughput capacity of 89 million tons. The project mainly includes the renovation of navigation channels, shipping hubs, water conservancy facilities, and the construction of supporting infrastructure along the canal.

The Pinglu Canal is the first canal project in new China with the highest navigation grade that connects to both rivers and the sea. It is a landmark project for a country with strong transportation network and a key component of the new western land-sea corridor.

MANAGEMENT'S DISCUSSION AND ANALYSIS

I. OVERVIEW

During the reporting period, under the guidance of high-quality development goals, the business scale grew steadily. The operating revenue reached a new high, and shareholder returns steadily increased. The quality and efficiency of operations have improved, and positive cash flow from operations was recorded. The net profit and operating cash ratio further improved, and the asset-to-liability ratio remained stable. The Group has put the high-quality development philosophy into practice and made progress.

For the year 2023, revenue of the Group increased by 5.1% to RMB755,646 million, among which revenue from external customers attributed to the regions other than PRC amounted to RMB115,936 million, representing 15.3% of the total revenue. Infrastructure construction business, infrastructure design business, dredging business and other businesses accounted for 84.7%, 6.0%, 6.8% and 2.5% of the total revenue in 2023 (all before elimination of inter-segment transactions), respectively.

Gross profit in 2023 amounted to RMB94,528 million, representing an increase of 12.9% from RMB83,692 million in 2022. Gross profit from infrastructure construction business, infrastructure design business, dredging business and other business increased by 14.8%, 5.4%, 3.4% and 9.6%, respectively. Gross profit margin for infrastructure construction business, infrastructure design business, dredging business and other businesses in 2023 was 11.6%, 18.5%, 13.3% and 7.3%, respectively, as compared with 10.6%, 16.5%, 13.5% and 7.1% in 2022.

For the year 2023, profit attributable to owners of the parent amounted to RMB24,734 million, representing an increase of 22.3%, compared with RMB20,226 million in 2022. For the year 2023, earnings per share of the Group were RMB1.45, compared with RMB1.15 in 2022.

The asset-to-liability ratio in 2023 increased to 72.7%, compared with 71.8% in 2022.

In 2023, the net cash flows presented an inflow, amounting to RMB6,521 million, compared with RMB6,844 million in 2022. The overall decrease mainly due to less cash inflow from disposal of subsidiaries.

The following is a comparison of financial results between the years ended 31 December 2023 and 2022.

II. CONSOLIDATED RESULTS OF OPERATIONS

Revenue

Revenue in 2023 increased by 5.1% to RMB755,646 million from RMB719,084 million in 2022. Revenue from infrastructure construction business and dredging business and other businesses amounted to RMB667,802 million, RMB53,506 million and RMB19,328 million (all before elimination of inter-segment transactions and unallocated cost), respectively representing a year-on-year increase of 5.3%, 4.9% and 6.1%; revenue from infrastructure design business amounted to RMB47,302 million (all before elimination of inter-segment transactions and unallocated cost), representing a year-on-year decrease of 5.9%. The decrease of infrastructure design business and other businesses respectively attributed to the adjustment of business structure and the reduction of trading business. Revenue from external customers attributed to the regions other than PRC amounted to RMB115,936 million, representing 15.3% of total revenue.

Cost of Sales and Gross Profit

Cost of sales in 2023 amounted to RMB661,118 million, representing an increase of 4.0%, from RMB635,392 million in 2022. Cost of sales from infrastructure construction business and dredging business and other businesses amounted to RMB590,623 million, RMB46,370 million and RMB17,915 million (all before elimination of inter-segment transactions) respectively, representing an increase of 4.2%, 5.1% and 5.8% from 2022; cost of sales from infrastructure design business amounted to RMB38,571 million (all before elimination of inter-segment transactions), representing a decrease of 8.2% from 2022.

Cost of sales consisted mainly of subcontracting costs, cost of raw materials and consumables used and employee benefit expenses. For the year 2023, subcontracting costs, employee benefit expenses and cost of raw materials and consumables used increased by 6.6%, 5.9% and 4.8%, respectively.

As a result of the increase in both revenue and cost of sales, gross profit in 2023 amounted to RMB94,528 million, representing an increase of 12.9% from RMB83,692 million in 2022. Gross profit from infrastructure construction business, infrastructure design business, dredging business and other business increased by 14.8%, 5.4%, 3.4%, 9.6% respectively, from the corresponding period of 2022. Gross profit margin for the infrastructure construction business, infrastructure design business, dredging business and other businesses were 11.6%, 18.5%, 13.3% and 7.3% respectively, as compared with 10.6%, 16.5%, 13.5% and 7.1% in the corresponding period of 2022.

II. CONSOLIDATED RESULTS OF OPERATIONS (CONTINUED)

Administrative Expenses

Administrative expenses in 2023 amounted to RMB47,588 million, representing an increase of 7.8% from RMB44,139 million in 2022. This growth was primarily attributable to the increase in research and development expenses.

Operating Profit

Operating profit in 2023 amounted to RMB38,955 million, representing an increase of 14.6% from RMB34,002 million in 2022.

For the year 2023, operating profit from infrastructure construction business and dredging business increased by 20.9% and 3.7% (all before elimination of inter-segment transactions and unallocated cost), respectively from 2022; operating profit from infrastructure design business and other businesses decreased by 3.1% and 12.9% (before elimination of inter-segment transactions and unallocated cost), respectively from 2022. Operating profit margin increased to 5.2% in 2023 from 4.7% in 2022.

Finance Income

Finance income in 2023 amounted to RMB23,896 million, representing an increase of 12.1% from RMB21,320 million in 2022, mainly due to the increase of contract assets and trade receivables from PPP contracts.

Finance Costs, Net

Net finance costs in 2023 amounted to RMB24,310 million, representing an increase of 10.9% from RMB21,911 million in 2022, mainly due to the increase in interest expenses for bank and other borrowings.

Share of Losses of Joint Ventures

Share of loss of joint ventures in 2023 amounted to RMB1,409 million, as compared with a loss of RMB666 million in 2022, mainly due to the increase in share of loss of joint ventures.

Share of Profits of Associates

Share of profit of associates in 2023 amounted to RMB406 million, as compared with a profit of RMB343 million in 2022.

Profit before Income Tax

Profit before income tax in 2023 amounted to RMB37,538 million, representing an increase of 13.4% from RMB33,088 million in 2022.

Income Tax Expense

Income tax expense in 2023 amounted to RMB6,397 million, representing a decrease of 10.1% from RMB7,117 million in 2022. Effective tax rate for the Group in 2023 decreased to 17.0% from 21.5% in 2022, mainly due to extra tax deductions for research and development expenses and more preferential tax treatment as high-tech enterprises.

Profit Attributable to Non-Controlling Interests

Profit attributable to non-controlling interests in 2023 amounted to RMB6,407 million compared to RMB5,745 million in 2022.

Profit Attributable to Owners of the Parent

Profit attributable to owners of the parent in 2023 amounted to RMB24,734 million, representing an increase of 22.3% from RMB20,226 million in 2022, mainly due to the increased profit for the year.

Profit margin with respect to profit attributable to owners of the parent increased to 3.3% in 2023 from 2.8% in 2022.

MANAGEMENT'S DISCUSSION AND ANALYSIS

III. DISCUSSION OF SEGMENT OPERATIONS

The following table sets forth the segment breakdown of revenue, gross profit and operating profit of the Group for the years ended 31 December 2023 and 2022.

Business	Revenue Year ended 31 December		Gross Profit Year ended 31 December		Gross Profit Margin Year ended 31 December		Operating Profit[1] Year ended 31 December		Operating Profit Margin Year ended 31 December	
	2023 (RMB million)	2022 (RMB million)	**2023 (RMB million)**	2022 (RMB million)	**2023 (%)**	2022 (%)	**2023 (RMB million)**	2022 (RMB million)	**2023 (%)**	2022 (%)
Infrastructure Construction	**667,802**	634,246	**77,179**	67,237	**11.6**	10.6	**34,061**	28,183	**5.1**	4.4
% of total	**84.7**	84.1	**81.7**	80.4	**-**	–	**84.2**	81.4	**-**	–
Infrastructure Design	**47,302**	50,279	**8,731**	8,281	**18.5**	16.5	**3,660**	3,776	**7.7**	7.5
% of total	**6.0**	6.7	**9.2**	9.9	**-**	–	**9.1**	10.9	**-**	–
Dredging	**53,506**	51,017	**7,136**	6,904	**13.3**	13.5	**2,505**	2,415	**4.7**	4.7
% of total	**6.8**	6.8	**7.6**	8.2	**-**	–	**6.2**	7.0	**-**	–
Other businesses	**19,328**	18,225	**1,413**	1,289	**7.3**	7.1	**209**	240	**1.1**	1.3
% of total	**2.5**	2.4	**1.5**	1.5	**-**	–	**0.5**	0.7	**-**	–
Subtotal	**787,938**	753,767	**94,459**	83,711	**12.0**	11.1	**40,435**	34,614	**5.1**	4.6
Intersegment elimination	**(32,292)**	(34,683)	**69**	(19)	**-**	–	**18**	27	**-**	–
Unallocated profit/(costs)							**(1,498)**	(639)		
Total	**755,646**	719,084	**94,528**	83,692	**12.5**	11.6	**38,955**	34,002	**5.2**	4.7

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

III. DISCUSSION OF SEGMENT OPERATIONS (CONTINUED)

Infrastructure Construction Business

The financial information for the infrastructure construction business presented in this section is before elimination of inter-segment transactions and unallocated costs. The following table sets out the principal profit and loss information for the infrastructure construction business for the years ended 31 December 2023 and 2022.

	Years ended 31 December	
	2023	2022
	(RMB million)	*(RMB million)*
Revenue	**667,802**	634,246
Cost of sales	**(590,623)**	(567,009)
Gross profit	**77,179**	67,237
Selling and marketing expenses	**(1,311)**	(1,042)
Administrative expenses	**(37,864)**	(34,772)
Impairment losses on financial assets and contract assets	**(5,779)**	(7,669)
Other income/(expense), net and other gains/(losses), net	**1,836**	4,429
Segment result	**34,061**	28,183
Depreciation and amortisation	**10,385**	10,943

Revenue. Revenue from the infrastructure construction business in 2023 was RMB667,802 million, representing an increase of 5.3% from RMB634,246 million in 2022. The increase was mainly due to the expanding scale of overseas business and the increase of domestic contracting projects.

Cost of sales and gross profit. Cost of sales for the infrastructure construction business in 2023 was RMB590,623 million, representing an increase of 4.2% from RMB567,009 million in 2022. Cost of sales as a percentage of revenue slightly decreased to 88.4% in 2023 from 89.4% in 2022.

Gross profit from the infrastructure construction business in 2023 increased by 14.8% to RMB77,179 million from RMB67,237 million in 2022. Gross profit margin increased to 11.6% in 2023 from 10.6% in 2022, mainly due to the improved project management.

Selling and marketing expenses. Selling and marketing expenses for the infrastructure construction business in 2023 were RMB1,311 million, as compared with RMB1,042 million in 2022.

Administrative expenses. Administrative expenses for the infrastructure construction business were RMB37,864 million in 2023, representing an increase of 8.9% from RMB34,772 million in 2022. The growth was primarily attributable to the increase in research and development expenses. Administrative expenses as a percentage of revenue slightly increased to 5.7% in 2023 from 5.5% in 2022.

Impairment losses on financial assets and contract assets. Impairment losses on financial assets and contract assets for the infrastructure construction business were RMB5,779 million in 2023, representing a decrease of 24.6% from RMB7,669 million in 2022. The decrease was primarily due to no large-scale provision of certain projects in this period as compared to the last corresponding period and the collection of parts of long-term accounts receivable.

Other income/(expense), net and other gains/(losses), net. Other income/(expense), net and other gains/(losses), net for the infrastructure construction business decreased to RMB1,836 million in 2023 from RMB4,429 million in 2022. The decrease was mainly attributable to changes in fair value and less one-time gains.

Segment result. As a result of the above, segment result for the infrastructure construction business in 2023 was RMB34,061 million, representing an increase of 20.9% from RMB28,183 million in 2022. Segment result margin slightly increased to 5.1% in 2023 from 4.4% in 2022.

III. DISCUSSION OF SEGMENT OPERATIONS (CONTINUED)

Infrastructure Design Business

The financial information for the infrastructure design business presented in this section is before elimination of inter-segment transactions and unallocated costs. The following table sets out the principal profit and loss information for infrastructure design business for the years ended 31 December 2023 and 2022.

	Years ended 31 December	
	2023 *(RMB million)*	2022 *(RMB million)*
Revenue	**47,302**	50,279
Cost of sales	**(38,571)**	(41,998)
Gross profit	**8,731**	8,281
Selling and marketing expenses	**(456)**	(444)
Administrative expenses	**(3,634)**	(3,611)
Impairment losses on financial assets and contract assets	**(1,086)**	(1,050)
Other income/(expense), net and other gains/(losses), net	**105**	600
Segment result	**3,660**	3,776
Depreciation and amortization	**574**	671

Revenue. Revenue from the infrastructure design business in 2023 was RMB47,302 million, representing a decrease of 5.9% from RMB50,279 million in 2022, mainly due to the adjustment of business structure.

Cost of sales and gross profit. Cost of sales for the infrastructure design business in 2023 was RMB38,571 million, representing a decrease of 8.2% from RMB41,998 million in 2022. Cost of sales as a percentage of revenue decreased to 81.5% in 2023 from 83.5% in 2022.

Gross profit from the infrastructure design business in 2023 was RMB8,731 million, representing an increase of 5.4% as compared with RMB8,281 million in 2022. Gross profit margin increased to 18.5% in 2023 from 16.5% in 2022, mainly due to the adjustment of business structure.

Selling and marketing expenses. Selling and marketing expenses for the infrastructure design business in 2023 increased to RMB456 million from RMB444 million in 2022.

Administrative expenses. Administrative expenses for the infrastructure design business in 2023 were RMB3,634 million, representing an increase of 0.6% from RMB3,611 million in 2022. Administrative expenses as a percentage of revenue increased to 7.7% in 2023 from 7.2% in 2022.

Impairment losses on financial assets and contract assets. Impairment losses on financial assets and contract assets for the infrastructure design business were RMB1,086 million in 2023, representing an increase of 3.4% from RMB1,050 million in 2022.

Other income/(expense), net and other gains/(losses), net. Other income/(expense), net and other gains/(losses), net for the infrastructure design business in 2023 was RMB105 million, as compared with RMB600 million in 2022, which mainly attributed to the no one-time gains from disposal of subsidiaries in this period as compared to the last corresponding period and less gains on foreign exchange and investment.

Segment result. As a result of the above, segment result for the infrastructure design business in 2023 was RMB3,660 million, representing a decrease of 3.1% from RMB3,776 million in 2022. Segment result margin increased to 7.7% in 2023 from 7.5% in 2022.

III. DISCUSSION OF SEGMENT OPERATIONS (CONTINUED)

Dredging Business

The financial information for the dredging business presented in this section is before elimination of inter-segment transactions and unallocated costs. The following table sets out the principal profit and loss information for the dredging business for the years ended 31 December 2023 and 2022.

	Years ended 31 December	
	2023 **(RMB million)**	2022 *(RMB million)*
Revenue	**53,506**	51,017
Cost of sales	**(46,370)**	(44,113)
Gross profit	**7,136**	6,904
Selling and marketing expenses	**(394)**	(251)
Administrative expenses	**(3,731)**	(3,763)
Impairment losses on financial assets and contract assets	**(803)**	(688)
Other income/(expense), net and other gains/(losses), net	**297**	213
Segment result	**2,505**	2,415
Depreciation and amortization	**1,322**	1,288

Revenue. Revenue from the dredging business in 2023 was RMB53,506 million, representing an increase of 4.9% from RMB51,017 million in 2022.

Cost of sales and gross profit. Cost of sales for the dredging business in 2023 was RMB46,370 million, representing an increase of 5.1% as compared with RMB44,113 million in 2022. Cost of sales as a percentage of revenue for the dredging business in 2023 increased to 86.7% from 86.5% in 2022.

Gross profit from the dredging business in 2023 was RMB7,136 million, representing an increase of 3.4% from RMB6,904 million in 2022. Gross profit margin for the dredging business slightly decreased to 13.3% in 2023 from 13.5% in 2022.

Selling and marketing expenses. Selling and marketing expenses for the dredging business in 2023 were RMB394 million, as compared with RMB251 million in 2022, mainly due to the increased marketing.

Administrative expenses. Administrative expenses for the dredging business in 2023 were RMB3,731 million, representing a decrease of 0.9% from RMB3,763 million in 2022. Administrative expenses as a percentage of revenue decreased to 7.0% in 2023 from 7.4% in 2022.

Impairment losses on financial assets and contract assets. Impairment losses on financial assets and contract assets for the dredging business were RMB803 million in 2023, representing an increase of 16.7% from RMB688 million in 2022, mainly due to the increase of provision for individual long-term accounts receivables.

Other income/(expense), net and other gains/(losses), net. Other income/(expense), net and other gains/(losses), net in 2023 increased to RMB297 million from RMB213 million in 2022.

Segment result. As a result of the above, segment result for the dredging business in 2023 was RMB2,505 million, representing an increase of 3.7% from RMB2,415 million in 2022. Segment result margin remained at 4.7% in 2023.

III. DISCUSSION OF SEGMENT OPERATIONS (CONTINUED)

Other Businesses

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

The following table sets out the revenue, cost of sales and gross profit information for the other businesses for the years ended 31 December 2023 and 2022.

	Years ended 31 December	
	2023	2022
	(RMB million)	*(RMB million)*
Revenue	**19,328**	18,225
Cost of sales	**(17,915)**	(16,936)
Gross profit	**1,413**	1,289

Revenue. Revenue from the other businesses in 2023 was RMB19,328 million, representing an increase of 6.1% from RMB18,225 million in 2022, due to the reduction of trading business.

Cost of sales and gross profit. Cost of sales for the other businesses in 2023 was RMB17,915 million, representing an increase of 5.8% from RMB16,936 million in 2022. Cost of sales as a percentage of revenue decreased to 92.7% in 2023 from 92.9% in 2022.

Gross profit from the other businesses in 2023 was RMB1,413 million, representing an increase of 9.6% from RMB1,289 million in 2022. Gross profit margin increased to 7.3% in 2023 from 7.1% in 2022, mainly attributed to the reduction of trading business and the increase in the proportion of businesses characterized by high gross profit.

IV. LIQUIDITY AND CAPITAL RESOURCES

The Group's business requires a significant amount of working capital to finance the purchase of raw materials and to finance the engineering, construction and other work on projects before payment is received from clients. The Group historically met its working capital and other capital requirements principally from cash provided by operations, while financing the remainder of the Group's requirements primarily through borrowings. As at 31 December 2023, the Group had unutilized credit facilities in the amount of RMB1,846,378 million. The Group's access to financial markets since its public offering in Hong Kong Stock Exchange and Shanghai Stock Exchange has provided additional financing flexibility.

IV. LIQUIDITY AND CAPITAL RESOURCES (CONTINUED)

Cash Flow Data

The following table presents selected cash flow data from the Group's consolidated cash flow statements for the years ended 31 December 2023 and 2022.

	Years ended 31 December	
	2023 ***(RMB million)***	2022 *(RMB million)* Restated
Net cash flows from operating activities	**12,074**	1,139
Net cash flows used in investing activities	**(55,885)**	(46,927)
Net cash flows generated from financing activities	**50,332**	52,632
Net increase in cash and cash equivalents	**6,521**	6,844
Cash and cash equivalents at beginning of year	**103,663**	96,121
Effect of foreign exchange rate changes, net	**174**	698
Subtotal	**110,358**	103,663
Less: held for sale-cash and cash equivalent	**154**	–
Cash and cash equivalents at end of year	**110,204**	103,663

Cash flow from operating activities

During the year 2023, net cash generated from operating activities presented as an inflow at RMB12,074 million, compared with an inflow at RMB1,139 million in 2022. The improvement was primarily attributable to the enhanced management of cash flow and solidified the value of assets.

Cash flow from investing activities

Net cash used in investing activities in 2023 increased to RMB55,885 million, representing an increase of 19.1% from RMB46,927 million in 2022, mainly due to the combined effects of the no one-time gains from the disposals of subsidiaries in this period as compared to the last corresponding period and the increase of intangible assets and property, plant and equipment.

Cash flow from financing activities

Net cash generated from financing activities in 2023 was RMB50,332 million, representing a decrease of 4.4% from RMB52,632 million in 2022.

IV. LIQUIDITY AND CAPITAL RESOURCES (CONTINUED)

Cash Flow Data (continued)

Capital Expenditure

The Group's capital expenditure principally comprises expenditure from investment in BOT projects, purchases of machinery, equipment and vessels, and the building of plants. The following table sets forth the Group's capital expenditure by business for the years ended 31 December 2023 and 2022.

	Years ended 31 December	
	2023	2022
	(RMB million)	*(RMB million)*
Infrastructure Construction Business	**37,741**	35,409
– BOT projects	**20,507**	24,580
Infrastructure Design Business	**1,319**	989
Dredging Business	**2,737**	1,703
Others	**1,089**	781
Total	**42,886**	38,882

Capital expenditure in 2023 was RMB42,886 million, as compared with RMB38,882 million in 2022.

Working Capital

Trade and bills receivables and trade and bills payables

The following table sets forth the turnover of the Group's average trade and bills receivable and average trade and bills payable for the years ended 31 December 2023 and 2022.

	Years ended 31 December	
	2023	2022
	(Number of days)	*(Number of days)*
Turnover of average trade and bills receivables[1]	**56**	55
Turnover of average trade and bills payables[2]	**206**	193

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

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

IV. LIQUIDITY AND CAPITAL RESOURCES (CONTINUED)

Working Capital (continued)

Trade and bills receivables and trade and bills payables (Continued)

The following table sets forth an ageing analysis of trade and bills receivables, net of provision, as at 31 December 2023 and 2022.

	Years ended 31 December	
	2023	2022
	(RMB million)	*(RMB million)*
Within 6 months	**71,583**	63,564
6 months to 1 year	**13,188**	9,781
1 year to 2 years	**14,284**	22,389
2 years to 3 years	**11,390**	6,206
Over 3 years	**8,748**	9,189
Total	**119,193**	111,129

Management closely monitors the recovery of the Group's overdue trade and bills receivables on a regular basis, and, when appropriate, provides for impairment of these trade and bills receivables. As at 31 December 2023, the Group had a provision for impairment of RMB23,987 million, as compared with RM22,375 million as at 31 December 2022.

The following table sets forth an ageing analysis of trade and bills payables as at 31 December 2023 and 2022.

	As at 31 December	
	2023	2022
	(RMB million)	*(RMB million)*
Within 1 year	**343,316**	321,250
1 year to 2 years	**33,762**	18,641
2 years to 3 years	**6,595**	5,912
Over 3 years	**8,116**	7,361
Total	**391,789**	353,164

The Group's credit terms with its suppliers for the year ended 31 December 2023 remained the same as that for the year ended 31 December 2022. Payments to suppliers and subcontractors may be delayed as a result of delays in settlement from the Group's customers. Nevertheless, there have been no material disputes arising from the non-timely payment of outstanding balances under the Group's supplier contracts or contracts with subcontractors.

Retentions

The following table sets forth the carrying amount of the retentions as at 31 December 2023 and 2022.

	As at 31 December	
	2023	2022
	(RMB million)	*(RMB million)*
Current	**13,625**	11,118
Non-current	**43,131**	36,247
Total	**56,756**	47,365

IV. LIQUIDITY AND CAPITAL RESOURCES (CONTINUED)

Indebtedness

Borrowings

The following table sets out the maturities of the Group's total borrowings as at 31 December 2023 and 2022.

	As at 31 December	
	2023 **(RMB million)**	2022 (RMB million)
Within 1 year	**111,912**	93,704
1 year to 2 years	**58,984**	50,035
2 years to 5 years	**119,367**	94,480
Over 5 years	**221,363**	228,131
Total borrowings	**511,626**	466,350

The Group's borrowings are primarily denominated in Renminbi, U.S. dollars, and to a lesser extent, Euro, Japanese Yen and Hong Kong dollar. The following table sets out the carrying amounts of the Group's borrowings by currencies as at 31 December 2023 and 2022.

	As at 31 December	
	2023 **(RMB million)**	2022 (RMB million)
Renminbi	**481,310**	435,073
U.S. dollar	**23,850**	26,176
Euro	**3,159**	3,038
Hong Kong dollar	**91**	241
Japanese Yen	**37**	41
Others	**3,179**	1,781
Total borrowings	**511,626**	466,350

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings as shown in the consolidated balance sheet, less cash and cash equivalents. Total capital is calculated as total equity as shown in the consolidated balance sheet plus net debt. The Group's gearing ratio, calculated as net debt divided by total capital, as at 31 December 2023 was 46.6%, as compared with 45.9% as at 31 December 2022.

IV. LIQUIDITY AND CAPITAL RESOURCES (CONTINUED)

Contingent Liabilities and Financial Guarantee Commitment

(i) Claims

The Group has been named defendants in a number of lawsuits arising in the ordinary course of business. Provision has been made for the probable losses to the Group on those claims when management can reasonably estimate the outcome of the lawsuits taking into account the legal advice. No provision has been made for those pending lawsuits with a maximum compensation amount of RMB2,894 million (31 December 2022: RMB2,554 million) related mainly to disputes with customers and subcontractors, as the outcome of the lawsuits cannot be reasonably estimated or management believes the outflow of resources is not probable. Pending lawsuits of which the probability of loss is remote or the claim amount is insignificant to the Group were not included in the above.

(ii) Loan Guarantees

(a) The Group has acted as the guarantor for several borrowings of RMB3,714 million (31 December 2022: RMB3,378 million) made by certain joint ventures and associates of the Group. The above amount represents the maximum exposure to default risk under the loan guarantee.

(b) The Group provides guarantees to banks for the mortgage loans of the property buyers in certain real estate projects. As at 31 December 2023, the outstanding balance of guarantees provided by the Group was approximately RMB4,462 million (31 December 2022: RMB3,815 million).

(iii) Liquidity Support

(a) Beijing North Huade Neoplan Bus Co., Ltd., a subsidiary of the Company, provides liquidity support to Changchun Public Transportation (Group) Co., Ltd. for sale-leaseback rent payable to Huaxia Financial Leasing Co., Ltd. As at 31 December 2023, the outstanding balance of rent payable by Changchun Public Transportation (Group) Co., Ltd. to Huaxia Financial Leasing Co., Ltd. was RMB48 million (31 December 2022: RMB97 million).

(b) The Group has entered into certain agreements with financial institutions to set up asset-backed securities (ABS) and asset-backed notes (ABN) arrangements. As at 31 December 2023, out of the ABS and ABN in issue with an aggregate amount of RMB72,543 million (31 December 2022: RMB59,390 million), RMB67,089 million (31 December 2022: RMB54,284 million) had been issued to preferential investors. Under the clauses of the agreements, the Group is subject to the obligations of liquidity supplementary payments to preferential investors when the cash available for distribution of the principal and return to preferential investors at the due date is not sufficient.

IV. LIQUIDITY AND CAPITAL RESOURCES (CONTINUED)

Market Risks

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

1. Macroeconomic volatility risk

The Group's main businesses are closely related to the development of macro-economy, especially for infrastructure design and infrastructure construction business, of which the industry development is subject to the effects of macroeconomic factors including investment scale of social fixed assets and the process of urbanisation. The current external environment is complex and severe, and China's economic development is under triple pressure of economic contraction, supply shock and weakening expectations. If the pace and efforts of growth stabilisation is not as strong as expected, it may have a great impact on the Group's development.

To cope with the risks of macroeconomic fluctuations, the Group will further strengthen its research on macro policies and development trends of related industries, follow closely the national strategic deployment, focus on "big transportation" and "big city", firmly hold on to the market advantages of traditional businesses, promote the scale of emerging industries to grow year by year and strive to cultivate new growth levels.

2. Internationalisation risk

The Group conducts its business in over 130 overseas countries and regions. Subject to the complex and diverse political, economic, social and religious environments and legal systems of different countries and regions, as well as fluctuations in exchange rates, increasingly stringent environmental protection requirements and intensifying trade frictions among some countries, there may be fluctuations and volatility in the international trade order and economic situation in the future, resulting in performance risks for the Group's overseas compliance, investment and project contracting.

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

3. Investment risk

The Group began to develop infrastructure and other investment projects in 2007 to obtain investment profits apart from those from reasonable design and construction. However, such projects are generally characterised by large scale investments, long construction cycles, extensive areas of involvement, high complexity, stringent schedule and quality requirements, and are significantly affected by policies. The implementation and operation of the above-mentioned investment projects may expose the Group to certain risks and affect the expected benefits and the achievement of strategic objectives if the feasibility studies of the projects are incomplete, understanding of policies is inaccurate, financing is inadequate and process management is not standardised, under the influence of internal and external circumstances such as increased control in policies by the national and local governments, increasingly standardised regulation, tightened financial supervision, increasing debt pressure and intensified market competition.

In order to effectively prevent and control investment risks, the Group insists on "value-oriented investments" and strictly controls non-main business investments. It strictly implements the investment project justification and decision-making process, properly controls investment costs, strengthens risk control throughout the life cycle of investment projects and steadily promotes the construction of an investment execution information system to achieve real-time and dynamic project monitoring and pre-warning.

IV. LIQUIDITY AND CAPITAL RESOURCES (CONTINUED)

Market Risks (continued)

4. Raw material risk

The operation of the Group’s business depends on the timely procurement of raw materials that meet the Group’s quality requirements at reasonable prices, such as steel, cement, fuel, sand and gravel and asphalt, etc. The market prices of such raw materials may fluctuate to a certain extent, or appropriate procurement planning arrangements may be made to ensure the normal conduct of business. When there is a shortage of supply of raw material or a significant price increase resulting in cost increases that cannot be fully counteracted by customers, the Group may face the risk of reduced profit or even loss in respect of a single project.

In this regard, the Group has enhanced cost awareness, strengthened refined management, vigorously promoted the centralised procurement of major raw materials including steel, cement, asphalt, fuel oil, etc., and has continuously improved the bargaining power of the Company to minimise the risk of rising raw material prices.

5. Interest rate risk

The Group’s interest rate risk mainly arises from borrowings. Borrowings obtained at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash held at variable rates. During 2023 and 2022, the Group’s borrowings at variable rates were mainly denominated in RMB, USD, Euro and Hong Kong dollar. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk. Increases in interest rates will increase the cost of new borrowings and the interest expense with respect to the Group’s outstanding floating rate borrowings, and therefore could have an adverse effect on the Group’s financial position.

As at 31 December 2023, the Group’s borrowings of approximately RMB315,954 million (31 December 2022: RMB281,850 million) were at variable rates. As at 31 December 2023, if interest rates on borrowings had been 1% higher/lower with all other variables held constant, profit before tax for the year would have decreased/increased by RMB3,160 million (31 December 2022: RMB2,819 million), mainly as a result of higher/lower interest expense on floating rate borrowings.

The Group continuously monitors the interest rate position, and makes decisions with reference to the latest market conditions, including entering into interest rate swap agreements from time to time to mitigate its exposure to interest rate risks in connection with the floating rate borrowings.

6. Exchange rate risk

The Group has focused on international markets in its past operations and future strategies. The relatively large scale of its overseas operations has resulted in a relatively large foreign exchange receipts and payments by the Company. The Company’s operations mainly involve foreign currencies such as USD, the Euro and Hong Kong dollar. Fluctuations in the exchange rates between these currencies and Renminbi may result in higher costs or lower revenues, which in turn may have an impact on the Company’s profitability.

As at 31 December 2023, the Group’s aggregate net liabilities of RMB432 million, including trade and other receivables, cash and bank balances, trade and other payables and borrowings, were denominated in foreign currencies, mainly USD.

To manage the impact of currency exchange rate fluctuations, the Group continually assesses its exposure to currency risks, and a portion of those risks is hedged by using derivative financial instruments when management considers necessary. As at 31 December 2023, if RMB had strengthened/weakened by 5% against USD with all other variables held constant, pre-tax profit for the year would had been decreased/increased by approximately RMB224 million (2022: RMB563 million), mainly as a result of foreign exchange losses/gains on translation of USD-denominated trade and other receivables, cash and cash equivalents.

7. Production safety risk

The Group insists on safety first and regards production safety as the prerequisite and foundation of all its work. However, as a construction and production enterprise with many subsidiaries and projects, production safety risks exist in all aspects of the production and operation process. Safety incidents may occur as a result of unsafe human behaviour, unsafe physical conditions and unsafe environmental factors, resulting in injury to the health and safety of employees and exposing the Company to the risk of damage to its brand image, economic loss and external regulatory penalties.

IV. LIQUIDITY AND CAPITAL RESOURCES (CONTINUED)

Market Risks (continued)

8. Risk of price fluctuation in the securities markets

The Group's investments in equity instruments are classified as financial assets at fair value through profit or loss and equity investments designated at fair value through other comprehensive income. As these financial assets are required to be stated at fair value, the Group is exposed to the risk of price fluctuation in the securities markets.

To cope with such risk, the Group sets limits to diversify its investment portfolio.

9. Force Majeure Risks

The infrastructure construction and dredging business principally engaged by the Group are mostly outdoor work. Natural disasters and public health emergency including rainstorm, flooding, earthquake, typhoon, tsunami, fire and epidemic occurred on the construction sites may cause damages to the site workers as well as property, and adversely affect the quality and progress of relevant businesses of the Group.

10. Network risk and security

With the in-depth application of "Internet +" in informatisation, the topology of enterprise network has been becoming more and more complex, the number of information systems has surged, and the possibility of network interruption and system failure has also increased rapidly. At the same time, the Group has been actively exploring overseas markets, and its international influence has been increasing day by day. Therefore, the risk of network-attacks on the information system has been also increasing, which may have a serious impact on the Group's production and operation in the event of a risk event.

In order to effectively prevent network risks, the Group has continuously optimized and improved the network security system and professional team building, improved the information system, enhanced protection and emergency response capabilities, implemented network monitoring and carried out regular upgrades and protections in accordance with the requirements of the competent authorities.

The Lekki Deep Sea Port in Nigeria is located within the Lagos Lekki Free Trade Zone, which is jointly constructed by China and Nigeria. The total investment amounts to USD1.044 billion. The port features a 680-meter quay wall and capable of berthing container ships with a capacity of 18,000 TEUs. It is designed for an annual throughput of 1.2 million TEUs.

The Lekki Deep Sea Port is Nigeria's first modern deep-water port, one of the largest ports in West Africa, and a flagship project of the China-Africa "Belt and Road" initiative.

REPORT OF THE BOARD OF DIRECTORS

The Board is pleased to present its report together with the audited financial statements of the Group prepared in accordance with IFRS for the year ended 31 December 2023.

PRINCIPAL BUSINESS

We are a leading transportation infrastructure group in the PRC and are principally engaged in infrastructure construction, infrastructure design and dredging businesses.

RESULTS

Results of the Group for the year ended 31 December 2023 and the consolidated financial position of the Group as at 31 December 2023 are set out in the audited consolidated financial statements in this report.

DIVIDEND POLICY

In accordance with the Company Law and other relevant laws and regulations, the Company has been implementing a continuous, sustainable and stable dividend distribution policy, and placing emphasis on the reasonable investment return to the investors while securing the sustainable development of the Company.

The Company actively promotes the way to distribute dividends with cash bonus. The profit distributed to the ordinary Shareholders in cash by the Company for each year shall not be less than 10% of the distributable profit available for the ordinary Shareholders realized in such year. The dividend distribution plan of the Company shall be drawn up and reviewed by the Board, taking comprehensive consideration of the factors including the industry characteristics, development stage, operation mode, profitability level and whether there is any significant payment arrangement for funds etc., make the differentiated cash bonus policy according to the program prescribed by the Articles of Association, and identify the proportion of the cash bonus in the profit distribution in the current year, with proportion in compliance with the relevant stipulations of laws, administrative regulations, normative documentation and stock exchanges.

DIVIDENDS

On 28 March 2024, the Board recommended a final dividend totaling approximately RMB4,762 million which represents approximately 20% of the distributable profit available for the ordinary Shareholders out of the net profit realized in 2023 (including tax), on the basis of the total registered share capital of the Company on the record date, which is RMB0.29253 (equivalent to HK$0.32258 including tax) per share calculated based on the total issued share capital of the Company of 16,280,111,425 shares as at the latest practicable date prior to the printing of this report (i.e. 22 April 2024). The recommended final dividends are subject to Shareholders' approval at the annual general meeting to be held on 17 June 2024. The H Share register of members of the Company will be closed for the purpose of determining H Shareholders' entitlement to attend the annual general meeting of the Company from Wednesday, 12 June 2024 to Monday, 17 June 2024 (both days inclusive). In order to attend the annual general meeting, H Shareholders shall complete the registration of H Share not later than 4:30 p.m. on Tuesday, 11 June 2024. The final dividends are expected to be paid to Shareholders whose names appear on the register of members of the Company on 26 June 2024. The register of members will be closed from 21 June 2024 to 26 June 2024 (both days inclusive), during which period no transfers will be registered. In an event of any change in the total issued share capital of the Company before the record date for the payment of the proposed dividend distribution, the total distribution amount will remain unchanged and the proposed final dividend per share will be adjusted accordingly with specific adjustments to be announced separately.

Dividends will be denominated and declared in Renminbi and will be paid to holders of H Shares in Hong Kong dollars. The relevant exchange rate is determined at RMB0.90685 equivalent to HK$1.00 as the middle rate of Renminbi to Hong Kong dollars as announced by the People's Bank of China on the date when such dividends were declared.

Under relevant regulations of China Securities Depository and Clearing Corporation Limited ("CSDC") Shanghai Branch and in line with the market practice regarding dividend distribution for A shares, the Company will publish a separate announcement in respect of its final dividends distribution for A Shares after the Company's AGM for 2023, which, among others, will set out the record date and ex-entitlement date of dividend distribution for A Shares.

DIVIDENDS (CONTINUED)

Pursuant to relevant laws and regulations including the Individual Income Tax Law of the People's Republic of China (《中華人民共和國個人所得稅法》) and the Regulations for the Implementation of the Law of the People's Republic of China on Individual Income Tax (《中華人民共和國個人所得稅法實施條例》), and the Notice of the State Administration of Taxation on the Collection and Management of Personal Income Tax After the Abolishment of Document Guo Shui Fa No. [1993]045 (《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》), as a withholding agent, the Company is required to withhold and pay the individual income tax at the tax rate of 10% in general on behalf of the individual H Shareholders. For individual H Shareholders who are citizens from countries under agreements to be entitled to tax rates lower than 10%, the Company can process applications on their behalf to seek entitlement of the relevant agreed preferential treatments pursuant to relevant regulations, and upon approval by the tax authorities, over withheld tax amounts will be refunded. For individual H Shareholders receiving dividends who are citizens from countries under agreements to be entitled to tax rates higher than 10% but lower than 20%, the Company will withhold the individual income tax at the agreed-upon effective tax rate when distributing dividends, and no application procedures will be necessary. For individual H Shareholders receiving dividends who are citizens from countries without taxation agreements with the PRC or are under other situations, the Company will withhold the individual income tax at a tax rate of 20% when distributing dividends.

In respect of the non-resident corporate shareholders, in accordance with the Law on Corporate Income Tax of the People's Republic of China revised in 2018, the Implementing Rules of the Law on Corporate Income Tax of the People's Republic of China revised in 2019 (collectively, the "Corporate Income Tax Law") and other laws and regulations, starting from 1 January 2008, enterprises established in the PRC which distribute dividend to the non-resident corporate shareholders (namely, the legal person shareholders) for the accounting period from 1 January 2008 onwards shall withhold for payment of the corporate income tax, and the payer shall be the withholding agent. Therefore, the Company is required to withhold corporate income tax at the rate of 10% when distributing the 2023 final dividend to non-resident enterprise Shareholders whose names appear on the H Share register of members of the Company on the record date. The Company will distribute 2023 final dividend following withholding corporate income tax at the rate of 10% to all H Shareholders (including HKSCC Nominees Limited, other business agents or trustees, or other groups or organizations, all deemed as the non-resident corporate Shareholders) who register in the name of a non-person Shareholder on the H Share register of members as of the record date.

Any resident enterprise (as defined under the Corporate Income Tax Law) whose name appears on the H Share register of members of the Company and which is set up in the PRC in accordance with the PRC law, or which is set up in accordance with the law of a foreign country (region) whose actual administration institution is in the PRC, in the event of being unwilling for the Company's withholding corporate income tax at the rate of 10%, should lodge with the Company's H Share registrar, Computershare Hong Kong Investor Services Limited the PRC organization code certificate issued by the relevant PRC government authority or the equivalent copy certified by the Hong Kong lawyer or accountant to certify the place of establishment or the relevant legal documents that it is a resident enterprise incorporated in the PRC (as defined under the Tax Law of the People's Republic of China), on or before 4:30 p.m. on Thursday, 20 June 2024.

The Company will withhold for payment of the income tax strictly in accordance with the relevant laws or requirements of the relevant government departments and strictly based on what has been registered on the Company's register of members for H Shares on Wednesday, 26 June 2024. Investors and potential investors in the H Shares of the Company are recommended to consult their professional tax advisors if they are in any doubt as to the implications of the above mechanism of withholding, and the Company does not accept responsibility for any effect the above mechanism of withholding may have on any person.

DISTRIBUTION OF FINAL DIVIDEND TO INVESTORS OF NORTHBOUND TRADING

For investors of Hong Kong Stock Exchange, including enterprises and individuals, investing in the A Shares of the Company listed on the Shanghai Stock Exchange (the "Investors of Northbound Trading"), their final dividends will be distributed in RMB by the Company through CSDC Shanghai Branch to the account of the nominees holding such shares. The Company will withhold and pay income taxes of 10% on behalf of those investors and will report to the tax authorities. For Investors of Northbound Trading who are tax residents of other countries and whose country of domicile is a country which has entered into a tax treaty with the PRC stipulating a dividend tax rate of lower than 10%, those enterprises and individuals may, or may entrust a withholding agent to, apply to the competent tax authorities of the Company for the entitlement of the rate under such tax treaty. Upon approval by the tax authorities, the paid amount in excess of the tax payable based on the tax rate according to such tax treaty will be refunded.

The record date, the ex-entitlement date and the date of distribution of final dividend and other arrangements for the Investors of Northbound Trading will be the same with those for the A Shareholders of the Company.

DISTRIBUTION OF FINAL DIVIDEND TO INVESTORS OF SOUTHBOUND TRADING

(1) Distribution of Final Dividend to Investors of Southbound Trading on Shanghai Stock Exchange

For investors of the Shanghai Stock Exchange, including enterprises and individuals, investing in the H Shares of the Company listed on the Hong Kong Stock Exchange (the "Investors of Southbound Trading on Shanghai Stock Exchange"), the Company has entered into "the Agreement on Distribution of Cash Dividends of H Shares for Southbound Trading" (《港股通H股股票現金紅利派發協議》) with CSDC Shanghai Branch, pursuant to which, CSDC Shanghai Branch, as the nominee holders of H Shares for the Investors of Southbound Trading on Shanghai Stock Exchange, will receive the final dividends distributed by the Company and distribute the final dividends to the relevant Investors of Southbound Trading on Shanghai Stock Exchange through its depository and clearing system.

The cash dividends for the investors of H Shares of Southbound Trading on Shanghai Stock Exchange will be paid in RMB. Pursuant to the relevant requirements under the "Notice on the Tax Policies Related to the Pilot Program of the Shanghai-Hong Kong Stock Connect" (《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》) (Caishui [2014] No. 81), for dividends received by domestic investors from investing in H shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect, the company of such H shares shall withhold and pay individual income tax at the rate of 20% on behalf of the investors. For dividends received by domestic securities investment funds from investing in shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect, the tax payable shall be the same as that for individual investors. The company of such H shares 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 themselves.

(2) Distribution of Final Dividend to Investors of Southbound Trading on Shenzhen Stock Exchange

For investors of the Shenzhen Stock Exchange, including enterprises and individuals, investing in the H Shares of the Company listed on the Hong Kong Stock Exchange (the "Investors of Southbound Trading on Shenzhen Stock Exchange"), the Company has entered into "the Agreement on Distribution of Cash Dividends of H Shares for Southbound Trading" (《港股通H股股票現金紅利派發協議》) with CSDC Shenzhen Branch, pursuant to which, CSDC Shenzhen Branch, as the nominee holders of H Shares for the Investors of Southbound Trading on Shenzhen Stock Exchange, will receive the final dividends distributed by the Company and distribute the final dividends to the relevant Investors of Southbound Trading on Shenzhen Stock Exchange through its depository and clearing system.

The cash dividends for the investors of H Shares of Southbound Trading on Shenzhen Stock Exchange will be paid in RMB. Pursuant to the relevant requirements under the "Notice on the Tax Policies Related to the Pilot Program of the Shenzhen-Hong Kong Stock Connect" (《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》) (Caishui [2016] No. 127), for dividends received by domestic investors from investing in H shares listed on the Hong Kong Stock Exchange through Shenzhen-Hong Kong Stock Connect, the company of such H shares shall withhold and pay individual income tax at the rate of 20% on behalf of the investors. For dividends received by domestic securities investment funds from investing in shares listed on the Hong Kong Stock Exchange through Shenzhen-Hong Kong Stock Connect, the tax payable shall be the same as that for individual investors. The company of such H shares 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 themselves.

The record date, the ex-entitlement date and the date of distribution of final dividend and other arrangements for the Investors of Southbound Trading on Shanghai Stock Exchange and Investors of Southbound Trading on Shenzhen Stock Exchange will be the same with those for the H Shareholders.

UTILISATION OF PROCEEDS FROM THE ISSUANCE OF CORPORATE BONDS BY THE COMPANY

On 26 October 2023, the Company publicly issued renewable corporate bonds (bond short name: 23 CCCC YK01) of RMB1.0 billion to qualified investors. All of the proceeds from the bond issuance, after deducting issuance expenses, were proposed to be used to supplement the liquidity of the Company. The proceeds from the bond issuance above were fully used as scheduled.

On 7 December 2023, the Company publicly issued renewable corporate bonds (bond short name: 23 CCCC YK02, 23 CCCC YK03) of RMB2.0 billion to qualified investors. All of the proceeds from the bond issuance, after deducting issuance expenses, were proposed to be used to supplement the liquidity of the Company. The proceeds from the bond issuance above were fully used as scheduled.

SHARE CAPITAL

Please refer to Note 35 of the audited consolidated financial statements for movements in share capital of the Company for the year ended 31 December 2023. As at 31 December 2023, the share capital structure of the Company was as follows:

		Shareholding structure	
No.	**Item**	**Number of shares**	**Percentage**
1	A Shares	11,845,185,425	72.83%
2	H Shares	4,418,476,000	27.17%
	Total	16,263,661,425	100.00%

PROPOSED ISSUANCE OF PREFERENCE SHARES IN THE PRC

On 12 January 2023 and 21 March 2023, the Board approved to issue not more than 300 million preference shares to specific subscribers in the PRC under the general mandate to raise total proceeds not exceeding RMB30 billion (the "Proposed Issuance"). The net proceeds after deducting issuance expenses are intended to be used for replenishing working capital.

The Proposed Issuance was approved by the SASAC on 1 June 2023, and was considered and approved by the Shareholders at the 2023 third extraordinary general meeting of the Company held on 30 June 2023. As at the date of this report, the Proposed Issuance is subject to the approval from the Shanghai Stock Exchange and the registration with the China Securities Regulatory Commission.

For details, please refer to the announcements of the Company dated 12 January 2023, 21 March 2023, 1 June 2023 and 30 June 2023 and the circular of the Company dated 9 June 2023.

PUBLIC FLOAT

As at the date of this report, based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained the prescribed public float under the Hong Kong Listing Rules and as agreed with the Hong Kong Stock Exchange.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT OF THE COMPANY

The following table sets out certain information concerning the Directors, Supervisors and senior management of the Company as at the date of this report.

Name	**Age**	**Position in the Company**	**Date of appointment**	**Emoluments for the year ended 31 December 2023 (before tax)** *(Note 10)* *(RMB'000)*
WANG Tongzhou	58	Executive Director and chairman of the Board	22 October 2020	975
WANG Haihuai	55	Executive Director and president	10 June 2021 and 7 April 2021	975
LIU Xiang	55	Executive Director	10 June 2021	780
MI Shuhua *(Note 6)*	61	Non-executive Director	25 February 2022	–
LIU Hui	63	Independent non-executive Director	25 February 2022	55
CHAN Wing Tak Kevin	57	Independent non-executive Director	25 February 2022	92
WU Guangqi	66	Independent non-executive Director	25 February 2022	55
ZHOU Xiaowen	62	Independent non-executive Director	25 February 2022	55
WANG Yongbin	58	Chairman of the Supervisory Committee (representative of the Shareholders)	22 November 2017 and 25 February 2022	671
LU Yaojun	53	Supervisor (representative of the Shareholders)	18 November 2021	1,063
YAO Yanmin *(Note 8)*	60	Supervisor (representative of the employees)	22 November 2017	774
YANG Xiangyang *(Note 8)*	52	Supervisor (representative of the employees)	11 January 2024	N/A
WANG Jian	59	Vice president	22 November 2017	763
YANG Zhichao	42	Vice president	26 August 2021	1,256
SUN Liqiang *(Note 1)*	54	Vice president	11 September 2023	167
ZHOU Changjiang *(Note 7)*	58	Secretary of the Board and company secretary	22 November 2017 and 13 December 2017	1,086
SUN Ziyu *(Note 2)*	61	Executive Director	25 February 2022	248
LI Maohui *(Note 3)*	61	Vice president	30 October 2019	879
ZHOU Jingbo *(Note 4)*	60	Vice president	30 October 2019	962
ZHU Hongbiao *(Note 5)*	53	Chief financial officer	30 October 2019	839
LIU Zhengchang *(Note 9)*	55	Chief financial officer	26 January 2024	N/A

Note 1: Mr. Sun Liqiang was appointed as the vice president of the Company on 11 September 2023.

Note 2: Mr. Sun Ziyu retired as the executive director on 26 April 2023.

Note 3: Mr. Li Maohui retired as the vice president of the Company on 26 April 2023.

Note 4: Mr. Zhou Jingbo retired as the vice president of the Company on 11 October 2023.

Note 5: Mr. Zhu Hongbiao resigned as the chief financial officer of the Company on 30 August 2023.

Note 6: Mr. Mi Shuhua retired as the non-executive director of the Company on 15 January 2024.

Note 7: Mr. Zhou Changjiang retired as the Board secretary and the company secretary of the Company on 22 March 2024.

Note 8: Mr. Yao Yanmin retired as the staff representative supervisor of the Company on 11 January 2024. On the same date, Mr. Yang Xiangyang was elected as the staff representative supervisor of the Company.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT OF THE COMPANY (CONTINUED)

Note 9: Mr. Liu Zhengchang was appointed as the chief financial officer of the Company on 26 January 2024.

Note 10: Please refer to Note 9 of the audited financial statements for details of the emoluments (including basic salaries, housing allowances and other allowances, contributions to pension plans and discretionary bonuses) of the Directors and Supervisors of the Company in 2023. The emoluments payable to the Directors, Supervisors and senior management are determined with reference to responsibilities, years of service and performance of each individual, the results of the Group and prevailing market rate.

As at 31 December 2023, details of the emoluments (before taxes) of each senior management of the Company (excluding Directors who also hold executive positions) in 2023 are set out below:

Name	Basic salaries, housing allowances and other allowances *RMB'000*	Contributions to pension plans *RMB'000*	Discretionary bonuses *RMB'000*	Total *RMB'000*
WANG Jian	251	63	449	763
SUN Liqiang[Note 1]	68	16	83	167
LI Maohui[Note 2]	127	20	732	879
ZHOU Jingbo[Note 3]	322	57	583	962
ZHU Hongbiao[Note 4]	254	41	544	839
YANG Zhichao	353	63	840	1,256
ZHOU Changjiang[Note 5]	384	–	702	1,086

Note 1: Mr. Sun Liqiang was appointed as the vice president of the Company on 11 September 2023.

Note 2: Mr. Li Maohui retired as the vice president of the Company on 26 April 2023.

Note 3 Mr. Zhou Jingbo retired as the vice president of the Company on 11 October 2023.

Note 4: Mr. Zhu Hongbiao resigned as the chief financial officer of the Company on 30 August 2023.

Note 5: Mr. Zhou Changjiang retired as the Board secretary and the company secretary of the Company on 22 March 2024.

The biographical details of the Directors, Supervisors and senior management of the Company are set out in the "Profiles of Directors, Supervisors and Senior Management" in this report.

INDEPENDENCE OF THE INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has confirmed its receipt of a confirmation from each of the independent non-executive Directors of the Company of its independence pursuant to Rule 3.13 of the Hong Kong Listing Rules. The Company considers all of the independent non-executive Directors to be independent.

BOARD COMMITTEES

Committees under the Board include Strategy and Investment Committee, Audit and Internal Control Committee, Remuneration and Appraisal Committee as well as Nomination Committee. The composition of each committee is set out in the "Corporate Governance Report" in this report.

MATERIAL INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 December 2023, the interests or short positions of Shareholders (other than Directors, Supervisors and chief executive of the Company) who have an interest or short position in the shares, underlying shares and debentures of the Company which would fall to be disclosed by the Company as recorded in the register required to be maintained under Section 336 of the SFO are as follows:

Name of Shareholder (Note 1)	Number of shares held	Type of shares	Percentage of the respective type of shares (Note 2) (%)	Percentage of the total number of shares in issue (Note 3) (%)	Capacity in which the shares are held
CCCG	9,374,616,604 (Long position)	A Shares	79.14	57.64	Beneficial owner
	297,387,000 (Long position)	H Shares	6.73	1.83	Beneficial owner

Note 1: The table is prepared based on the disclosure of interest fillings of the substantial Shareholders published on the website of the Hong Kong Stock Exchange for the relevant events as at 31 December 2023.

Note 2: The percentage of respective type of shares is based on 11,845,185,425 A Shares and 4,418,476,000 H Shares of the Company as at 31 December 2023, respectively.

Note 3: The percentage of total number of shares in issue is based on 16,263,661,425 shares of the total issued share capital of the Company as at 31 December 2023.

As at 31 December 2023, there were 12,029 H Shareholders and 155,194 A Shareholders as shown on the register of members of the Company. Particulars of the top 10 Shareholders of the Company as at 31 December 2023 were as follows:

Name of Shareholder	Nature	Percentage	Number	Number of shares subject to trading restriction	Number of shares pledged or frozen
1. CCCG	State	57.64	9,374,616,604		Nil
2. HKSCC NOMINEES LIMITED	Foreign legal person	26.92	4,377,734,962		Unknown
3. China Securities Finance Corporation Limited	State-owned legal person	2.98	483,846,064		Unknown
4. Central Huijin Asset Management Ltd.	State-owned legal person	0.59	95,990,100		Unknown
5. Hong Kong Securities Clearing Company Limited	Foreign legal person	0.17	27,016,026		Unknown
6. Industrial and Commercial Bank of China Co., Ltd. – Huatai Bairui CSI 300 Trading Index Securities Investment Open-ended Fund	Unknown	0.16	26,360,300		Unknown
7. Bank of Communications Co., Ltd. – GF China Securities Infrastructure Project Index ETF	Unknown	0.16	26,321,368		Unknown
8. China Life Insurance (Group) Company – Traditional – Normal insurance product – Southbound Trading (Innovation Strategy)	Unknown	0.16	25,444,508		Unknown
9. Aeon Life Insurance Co. Ltd. – Owned Fund	Unknown	0.13	20,999,901		Unknown
10. National Social Security Fund Portfolio 503	Unknown	0.11	18,000,000		Unknown

Note: As of 31 December 2023, CCCG increased its shareholding in the Company by 32,921,000 H Shares in aggregate through Shanghai-Hong Kong Stock Connect, representing approximately 0.75% of the H Shares of the Company. The number of Shares held by CCCG amounted to 9,672,003,604 (including 9,374,616,604 A Shares and 297,387,000 H Shares), representing approximately 59.47% of the total share capital of the Company.

DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2023, none of the Directors, Supervisors or chief executive of the Company had any interest or short position in the shares, underlying shares of equity derivatives or debentures of us or any of our associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which will be required to the Company notified to us and the Hong Kong Stock Exchange pursuant to the Model Code contained in Appendix 10 to the Hong Kong Listing Rules.

As at 31 December 2023, the Company had not granted its Directors, Supervisors or chief executive or their respective spouses or children below the age of 18 any rights to subscribe for the shares or debentures of the Company or any of its associated corporations and none of them has ever exercised any such right to subscribe for shares or debentures.

2022 RESTRICTED SHARE INCENTIVE SCHEME

On 27 April 2023, the Company has adopted the 2022 Restricted Share Incentive Scheme (the "Incentive Scheme") at the 2023 second extraordinary general meeting, the 2023 first H Share class meeting and the 2023 first A Share class meeting (collectively, the "Meetings").

(I) Summary of the Incentive Scheme

The Incentive Scheme is a share scheme involving the issuance of new shares by the Company under Chapter 17 of the Hong Kong Listing Rules. The principal terms of the Incentive Scheme are summarized as follows.

(1) Purposes of the Incentive Scheme

The purpose of the Incentive Scheme is to further promote the establishment and improvement of the long-term incentive mechanism of the Company, attract and retain talents, fully mobilise the enthusiasm of the Directors, senior management, middle management and core personnel of the Company, and effectively align the interests of the Shareholders, the Company with the individual interests of the operators to focus on and work collectively for the long-term development of the Company.

(2) Participants

The participants are the incumbent directors, senior management, middle management and core personnel of the Company (including its branches and holding subsidiaries) at the time of the implementation of the Incentive Scheme (the "Participants").

(3) Total number of shares available for issue

The incentive instruments adopted in the Incentive Scheme are the restricted shares. The source of the restricted shares is the ordinary A Shares to be issued to the Participants by the Company (the "Restricted Shares"). A total number of up to 117 million Restricted Shares (including the first grant and the reserved grant) are proposed to be granted under the Incentive Scheme, representing 0.719% of the total issued ordinary shares of the Company (i.e. 16,280,111,425 ordinary shares) as at the date of this report.

(4) Maximum entitlement of each Participant under the Incentive Scheme

The total number of Restricted Shares to be granted under all effective share incentive schemes to any one of the Participants under the Incentive Scheme shall not exceed 1% of the total issued ordinary A Shares of the Company. Save for the Incentive Scheme, the Company has not adopted any other share schemes as at the date of this report.

2022 RESTRICTED SHARE INCENTIVE SCHEME (CONTINUED)

(I) Summary of the Incentive Scheme (continued)

(5) Grant price and basis of determination

The grant price under the first grant shall be RMB5.33 per A Share, i.e. upon fulfilment of grant conditions, Participants are entitled to purchase the ordinary A Shares of the Company granted to the Participants by the Company at the price of RMB5.33 per A Share. According to the Article 23 of the Administrative Measures on Share Incentives of Listed Companies and the Article 26 of the Guidelines for the Implementation of Share Incentive Schemes by the State-Owned Listed Companies, the grant price under the first grant shall not be less than the nominal value of the shares, and shall not be lower than 60% of the fair market value. The fair market value shall be the higher of the following prices:

(1) the average trading price of the A Shares of the Company on the last trading day prior to the date of announcement of the Incentive Scheme (i.e. RMB8.875 per share);

(2) any of the average trading prices of the A Shares of the Company for the last 20 trading days, 60 trading days or 120 trading days prior to the date of announcement of the Incentive Scheme (i.e. RMB8.837 per share, RMB8.413 per share and RMB8.449 per share).

The grant of the reserved Restricted Shares is subject to the consideration and passing of related resolutions by the Board meeting and the disclosure of related information. The grant price of the reserved Restricted Shares shall not be less than the nominal value of the shares, and shall not be lower than 60% of the higher of the following prices:

(1) the average trading price of the A Shares of the Company on the last trading day prior to the date of announcement of Board resolutions on the grant of the reserved Restricted Shares;

(2) any of the average trading prices of the A Shares of the Company for the last 20 trading days, 60 trading days or 120 trading days prior to the date of announcement of Board resolutions on the grant of the reserved Restricted Shares.

The Participants shall pay the consideration for subscribing the Restricted Shares into the account designated by the Company and have it verified and confirmed by a certified public accountant, otherwise such Participant shall be deemed as having waived his/her rights to subscribe for the granted Restricted Shares. The Company shall not provide loans or financial assistance in any other forms, including guarantee for loans, to the Participants to obtain or unlock the relevant Restricted Shares under the Incentive Scheme.

(6) Term of the Incentive Scheme

The Term of the Incentive Scheme shall commence from the completion date of registration of the Restricted Shares under the first grant (i.e. 5 June 2023) and end on the date of all the Restricted Shares granted to the Participants having been unlocked or repurchased, the maximum period of which shall not exceed 72 months.

(7) Lock-up period of the Incentive Scheme

The Restricted Shares granted under the Incentive Scheme shall be unlocked in three batches, and the Lock-up Period of each batch is 24 months, 36 months and 48 months respectively from the completion date of registration of the corresponding grant. During the Lock-up Period, the Restricted Shares granted to the Participants under the Incentive Scheme shall be restricted for sale and shall not be transferred, used as security or for repayment of debts. The shares entitled by the Participants as a result of the capitalisation issue, bonus issue and sub-division of shares, etc. in connection with the granted Restricted Shares that have not yet been unlocked are simultaneously locked in accordance with the Incentive Scheme. Upon unlocking, the Company will handle the unlocking matters for the Participants who meet the conditions, and the Restricted Shares held by the Participants who do not meet the unlocking conditions will be repurchased by the Company.

2022 RESTRICTED SHARE INCENTIVE SCHEME (CONTINUED)

(I) Summary of the Incentive Scheme (continued)

(7) Lock-up period of the Incentive Scheme (continued)

The unlocking schedule for the Restricted Shares of the Incentive Scheme under the first grant and the reserved grant are set out below:

Unlocking arrangements	Unlocking schedule	Percentage of the number of Restricted Shares to be unlocked to the number of the Restricted Shares granted
The first unlocking period for the first grant and the reserved grant	Commencing from the first trading day after expiry of the 24-month period from the date of completion of registration of the corresponding grant and ending on the last trading day of the 36-month period from the date of completion of registration of such grant	34%
The second unlocking period for the first grant and the reserved grant	Commencing from the first trading day after expiry of the 36-month period from the date of completion of registration of the corresponding grant and ending on the last trading day of the 48-month period from the date of completion of registration of such grant	33%
The third unlocking period for the first grant and the reserved grant	Commencing from the first trading day after expiry of the 48-month period from the date of completion of registration of the corresponding grant and ending on the last trading day of the 60-month period from the date of completion of registration of such grant	33%

(II) Adjustments for the First Grant of the Incentive Scheme

According to the Incentive Scheme, the Company intended to issue a total number of up to 117 million ordinary A Shares to the Participants. Wherein: (i) a maximum of 99.40 million Restricted Shares will be issued to not more than 668 Participants under the first grant; and (ii) a maximum of 17.60 million Restricted Shares will be issued to Participants who shall be determined within 12 months from the date of the Meetings under the reserved grant.

As six Participants were no longer within the scope of the Participants under the first grant of the Incentive Scheme, the Board, pursuant to the authorization granted by the Meetings, adjusted the number of Participants under the first grant from 668 to 662 and the number of Restricted Shares under the first grant from 99.40 million to 98.55 million. Accordingly, the total number of Restricted Shares to be granted under the Incentive Scheme was adjusted from 117.00 million to 116.15 million and the number of Restricted Shares under the reserved grant remained unchanged. The Board determined to grant a total of 98.55 million Restricted Shares to 662 Participants on 4 May 2023 at a price of RMB5.33 per A Share (the "First Grant").

On 5 June 2023, the Company had completed the registration of the First Grant of the Incentive Scheme with Shanghai Branch of the China Securities Depository and Clearing Corporation Limited for an actual grant of 97.95 million Restricted Shares to 658 Participants under the First Grant, because four Participants voluntarily waived their subscription for a total of 0.6 million Restricted Shares due to personal reasons.

2022 RESTRICTED SHARE INCENTIVE SCHEME (CONTINUED)

(II) Adjustments for the First Grant of the Incentive Scheme (continued)

The table below sets out particulars of the Restricted Shares granted and registered under the Incentive Scheme during the reporting period (i.e. the First Grant):

Name of the participants	Category of the participants	Unlocking period	As at 1 January 2023 (0'000 shares)	Granted and registered during the reporting period (0'000 shares)	Unlocked during the reporting period (0'000 shares)	Cancelled/ Lapsed during the reporting period (0'000 shares)	As at 31 December 2023 (0'000 shares)
ZHU Hongbiao	Chief financial officer	06/06/2025–05/06/2028	Nil	35	Nil	(35)	–
YANG Zhichao	Vice president	06/06/2025–05/06/2028	Nil	35	Nil	Nil	35
ZHOU Changjiang	Secretary to the Board	06/06/2025–05/06/2028	Nil	30	Nil	Nil	30
Middle management personnel and core personnel (no more than 655)		06/06/2025–05/06/2028	Nil	9,695	Nil	(65)	9,630
Total			Nil	9,795	Nil	(100)	9,695

Notes:

(1) The total number of the Company's shares granted under all effective share incentive schemes to any of the aforesaid Participants does not exceed 1% of the total share capital of the Company. The total number of underlying shares involved in all effective share incentive schemes of the Company does not exceed 10% of the total share capital of the Company.

(2) For details of the performance targets, please refer to the section headed "II.(viii) 2. Unlocking conditions for the Incentive Scheme" as set out in the circular of the Company dated 4 April 2023.

(3) The grant price of the Restricted Shares under the First Grant is RMB5.33 per share. The closing price of the Restricted Shares under the First Grant immediately before the date of grant is RMB11.41 per share.

(4) On 30 August 2023, Mr. Zhu Hongbiao resigned as the chief financial officer of the Company due to work reallocation. The 350,000 Restricted Shares granted to Mr. Zhu Hongbiao shall be repurchased by the Company pursuant to the terms of the Incentive Scheme. On 26 January 2024, among the Participants in the First Grant, 8 Participants (including Mr. Zhu Hongbiao) were transferred from the Company and ceased to take office in the Company due to organizational arrangements, or became disqualified for the Incentive Scheme due to change of position, according to which, the Company decided to repurchase from these Participants all the Restricted Shares granted but not yet unlocked (totalling 1.50 million shares) and cancel the same at the grant price of RMB5.33 per share plus the interests on fixed bank deposits in the same period in accordance with the Incentive Scheme. For details, please refer to the announcement of the Company dated 26 January 2024.

(5) On 22 March 2024, Mr. Zhou Changjiang, due to work re-allocation, resigned as secretary to the Board of the Company. The 300,000 Restricted Shares granted to Mr. Zhou Changjiang shall be repurchased by the Company pursuant to the terms of the Incentive Scheme. For more details, please refer to the section headed "II.(xiii) 4. Changes to the individual circumstances of the Participants" as set out in the circular of the Company dated 4 April 2023. The Company will comply with the applicable laws and regulations including the Hong Kong Listing Rules when conducting repurchase of A Shares.

During the reporting period, the aggregate fair value of the Restricted Shares granted under the First Grant of the Incentive Scheme as at the date of the First Grant was RMB629 million. The accounting standard and policy to estimate the fair value of the Restricted Shares is set out in Note 2.5 to the financial statements of this report.

2022 RESTRICTED SHARE INCENTIVE SCHEME (CONTINUED)

(II) Adjustments for the First Grant of the Incentive Scheme (continued)

As at 1 January 2023 and at 31 December 2023, the total number of Restricted Shares available for grant under the Incentive Scheme is nil and 17.60 million shares (i.e. the number of Restricted Shares under the reserved grant), respectively. The number of shares that may be issued in respect of Restricted Shares granted under the Incentive Scheme during the reporting period divided by the weighted average number of ordinary A Shares in issue for the reporting period is approximately 0.8%.

For details of the Incentive Scheme, please refer to the announcements of the Company dated 15 December 2022, 27 April 2023, 4 May 2023 and 7 June 2023 and the circular of the Company dated 4 April 2023.

COMPETING BUSINESS

None of the Directors of the Company, directly or indirectly, has any interest in any business which constitutes or may constitute a competing business of the Company.

FINANCIAL, BUSINESS AND FAMILY RELATIONS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

There are no relationships among the Directors, Supervisors and senior management of the Company, including financial, business, family or other material relationships.

DIRECTORS' AND SUPERVISORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Each of the Directors and Supervisors has entered into a service contract with the Company for a term of three years and may be re-elected upon expiry of the term.

None of the Directors or Supervisors has any existing or proposed service contract with any member of the Group which is not terminable by the Group within one year without payment of compensation (other than statutory compensation).

Apart from the service contracts with the Company or its subsidiaries (if applicable), for the year ended 31 December 2023, none of the Directors or Supervisors of the Company was materially interested, whether directly or indirectly, in any transaction, arrangement or contract of significance to which the Company, its subsidiary or holding company or a subsidiary of the Company's holding company is a party.

ENVIRONMENTAL POLICIES AND PERFORMANCE

CCCC has been in strict compliance with the Environmental Protection Law of the People's Republic of China and local environmental protection laws and regulations. The Company continued to strengthen energy conservation and environmental protection management, improve the utilization efficiency of energy and resource, promote energy conservation and emission reduction, actively respond to climate change, boost low carbon development and advocate green office. It is determined to be a major participant, contributor and leader in green development.

Adhering to the concept of "lucid waters and lush mountains are invaluable assets", CCCC firmly grasps the trend of comprehensive green transformation of economic and social development, deeply implements the carbon peak carbon neutral "3060" action, actively participates in the battle to protect blue sky, clear water and clean land, continues to expand the ecological and environmental protection industry, and strives to provide more high-quality ecological products to meet the people's growing needs for a beautiful ecological environment. In 2023, the energy conservation and environmental protection work of the Company maintained stable in general without emergency environmental incidents above common level.

For details of the Group's environmental policies and performance, please refer to the "2023 Environmental, Social and Governance Report of China Communications Construction Company Limited" to be published on the websites of the Hong Kong Stock Exchange and the Company, and the "2023 Environmental, Social and Governance Report of CCCC" published on the websites of the Shanghai Stock Exchange and the Company.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

The Group recognizes the importance of compliance with regulatory requirements. During the year ended 31 December 2023, the Group had complied in all material respects with relevant PRC laws and regulations, and the Company and all of its direct subsidiaries had obtained all licenses, approvals and permits from appropriate regulatory authorities that are material for its business operations in the PRC. As a result of our international activities, we are subject to the laws and regulations of the various countries and regions in which we do business, in addition to the laws of the PRC. Meanwhile, as the Company is listed on the Shanghai Stock Exchange and the Hong Kong Stock Exchange, therefore we are also required to comply with the listing rules and applicable laws and regulations of listing places. As far as the Company is aware, the Group has also complied with overseas laws and regulations, as well as the listing rules and applicable laws and regulations of listing places during the year ended 31 December 2023. The Group has more sound internal control system in place, so as to monitor and ensure the legitimacy and compliance of our production, construction and operating activities.

KEY RELATIONSHIPS

The Group's success also depends on the support from employees, customers, suppliers and etc.

Employees

CCCC always insists on putting people first, attracts talents with an open, equal and inclusive attitude, respects and protects the legitimate rights and interests of employees. It builds a platform for employees to realize their dreams, shares the fruits of development with them and works together for a happy future. By adhering to the approach of putting people first, and in strict compliance with the Labour Law of the People's Republic of China, the Labour Contract Law of the People's Republic of China and other relevant legal requirements, CCCC has established various labour protection systems to fully protect the rights of its employees in terms of equal employment, reasonable remuneration, rest and leave as well as democratic communication. CCCC focuses on talents in the three important areas of a strong transportation country, rivers, lakes and seas as well as international operation so as to achieve the full utilization of human resources and talents. CCCC is actively building a harmonious enterprise, constructing a warm "staff home" and creating a comfortable working environment for employees. It cares for special groups such as employees in difficulty and retired employees, provides help at the first instance in times of crisis and carries out various forms of staff activities to balance the work and life of employees, striving to enhance employees' satisfaction and sense of belonging.

Customers

CCCC is committed to providing prime-quality services to its customers, establishing a sound customer service system, facilitating customer communication channels, tapping into customer needs thoroughly and enhancing customer satisfaction. Adhering to the customer-centric principle, the Group provides a comprehensive package of "CCCC solutions" to solve the pain points and difficult problems of its customers, and enhances the customer experience to win their trust. The Group respects the privacy of its customers and requires its staff to keep customer information strictly in accordance with the relevant provisions of the Market Operation Management Measures (《市場經營管理辦法》) and Measures on the Management of Liaison of Government Affairs and Large Customers (《政府事務與大客戶商務對接管理辦法》), and conducts relevant training to strengthen the legal concept of its staff and enhance their awareness of confidentiality, with a view to fully safeguarding the security, confidentiality and integrity of customer information and data. The Group has established a strong communication mechanism with its customers, which allows the Group to treat customer feedback seriously and handle related complaints in a timely manner, thereby continuously improving customer satisfaction and loyalty.

Suppliers

CCCC insists on the principle of "optimise the total cost for supply chain", concentrates on the five-in-one idea for supply chain strategic of "innovation, coordination, safety, green, and wisdom", and implements nine major tasks including "online rate, concentration, payment guarantee, overseas supply chain, supply, compliance, system and evaluation system, informatisation support and green supply chain" to comprehensively build a new-era supply chain management and development system. The Company establishes a supplier "white list" and "red list" management system, and defines a series of full-cycle dynamic management mechanisms such as supplier access standards and evaluation standards. The Company builds an intelligent supplier evaluation system, completes the big data platform test, and strengthens the big data analysis and intelligent monitoring of procurement risk and supply risk. The Company implements the green supplier cultivation action to enhance the green supply chain awareness of suppliers.

PERMITTED INDEMNITY PROVISION

As at 31 December 2023, all directors of the Company were covered under the liability insurance purchased by the Company for its directors.

PURCHASE, SALE AND REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any securities of the Company during the year ended 31 December 2023.

SUMMARY OF FINANCIAL INFORMATION FOR THE LAST FIVE YEARS

The tables below set out a summary of the operating results, assets and liabilities of the Group for each of the years in the five-year period ended 31 December 2023.

Consolidated Income Statement

	2023 ***RMB million***	2022 *RMB million* (Restated)	2021 *RMB million*	2020 *RMB million*	2019 *RMB million*
Revenue	**755,646**	719,084	682,785	624,495	553,114
Gross profit	**94,528**	83,692	84,524	80,036	69,297
Profit before tax	**37,538**	33,088	29,787	26,957	27,349
Profit for the year	**31,141**	25,971	23,859	19,629	21,525
Attributable to:					
– Owners of the parent	**24,734**	20,226	18,349	16,475	19,999
– Non-controlling interests	**6,407**	5,745	5,510	3,154	1,526
Earnings per share for profit attributable to the equity holders of the parent (expressed in RMB)					
Basic					
– For profit for the year	**1.45**	1.15	1.04	0.92	1.16
– For profit from continuing operations	**1.45**	1.15	1.04	0.92	1.16
Diluted					
– For profit for the year	**1.45**	1.15	1.04	0.92	1.16
– For profit from continuing operations	**1.45**	1.15	1.04	0.92	1.16
Dividends	**4,762**	3,509	3,293	2,924	3,765

Note: As affected by the business combination of Zhongjiao Dingxin Equity Investment Management Co., LTD, China Southwest Municipal Engineering Design & Research Institute Co., Ltd., China Northeast Municipal Engineering Design & Research Institute Co., Ltd. and CCCC Urban Energy Research and Design Institute Co. Ltd. under common control in 2023, the comparative statements of profit or loss of the Group for 2022 have been restated.

Consolidated Balance Sheet

	2023 ***RMB million***	2022 *RMB million* (Restated)	2021 *RMB million*	2020 *RMB million*	2019 *RMB million*
Total assets	**1,684,262**	1,516,713	1,391,109	1,304,169	1,123,414
Total liabilities	**1,225,138**	1,089,221	999,714	946,365	827,004
Equity attributable to owners of the Company	**301,734**	282,500	260,391	245,071	229,916
Non-controlling interests	**157,390**	144,992	131,004	112,733	66,494

Note: As affected by the business combination of Zhongjiao Dingxin Equity Investment Management Co., LTD, China Southwest Municipal Engineering Design & Research Institute Co., Ltd., China Northeast Municipal Engineering Design & Research Institute Co., Ltd. and CCCC Urban Energy Research and Design Institute Co. Ltd. under common control in 2023, the financial figures of the Group for 2022 have been restated.

BANK LOANS AND OTHER BORROWINGS

Please refer to Note 31 of the audited consolidated financial statements for details of bank loans and other borrowings of the Group.

ISSUANCE OF SUBORDINATED PERPETUAL SECURITIES

The subordinated perpetual securities in the aggregate principal amount of USD1,000,000,000 with an initial distribution rate of 3.425% per annum (the "Series A Securities") and the subordinated perpetual securities in the aggregate principal amount of USD500,000,000 with an initial distribution rate of 3.650% per annum (the "Series B Securities", and together with the Series A Securities, the "Securities") guaranteed by the Company have been issued by CCCI Treasure Limited, a subsidiary of the Company. Pursuant to the terms and conditions of the Series A Securities, unless redeemed, the distribution rate of the Series A Securities will first be reset on 21 February 2025 and thereafter be reset every five years. Pursuant to the terms and conditions of the Series B Securities, unless redeemed, the distribution rate of the Series B Securities will first be reset on 21 February 2027 and thereafter be reset every five years. The distribution of the Securities will be payable semi-annually in equal instalments in arrears on 21 February and 21 August of each year commencing on 21 August 2020. For more details, please refer to the announcements of the Company dated 11 February 2020, 14 February 2020 and 21 February 2020.

ISSUANCE OF DEBENTURES

In order to optimize the debt structure and reduce the financing costs, the Company issued the following debentures in 2023:

1. The first tranche of 2023 ultra-short-term financing bonds was issued on 12 January 2023 with the maturity date on 13 June 2023. The issuance scale is RMB2.0 billion and the interests rate is 2.18%.

2. The second tranche of 2023 ultra-short-term financing bonds was issued on 13 January 2023 with the maturity date on 15 June 2023. The issuance scale is RMB2.0 billion and the interests rate is 2.16%.

3. The third tranche of 2023 ultra-short-term financing bonds was issued on 23 February 2023 with the maturity date on 23 August 2023. The issuance scale is RMB3.0 billion and the interests rate is 2.28%.

4. The fourth tranche of 2023 ultra-short-term financing bonds was issued on 20 March 2023 with the maturity date on 18 September 2023. The issuance scale is RMB3.0 billion and the interests rate is 2.22%.

5. The fifth tranche of 2023 ultra-short-term financing bonds was issued on 18 May 2023 with the maturity date on 15 November 2023. The issuance scale is RMB2.0 billion and the interests rate is 2.12%.

6. The sixth tranche of 2023 ultra-short-term financing bonds was issued on 22 May 2023 with the maturity date on 17 November 2023. The issuance scale is RMB2.0 billion and the interests rate is 2.11%.

7. The seventh tranche of 2023 ultra-short-term financing bonds was issued on 9 June 2023 with the maturity date on 6 December 2023. The issuance scale is RMB2.0 billion and the interests rate is 2.00%.

8. The first tranche of 2023 mid-term notes was issued on 19 July 2023 with the maturity date on 21 July 2026. The issuance scale is RMB2.0 billion and the interests rate is 2.68%.

9. The eighth tranche of 2023 ultra-short-term financing bonds was issued on 21 August 2023 with the maturity date on 27 December 2023. The issuance scale is RMB2.0 billion and the interests rate is 1.92%.

10. The ninth tranche of 2023 ultra-short-term financing bonds was issued on 24 August 2023 with the maturity date on 26 December 2023. The issuance scale is RMB2.5 billion and the interests rate is 1.97%.

11. The tenth tranche of 2023 ultra-short-term financing bonds was issued on 9 November 2023 with the maturity date on 26 December 2023. The issuance scale is RMB2.0 billion and the interests rate is 2.10%.

12. The eleventh tranche of 2023 ultra-short-term financing bonds was issued on 10 November 2023 with the maturity date on 27 December 2023. The issuance scale is RMB2.0 billion and the interests rate is 2.04%.

FIXED ASSETS

Please refer to Note 15 of the audited consolidated financial statements for movements in the property, plant and equipment of the Group for the year ended 31 December 2023.

CAPITALISED INTEREST

Please refer to Note 8 of the audited consolidated financial statements for details of the capitalised interest expense of the Group for the year ended 31 December 2023.

RESERVES

Please refer to Notes 38 and 52 of the audited consolidated financial statements for details of the movements in the reserves of the Group and the Company for the year ended 31 December 2023.

DISTRIBUTABLE RESERVES

Distributable reserves of the Company as at 31 December 2023 amounted to approximately RMB48,476 million.

DONATIONS

For the year ended 31 December 2023, the Group made charitable and other donations in a total amount of approximately RMB274 million.

SUBSIDIARIES

Please refer to Note 39 of the audited consolidated financial statements for details of the Company's principal subsidiaries as at 31 December 2023.

SIGNIFICANT INVESTMENTS AND ACQUISITIONS

Please refer to Notes 15, 16, 17(a), 18, 19, 20, 21, 22 and 42 of the audited consolidated financial statements for details of significant investments and acquisitions incurred during the year ended 31 December 2023.

CHANGE IN EQUITY

Please refer to Notes 35, 37 and 38 of the audited consolidated financial statements for detail of changes in equity.

RETIREMENT BENEFITS

Please refer to Note 33 of the audited consolidated financial statements for details of retirement benefits.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights in the Company's Articles of Association which require the Company to offer new shares to the existing Shareholders in proportion to their shareholdings.

MAJOR CUSTOMERS AND SUPPLIERS

The diversified business structure of the Company had provided an extensive base of suppliers and customers with low concentration. There is no reliance of the Company on a single supplier or customer. As at 31 December 2023, the sales of the Group to the five largest customers amounted to RMB33,544 million, representing 4.4% of the Group's revenue; the aggregate purchase from the five largest suppliers by the Group amounted to RMB26,991 million, representing 5.7% of the Group's aggregate purchase for the year.

PROPOSED ASSETS REORGANIZATION AND PROPOSED SPIN-OFF

On 11 May 2022, the Company entered into the agreement on assets swap and acquisition of assets by issuance of shares (the "Agreement", as further amended by the supplemental agreements entered into on 28 December 2022 and 28 February 2023, collectively the "Agreements") with China Urban & Rural Holding Group Limited ("China Urban-Rural") and Gansu Qilianshan Cement Group Co., Ltd. ("Qilianshan"). According to the Agreements, the parties agreed that: (i) the Company shall dispose of its 100% equity interest in three wholly-owned subsidiaries to Qilianshan, namely CCCC Highway Consultants Co., Ltd. ("CCCC Highway Institute"), CCCC First Highway Consultants Co., Ltd. ("CCCC First Highway Institute") and CCCC Second Highway Consultants Co., Ltd. ("CCCC Second Highway Institute") (collectively the "Three Highway Institutes"), at a consideration of approximately RMB7,200.30 million, RMB6,183.27 million and RMB6,779.85 million, respectively; (ii) China Urban-Rural shall dispose of its 100% equity interest in three wholly-owned subsidiaries to Qilianshan, namely China Southwest Municipal Engineering Design & Research Institute Co., Ltd. ("Southwest Institute"), China Northeast Municipal Engineering Design & Research Institute Co., Ltd. ("Northeast Institute") and CCCC Urban Energy Research and Design Institute Co. Ltd. ("Energy Institute") (collectively the "Three Municipal Institutes"), at a consideration of approximately RMB2,278.52 million, RMB941.06 million and RMB120.14 million, respectively; (iii) in consideration of the acquisition of the Three Highway Institutes and the Three Municipal Institutes, Qilianshan shall transfer its 100% equity interest in Gansu Qilianshan Cement Group Ltd. ("Qilianshan Ltd.") to the Company and China Urban-Rural at a consideration of approximately RMB10,430.43 million, and issue a total of 1,285,418,199 new A shares to pay the shortfall against the value of the Three Highway Institutes and the Three Municipal Institutes at an issue price of RMB10.17 per consideration share. The Company and China Urban-Rural further agreed on the allocation of the equity interests of Qilianshan Ltd. and the Consideration Shares as follows: (i) Qilianshan Ltd. will be owned as to approximately 85% and 15% by the Company and China Urban-Rural, respectively; and (ii) the Company and China Urban-Rural will hold 1,110,869,947 Consideration Shares and 174,548,252 Consideration Shares respectively, representing approximately 53.88% and 8.47% equity interest in Qilianshan as enlarged by the issuance of the Consideration Shares (the "Proposed Assets Reorganization"). Upon completion of the Proposed Assets Reorganization, the financial results of the Three Highway Institutes, the Three Municipal Institutes and Qilianshan Ltd. will be consolidated into the consolidated financial statements of the Company.

China Urban-Rural is a wholly-owned subsidiary of CCCG, the controlling Shareholder of the Company which holds approximately 59.63% interests in the issued ordinary Shares of the Company as at the date of the Agreements. China Urban-Rural is thus a connected person of the Company under the Hong Kong Listing Rules. As China Urban-Rural is a party to the Agreements, the Proposed Assets Reorganization constitutes a connected transaction of the Company. As the highest applicable percentage ratios of the acquisition and the disposal are both higher than 5% but less than 25%, the Proposed Assets Reorganization constitutes a discloseable transaction and a connected transaction of the Company and is subject to the reporting, announcement and the independent Shareholders' approval requirements under the Hong Kong Listing Rules.

The Proposed Assets Reorganization has been approved by the independent Shareholders at the extraordinary general meeting held by the Company on 10 March 2023. The Company has applied for and the Hong Kong Stock Exchange has confirmed that the Company may proceed with the Proposed Spin-off and granted a waiver from strict compliance with the requirements under Paragraph 3(f) of Practice Note 15 of the Hong Kong Listing Rules. The Proposed Assets Reorganization and the Proposed Spin-off have been completed on 30 November 2023.

PERFORMANCE COMMITMENT

On 28 December 2022, the Company entered into the performance commitment and compensation agreement with China Urban-Rural and Qilianshan (the "Compensation Agreement") in relation to the Proposed Assets Reorganization, pursuant to which, the Company and China Urban-Rural made commitments in respect of the performance of the assets of the Three Highway Institutes and the Three Municipal Institutes (the "Performance Commitment Assets") appraised in the income approach upon completion of the Proposed Assets Reorganization and, if such commitments are not fulfilled, shall compensate Qilianshan. In accordance with the Compensation Agreement, the performance commitment period will be 2023, 2024 and 2025.

According to the "Special Audit Report on the Special Explanation on the Completion of Performance Commitments for 2023" issued by Zhongshen Zhonghuan Certified Public Accountants, all the Performance Commitment Assets have completed the performance commitment for 2023, and there are no circumstances that require compensation. The details of their performance fulfilment are set out below:

Items	2023 (RMB'0000)					
	CCCC Highway Institute	CCCC First Highway Institute	CCCC Second Highway Institute	Southwest Institute	Northeast Institute	Energy Institute
Performance commitment amount	46,409.95	43,022.48	43,489.74	12,726.93	5,663.56	772.98
Fulfilled amount	55,073.54	44,633.89	53,773.81	18,043.67	5,988.09	1,274.34
Difference	8,663.59	1,611.41	10,284.07	5,316.74	324.53	501.36
Fulfilment rate (%)	118.67	103.75	123.65	141.78	105.73	164.86

Note: The performance commitment amount and the fulfilled amount are the net profit attributable to the owners of the parent company at the level of the consolidated statements of the target company after deducting the net profit of the subsidiaries for the period as assessed using the asset-based method and extraordinary profit or loss.

For details, please refer to the announcements of the Company dated 11 May 2022, 28 December 2022, 10 January 2023, 28 February 2023, 9 March 2023, 4 August 2023, 10 September 2023, 18 September 2023, 26 September 2023, 30 October 2023, 23 November 2023 and 30 November 2023 and the circular of the Company dated 21 February 2023.

CONNECTED TRANSACTIONS

The Company has entered into the following connected transactions in the year 2023.

1. On 28 August 2023, CCCC First Highway Engineering Group Co., Ltd.* (中交一公局集團有限公司, "CFHEC"), China Highway Engineering Consultants Co., Ltd. * (中國公路工程諮詢集團有限公司, "CHECC"), CCCC Industrial Investment Holding Limited * (中交產業投資控股有限公司, "CCCC Industrial Investment"), and Yangjiang Transportation Investment Group Co., Ltd.* (陽江市交通投資集團有限公司, "Yangjiang Transportation Investment") entered into a joint venture agreement to jointly invest in and establish a project company, Yangjiang Shitong Green Construction Material Co., Ltd. * (陽江市世通綠色建材有限責任公司, "Project Company"). Pursuant to the joint venture agreement, the registered capital of the Project Company is RMB409.66 million, of which RMB208.93 million, RMB61.45 million, RMB36.87 million, and RMB102.41 million will be contributed by CFHEC, CHECC, CCCC Industrial Investment and Yangjiang Transportation Investment, accounting for 51%, 15%, 9% and 25% of the total registered capital of the Project Company, respectively.

   On 28 August 2023, CCCC Industrial Investment was a subsidiary of CCCG, the controlling shareholder of the Company which held approximately 59.37% interests in the issued ordinary shares of the Company. Therefore, CCCC Industrial Investment was a connected person of the Company under the Hong Kong Listing Rules. As such, the formation of the Project Company under the joint venture agreement constituted a connected transaction of the Company under Chapter 14A of the Hong Kong Listing Rules.

   As the highest applicable percentage ratio in respect of the formation of the Project Company under the joint venture agreement exceeded 0.1% but was less than 5%, the transaction contemplated under the joint venture agreement was subject to the announcement requirement but exempted from the independent Shareholders' approval requirement under the Hong Kong Listing Rules.

   For details of the aforesaid connected transaction, please refer to the announcement of the Company dated 28 August 2023.

2. On 28 August 2023, CCCC Capital, ZPMC, Chuwa Bussan Company Limited* (中和物產株式會社, "Chuwa Bussan"), CCCC International Holding Limited (中交國際(香港)控股有限公司, "CCCI"), China Airport Construction Group Company Limited* (中國民航機場建設集團有限公司, "CACC"), RB Industrial Park Investment & Development (Hong Kong) Limited * (中路(香港)園區投資發展有限公司, "RB Investment") and CCCC Leasing entered into a capital increase agreement. Pursuant to the capital increase agreement, CCCC Capital, ZPMC, Chuwa Bussan, CCCI, CACC and RB Investment agreed to make a capital increase to CCCC Leasing in accordance with the terms and conditions of the capital increase agreement, respectively, of which, (i) CCCC Capital shall make a capital increase of RMB2,033.7905 million, comprised of the capital contributions of RMB1,190.3105 million in cash, RMB765.3848 million by way of capitalisation of undistributed profits and RMB78.0952 million by way of capitalisation of the surplus reserve; (ii) ZPMC shall make a capital contribution of RMB10.6493 million by way of capitalisation of the surplus reserve; (iii) Chuwa Bussan shall make a capital increase of RMB191.7000 million, comprised of the capital contributions of RMB173.9511 million by way of capitalisation of undistributed profits and RMB17.7489 million by way of capitalisation of the surplus reserve; (iv) CCCI shall make a capital increase of RMB127.8000 million, comprised of the capital contributions of RMB115.9674 million by way of capitalisation of undistributed profits and RMB11.8326 million by way of capitalisation of the surplus reserve; (v) CACC shall make a capital contribution of RMB394.1857 million in cash; and (vi) RB Investment shall make a capital contribution of RMB860.0418 million in cash. On 28 August 2023, CCCC Leasing is owned as to 91% by the Company through its subsidiaries CCCC Capital, Chuwa Bussan and CCCI, and as to 9% by ZPMC. Upon completion of the capital increase, CCCC Leasing will be owned as to 90.2% by the Company through its subsidiaries CCCC Capital, Chuwa Bussan, CCCI and RB Investment.

   On 28 August 2023, CACC and ZPMC are subsidiaries of CCCG, the controlling Shareholder of the Company which held approximately 59.37% equity interests in the issued ordinary shares of the Company. CACC and ZPMC were thus connected persons of the Company under the Hong Kong Listing Rules. As such, the capital increase under the capital increase agreement constituted a connected transaction of the Company under Chapter 14A of the Hong Kong Listing Rules.

   As the highest applicable percentage ratio in respect of the capital increase exceeded 0.1% but was less than 5%, the Capital Increase was subject to the announcement requirement but exempted from the independent Shareholders' approval requirement under the Hong Kong Listing Rules.

   For details of the aforesaid connected transaction, please refer to the announcement of the Company dated 28 August 2023.

CONNECTED TRANSACTIONS (CONTINUED)

3. On 19 October 2023, China Harbour (HK) Zhen Hua Engineering Company Limited* (中國港灣(香港)振華工程有限公司, "Zhen Hua HK") (a subsidiary of the Company) entered into an equity transfer agreement with CCCG Overseas Real Estate Pte. Ltd ("CORE"), pursuant to which, Zhen Hua HK has conditionally agreed to acquire and CORE has conditionally agreed to sell 17.25% equity interest in CORE (USA) Investment Holding LLC ("CORE (USA)") at a consideration of USD67,826,137.50. On 19 October 2023, CORE (USA) is owned as to 77.9% and 4.85% by Zhen Hua HK and China Communications USA Limited* (中交美國有限公司) (both being subsidiaries of the Company), respectively, and as to 17.25% by CORE. Upon completion of the acquisition, CORE (USA) will become a wholly-owned subsidiary of the Company.

   On 19 October 2023, CORE was a subsidiary of CCCG, the controlling Shareholder which held approximately 59.47% equity interest in the issued ordinary shares of the Company. CORE was thus a connected person of the Company under the Hong Kong Listing Rules. As such, the acquisition under the equity transfer agreement constituted a connected transaction of the Company under Chapter 14A of the Hong Kong Listing Rules.

   As the highest applicable percentage ratio in respect of the acquisition exceeded 0.1% but was less than 5%, the acquisition was subject to the announcement requirement but exempted from the independent Shareholders' approval requirement under the Hong Kong Listing Rules.

   For details of the aforesaid connected transaction, please refer to the announcement of the Company dated 19 October 2023.

The Company is listed on both the Shanghai Stock Exchange and the Hong Kong Stock Exchange. Matters involving connected transactions will comply with the relevant provisions of the listing rules of both places and the requirements of the Administrative Measures of Related-Party (Connected) Transactions of the Company.

To promote the coordinated development of CCCG as a whole and based on market demands, the Company, as a major subsidiary of CCCG, also conducts business cooperation with other subsidiaries of CCCG in a coordinated and complementary way to achieve win-win results when necessary, which results in connected transactions. The Company has been in place strict internal control mechanisms before, during and after a connected transaction to safeguard the interests of minority shareholders. The connected transactions of the Company are generally divided into two types, namely continuing connected transactions (daily connected transactions) and one-off connected transactions, subject to the review and decision-making procedures.

In 2023, in response to the challenges encountered in managing connected transactions in the course of the Company's reform and development, the Company focused on the following tasks:

1. Amending and formulating relevant administrative measures for connected transactions to solidify its governance system. The Company implemented the Working Manual for Independent Directors of Listed Companies, actively utilized the supervision functions of the audit and internal control committee under the Board, and effectively strengthened the supervision over significant connected transactions through expressing independent opinions on the fairness of connected transactions of the listed company, thereby safeguarding the legal interests of the Company and all Shareholders. According to its "1+3" institutional system centered on the administrative measures on connected transactions, and supported by the rules for the implementation for continuing connected transactions, the rules for the implementation for one-off connected transactions as well as the rules for evaluation and punishment, the Company has formulated annual special work plans for connected transaction management for three consecutive years, and has established a lifecycle closed- loop management mechanism of "planning at the beginning of the year, monthly supervision, quarterly communication and annual assessment", thereby creating a comprehensive group- wide vertical management system that aims to achieve "horizontal to the edge, vertical to the bottom and responsibility to the person".

2. Focusing on tough tasks such as accurate measurement of continuing connected transactions, closed-loop management of one-off connected transactions and addressing disposal for connected subsidiaries from four aspects, namely responsibility administration, training and communication, service support and supervision and assessment, in addition to the Work Plan for Intensifying Risk Management for Related-Party (Connected) Transactions. To this end, the Company adhered to the principle of no occurring unless necessary, made good use of the information system, further strengthened business coordination with relevant departments of the headquarters and raised the awareness of all staff on the compliance of connected transactions.

3. Summarizing and enhancing the performance on the management of connected transactions. The Company invited domestic and overseas legal counsel to introduce the compliance regulatory requirements, key regulatory aspects as well as the regulating processes on connected transactions issued by the regulatory authorities, and to make analysis on certain cases on penalties for breaches of rules occurred recently in the market.

4. Conducting the appraisal work on the management of connected transactions of subsidiaries for the year. To further improve the internal control of the Company, the Company organized its subsidiaries to conduct the self-appraisal on the management of connected transactions for the year, arranged the relevant responsible departments to review the appraised results. At the same time, the Company took the audit results provided by external third-party auditors into account, reviewed and summarized the performance of the subsidiaries on the management of connected transactions for the year, on the basis of which, the Company made a list of excellent subsidiaries and update the list of supervised subsidiaries with an aim to establish a closed-loop management mechanism.

CONTINUING CONNECTED TRANSACTIONS

In respect of the continuing connected transactions of the Group, the Company has made proposals on the annual caps after taking into account the prevailing market price, the historical transaction amount, the Group's development needs and current capacity, and all the relevant proposals have been considered and approved by the Board or the Shareholders' meeting (if applicable) in accordance with the Hong Kong Listing Rules and the Rules Governing the Listing of Stocks on Shanghai Stock Exchange. The Audit and Internal Control Committee of the Board of the Company monitored and confirmed the progress of the continuing connected transactions, made proposal on the revision of the annual caps once needed based on the actual situation and transaction amount and submitted the proposal for consideration and approval. The actual transaction amount under the continuing connected transactions of the Company in 2023 were within reasonable and controllable range and were in line with the expectations of the Company.

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

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

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

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

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

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

CONTINUING CONNECTED TRANSACTIONS (CONTINUED)

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

On 15 October 2021, in order to renew the transactions under the original mutual project contracting framework agreement, the Company and CCCG entered into the mutual project contracting framework agreement for a term of three years from 1 January 2022 to 31 December 2024, pursuant to which the Group agreed to provide project contracting services to CCCG Group, which may include (i) provision of construction, design, consultation and management services for the construction projects that may be undertaken by CCCG Group; and (ii) design, construction, operation, management and dismantlement of temporary supporting facilities; and CCCG Group agreed to provide the labour and subcontracting services to the Group, which may include (i) provision of professional services for construction projects that may be undertaken by the Group; (ii) design, construction, operation, management and dismantlement of temporary supporting facilities; and (iii) provision of consultation, management and technical services.

For details of the aforesaid continuing connected transactions, please refer to the announcement dated 15 October 2021 and the circular dated 25 October 2021 of the Company.

The annual caps for the continuing connected transactions described above as compared with the actual transaction amounts receivable and payable by the Group for the year ended 31 December 2023 are set out as follows:

	Annual cap for 2023 *(RMB million)*	Actual amount for 2023 *(RMB million)*
Project contracting services provided by the Group to CCCG Group	**34,554**	**14,009**
Labour and subcontracting services provided by CCCG Group to the Group	**8,232**	**3,095**

2. Financial Services Agreement Entered into between CCCC Finance and CCCG

On 15 October 2021, in order to renew the transactions under the original financial services agreement, CCCC Finance and CCCG entered into the financial services agreement for a term of three years from 1 January 2022 to 31 December 2024, pursuant to which CCCC Finance agreed to provide deposit services, loan services, guarantee letter services, and other credit services to CCCG Group.

For details of the aforesaid continuing connected transactions, please refer to the announcement dated 15 October 2021 and the circular dated 25 October 2021 of the Company.

The annual cap for the continuing connected transactions described above as compared with the actual maximum daily balance (including the interests accrued thereon) of credit services provided by CCCC Finance to CCCG Group and fees to be charged by CCCC Finance to CCCG Group for provision of other financial services for the year ended 31 December 2023 are set out as follows:

		Annual cap for 2023 *(RMB million)*	Actual amount for 2023 *(RMB million)*
Maximum daily balance (including the interests accrued thereon) of credit services provided by CCCC Finance to CCCG Group	Loan services under the Financial Services – Deposit Services and Loan Services Framework Agreement	**29,078**	**4,859**
	Guarantee letter services under the Financial Services – Guarantee Letter Services Framework Agreement	**5,010**	**1,923**
	Bills issuance services and bonds subscription under the Financial Services – Other Credit Services Framework Agreement	**1,372**	**847**

CONTINUING CONNECTED TRANSACTIONS (CONTINUED)

3. Finance Lease and Commercial Factoring Agreement Entered into between CCCC Capital and CCCG

On 15 October 2021, in order to renew the transactions under the original finance lease framework agreement and to further regulate the commercial factoring services provided by CCCC Leasing to CCCG Group, CCCC Leasing and CCCG entered into the finance lease and commercial factoring agreement for a term of three years from 1 January 2022 to 31 December 2024, pursuant to which CCCC Leasing shall provide finance lease services to CCCG Group in respect of the leased assets through direct leasing or sale and leaseback arrangements and commercial factoring services in respect of receivables through factoring or reverse factoring arrangement.

On 28 October 2022, pursuant to the actual needs of production and operation, CCCC Leasing, CCCG and CCCC Capital entered into a supplemental agreement to the finance lease and commercial factoring agreement, to change the party to the Finance Lease and Commercial Factoring Agreement from CCCC Leasing to CCCC Capital.

For details of the aforesaid continuing connected transactions, please refer to the announcements dated 15 October 2021 and 28 October 2022 and the circular dated 25 October 2021 of the Company.

The annual caps for the continuing connected transactions described above as compared with the actual aggregate amount for finance lease services and the commercial factoring services provided by CCCC Capital to CCCG Group for the year ended 31 December 2023 are set out as follows:

	Annual cap for 2023 ***(RMB million)***	**Actual amount for 2023** ***(RMB million)***
Finance lease services provided by CCCC Capital to CCCG Group	**6,300**	**768**
Commercial factoring services provided by CCCC Capital to CCCG Group	**7,500**	**460**

4. Mutual Product Sales and Purchase Agreement entered into between the Company and CCCG

On 9 September 2021, in order to renew the transactions under the original mutual product sales and purchase agreement, the Company and CCCG entered into the mutual product sales and purchase agreement for a term of three years from 1 January 2022 to 31 December 2024, the Group agreed to sell and CCCG Group agreed to purchase material products, including material and equipment, components, etc., and CCCG Group agreed to sell and the Group agreed to purchase engineering products, including engineering ships (e.g. leveling ship, crane ship, etc.), engineering machines (e.g. shield machines), steel structure products, etc.

For details of the aforesaid continuing connected transactions, please refer to the announcement dated 9 September 2021 and the circular dated 25 October 2021 of the Company.

The annual caps for the continuing connected transactions described above as compared with the actual aggregate amount for the fees receivable by the Group from CCCG Group and payable by the Group to CCCG Group for the year ended 31 December 2023 are set out as follows:

	Annual cap for 2023 ***(RMB million)***	**Actual amount for 2023** ***(RMB million)***
Sales of material products to CCCG Group by the Group	**3,877**	**831**
Purchase of engineering products from CCCG Group by the Group	**4,532**	**2,889**

CONTINUING CONNECTED TRANSACTIONS (CONTINUED)

5. Leasing and Asset Management Services Framework Agreement Entered into between the Company and CCCG

On 9 September 2021, in order to renew the transactions under the original leasing framework agreement, the Company and CCCG entered into the leasing framework agreement for a term of three years from 1 January 2022 to 31 December 2024, pursuant to which, CCCG Group agreed to lease the leased assets to the Group for the Group's production and operation use. The leased assets mainly include certain buildings, plants and auxiliary equipment and facilities for production and operation owned by CCCG.

For details of the aforesaid continuing connected transactions, please refer to the announcement dated 9 September 2021 and the circular dated 25 October 2021 of the Company.

The annual cap for the continuing connected transactions described above as compared with the actual aggregate amount for the leasing by CCCG Group to the Group for the year ended 31 December 2023 are set out as follows:

	Annual cap for 2023 *(RMB million)*	Actual amount for 2023 *(RMB million)*
Leasing of certain buildings, plants and auxiliary equipment, facilities, etc. for production and operation by CCCG Group to the Group	**795**	**332**

6. Product Leasing Framework Agreement Entered into by the Company and CCCC Haifeng

On 30 August 2022, the Company and CCCC Haifeng entered into a product leasing framework agreement, pursuant to which CCCC Haifeng Group agreed to lease engineering products to the Group for a period commencing from 30 August 2022 to 31 December 2024.

On 30 October 2023, the Company and CCCC Haifeng entered into a supplemental agreement to revise the existing annual cap of rents to be received by CCCC Haifeng Group for leasing of engineering products to the Group under the existing Product Leasing Framework Agreement for the year ending 31 December 2023 from RMB138.00 million to RMB277.80 million according to the business development.

CCCC Haifeng is a subsidiary of the Company. On 30 October 2023, CCCG (being the controlling shareholder of the Company holding approximately 59.47% interests in the issued ordinary shares of the Company) holds 20% interests in CCCC Haifeng through its subsidiary, CCCC Industrial Investment. Therefore, CCCC Haifeng is a connected subsidiary of the Company pursuant to Rule 14A.16 of the Hong Kong Listing Rules. As such, the supplemental agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Hong Kong Listing Rules.

As the highest applicable percentage ratio of the revised annual cap under the supplemental agreement exceeded 0.1% but was less than 5%, the supplemental agreement and the transactions contemplated thereunder were subject to the announcement requirement, but exempt from the independent Shareholders' approval requirement under the Hong Kong Listing Rules.

For details of the aforesaid continuing connected transactions, please refer to the announcement of the Company dated 30 August 2022 and 30 October 2023.

The annual cap for the continuing connected transactions described above as compared with the actual aggregate amount for the leasing by CCCC Haifeng to the Group for the year ended 31 December 2023 are set out as follows:

	Annual cap for 2023 *(RMB million)*	Actual amount for 2023 *(RMB million)*
Leasing of engineering products by CCCC Haifeng Group to the Group	**277.80**	**188**

CONTINUING CONNECTED TRANSACTIONS (CONTINUED)

7. Labor Subcontracting and Professional Subcontracting Framework Agreement Entered into by the Company and CCCC Haifeng

On 30 October 2023, the Company and CCCC Haifeng entered into a labor subcontracting and professional subcontracting framework agreement, pursuant to which the Group agreed to provide the labor subcontracting and professional subcontracting services to CCCC Haifeng Group from the date of the agreement (i.e., 30 October 2023) to 31 December 2023.

CCCC Haifeng is a subsidiary of the Company. On 30 October 2023, CCCG (being the controlling Shareholder of the Company holding approximately 59.47% interests in the issued ordinary shares of the Company) held 20% interests in CCCC Haifeng through its subsidiary, CCCC Industrial Investment. Therefore, CCCC Haifeng was a connected subsidiary of the Company pursuant to Rule 14A.16 of the Hong Kong Listing Rules. As such, labor subcontracting and professional subcontracting framework agreement and the transactions contemplated thereunder constituted continuing connected transactions of the Company under Chapter 14A of the Hong Kong Listing Rules.

As the highest applicable percentage ratio of the proposed annual cap under the labor subcontracting and professional subcontracting framework agreement exceeded 0.1% but was less than 5%, the labor subcontracting and professional subcontracting framework agreement and the transactions contemplated thereunder were subject to the announcement requirement, but are exempt from the independent Shareholders' approval requirement under the Hong Kong Listing Rules.

For details of the aforesaid continuing connected transactions, please refer to the announcement of the Company dated 30 October 2023.

The annual cap for the continuing connected transactions described above as compared with the actual aggregate amount for the labor subcontracting and professional subcontracting services provided by the Group to CCCC Haifeng Group for the year ended 31 December 2023 are set out as follows:

	Annual cap for 2023 *(RMB million)*	Actual amount for 2023 *(RMB million)*
Labor subcontracting and professional subcontracting services provided by the Group to CCCC Haifeng Group	**122.75**	**102**

Explanation on the Continuing Connected Transactions of CCCC Finance

CCCC Finance is a non-bank financial institution established in July 2013 with the approval of the China Banking Regulatory Commission. CCCC Finance is jointly funded by CCCG and the Company (5% of CCCG, 95% of CCCC) with a registered capital of RMB3.5 billion.

As a specialized financial services company, CCCC Finance provides various professional financial services such as fund settlement, deposits, credit, entrusted loans, financial leasing, financial and financing consultants. The deposit and loan connected transactions between CCCC Finance and its connected persons are one of its main businesses. By absorbing the deposits of the members of CCCG and granting loans with reference to market pricing to improve the efficiency of capital use, which will have positive significance for the development of the Company and benefit the interests of the Company and all Shareholders.

1. Pricing Principle

The financial services provided by CCCC Finance to connected persons adopted a market-based fair pricing principle. When providing deposit service, the interest rate of deposit interest received by connected persons is not higher than the interest rate range set by the People's Bank of China for similar deposits during the same period, nor higher than the interest rate of similar deposit provided by CCCC Finance to other member of the Group during the same period. When providing loan services, the daily average amount of loan to connected persons is no more than 75% of the daily average deposit balance in CCCC Finance. The loan interest rate is implemented with reference to the quoted interest rate in the loan market, and is not lower than the interest rate applicable to the same period and similar loan services provided by major domestic commercial banks.

CONTINUING CONNECTED TRANSACTIONS (CONTINUED)

Explanation on the Continuing Connected Transactions of CCCC Finance (continued)

2. Risk Management and Review Process

CCCC Finance has established certain internal rules and policies related to the management and control of operational risks and credit risks in accordance with relevant PRC laws and regulations regarding financial services, with a relatively complete internal control system. CCCC Finance has established a standardized corporate governance structure to ensure effective internal control, including the implementation of the general manager responsibility system under the leadership of the board of directors, established an organizational structure based on decision-making, implementation and regulatory regime, and formulated different work procedures and risk control systems based on different duties. CCCC Finance monitored transactions in a timely manner through centralized management, safe and effective business system.

The decision-making process of CCCC Finance is a three-tier structure of the shareholders' meeting, the board of directors and the general manager's office. CCCC Finance has four professional committees, namely the Audit Committee, the Risk Management Committee, the Credit Review Committee and the Investment Decision Committee, which manage and control the business, risks, internal control and major investments of CCCC Finance.

As a banking financial institution, CCCC Finance manages its accounts in strict compliance with the Measures for Payment and Settlement and Measures for the Administration of RMB Bank Settlement Accounts issued by the People's Bank of China, and ensures the safety of the funds of the account holders in accordance with the laws. The accounts opened by the Group and connected persons with CCCC Finance are independent of each other, and there is no interchange of funds in the accounts.

CCCC Finance conducts credit review before conducting business, and perform credit rating and credit asset rating based on internal rating standards, and regularly arrange post-loan inspections (every six months). During the course of business, CCCC Finance also assigns dedicated personnel to follow up the utilization of loan. If the use of the loan is changed, CCCC Finance will recover the entire principal and interest, and impose an additional penalty of 100% interest.

The borrowing contract entered into between CCCC Finance and connected persons expressly provides that, if connected persons does not repay the principal and interest within the repayment period as stipulated in the contract, CCCC Finance is entitled to require connected persons to repay the principal and interest within a certain period of time, and charge a penalty interest on the overdue borrowings in accordance with the contract, generally at 50% of the benchmarking rate for the same period of borrowings.

CCCG unconditionally and irrevocably warrants to the Group that during the term of the Financial Services Agreement, CCCG will (i) guarantee the full performance of obligations and liabilities of connected persons under the Financial Services Agreement; and (ii) indemnify the Group against any loss suffered by the Group as a result of connected persons' failure to meet its obligations and liabilities under the Financial Services Agreement or the terms thereof.

In the future, CCCC Finance will adopt similar measures to safeguard the interests of the Group from losses when providing connected persons with other financial services within the scope of its operations. When a guarantee is issued to connected persons, relevant protection terms will be specified in the signed agreement. If CCCC Finance receives a statement of claim from the beneficiary, CCCC Finance is entitled to directly deduct the deposits agreed in the agreement and all the amounts in the account opened by connected persons with CCCC Finance for external payment (where the amounts is a time deposit, CCCC Finance is entitled to directly deduct the money regardless of whether the deposit has matured or not, and any loss arising from such deduction shall be borne by connected persons themselves). If the currency of the deducted deposits is different from the currency of the debt to be repaid, it should be converted into the same currency of the debt to be repaid at the exchange rate announced by CCCC Finance at the time of the deduction. In the event that the amounts of the deducted deposits is not sufficient for external payments claim, connected persons shall remit the corresponding amounts to the account opened by connected persons with CCCC Finance within three banking days from the date of receipt of the notice of payment from CCCC Finance at the latest for CCCC Finance to make external payments claim.

If connected persons do not make repayment within the repayment period, CCCC Finance is entitled to require connected persons to make such repayment within a certain period of time, and charge a penalty interest on the overdue borrowings in accordance with the contract, generally at 50% of the benchmarking rate for the same period of borrowings.

CONTINUING CONNECTED TRANSACTIONS (CONTINUED)

Explanation on the Continuing Connected Transactions of CCCC Finance (continued)

3. Risk Control Measures of CCCC over CCCC Finance

(i) The Company will arrange senior management to be responsible for monitoring the implementation and transactions of the Financial Services Agreement;

(ii) The senior management is required to report to the chairman, finance supervisor or chief financial officer and other senior management in a timely manner when any issue is identified. In the event that no issues are identified, such senior management are also required to report on a monthly basis to the chairman, finance supervisor or chief financial officer and other senior management regarding the implementation of the Financial Services Agreement; and

(iii) The Company will engage a third-party auditor to conduct quarterly audits or reviews of the implementation of the Financial Services Agreement and the adequacy of the internal control system of CCCC Finance, and report the results of the audits or reviews to the independent non-executive Directors and Supervisors of the Company.

4. 2023 Deposit and Loan Business of CCCC Finance

In 2023, the balance of deposits from connected persons to CCCC Finance amounted to approximately RMB9,291 million, accounting for 18.97% of the total deposit of CCCC Finance, and paid interest of RMB88 million to connected persons. The maximum daily average balance in respect of provision of credit services to connected persons and corresponding interests amounted to RMB7,630 million.

Explanation on the Continuing Connected Transactions of CCCC Leasing

CCCC Leasing was established in Shanghai Free-Trade Zone in May 2014 with registered capital of RMB5 billion. The shareholding structure of CCCC Leasing as at 31 December 2023 is as follows: 90.2% in total held by CCCC and its subsidiaries (62.42% by CCCC Capital, 11.45% by Chuwa Bussan Company Limited, 7.64% by CCCC International Holding Limited and 8.69% by RB Industrial Park Investment & Development (Hong Kong) Limited), and 9.8% held by subsidiaries of CCCG (5.82% by ZPMC and 3.98% by China Airport Construction Group Company Limited). In 2017, CCCC's corporate credit rating was AAA.

CCCC Leasing devotes itself to developing industry and finance, and provides comprehensive investment and financing services including finance leases, operating leases, and commercial factoring, expanding the financing channels for the principal business for CCCC. To expand business, CCCC Leasing offers finance leases to CCCG and its subsidiaries at the same time and gains the profit. The above businesses are in the interests of the Company and the Shareholders as a whole.

1. Pricing Principle

CCCC Leasing provides CCCG with finance leases and commercial factoring services. Finance leases include, without limitation, direct leases, after-sale leaseback and other forms. Fixed assets under the finance leases service mainly includes construction equipment, hotel equipment and device, and commercial properties and its equipment. Commercial factoring includes, without limitation, recourse factoring agreements and non-recourse factoring agreements and other forms. The finance leases between CCCC Leasing and connected persons (CCCG and its subsidiaries) adopted a market-based fair pricing principle. CCCC Leasing entered into the finance lease transactions with connected persons at the interest rate which increased certain percentage according to the loan rates of the bank in the corresponding period (specific percentage depends on the credit information of the lessee) and is negotiated by CCCC Leasing and the lease. CCCC Leasing provided CCCG with the pricing principle of commercial factoring service, the quoted price of which is offered by CCCC Leasing and determined by CCCG after negotiation with CCCC Leasing with reference to the quoted price for the factoring service of same type offered by the independent third parties and with consideration for relevant factors. Designated departments and personnel of CCCG are responsible for reviewing the quoted price of the factoring of same type by the independent third parties and market trading price.

2. Risk Control and Audit Procedures

CCCC Leasing formulated certain internal rules and policies for managing and controlling the operating risks with a comprehensive internal control system. CCCC Leasing has established standardized corporate governance structure to ensure the effectiveness of its internal control, including the implementation of the general manager responsibility system under the leadership of the board of directors, established an organizational structure based on decision-making, implementation and regulatory regime, and formulated different work procedures and risk control systems based on different duties. CCCC Leasing monitored transactions in a timely manner through centralized management, safe and effective business system.

CONTINUING CONNECTED TRANSACTIONS (CONTINUED)

Explanation on the Continuing Connected Transactions of CCCC Leasing (continued)

3. Finance Leases of CCCC Leasing in 2023

For the year 2023, CCCC Leasing entered into finance lease transactions with the connected persons with the total amount of RMB768 million, accounting for 2.07% of the total amount of the finance leases of CCCC Leasing for that year.

For the year 2023, CCCC Leasing entered into commercial factoring transactions with the connected persons with the total amount of RMB460 million, accounting for 7.94% of the total amount of the commercial factoring of CCCC Leasing for that year.

The independent non-executive Directors have reviewed the relevant agreements for the above non-exempt continuing connected transactions of the Group and the transactions contemplated thereunder and are of the opinion that such transactions are:

(i) entered into in the ordinary and usual course of business of the Group;

(ii) conducted either on normal commercial terms or on terms no less favourable to the Group than terms available to or from independent third parties; and

(iii) conducted on the term of the relevant transaction agreements, which are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

The auditors of the Company have performed certain procedures and issued a letter to the Board in accordance with Rule 14A.56 of the Hong Kong Listing Rules, stating that nothing has come to its attention that may cause it to believe that such transactions:

(i) have not been approved by the Board;

(ii) were not entered into, in all material respects, in accordance with the pricing policy of the Company if the transactions involved the provision of goods or services by the Group;

(iii) were not entered into, in all material respects, in accordance with the relevant agreements governing these transactions; and

(iv) the actual annual amounts have exceeded the relevant caps as previously disclosed in the announcements of the Company.

Others

Except the aforesaid connected transactions, the Group did not enter into any other connected transactions or continuing connected transactions which should comply with the reporting, announcement and independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

For related party transactions discussed in Note 46 of the audited consolidated financial statements which are also connected transactions under Chapter 14A of the Hong Kong Listing Rules, the Company had made disclosure when required under the Hong Kong Listing Rules.

EMPLOYEES

As at 31 December 2023, the Group had 144,813 employees that had signed labor contracts with the Group. The breakdown of employees as at 31 December 2023 was as follows:

1. Categorized by Major

Major	Number of Employees	Percentage
Production staff	18,634	12.87%
Sales staff	10,837	7.48%
Technician	90,312	62.36%
Financial staff	9,677	6.68%
Administrative staff	15,353	10.60%
Total	144,813	100.0%

2. Categorized by Degree Held

	Number of Employees	Percentage
Doctor	613	0.42%
Master	16,548	11.43%
Bachelor	100,390	69.32%
Junior college degree	13,006	8.98%
High school degree (associate degree) and other	14,256	9.84%
Total	144,813	100.0%

Note: The percentage figures mentioned above have been rounded to the nearest one decimal places.

In accordance with applicable regulations, the Group makes contributions to the employees' pension plan, medical insurance plan, unemployment insurance plan, maternity insurance plan and personal injury insurance plan. The amount of contributions is based on the specified percentages of employees' aggregate salaries as provided for by relevant PRC authorities. The Group also makes contributions to an employee housing fund according to applicable PRC regulations. In addition to statutory contributions, the Group also provides voluntary benefits to current employees and retired employees. Current employees of the Group are also entitled to performance-based annual bonus. Please refer to Note 29 of the audited consolidated financial statement for details of the payroll and social security payable by the Company during the year ended 31 December 2023. Please refer to Note 9 of the audited consolidated financial statement for information about the emoluments of the Directors and chief executives. Please refer to Note 33 of the audited consolidated financial statements for details of the supplementary pension subsidies and medical benefits provided by the Company to its employees.

REPORT OF THE BOARD OF DIRECTORS

BUSINESS REVIEW

Please refer to the section of "Management's Discussion and Analysis" in this report for the principal risks and uncertainties of the Group. Please refer to the section of "Business Overview" in this report for business review and business outlook of the Group.

MATERIAL LAWSUITS AND ARBITRATIONS

As at 31 December 2023, as far as the Directors are aware, except as disclosed in Note 41 of the audited consolidated financial statements, the Group was not involved in any material litigation or arbitration and no material litigation or claim was pending or threatened or made against the Group.

AUDITORS

The 2022 annual general meeting of the Company held on 16 June 2023 considered and approved the re-appointments of Ernst & Young as the Company's international auditor and Ernst & Young Hua Ming LLP as the Company's domestic auditor for a term starting from the date of passing the resolution at the 2022 annual general meeting and ending at the 2023 annual general meeting of the Company. Ernst & Young has audited the accompanying consolidated financial statements, which have been prepared in accordance with IFRS. The Company has retained the appointment of Ernst & Young and Ernst & Young Hua Ming LLP since the 2015 annual general meeting of the Company held on 16 June 2016.

The main construction content of the Beigang Pool Maintenance Dredging Project in the Nanshui Operation Area of the Gaolan Port District in Zhuhai, Guangdong, is the maintenance dredging of the harbor pools for three berths and communal areas within the port, with a project volume of approximately 3 million cubic meters.

The project has completely opened up the deep-water channel of the Gaolan Port District in Zhuhai, achieving a leapfrog development of the Gaolan Port District.

REPORT OF THE SUPERVISORY COMMITTEE

During the Reporting Period, the Supervisory Committee of the Company fulfilled its duties faithfully authorized by the Company Law, the Articles of Association and the Rules of Procedures for Meetings of the Supervisory Committee, focused on the Company's deployment on "Year for High-quality Development Enhancement", earnestly reviewed various resolutions, regularly attended the general meetings and Board meetings and actively carried out the research and inspections, supervised on the lawful and compliant operation of the Company, the duty performance of the Directors and the senior management, the decision making of significant events, effectively safeguarding the interest of the Company and shareholders, and promoting the high-quality development of the Company.

I. WORK OF THE SUPERVISORY COMMITTEE

(i) Convening and Attendance of the Meetings

During the Reporting Period, the Supervisory Committee held 10 meetings and considered 51 resolutions. It considered 40 resolutions on routine supervision matters, including regular reports, financial reports and annual operation objectives of the Company; considered 10 resolutions on related-party (connected) transactions, which ensured that the plans and relevant annual caps for related-party (connected) transactions were determined in a scientific and reasonable manner and the pricing of related-party (connected) transactions was fair under transparent procedures; considered 1 resolutions on guarantees with an amount of approximately RMB4 billion, which ensured that such guarantees satisfied the Company's development requirements and would not undermine the interest of the Company and shareholders. The number of Supervisors attending the meetings and the procedures for convening such meetings were all in compliance with the provisions of the Company Law and the Articles of Association. The resolutions adopted at such meetings have gone through the disclosure procedures in accordance with relevant requirements set by Shanghai Stock Exchange and Hong Kong Stock Exchange.

During the reporting period, the Supervisory Committee attended 3 general meetings and 16 board meetings to ensure the review process and content of the resolutions are compliant with laws and regulations, and supervise on the duty performance of the directors, and attended 24 meetings of the President's Office to fully understand the operation and management information of the Company and lay a solid foundation for the Supervisory Committee to enhance its value of supervision.

(ii) Focus of Supervision

During the reporting period, the Supervisory Committee adhered to the goal of building a word-class enterprise in "technology, management and quality", and accelerated the high-quality development of the Company. Focusing on the Company's implementation of major national strategies and the completion of various indicators such as "profit and five rates (一利五率)", a special inspection for "high-quality development of the sub-subsidiaries" was carried out.

To ensure the practical results of supervisory inspections, the Supervisory Committee selected units that are of high concern to the Company, have a large number of units at the grassroots level, or encounter certain difficulties in the promotion process, aiming to not only review but also assist in their enhancement. During the supervisory inspections, the Supervisory Committee carefully reviewed the implementation of relevant systems such as the "Guiding Opinions for Comprehensive Deepening Reform and High-quality Development of CCCG's Sub-subsidiaries" and work lists based on audit results, carried out inspections on CCCC Second Harbour and the Fifth Branch Company (第五分公司) and Construction Engineering Company (建築工程公司) thereunder, as well as CCCC Construction Group (中交建築集團) and the Second Engineering Company (第二工程公司) and the Fourth Engineering Company (第四工程公司) thereunder through listening to special reports, visiting project sites, conducting panel discussions and other methods, and through directly visiting the front line of project, conducted research and inspection on the site of Shuangliu Yangtze River Bridge Project of CCCC Second Harbour and held research discussions with frontline employees. To ensure the high-quality of this research, the Supervisory Committee innovated its working methods, conducted preliminary inspections on the target units, and applied on-site questioning to ensure that the research reached the grassroots units, identified problems, resolved difficulties, and proposed suggestions, contributing high-quality supervisory value.

In the supervision and inspection, the Supervisory Committee identified the following issues existed in the promotion of high-quality development of enterprises: firstly, the market development of some sub-subsidiaries regarding their own qualifications is hard to meet the needs of business development until further enhancement; secondly, the overall development level needs to be enhanced, as the development of sub-subsidiaries is uneven; thirdly, the gearing ratio of some sub-subsidiaries needs to be optimized; fourthly, the development quality of some sub-subsidiaries needs to be improved rapidly, with some indicators requiring urgent improvement; fifthly, the core technology of some sub-subsidiaries needs to be enhanced, as the research and development level of certain key technologies is still in a catching-up phase; sixthly, the local development of some sub-subsidiaries needs to be enhanced, and those units faced significant competitive challenges; seventhly, the reform and management of some projects need to be enhanced, with the management level in terms of standardization and leanness requiring improvement.

I. WORK OF THE SUPERVISORY COMMITTEE (CONTINUED)

(ii) Focus of Supervision (continued)

In response to the said issues and risks, the Supervisory Committee has made targeted advice: firstly, enhance the coordination, integrity and proactivity of high-quality development of sub-subsidiaries, consolidating the advantageous resources for centralized deployment to cultivate a batch of "leading" enterprises; secondly, improve the core competitiveness and core functions of high-quality development of sub-subsidiaries through comprehensive enhancement of reform. Strengthening the reform of market-oriented mechanism, continuing to promote the "four capabilities (四能)" reform, and building a new operating responsibility system covering all staff; thirdly, promote the comprehensive implementation of high-quality development measures of sub-subsidiaries. Transforming the " six modernisations (六化)" into various measures for high-quality development of enterprises, ensuring thorough and proper implementation; fourthly, improve the level of refined development of enterprises, especially in terms of project control. Optimizing project management mechanisms, seeking benefits from refined management and digital empowerment, and comprehensively enhancing profitability.

The Supervisory Committee focused on the issues identified as well as the opinions and advice thereon, and formulated the "Special Inspection Report on High-quality Development of Sub-subsidiaries (《三級公司高品質發展專項檢查報告》)". The management of the Company attached great importance to such report and issued instructions in the first place, in which they emphasized the importance of taking solid steps to address the main responsibilities towards the contracting project market, establishing special companies to refine the main business and enhance the expertise segment. They requested a dedicated conference to explore the development strategies of sub-subsidiaries in terms of professionalization, regionalization, qualification, and materialization. The Company's party committee had conducted a special research into the high-quality growth of these sub-subsidiaries, reviewed the achievements and clarified the priorities for progress. They had also updated the assessment criteria for high-quality development of the sub-subsidiaries to facilitate the effective transformation of the recommendations from the Supervisory Committee as specific measures for enhancing the quality of growth of these sub-subsidiaries. Relevant enterprises highly valued the issues identified by the Supervisory Committee, took prompt action and formulated a working list to specify the working nodes, which strongly promoted the high-quality development of the enterprises and showed the value of supervision of the Supervisory Committee.

II. INDEPENDENT OPINIONS OF THE SUPERVISORY COMMITTEE

(i) Overall Assessment of the Management and the Performance

During the reporting period, the profound changes unseen in a century accelerates their evolution, and external environment has become more complex, severe, and uncertain. The economic recovery and growth still face some problems, such as a lack of effective demand, overcapacity in some industries, weak public expectations, and many lingering risks and hidden dangers. Furthermore, there are blockages in domestic economic flows. Given the severe internal and external situation, the Company earnestly fulfilled the powers and obligations conferred by the Company Law and the Articles of Association, adhered to the general principle of pursuing progress while ensuring stability, closely followed the main line of "Year of Deepening High-quality Development", and promoted the Company to steadily progress and improve, with the concept, path, mechanism, and achievements of high-quality development continuously deepening. The Company has been rated as a Level A enterprise in the business performance appraisal organized by the SASAC for the 18 consecutive year, has achieved "6 consecutive A" in the state-owned enterprise party-building responsibility system assessment, and has ranked the first among Chinese enterprises in ENR's Top International Contractors for 17 consecutive year, marking a new stage in high-quality development.

In the meantime, the Supervisory Committee held the view that the Company should focus on the main line of "Year of Deepening High-quality Development", continuously strengthen the effectiveness of reforms, enhance management capabilities, and intensify risk prevention and control, in order to accelerate the move towards high-quality development. The Supervisory Committee suggested that: firstly, significantly improve the quality and efficiency of development by effectively improving operational efficiency, profitability, asset quality, and other indicators; secondly, significantly enhance the capability for independent scientific and technological innovation, and further highlight the key, foundational, and leading roles of technology and talent in high-quality development; thirdly, significantly improve the modernization level of the industrial system, seize the opportunities of the new round of industrial revolution, drive industrial innovation with technological innovation, optimize the Company's industrial layout, and promote the upgrading of the industrial structure; fourthly, significantly enhance the effectiveness of reform empowerment, accurately identify the main directions for deepening reform, and make precise moves and breakthroughs; fifthly, significantly enhance the effectiveness of major risk preventing and defusing by taking the initiative, adopting multiple measures, and sparing no efforts in risk preventing and defusing with a combination of measures; sixthly, significantly enhance the leading and safeguarding role of party building, resolutely maintain the "two upholds", and ensure that the central government's deployments and the SASAC's requirements are fully and faithfully implemented.

II. INDEPENDENT OPINIONS OF THE SUPERVISORY COMMITTEE (CONTINUED)

(ii) Independent Opinions on Specific Matters

Firstly, keep the corporate operation in compliance with laws and regulations. During the reporting period, the Company operated strictly in accordance with the Company Law, the Securities Law, the Articles of Association and other relevant policies and regulations, and each of the decision-making procedures complied with laws and regulations. The Directors and the senior management of the Company worked diligently, and they had no violation of laws, regulations and the Articles of Association or act that was detrimental to the interests of the Company and the shareholders.

Secondly, ensure the financial position to be objective and true. During the reporting period, the Company prepared the financial statements in accordance with the Enterprise Accounting System, the Accounting Standard for Business Enterprises and other relevant requirements. The financial report of the Company for 2022 was objective and true, and the accounting firm issued the audit report with the standard unqualified opinion, which was objective and fair.

Thirdly, use the proceeds raised in compliance with regulations. During the reporting period, the Company used the proceeds in strict compliance with the relevant requirements, and the actual utilization of the proceeds was in line with the committed purposes without prejudice to the interests of the Company and the Shareholders.

Fourthly, ensure the fairness and justness of related-party (connected) transactions. During the reporting period, all related-party (connected) transactions conducted by the Company complied with the requirements of laws, regulations, and the Company's systems. These transactions were conducted at fair market prices after thorough discussion and cautious decision-making by the Board and the management as well as the legitimate supervision of the Supervisory Committee under the principle of making compensation for equal value, and followed the statutory approval procedures while strictly managed and monitored the implementation. The related-party (connected) transactions remained within the scope of approval, and there was no act that was detrimental to the interests of the Company and the shareholders.

Fifthly, ensure the authenticity and accuracy of the internal assessment. During the reporting period, there was no act that violated the Guidelines for the Internal Control of Listed Companies and the Basic Standard for Enterprise Internal Control. The Internal Control Assessment Report of the Company for 2022 gave a comprehensive, objective and true view of the actual conditions of the Company's internal control.

Sixthly, manage and regulate the disclosure of the inside information. During the reporting period, the Company recorded matters related to the inside information in a timely manner. There were no instances found of the Company's Directors, Supervisors, and senior management, as well as relevant insiders buying or selling shares based on inside information prior to the disclosure of material and sensitive information that may affect the share price of the Company.

The phase II project of ecological wetland restoration for the farmland reclamation and wetland restoration in Zaozha Dian Lake, Xiong'an New Area, Hebei, accounts for approximately one-seventh of the area of the Baiyangdian Lake basin. The main construction contents include water system dredging projects, healthy wetland projects, and ancillary facilities projects, and other projects.

The project is of great significance in restoring the ecological function of wetland in Baiyangdian Lake and improving the regional ecological environment.

CORPORATE GOVERNANCE REPORT

OVERVIEW

As a both H share and A share company, the Company operates in strict compliance with the requirements of the applicable laws, administrative regulations and regulatory documents, including the Company Law, the Securities Law and relevant rules of the Hong Kong Stock Exchange in relation to corporate information disclosure, the management and services of investor relations. In addition, the Company amended the Articles of Association and the related internal governance rules in 2011, 2012, 2015, 2017, 2020 and 2021 according to the requirements of the laws and regulations of the Code of Corporate Governance for Listed Companies, Rules for Shareholders' General Meetings of Listed Companies, the Guidelines for the Articles of Association of Listed Companies and the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange. As a result, the Company has set up a corporate governance system that complies with the regulatory requirements for listed companies and has further enhanced its corporate governance standard. During the reporting period, the Company had effectively implemented the corporate governance rules, including the Articles of Association, the Rules of Procedures for General Meetings, the Rules of Procedures for Board Meetings, the Working Manual of Independent Directors, the Rules of Procedures for the Supervisory Committee Meetings and the Working Rules of the President. The general meetings, Board meetings and Supervisory Committee meetings are convened independently and efficiently with their respective duties and obligations fully fulfilled.

CORPORATE CULTURE

CCCC is a leading global comprehensive service provider of ultra-large infrastructure. Bearing in mind the country's most fundamental interests, CCCC has been forging ahead under the strategic guidance of quality development with the sentiment and strength of a national master. In recent years, CCCC has formed a scientific and comprehensive value system based on five dimensions: corporate mission, corporate vision, corporate spirit, corporate goals and value orientation.

CCCC Mission	Consolidate the foundation, cultivate the way, and carry out the CCCC's mission
CCCC Vision	Make the world more smooth, make the city more livable, make the life more colorful
CCCC Spirit	Blend with the world and build without borders
Development Goal	Build a word-class enterprise with global competitiveness in technology, management and quality
Value Orientation	Respect these talented people who can create value, regardless of their backgrounds

The Company actively constructs the core value system of its corporate culture and continuously improves the top-level design of the corporate culture. It has issued a series of documents such as the corporate culture construction plan, and published a comprehensive system identification handbook and cartoon images for employee behavior norms. It has conducted special training on the historical and cultural development of the enterprise, promoted the integration of culture into the entire management process, advanced the approach of cultivating people through culture and educating people with culture, and focused on creating a favorable cultural atmosphere for the high-quality development of the Company, thereby leading all management and staff to perceive, practice and inherit the corporate culture and gathering tremendous strength for the accelerated construction of a world-class enterprise with "Three Orientations (三型)". The Company firmly believes that a sound corporate culture is an important driving force for corporate development and an important way to increase the cohesiveness and synergy of all parties concerned. CCCC will continuously improve the construction of its corporate culture system so as to bring in cultural momentum for quality corporate development.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company is committed to high standards of corporate governance. The Board believes that the Company complied with all code provisions as set out in Part 2 of Appendix C1 (Corporate Governance Code) to the Hong Kong Listing Rules for the year ended 31 December 2023.

THE BOARD OF DIRECTORS

1. Composition of the Board of Directors

As at 31 December 2023, the Board consisted of eight Directors, including three executive Directors, one non-executive Director and four independent non-executive Directors. Members of the Board were as follows:

Chairman of the Board: Wang Tongzhou

Executive Directors: Wang Tongzhou, Wang Haihuai and Liu Xiang

Non-executive Director: Mi Shuhua[1]

Independent non-executive Directors: Liu Hui, Chan Wing Tak Kevin, Wu Guangqi and Zhou Xiaowen

The Company has appointed a sufficient number of independent non-executive Directors in compliance with the Rule 3.10A of the Hong Kong Listing Rules which requires that independent non-executive directors shall represent at least one-third of the board of a listed company.

The Board has established four specialized committees, namely the Strategy and Investment and ESG Committee[2], the Nomination Committee, the Remuneration and the Appraisal Committee as well as the Audit and Internal Control Committee, of which the Audit and Internal Control Committee and the Remuneration and the Appraisal Committee are all comprised of external Directors, while the Strategy and Investment and ESG Committee and the Nomination Committee comprise a majority of external Directors. The Board complies with the requirements of the modern enterprise system with Chinese characteristics and the Listing Rules, and has a mature and sound organization, which operates in a scientific and standardized manner and fully demonstrates its role. The Company has established a comprehensive and scientific mechanism to ensure that the Directors are fully informed of the relevant information of the Company and can express their views and opinions independently. The Company has compiled the "Work Plan for Guaranteeing the Performance of External Directors" and has established six working mechanisms, including the mechanism for obtaining information on the production and operation by the Directors, the mechanism for "Enquiries on Corporate Situation", the mechanism for investigation and research, and the mechanism for the convener of Directors. The Company has established a Directors' reporting meeting mechanism whereby the management of the Company makes special reports to the Directors at special reporting meetings on major and complex Board resolutions to assist the Directors in fully and comprehensively studying the feasibility and reasonableness of the relevant resolutions. In 2023, the Company convened 11 Directors' reporting meetings, at which 76 proposals were discussed.

The Company has received the confirmation on independence from each of the independent non-executive Directors for the year 2023 and the Company considers each independent non-executive Director to be independent.

Pursuant to the Articles of Association, the term of office for Directors (including independent non-executive Directors) is three years, which is renewable upon re-election and re-appointment and each independent non-executive Director shall not serve that position for more than six consecutive years in order to ensure the independence.

1 Mr. Mi Shuhua retired as the non-executive Director of the Company on 15 January 2024.

2 The Strategy and Investment Committee was renamed as the Strategy and Investment and ESG Committee with effect from 28 March 2024, as considered and approved at the 31st meeting of the fifth session of the Board.

THE BOARD OF DIRECTORS (CONTINUED)

2. Shareholders' General Meetings

In 2023, the Company held four shareholders' general meetings. The table below sets out the details of shareholders' general meeting attendance of each Director in 2023:

Director	Number of Meetings Attended
Wang Tongzhou	1
Wang Haihuai	2
Liu Xiang	2
Sun Ziyu(Note 1)	0
Mi Shuhua(Note 2)	4
Liu Hui	4
Chan Wing Tak Kevin	3
Wu Guangqi	4
Zhou Xiaowen	4

Note 1: Mr. Sun Ziyu retired as the executive Director on 26 April 2023.

Note 2: Mr. Mi Shuhua retired as the non-executive Director of the Company on 15 January 2024.

3. Board Meetings

In 2023, the Company held 16 Board meetings to discuss the fundamental system, the internal control system, the establishment of subsidiaries, fund raising and investment opportunities, the appointment of the senior management of the Company. The table below sets out the details of Board meeting attendance of each Director in 2023:

Director	Number of Meetings to be Attended	Number of Meetings Attended in Person	Number of Meetings Attended by Proxy	Attendance Rate
Wang Tongzhou	16	15	1	100%
Wang Haihuai	16	16	0	100%
Liu Xiang	16	15	1	100%
Sun Ziyu(Note 1)	5	5	0	100%
Mi Shuhua(Note 2)	16	16	0	100%
Liu Hui	16	16	0	100%
Chan Wing Tak Kevin	16	15	1	100%
Wu Guangqi	16	16	0	100%
Zhou Xiaowen	16	16	0	100%

Note 1: Mr. Sun Ziyu retired as the executive Director on 26 April 2023.

Note 2: Mr. Mi Shuhua retired as the non-executive Director of the Company on 15 January 2024.

THE BOARD OF DIRECTORS (CONTINUED)

4. Responsibilities and Operations of the Board

The principal responsibilities of the Board are, among other things, making decisions on business strategies, business plans, material investment plans, formulating annual financial budget, proposing profit distribution plan, appointing and dismissing the president of the Company and implementing Shareholders' resolutions. There are currently four committees established under the Board, being the Strategy and Investment and ESG Committee, the Audit and Internal Control Committee, the Remuneration and Appraisal Committee and the Nomination Committee. Each committee has its respective operation rules and reports to the Board regularly.

The division of power between the Board and senior management complies with the Articles of Association and relevant regulations. The chairman of the Board is responsible for ensuring that the Directors perform their duties properly and ensuring discussions on material matters are on a timely basis. Pursuant to the Articles of Association, the president is responsible to the Board and is delegated the authority to, among other things, oversee the operation and management of the Company, implement the decisions of the Board, carry out investment plans and establish an internal management system. While at all times the Board retains full responsibility for guiding and monitoring the Company in discharging its duties, the Board has also delegated the responsibility of implementing its strategies and the day- to-day operation to the management of the Company under the leadership of the executive Directors of the Company. Clear guidance has been made as to the matters that should be reserved to the Board for its decision which include matters on, inter alia, capital, financing and financial reporting, internal controls, communication with Shareholders and corporate governance. For the year ended 31 December 2023, Mr. Wang Tongzhou served as the Chairman of the Board and Mr. Wang Haihuai served as the President of the Company.

The corporate governance functions (including preparation of accounts) of the Company are performed by the Board. In 2023, the Board reviewed the Company's policies and practices on corporate governance, reviewed and monitored the training and continuous professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements as well as the Company's compliance with the Corporate Governance Code and disclosure in the Corporate Governance Report.

5. Code for Securities Transactions by Directors

The Company has adopted the Model Code. The Company has made specific inquiries with all of its Directors and Supervisors. Each of the Directors and Supervisors has confirmed his compliance with the requirements set out in the Model Code for the year ended 31 December 2023.

6. Directors' Training

The Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The Company has provided a comprehensive induction package covering the summary of the responsibilities and liabilities of a director of a Hong Kong listed company, the Company's constitutional documents and A Guide on Directors' Duties issued by the Companies Registry of Hong Kong to each newly appointed Director to ensure that he/she is fully aware of his/her responsibilities and obligations under the Hong Kong Listing Rules and other regulatory requirements. For the year ended 31 December 2023, each of Mr. Mi Shuhua, Mr. Zhou Xiaowen participated in 1 special training on the management methods of independent directors organized by the listed company organization of the Shanghai Stock Exchange, and each of Mr. Mi Shuhua, Mr. Liu Hui, Mr. Wu Guangqi and Mr. Zhou Xiaowen participated in 1 training on low-carbon development organized by the Organization Department of the CPC Central Committee. Mr. Chan Wing Tak Kevin attended 1 CPD training of CPA Australia. Mr. Wang Tongzhou, Mr. Wang Haihuai, Mr. Liu Xiang, Mr. Sun Ziyu and Mr. Zhou Xiaowen attended briefings and seminars in relation to the listing rules of the listed places organized by the Company and read newspapers, periodicals and updates on the duties and responsibilities of directors.

The company secretary of the Company reports from time to time the latest changes and development of the Hong Kong Listing Rules, Corporate Governance Code and other regulatory regime to the Directors with written materials, as well as organizes seminars on the professional knowledge and latest development of regulatory requirements related to director's duties and responsibilities. During 2023, the company secretary of the Company undertook over 15 hours of professional training to update his skills and knowledge.

THE BOARD OF DIRECTORS (CONTINUED)

7. Committees under the Board

(a) Strategy and Investment and ESG Committee

The main duties of the Strategy and Investment and ESG Committee include, among other things, to review proposals and to make recommendations to the Board regarding the Company's strategic development plans, annual budgets, capital allocation plans, significant mergers and acquisitions, significant financing plans and matters in relation to environmental, social and governance.

As at 31 December 2023, the Strategy and Investment and ESG Committee consisted of six members, namely Mr. Wang Tongzhou, Mr. Wang Haihuai, Mr. Mi Shuhua Mr. Liu Hui, Mr. Wu Guangqi and Mr. Zhou Xiaowen, and is chaired by Mr. Wang Tongzhou.

The Strategy and Investment and ESG Committee held five meetings in 2023 to review and discuss, among other things, the business plan, the investment plan, the budget for projects investment and foundation plan of the Company for 2023. The table below sets out the details of the Strategy and Investment and ESG Committee meeting attendance of each Director in 2023:

Director	Number of Meetings to be Attended	Number of Meetings Attended in Person	Number of Meetings Attended by Proxy	Attendance Rate
Wang Tongzhou	5	5	0	100%
Wang Haihuai	5	5	0	100%
Sun Ziyu[(Note 1)]	1	1	0	100%
Mi Shuhua[(Note 2)]	5	5	0	100%
Liu Hui	5	5	0	100%
Wu Guangqi	5	5	0	100%
Zhou Xiaowen	5	5	0	100%

Note 1: Mr. Sun Ziyu, ceased to be a member of the Strategy and Investment and ESG Committee with effect from 26 April 2023.

Note 2: Mr. Mi Shuhua, ceased to be a member of the Strategy and Investment and ESG Committee with effect from 15 January 2024.

The Strategy and Investment Committee was renamed as the Strategy and Investment and ESG Committee with effect from 28 March 2024, as considered and approved at the 31st meeting of the fifth session of the Board. Pursuant to which, the Company has further clarified the corresponding responsibilities of the Strategy and Investment and ESG Committee to support the Board in better formulating the Company's ESG strategy, incorporated safety, science and technology, quality management and environmental management into the performance assessment indicators of the Company's senior management, and continued to establish a sound and effective implementation of internal controls, risk management and effectiveness evaluation, thereby building up a more comprehensive ESG management system.

THE BOARD OF DIRECTORS (CONTINUED)

7. Committees under the Board (continued)

(b) Audit and Internal Control Committee

The Audit and Internal Control Committee of the Company has reviewed the annual results of the Company. The main duties of the Audit and Internal Control Committee include, among other things,

- to be primarily responsible for making recommendations to the Board on the appointment, reappointment and removal of the external auditor and the remuneration and terms of engagement of the external auditor;

- to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;

- to monitor the integrity of financial statements of the Company and the Company's annual reports and accounts, half-year reports and, if prepared for publication, quarterly reports, and to review significant financial reporting judgments contained in them; and

- to oversee the Company's financial reporting system and internal control procedures, including but not limited to, review of financial controls, internal control and risk management systems, consideration of action on any findings of major investigations of internal control matters as delegated by the Board or at its own initiative and management's response thereto, and review of the Company's financial and accounting policies and practices.

As at 31 December 2023, the Audit and Internal Control Committee consisted of five members, namely Mr. Chan Wing Tak Kevin, Mr. Mi Shuhua, Mr. Liu Hui, Mr. Wu Gaungqi and Mr. Zhou Xiaowen, and is chaired by Mr. Chan Wing Tak Kevin. Four out of the five members of the Audit and Internal Control Committee were independent non-executive Directors.

The Audit and Internal Control Committee held 9 meetings in 2023 to discuss, among other things, the audited annual financial statements of 2022, the internal control report of the Company of 2022, the internal audit summary of 2022 and the plan of 2023, the report of duty performance of the Audit and Internal Control Committee in 2022, the quarterly financial reports of 2023 and the interim financial report of 2023, the re-appointment of the international and domestic auditors for 2023 and their remuneration, the Proposed Assets Reorganization and Proposed Spin-off and matters concerning connected transactions. The table below sets out the details of Audit and Internal Control Committee meeting attendance of each Director in 2023:

Director	Number of Meetings to be Attended	Number of Meetings Attended in Person	Number of Meetings Attended by Proxy	Attendance Rate
Mi Shuhua *(Note)*	9	9	0	100%
Liu Hui	9	9	0	100%
Chan Wing Tak Kevin	9	9	0	100%
Wu Guangqi	9	8	1	100%
Zhou Xiaowen	9	9	0	100%

Note: Mr. Mi Shuhua, ceased to be a member of the Audit and Internal Control Committee with effect from 15 January 2024.

THE BOARD OF DIRECTORS (CONTINUED)

7. Committees under the Board (continued)

(c) Remuneration and Appraisal Committee

The main duties of the Remuneration and Appraisal Committee include, among other things:

- to make recommendations to the Board on the Company's policy and structure for remuneration of Directors and senior management and on the establishment of a formal and transparent process for developing policy on such remuneration;
- to have the delegated responsibility to determine the specific remuneration packages of all executive Directors and senior management, including benefits in kind, pension rights and compensation payments (including any compensation payable for loss or termination of their office or appointment) and make recommendations relating to the remuneration of independent non-executive Directors to the Board; and
- to review and approve performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time.

As at 31 December 2023, the Remuneration and Appraisal Committee consisted of five members, namely Mr. Liu Hui, Mr. Mi Shuhua, Mr. Chan Wing Tak Kevin, Mr. Wu Guangqi and Mr. Zhou Xiaowen and is chaired by Mr. Liu Hui. Four out of the five members of the Remuneration and Appraisal Committee were independent non- executive Directors.

The Remuneration and Appraisal Committee held three meetings in 2023 to review and discuss the proposals in relation to the first grant under the 2022 Restricted Share Incentive Scheme of the Company and the remuneration plans for the senior management of the Company for 2021 and 2022, respectively. The table below sets out the details of Remuneration and Appraisal Committee meeting attendance of each Director in 2023:

Director	Number of Meetings to be Attended	Number of Meetings Attended in Person	Number of Meetings Attended by Proxy	Attendance Rate
Mi Shuhua(Note)	3	3	0	100%
Liu Hui	3	3	0	100%
Chan Wing Tak Kevin	3	3	0	100%
Wu Guangqi	3	3	0	100%
Zhou Xiaowen	3	3	0	100%

Note: Mr. Mi Shuhua, ceased to be a member of the Remuneration and Appraisal Committee with effect from 15 January 2024.

THE BOARD OF DIRECTORS (CONTINUED)

7. Committees under the Board (continued)

(d) Nomination Committee

The main duties of the Nomination Committee include, among other things, to study the recruiting standard and procedure in respect of nomination of Directors and president of the Company and to review the credentials of Director or president candidates and make recommendations to the Board.

The Directors were nominated by criteria such as personal integrity, work experience relating to the Company's core business, performance track record, professional background, familiarity with corporate governance requirements for listed companies, etc.

As at 31 December 2023, the Nomination Committee consisted of five members, namely Mr. Wang Tongzhou, Mr. Liu Xiang, Mr. Chan Wing Tak Kevin, Mr. Wu Guangqi and Mr. Zhou Xiaowen, and is chaired by Mr. Wang Tongzhou. Three out of the five members of the Nomination Committee were independent non-executive Directors.

The Nomination Committee held one meeting in 2023 to discuss the appointment of the vice president of the Company. The table below sets out the details of Nomination Committee meeting attendance of each Director in 2023:

Director	Number of Meetings to be Attended	Number of Meetings Attended in Person	Number of Meetings Attended by Proxy	Attendance Rate
Wang Tongzhou	1	1	0	100%
Liu Xiang	1	1	0	100%
Chan Wing Tak Kevin	1	1	0	100%
Wu Guangqi	1	1	0	100%
Zhou Xiaowen	1	1	0	100%

For the year ended 31 December 2023, the Nomination Committee adopted a basic policy concerning diversity of Board members and is committed to enhancing the diversity of the Board and the Company's staff structure. The Nomination Committee may consider diversity of Board members from a number of aspects, including but not limited to gender, age, ethnicity, education, specialty, experience, skills, knowledge and length of service and so forth. When reviewing the size and composition of the Board and searching for and recommending candidates for Directors, the Nomination Committee should take into account relevant factors mentioned above to try to achieve the diversity of the Board members in accordance with the Company's development strategy, business needs and specific functions of job vacancy. Upon selection, the Nomination Committee shall make a final recommendation to the Board based on merit of the selected candidates and fits with the development of the Company.

During the reporting period, except for gender diversity, the Board has achieved the following measurable objectives: at least one independent non-executive Director shall usually reside in Hong Kong; at least one independent non-executive Director shall have work experience as the financial controller in large enterprises or shall be an expert in corporate finance and accounting; the number of independent non-executive Directors shall be not less than one-third of the Board members and the number of independent non-executive Directors shall exceed half of the Board members.

The Board is committed to achieving gender diversity of Board members. Considering the importance of gender diversity, the Nomination Committee has made discussions from the perspective of gender diversity of the Board and fully studied the relevant requirements of the diversity policy under the Listing Rules. Given that the fifth session of the Board is comprised of all male members, the Company will fully communicate with the relevant regulatory authorities and Shareholders to seize the opportunity to increase the proportion of female members of the Board and enhance the level of gender diversity in line with Shareholders' expectations and practice.

As at 31 December 2023, the Company has a total of approximately 0.145 million employees in service, of which approximately 0.027 million employees are women, accounting for 18.6% of the total number of employees in service. The Company has always adhered to the principle of gender equality in employment, eliminated gender discrimination, and protected the employment rights of women.

CORPORATE GOVERNANCE REPORT

SUPERVISORY COMMITTEE

The Supervisory Committee is responsible for supervising the Board, its individual members and senior management to safeguard against any potential abuse of authority by the Board, its individual members and senior management so as to protect the interests of the Company and its Shareholders as a whole. As at 31 December 2023, the Supervisory Committee of the Company consisted of three members, Mr. Lu Yaojun, Mr. Wang Yongbin and Mr. Yao Yanmin (as the representative of employees). The term of office for supervisors is three years which is renewable upon re-election.

The Supervisory Committee held 10 meetings in 2023 to consider and approve 49 resolutions. The table below sets out the details of Supervisory Committee meeting attendance of each Supervisor in 2023:

Supervisor	Number of Meetings to be Attended	Number of Meetings Attended in Person	Number of Meetings Attended by Proxy	Attendance Rate
Wang Yongbin *(chairman)*	10	10	0	100%
Lu Yaojun	10	10	0	100%
Yao Yanmin *(Note)*	10	10	0	100%

Note : Mr. Yao Yanmin retired as the staff representative supervisor of the Company on 11 January 2024. On the same date, Mr. Yang Xiangyang was elected as the staff representative supervisor of the Company.

AUDITORS' REMUNERATION

Ernst & Young and Ernst & Young Hua Ming LLP are appointed as the international and domestic auditors of the Company, respectively. Breakdown of the remuneration to Ernst & Young and Ernst & Young Hua Ming LLP for audit services and other non-audit services provided for the year ended 31 December 2023 are as follows:

	RMB'000
Audit services	27,850
Other non-audit services	8,469

The resolution on appointment of auditors will be submitted at the 33rd meeting of the fifth session of the Board, which will then be submitted to the AGM for consideration and approval.

INTERNAL CONTROL AND RISK MANAGEMENT

The Board is responsible for the Company's internal control and risk management system and reviews its efficiency through the Audit and Internal Control Committee. The Board and the Audit and Internal Control Committee of the Company will receive from the management the information about the internal control and risk management on a regular basis (at least once a year). The Company's internal control and risk management system is designed to manage risks and is unable to ensure the elimination of all risks. Such system can only provide reasonable and not absolute assurance against material misstatement or loss.

INTERNAL CONTROL AND RISK MANAGEMENT (CONTINUED)

The Company builds a comprehensive risk management-oriented internal control system. It determines the key points of internal control by identifying and assessing risks; improves the efficiency of internal control by optimizing processes and perfecting systems; enhances the executive ability of internal control by strengthening supervision and check. The risk management system of the Company mainly assesses the risk identification, risk analysis, risk response, etc.; includes the risk evaluation in the approval process on major investment projects by optimizing the risk evaluation mechanism; continuously advances the annual risk management report system; identifies major important risks (e.g., safety production risk, financial risk, investment risk, operational risk, overseas risk, compliance risk, litigation risk) and formulates the response strategy and measures in terms of these risks by combining with internal control department; regularly tracks the implementation of response measures for major important risks so as to further improve the risk management level of the Company. The Company has established a risk management structure with distinct hierarchy and reasonable authorization. The Company's functional departments and their organizations shall perform identification and response for major risks on the basis of respective duties, and shall report to the Audit and Internal Control Committee of the Company annually. The management and the Audit and Internal Control Committee of the Company carry out the annual assessment and review of risk control of all functional departments. Matters to be assessed include changes in nature and severity of material risks subsequent to review in the previous year, the Company's abilities to respond to material risks and the assessment on material risk management and internal control errors or material risk management and internal defects identified during the period. Based on the assessment, the Audit and Internal Control Committee arranges the annual work plan, which covers the Company's strategies, market, operation, financial capital, law and major procedures of its affiliated entities, and urges relevant entities to rectify the problems identified in the audit process and reports the progress of rectification to the management and the Audit and Internal Control Committee of the Company on a regularly basis.

The Company establishes a supervision mechanism for internal control, and stipulates its duty and powder, job requirements and methods. The Supervisory Committee supervises the establishment and the implement of internal control by the Board; the Board and the Audit and Internal Control Committee supervise the internal control system of the Company; the supervisory departments carry out supervision on performance, discipline inspection and matters related tendering and bidding and bulk purchase of the Company; the audit departments audit and supervise the operation management, financial revenue and expenditure and economic results of the entities.

The Company's assessment process of internal control strictly implement basic specifications, assessment guideline and procedures stipulated in internal system. The internal control assessment group is set up, which made up of members from, among other things, strategy & development department, finance & fund department, audit department and other business departments, to carry out work by three steps including self-evaluation, defect rectification and sampling inspection by the Company. The affiliated entities implement the process of self-evaluation under unified deployment by the Company. The assessment collects the data and information related to the planning and operation of internal control of the Company by interview, sampling, walk through test and field inspection, on a business occurrence frequency basis, and fills out the working paper of the assessment honestly, which give a true process of internal control of the Company.

By strictly implementing the requirements of the Criminal Law of the People's Republic of China, the Anti-Unfair Competition Law of the People's Republic of China, the Anti-Money Laundering Law of the People's Republic of China, and other laws and regulations, CCCC improves the institutional mechanism to prevent the emergence and spread of corruption, promotes the "three non-corruptions", focuses on the construction of work style, and establishes a "four-in-one" corruption management system with a view to strengthening discipline and promoting a culture of integrity, thus jointly creating a clean atmosphere for corporate development. Through the establishment of whistleblowing channels (including anonymous reporting by phone, email or in writing), daily risk monitoring, internal audits and self-inspections, the Company is able to grasp clues of problems, investigate and deal with them in a timely manner. The Board is the highest governance organization of the Company, and the Company has been actively strengthening anti-corruption trainings for Directors and rigorously enforcing the relevant regulations on the integrity and self-discipline of responsible persons and Directors of state-owned enterprises. In 2023, all employees of the Company have attended the anti-corruption trainings, with each employee receiving at least three hours of anti-corruption trainings.

During the reporting period, the Board reviewed and evaluated the internal control and risk management system and listened to the reporting from the Audit and Internal Control Committee. The Board considered that the Company's internal control and risk management system was effective. The 2023 Internal Control Self-assessment Report of China Communications Construction Company Limited has been published on the Company's website.

INSIDE INFORMATION

The Company formulated the Inside Information Management System, which set out the detailed rules for the handing, disclosure and internal control of inside information. In 2023, 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 far as possible. Besides, before the disclosure of an 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, the main department or person in charge of the specific work shall, in addition to filling in the insider registration form, prepare the memorandum on progress of material matters, including but not limited to the time of various key nodes in the course of planning and decision-making, list of personnel participating in planning and decision-making, and the means of planning and decision-making. The relevant personnel involved in planning and decision-making shall sign and confirm on the memorandum, so as to ensure the relevant insiders to fulfill their confidentiality obligation, and effectively prevent the leakage of the information.

INSIDE INFORMATION (CONTINUED)

The Company attaches great importance to internal control and its corporate social responsibility. The 2023 Environmental, Social and Governance Report of China Communications Construction has been published on the Company's website.

ACCOUNTABILITY OF THE DIRECTORS IN RELATION TO FINANCIAL STATEMENTS

The Directors are responsible for overseeing the preparation of the financial statements for each fiscal period. In preparing the financial statements for the year ended 31 December 2023, the Directors have selected appropriate accounting policies and applied them consistently and made prudent and reasonable judgment and estimates so as to give a true and fair view of the state of affairs of the Company and of the results and cash flow for that fiscal year.

SHAREHOLDERS' RIGHTS

The Company is committed to pursue active communications with Shareholders as well as to provide disclosure of information concerning the Group's material developments to Shareholders, investors and other stakeholders.

The annual general meeting of the Company serves as an effective forum for communication between Shareholders and the Board. Notice of the annual general meeting together with the meeting materials will be dispatched to all Shareholders not less than 20 clear business days (the date on which the Hong Kong Stock Exchange opens for securities trading) prior to the annual general meeting. The chairman of the Board and of the Strategy and Investment and ESG Committee, Audit and Internal Control Committee, Remuneration and Appraisal Committee and Nomination Committee, or in their absence, other members of the respective committees, will be invited to the annual general meeting to answer questions from Shareholders. External auditors will also be invited to attend the annual general meeting to answer questions about the conduct of the audit, the preparation and content of the auditors' report, the accounting policies and the independence of auditors.

Shareholders individually or jointly holding in aggregate more than 10% of the shares of the Company are entitled to request the convention of a shareholders' general meeting. Shareholders individually or jointly holding more than 3% of the shares of the Company shall have the right to submit proposals to the Company at a shareholders' general meeting. Shareholders individually or jointly holding more than 3% of the shares of the Company may bring forward provisional proposals and submit the same in writing to the convener ten days prior to a shareholders' general meeting.

Voting by Shareholders at a shareholders' general meeting will be conducted by poll in accordance with the Hong Kong Listing Rules, unless otherwise required and permitted. Detailed procedures for conducting a poll will be explained to the Shareholders at the inception of a shareholders' general meeting to ensure that Shareholders are familiar with such voting procedures. Separate resolution will be proposed by the chairman of a shareholders' general meeting for each material issue. Poll results will be posted on the websites of the Company and the Hong Kong Stock Exchange on the same business day of the shareholders' general meeting.

Pursuant to the Articles of Association, a special general meeting can be convened upon the written requisition by any two or more Shareholders holding in aggregate not less than 10% in the paid up capital of the Company, provided that at the date of the lodging of such requisition such capital carries the right of voting at shareholders' general meetings of the Company. Such requisition must state the objects of the meeting and must be signed by the requisitionists and lodged at the office of the Company.

Enquiries directed to the Board or the Company are facilitated by email to ir@ccccltd.cn or through the online messaging system on the Company's website. All announcements, press releases and conducive corporate information of the Company are available on the Company's website to enhance the transparency of the Company.

INVESTOR RELATIONS

Please refer to the chapter headed "Investor Relations" for detailed information. The Company has reviewed the implementation and effectiveness of its shareholder's communication policy during the reporting period. The Board is of the view that the Company has established a smooth and effective communication channel with its Shareholders and considers that the Company's shareholder communication policy and its implementation are effective.

The total length of the Serbia E763 Expressway project is approximately 265 kilometers, with CCCC undertaking the construction of about 131 kilometers.

The Serbia E763 Expressway is the first infrastructure project to be realized under the framework of cooperation among Eastern European countries, and represents the first expressway undertaken by Chinese enterprises in Europe.

PROFILE OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

BOARD OF DIRECTORS

The Board consisted of eight Directors, including three executive Directors, one non-executive Director and four independent non-executive Directors. Profiles of the Directors are as follows:

Mr. Wang Tongzhou, born in 1965, Chinese nationality, is the secretary of the Party Committee, the executive Director and the chairman of the Board of the Company. He also serves as the secretary of the Party Committee and the chairman of CCCG. Mr. Wang has extensive operational and management experience. Mr. Wang served as the general manager of China State Construction Development Co., Ltd., the director of sixth engineering division of China State Construction Engineering Corporation; a member of the standing committee of the Party Committee and the deputy general manager of Sinohydro Construction Group Corporation, a member of the standing committee of the Party Committee and the deputy general manager of Power Construction Corporation of China; the director, the general manager and the deputy secretary of the Party Committee of China Energy Conservation and Environmental Protection Group; the secretary of the Party Committee, the chairman of the board and the general manager of China Nonferrous Metal Mining (Group) Co., Ltd., the secretary of the Party Committee and the chairman of the board of China Nonferrous Metal Mining (Group) Co., Ltd., the executive director and the chairman of the board of China Nonferrous Mining Corporation Limited; the general manager of CCCG and the president of the Company. Mr. Wang possesses a doctoral degree in economics. Mr. Wang is a professorate senior engineer, a chartered builder of The Chartered Institute of Building, U.K., and a professional who enjoys special government allowance of the State Council. Mr. Wang has been serving as the executive Director and the chairman of the Board of the Company since October 2020.

Mr. Wang Haihuai, born in 1968, Chinese nationality, is the deputy secretary of the Party Committee, the executive Director and president of the Company and also serves as a deputy secretary of the Party Committee, a director and the general manager of CCCG. Mr. Wang joined the Company in 1991 and has extensive operational and management experience. He held positions as a member of the Party Committee and the deputy director, the deputy secretary of the Party Committee and the director of The Second Harbour Engineering Bureau of Ministry of Transport (交通部第二航務工程局), the chairman, the general manager, the deputy secretary of the Party Committee of CCCC Second Harbour Engineering Co., Ltd., the general manager of the port and waterway dredging division of the Company, the vice president of the Company, the deputy general manager of CCCG. Mr. Wang graduated from Chongqing Jiaotong University with a major in harbour and channel engineering, and obtained a master's degree in business administration for executives from Wuhan University and is a professorate senior engineer and senior economist who enjoys special government allowance of the State Council. Mr. Wang has been serving as the president of the Company since April 2021, and as the executive Director of the Company since June 2021.

Mr. Liu Xiang, born in 1968, Chinese nationality, is the deputy secretary of the Party Committee, the executive Director of the Company and also serves as the deputy secretary of the Party Committee and an employee director of CCCG. Mr. Liu has extensive experience in corporate administration. He held positions as the inspector at the deputy director level of the Party mass work department, the deputy director of the Party mass work department and the secretary of the Youth League Committee of China Aerospace Science and Industry Corporation Limited (中國航天科工集團有限公司), the chairman of the supervisory committee of Guizhou Aerospace Industry Co., Ltd. (貴州航天工業有限責任公司) and the director of the discipline inspection and supervision department, the deputy head of the Party disciplinary inspection group and the director of the human resource department of China Aerospace Science and Industry Corporation Limited (中國航天科工集團有限公司). Mr. Liu successively graduated from Anhui Institute of Education majoring in Chinese, and obtained a master's degree in literature and arts from Renmin University of China and a master's degree in business administration from Beihang University. Mr. Liu is a senior political engineer at the research institute level. Mr. Liu has been serving as the executive Director of the Company since June 2021.

Mr. Sun Ziyu, born in 1962, Chinese nationality, has served as the executive Director of the Company for a period commencing from February 2022 to April 2023. Mr. Sun joined the Company in 1983 and has extensive operational and management experience. He has been serving as the vice president of First Harbour Consultants Co., Ltd. of Ministry of Transport, the chief engineer of China Harbour Engineering Company (Group), the chief engineer of CCCG, the general manager and chairman of the board of China Harbour Engineering Co., Ltd., and the general manager of the overseas department and the vice president of the Company. Mr. Sun graduated from Zhejiang University (formerly known as Hangzhou University) with a major in marine geology and geomorphology and subsequently obtained a master's degree from Delft University of Technology NL and a master's degree in business administration for executives from Peking University. He is a professorate senior engineer, a British royal chartered civil engineer and a British royal chartered constructor and enjoys special government allowance of the State Council.

Mr. Mi Shuhua, born in 1962, Chinese nationality, has served as the non-executive Director of the Company for a period commencing from February 2022 to January 2024. Mr. Mi has extensive experience in corporate production and operation administration. He held positions as a member of the Party Committee and the deputy general manager of National Electric Power Corporation (Northeast Branch) (國家電力公司東北公司), a member of the Party Committee and the deputy general manager of State Grid Corporation (Northeast Branch) (國家電網公司東北公司), the secretary of the Party Committee and the general manager of China Guodian Corporation (Northeast Branch) (中國國電集團公司東北公司), the deputy secretary of the Party Committee and the general manager of National Electric Power Co., Ltd. (國電電力股份有限公司), the deputy general manager and a member of the Party Committee of China Guodian Corporation (中國國電集團公司), the deputy general manager and a member of the Party Committee of China Energy Investment Corporation (國家能源投資集團有限責任公司). Mr. Mi graduated from Northeast Electric Power University (東北電力學院) with a bachelor's degree in engineering, and he is a professorate senior engineer.

BOARD OF DIRECTORS (CONTINUED)

Mr. Liu Hui, born in 1960, Chinese nationality, is an external director of China Academy of Building Research. Mr. Liu has extensive experience in construction, project construction and scientific research management. He held positions as the assistant to general manager, the director and the chief engineer of China Railway No. 2 Engineering Group Co., Ltd. (中鐵二局集團有限公司), the deputy general manager, a member of the standing committee of the Party Committee and the chief engineer of China Railway Engineering Corporation, a member of the standing committee of the Party Committee of China Railway Engineering Group Company Limited and the vice president, a member of the standing committee of the Party Committee and the chief engineer of China Railway Group Limited. Mr. Liu graduated from Southwest Jiaotong University in railway engineering, and obtained a master's degree in architecture and civil engineering, and he is a professorate senior engineer and a professional who enjoys special government allowance of the State Council. Mr. Liu has been serving as an independent non-executive Director of the Company since February 2022.

Mr. Chan Wing Tak Kevin, born in 1966, Chinese nationality and a resident of Hong Kong Special Administrative Region, is the chief executive officer of Concentric Education Foundation (Hong Kong), the vice president of Chinese Banking Association of Hong Kong and a member of the Chinese People's Political Consultative Conference Guangdong Committee (中國人民政治協商會議廣東省委員會) and he also serves as an independent non-executive director of TravelSky Technology Limited and Royale Home Holdings Limited, respectively. Mr. Chan has extensive experience in finance, securities and financing. He held positions as the head of research division of Nomura International (Hong Kong) Limited in China and Hong Kong and the director of banking department thereof in Asia region, the head of China and Hong Kong Financial Department of CLSA, a senior advisor of KPMG China and a member of the Listing Committee of the Hong Kong Stock Exchange, a member of Election Committee (Finance) of The Government of the Hong Kong Special Administrative Region. Mr. Chan graduated from London School of Economics and Political Science with a master's degree in economics and has qualification of Fellow Certified Practising Accountant in Australia. Mr. Chan has been serving as an independent non-executive Director of the Company since February 2022.

Mr. Wu Guangqi, born in 1957, Chinese nationality, is an external director of China National Salt Industry Group Co., Ltd. Mr. Wu has extensive experience in corporate administration. He held positions as the director of general office of China National Offshore Oil Corporation (CNOOC), the secretary of the Party Committee, the secretary of the Committee for Discipline Inspection and chairman of the Labor Union of CNOOC Research Center, the secretary of the Party Committee and the director of the ideology affairs department of the direct department of CNOOC, the assistant of general manager, a member of the Party group, the head of Party disciplinary inspection group, the deputy general manager, a member of the Party group, the deputy secretary of the Party group and the deputy general manager of CNOOC, and also served as the executive director and the compliance officer of CNOOC Limited for a long time. Mr. Wu also served as an independent director of China Yangtze Power Co., Ltd. Mr. Wu graduated from Ocean University of China with a major in marine geology, and obtained a master's degree in management from China University of Petroleum and a doctoral degree in public administration from Huazhong University of Science and Technology, and he is a professor-level senior economist, Certified Senior Enterprise Risk Manager (CSERM) and Certified Internal Auditor (CIA). Mr. Wu has been serving as an independent non-executive Director of the Company since February 2022.

Mr. Zhou Xiaowen, born in 1961, Chinese nationality, is an external director of China Logistics Group Co., Ltd. (中國物流集團有限公司). Mr. Zhou has extensive experience in transportation, construction, project construction and planning. He held positions as the deputy director of the Development and Planning Department (發展計劃司), the executive deputy dean of the Economy Planning Institute (經濟規劃研究院), and the executive deputy director of the Engineering Design Appraisal Center (工程設計鑒定中心) of Ministry of Railways, the dean of the Economy Planning Institute and the director of the Engineering Design Appraisal Center of Ministry of Railways; the head and the deputy secretary of the Party Committee of China Railway Economic and Planning Research Institute (中國鐵路經濟規劃研究院), the director of the Engineering Design Appraisal Center of China Railway Corporation (中國鐵路總公司工程設計鑒定中心), the vice chairman, the general manager and the deputy secretary of the Party Committee of China Railway Economic and Planning Research Institute, the director of the Engineering Design Appraisal Center of China State Railway Group Co., Ltd. ("CSRG"), the chief expert in survey and design of CSRG, an office specialist and the commissioner (special external director) of the Office of Sichuan-Tibet Railway Engineering Construction Headquarters (Leading Group). Mr. Zhou graduated from Lanzhou Railway Institute (蘭州鐵道學院) with a major in railway engineering. He has also obtained a master's degree in engineering, and is a professorate senior engineer and a national master in engineering survey and design (全國工程勘察設計大師). Mr. Zhou has been serving as an independent non-executive Director of the Company since February 2022.

SUPERVISORY COMMITTEE

Mr. Wang Yongbin, born in 1965, Chinese nationality, is the chairman of the Supervisory Committee, the general manager of the auditing department and the director of the Office of Dispatched Supervisors of the Company. He also serves as the chief auditor, the general manager of the auditing department and the director of the Office of Dispatched Supervisors of CCCG. Mr. Wang joined the Company in 2001 and has extensive management experience. He held positions as the chairman of the Supervisory Committee of Zhenhua Logistics Group Co., Ltd., a Supervisor of China Northeast Municipal Engineering Design & Research Institute Co., Ltd. (中國市政工程東北設計研究總院有限公司) and CCCC Shanghai Equipment Engineering Co., Ltd. Mr. Wang graduated from Changsha Communications University with a bachelor's degree in project finance and accounting. Mr. Wang is a professorate senior accountant and a professorate senior auditor. Mr. Wang has been serving as a Supervisor of the Company since September 2006, and as the chairman of the Supervisory Committee of the Company since November 2021.

Mr. Lu Yaojun, born in 1970, Chinese nationality, is a Supervisor and the general manager of the investment management department of the Company. He also serves as the general manager of the investment management department of CCCG, the director of CCCC Capital Holdings Limited (中交資本控股有限公司) and the vice chairman of Capital Expressway Development Co., Ltd. (首都高速公路發展有限公司). Mr. Lu joined the Company in 1993 and has extensive management experience. He has served as the deputy chief engineer and director of the investment management department of CCCC Second Highway Consultants Co., Ltd. (中交第二公路勘察設計研究院有限公司), and the deputy general manager of the investment division of the Company. Mr. Lu graduated from Tongji University with a major in traffic engineering and is a professorate senior engineer. Mr. Lu has been serving as a Supervisor of the Company since November 2021.

Mr. Yao Yanmin, born in 1963, Chinese nationality with no overseas permanent residence, has served as a staff representative Supervisor of the Company for a period commencing from April 2014 to January 2024. Mr. Yao also serves as a specialized external Supervisor of CCCG, an external supervisor of CCCC Tianhe Machinery and Equipment Manufacturing Co., Ltd., China Urban and Rural Holding Group Co., Ltd.* (中國城鄉控股集團有限公司), CCCC Asset Management Co., Ltd. and China Communications Information Technology Group Co., Ltd., respectively. Mr. Yao joined the Company in 1992 and has extensive management experience. He held positions as the head of president office, the assistant to general manager and the deputy general manager of China Road and Bridge Construction Corporation, the deputy head of general office of CCCG, the deputy head of general office of the Company, the head of the work department of the Company's Party Committee, the general manager of corporate culture department of the Company, vice chairman of union federation and the chairman of labor union for organs, and the director of the office of union federation of the Company. Mr. Yao graduated from Guangdong University of Foreign Studies and Renmin University of China with a bachelor's degree in English and a bachelor's degree in law, respectively.

Mr. Yang Xiangyang, born in 1971, Chinese nationality, is currently a staff representative Supervisor, the vice chairman of union federation, the director of the office of union federation and the chairman of labor union for organs of the Company. Mr. Yang joined the Company in 1995 and has extensive management experience. He held positions as the head of the marketing planning department, the head of the comprehensive affairs office, the assistant to the general manager, a director, a deputy general manager, a general manager (legal representative), the vice chairman, the secretary of the Party Committee and the chairman of CCCC Xi'an Road Construction Machinery Co., Ltd.* (中交西安築路機械有限公司). Mr. Yang graduated from Chang'an University (formerly known as Xi'an University of Highway Traffics (西安公路交通大學)) with a bachelor's degree in engineering majoring in manufacturing of machinery and equipment* (機械製造工藝與設備專業), and subsequently obtained a master's degree in mechanical engineering from Chang'an University, and he is a professorate senior engineer. Mr. Yang has been serving as a staff representative Supervisor of the Company since January 2024.

SENIOR MANAGEMENT

The Company's senior management consisted of four members with the profiles as follow (for the profile of Mr. Wang Haihuai, a senior management member who concurrently serves as a Director, please refer to the above):

Mr. Wang Jian, born in 1964, with Chinese nationality, is a member of the Party Committee and a vice president of the Company. He also serves as a member of the Party Committee and the deputy general manager of CCCG. Mr. Wang joined the Company in 2004 and has rich operational and management experience. He successively held positions as the secretary of the Party Committee of CCCC Tunnel Engineering Co., Ltd., the general manager of east China regional headquarters, the general manager of road, bridge and rail transportation department and the assistant to president of the Company. Mr. Wang graduated from Xi'an Highway Transportation University with a postgraduate diploma, majoring in bridge and structure engineering. He also holds a doctoral degree in geotechnical engineering of Central South University. Mr. Wang is a professorate senior engineer. Mr. Wang has been serving as the vice president of the Company since December 2016.

Mr. Zhou Jingbo, born in 1963, with Chinese nationality, has served as the vice president and a member of the Party Committee of the Company for a period commencing from October 2019 to November 2023. Mr. Zhou joined the Company in 1980 and has extensive operational and management experience. He served as the assistant to general manager, the deputy general manager and the general manager of CFHCC, the deputy general manager of CFHCC, the chairman, the general manager and the deputy secretary of the Party Committee of CCCC Tianjin Dredging Co., Ltd., and the chairman, the general manager and the acting secretary of the Party Committee of CCCG Real Estate Company Limited. He also served as the assistant to the president and the general manager of the port and waterway dredging division of the Company, and the acting secretary of the Party Committee and the chairman of CCCC Dredging. Mr. Zhou graduated from China University of Geosciences (Wuhan) with a master's degree in economics. He is a professorate senior engineer and senior economist.

Mr. Li Maohui, born in 1962, with Chinese nationality, has served as the vice president and a member of the Party Committee of the Company for a period commencing from October 2019 to April 2023. Mr. Li joined the Company in 2005 and has extensive financial, operational and management experience. He served as the deputy chief and the chief of the planning and finance division and the deputy head and the member of the Party group of the Department of Transport of Ningxia Hui Autonomous Region, the deputy head (in temporary capacity) of the first assessment bureau of China Development Bank, the deputy chief economist of CRBC, the general manager of investment department of CCCG, the general manager of capital operation department of the Company, the director, the general manager and the deputy secretary of the Party Committee of CCCC Investment, the chairman and the secretary of the Party Committee of CCCC Investment, the assistant to the president of the Company. Mr. Li graduated from Chang'an University (formerly known as Xi'an Highway Transportation University) with a bachelor's degree in finance and accounting and later obtained an executive master of business administration (EMBA) from Tsinghua University. He is a professorate senior economist.

Mr. Zhu Hongbiao, born in 1970, with Chinese nationality, has served as the chief financial officer and a member of the Party Committee of the Company for a period commencing from October 2019 to August 2023. He also serves as the chairman of CCCC Finance Company Limited. Mr. Zhu joined the Company in 1994 and has extensive capital and financial management experience. Mr. Zhu served as the assistant to general manager and the deputy general manager of capital management department, the deputy general manager of finance and accounting department of CRBC. Mr. Zhu also served as the deputy general manager and general manager of fund department of CCCG and the general manager of finance fund department of the Company. Mr. Zhu graduated from Chang'an University (formerly known as Xi'an Highway Institute* (西安公路學院)) with a bachelor's degree in accounting and later obtained a master's degree in accounting from Peking University. He is a professorate senior accountant.

Mr. Sun Liqiang (孫立強), born in 1969, Chinese nationality, is currently the vice president and the chief safety officer of the Company. He also serves as the general manager of the international direct operation business division, the deputy secretary of the Party Committee and the general manager of the international engineering branch of the Company, as well as the assistant to general manager of CCCG. Mr. Sun joined the Company in 1991 and has extensive operational and management experience. He has successively served as the director of the construction technology division under the overseas project management department of China Road and Bridge Corporation* (中國路橋工程有限責任公司) ("CRBC"), the deputy general manager of Sana'a Office, the general manager of Equatorial Guinea Office, the general manager of engineering management department, the deputy general manager of CRBC; the deputy commander and the executive commander of the headquarter of the Mombasa-Nairobi Railway Project of the Company, the executive general manager of the overseas business department, the executive general manager of the international engineering branch, the general manager of road, bridge and rail transportation department, the general manager of project management department and the general manager of the production and operation management department, the general manager of the international direct operation business division, the secretary of the Party Committee and the general manager of the international engineering branch of the Company; the assistant to general manager of CCCG, the general manager of the international direct operation business division as well as the deputy secretary of the Party Committee and the general manager of the international engineering branch of the Company. Mr. Sun obtained a bachelor's degree in engineering with a major in bridge from Xi'an Highway Institute, and subsequently obtained a master's degree of engineering in project management from Chinese Academy of Sciences. He is a professorate senior engineer. Mr. Sun has been serving as the vice president of the Company since September 2023.

SENIOR MANAGEMENT (CONTINUED)

Mr. Liu Zhengchang (劉正昶), born in 1968, is currently the chief financial officer of the Company. He also serves as the member of the standing committee of the Party Committee and the chief accountant of CCCG, and a supervisor of China Railway Construction Corporation Limited ("CRCC"). Mr. Liu has extensive experience in enterprise economic management, financial management and internal audit, and he once served as 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 Party Committee, the deputy general manager and the chief accountant of China Railway 15th Bureau Group Co., Ltd., as well as a member of the Party Committee, the deputy general manager and the chief accountant of China Railway 16th Bureau Group Co., Ltd. He has successively served as the chief of the audit and supervision bureau; a supervisor of the supervisory committee; a supervisor, the chief auditor, chief of the audit and supervision bureau; a supervisor, the chief auditor and general manager of the audit and supervision department of CRCC since May 2016. He has served as the member of the standing committee of the Party Committee and the chief accountant of CCCG since December 2023. Mr. Liu graduated from Dongbei University of Finance and Economics majoring in business administration, and obtained his master's degree in business administration. He is a senior accountant and was elected as a member of the national training programme for leaders in the accounting profession. Mr. Liu has been serving as the chief financial officer of the Company since January 2024.

Mr. Yang Zhichao, born in 1981, with Chinese nationality, is currently a member of the Party Committee and the vice president of the Company. Mr. Yang joined the Company in 2003 and has extensive operational and management experience. He has successively served as the secretary of the Party Committee and a deputy general manager of the Third Engineering Co., Ltd. of CCCC Third Highway Engineering Co., Ltd.* (中交三公局第三工程有限公司); the secretary of the Party Committee and the chairman of the board of directors of the First Engineering Co., Ltd. of CCCC Third Highway Engineering Co., Ltd.* (中交三公局第一工程有限公司); the deputy general manager (deputy director) of the human resource department II (the Party Committee organisation department), a deputy director (deputy general manager) of the Party Committee work department (the enterprise culture department), a deputy director of the Party Committee work department (the Party Committee united front work department) and the secretary of the Youth League Committee of the Company; the deputy secretary of the Party Committee, a director and the general manager of China Urban and Rural Holding Group Co., Ltd.* (中國城鄉控股集團有限公司); and the chairman of the board of directors of Southwest Municipal Engineering Design and Research Institute of China* (中國市政工程西南設計研究總院有限公司). Mr. Yang obtained a bachelor's degree in engineering with a major in civil engineering from Changsha University of Science & Technology and subsequently obtained a master's degree in engineering with a major in transportation engineering from Changsha University of Science & Technology. He is a senior engineer and a senior political engineer. Mr. Yang has been serving as the vice president of the Company since August 2021.

Mr. Zhou Changjiang, born in 1965, with Chinese nationality, has served as the Board secretary and the company secretary of the Company, and the chairman of CCCC Capital Holdings Limited (中交資本控股有限公司) for a period commencing from November 2017 to March 2024. Mr. Zhou joined the Company in 2000, and he is familiar with enterprise management, corporate governance, capital operation, information disclosure and investor relations management and has extensive operational and management experience and profound professional knowledge. He served as the officer of the former State Administration for Commodity Price and the State Planning Commission, the deputy director of the general office of China National Machine Tool Corporation, the deputy general manager of the enterprise planning department of China Harbour Engineering Company (Group), the deputy general manager of the enterprise development department and the director of the board office of CCCG. Mr. Zhou graduated from Renmin University of China with a bachelor's degree in economics. He is a professorate senior economist.

The project of Hubei Danjiangkou Reservoir Grand Bridge of Shiyan to Xichuan Expressway (Hubei Section) has a total length of approximately 41 kilometers. The section undertaken by the CCCC Second Harbour has a total length of approximately 15.8 kilometers, and the Danjiangkou Reservoir Grand Bridge in the section is a key controlled project of the whole line.

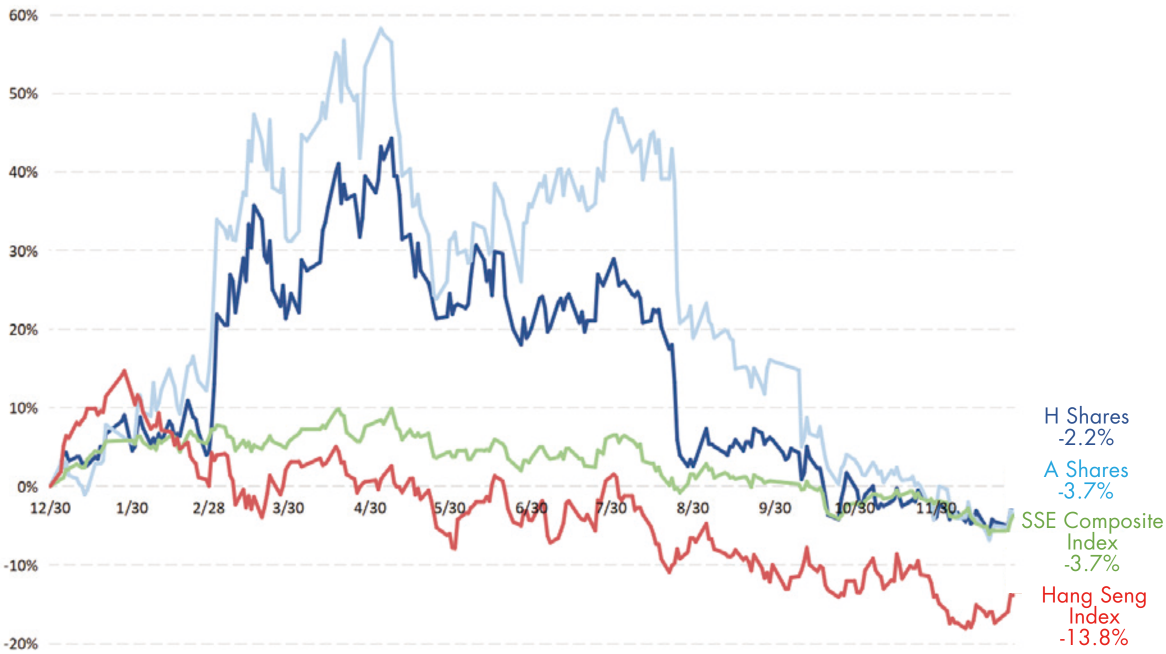
The Hubei Danjiangkou Reservoir Grand Bridge of Shiyan to Xichuan Expressway is the world's largest span partially anchored mixed-beam cable-stayed bridge, serving as a rapid north-south interprovincial passage in Hubei and Henan provinces.

INVESTOR RELATIONS

The Company strengthens its investor relations management, and implements the new development concept in a complete, accurate and comprehensive manner. It attaches importance to the performance in the capital market, endeavors to promote the Company's market value in accordance with its intrinsic value, aiming to enhance its appraised value and achieve high-quality development.

(I) CAPITAL MARKET REVIEW

In 2023, the Company's share price generally outperformed the market due to the international political environment and low industry valuations. On a full-year basis, the average daily closing price of the Company's A shares outperformed the SSE Index by 13 percentage points, and the average daily closing price of the Company's H shares outperformed the Hang Seng Index by 11 percentage points. As of the year-end, the closing price of the Company's A shares decreased by 3.7% from the previous year-end, while the SSE Index decreased by 3.7% from the previous year-end during the same period; the closing price of the Company's H shares decreased by 2.2% from the previous year-end, while the Hang Seng Index decreased by 13.8% from the previous year-end during the same period.



(II) IMPROVING THE QUALITY OF REGULAR INVESTOR RELATIONS SERVICES ON ALL FRONTS, AND CARRYING OUT POSITIVE INTERACTION WITH CAPITAL MARKET IN A PROACTIVE MANNER

In 2023, adhering to an active, open and transparent attitude, the Company explored new approaches and forms of communication with investors, focused on value creation, and built a comprehensive investor relations service system in a multi-channel, multi-approach and multi-platform manner.

1. Increasing the Frequency and Coverage of Regular Results Presentations

In 2023, the Company held 4 results presentations on a quarterly basis to deeply analyse the Company's operating results and reform achievements, and to objectively look forward to the market opportunities in 2023. The representatives of the China Association for Public Companies attended the 2023 interim results presentation and provided guidance. In the preliminary stage of preparation for the presentation, the Company studied and analysed the changes in the shareholder structure based on the shareholder register, extensively collected the main issues of concern to domestic and overseas analysts and various types of investors, and requested the management to provide answers at the presentation.

(II) IMPROVING THE QUALITY OF REGULAR INVESTOR RELATIONS SERVICES ON ALL FRONTS, AND CARRYING OUT POSITIVE INTERACTION WITH CAPITAL MARKET IN A PROACTIVE MANNER (CONTINUED)

1. Increasing the Frequency and Coverage of Regular Results Presentations (continued)

At the same time, as an A+H listed company, the Company held one overseas results communication meeting with high quality, which was held by the core management of the Company in Hong Kong, to communicate with overseas investors face-to-face. The meeting fully demonstrated the Company's achievements in terms of the reform of state-owned enterprises, the "Belt and Road" initiative, the "valuation system with Chinese characteristics" and other aspects, and highlighted our achievements in high-quality development as a listed company held by the central SOEs.

2. Diversifying Communication Media for Results Presentations

In order to facilitate the participation of investors to the greatest extent possible, the Company made use of modern means of communication to hold collective results presentations through the four-dimensional interactive mode of "on-site + video broadcast + telephone + network interaction", and the meetings were broadcast live on the "SSE Roadshow Center". After the meetings, the Company collated the meeting minutes in English and Chinese and displayed them on the Company's official website for the reference of investors after the meetings. During the results release periods, the Company made use of various channels, such as paper media, online media and public accounts to deepen the interpretation of investment value and expand the Company's market influence by means of article posts, a graphic description of the results and visualized annual report.

3. Actively Planning Reverse Roadshow Activities

Based on the main focus of the capital market and investors, the Company organised three themed reverse roadshow activities throughout the year.

The first theme is CCCC design segment. In-depth exchanges among the management of CCCG and the Company and more than 30 domestic and overseas institutions including CICC, Zhongtai Securities and TF Securities on the business development direction, strategic deployment, progress of professional reorganization of the design segment, as well as the Company's initiatives to continuously promote deployment optimization and functional operation of listed companies in conjunction with capital optimization were organized, to guide investors in discovering the investment value of the Company, and to enhance the Company's vitality in the capital market.

The second theme is the "Belt and Road" initiative. In order to demonstrate the Company's overseas business results across 139 countries and regions, it held a reverse roadshow in Singapore for the Southeast Asian regional market. Over 30 institutional investors and analysts visited the Company's projects, delved into the frontline operations, and experienced firsthand the Company's "overseas-first" strategic development. This event highlighted the Company's leading role in the "Belt and Road" initiative for overseas infrastructure construction, setting a benchmark.

The third theme is the "three major projects" regarding villages in the cities. The activity regarding urban renewal projects in Fengxi community, Shanghai attracted over 100 participants from research institutions, including Guosheng Securities, Changjiang Securities, and UBS Securities, fund companies, and shareholders. In line with the spirit of the SASAC and CCCG's overall development concept of "123456", the activity was conducted in an interactive method of "on-site visits + panel discussions + Q&A sessions". Analysts and investors were invited to gain a deeper understanding of the Company's exploration and achievements in the comprehensive planning of "big city" business, business model innovation, and the integration of industry and urban development, which enhanced the investors' confidence in the Company's future prospects.

4. Timely Interpretation of Significant Matters

The Company made reasonable use of capital market tools, firmly grasped the initiative of investor communication, convened investor communication meetings within 10 working days after the first announcement of spinning off the design segment, implementation of share incentive scheme and other major matters to interpret the plan programme in detail and answer investor questions frankly, which helped capital operation and created a good atmosphere.

(II) IMPROVING THE QUALITY OF REGULAR INVESTOR RELATIONS SERVICES ON ALL FRONTS, AND CARRYING OUT POSITIVE INTERACTION WITH CAPITAL MARKET IN A PROACTIVE MANNER (CONTINUED)

5. Optimising Investor Communication Channels

The Company has created the WeChat public account of "CCCC Investor Relations" to build a "one-stop" service platform for investor services. Investors can use the public account to book research meetings, study recent company-related research reports and watch representations, etc.

6. Improving the Protection Mechanism for Small and Medium Investors Through Multiple Channels

The Company has always insisted on treating all types of investors equally. Facing more than 130,000 minority shareholders, the Company has arranged specialised personnel to answer the IR hotline, handle IR emails, and respond to the major issues of concern to investors in the SSE e-Interaction as much as possible, so as to enable the investors to have a clear understanding of the Company's development results.

During the communication with investors, the Company tried its best to satisfy the demands for investigation and research of investors, research institutions and financial media by answering each question seriously. During the course, other than fully fulfilling the information disclosure responsibility by communicating the business strategies and operation performance to investors, the Company also actively listened to the questions and suggestions raised by investors. The Company prepared the Summary of Non-deal Roadshows to present the questions raised by investors to the management in a timely and comprehensive manner. Through careful, detailed and diverse work and services, an effective and interactive bridge of communication was built between the capital market and the Company.

Investors' issues throughout the year mainly focused on: the achievement of the goals of the Company in 2023, the improvement of important financial indicators, the "14th Five-Year" plan and strategic layout, how to balance the benefits and risks of investment business, the overseas business, follow-up plans of REITs, the room for further improvement of the dividend ratio, the progress and impact of the reform of state-owned enterprises, the strategy and layout of new industries, the growth in appraised value, the spin-off and listing of CCCC Design, the progress of the increase in shareholdings of major shareholders, share incentives, etc.

List of the Company's major investor relations activities in 2023

Month	Activity	Organiser
January	2022 Annual Conference	UBS Securities
	2023 Capital Market Summit	Guosheng Securities
	Preference Shares Conference	Guotai Jun'an
	Preference Shares and Professional Reorganization Conference	Zhongtai Securities
	• CCCC Design Reverse Roadshow	CCCC
February	2023 Spring Online Strategy Conference	Guotai Jun'an
	2023 Spring Online Strategy Conference	Caitong Securities
	2023 Spring Online Strategy Conference	Changjiang Securities
	2023 Spring Online Strategy Conference	Sealand Securities
	2023 Spring Online Strategy Conference	Changjiang Securities
	2023 Spring Online Strategy Conference	Northeast Securities
	2023 Spring Online Strategy Conference	Shenwan Hongyuan Securities

(II) IMPROVING THE QUALITY OF REGULAR INVESTOR RELATIONS SERVICES ON ALL FRONTS, AND CARRYING OUT POSITIVE INTERACTION WITH CAPITAL MARKET IN A PROACTIVE MANNER (CONTINUED)

6. Improving the Protection Mechanism for Small and Medium Investors Through Multiple Channels (continued)

List of the Company's major investor relations activities in 2023 (continued)

Month	Activity	Organiser
April	• 2022 Annual Results Presentation	CCCC
	• Annual Results Non-deal Roadshow	CCCC
	2023 Online Strategy Conference	CSC
	Special Online Strategy Conference	Changjiang Securities
	2023 Roadshow	RoadShowChina
	• 2023 First Quarterly Results Presentations	CCCC
May	2023 Interim Online Strategy Conference	Cinda Securities
	2023 Interim Online Strategy Conference	Northeast Securities
	2023 Interim Online Strategy Conference	GF Securities
	2023 Interim Online Strategy Conference	CSC
	2023 Interim Online Strategy Conference	TF Securities
June	2023 Interim Online Strategy Conference	Huachuang Securities
	2023 Interim Capital Market Summit	Huatai Securities
	2023 Interim Online Strategy Conference	Citic Securities
	2023 Interim Online Strategy Conference	Essence Securities
	2023 Interim Online Strategy Conference	Soochow Securities
	2023 Capital Markets Forum	TF Securities
	2023 Interim Online Strategy Conference	China Fortune Securities
	2023 Interim Online Strategy Conference	Guosheng Securities
	2023 Interim Online Strategy Conference	Industrial Securities
	2023 Interim Online Strategy Conference	Guotai Jun'an
	2023 Interim Online Strategy Conference	Haitong Securities
July	2023 Interim Online Strategy Conference	Huatai Securities
	2023 Interim Online Strategy Conference	Huachuang Securities
August	• 2023 Interim Results Presentation	CCCC
	• Interim Results Non-deal Roadshow	CCCC
	• The "Belt and Road" Initiative Reserve Roadshow for Southeast Asian Market	CCCC

(II) IMPROVING THE QUALITY OF REGULAR INVESTOR RELATIONS SERVICES ON ALL FRONTS, AND CARRYING OUT POSITIVE INTERACTION WITH CAPITAL MARKET IN A PROACTIVE MANNER (CONTINUED)

6. Improving the Protection Mechanism for Small and Medium Investors Through Multiple Channels (continued)

List of the Company's major investor relations activities in 2023 (continued)

Month	Activity	Organiser
September	2023 Autumn Capital Market Summit	Northeast Securities
	2023 Capital Market Summit	Huachuang Securities
	2023 Third Quarterly Strategy Conference	Huatai Securities
	2023 Third Quarterly Strategy Conference	TF Securities
November	• 2023 Third Quarterly Results Presentation	CCCG
	2023 Annual Online Strategy Conference	Cinda Securities
	2023 Investment Summit	Huatai Securities
	2023 Annual Online Strategy Conference	CICC
	2023 Annual Online Strategy Conference	Guotai Jun'an
	2023 Annual Online Strategy Conference	Caitong Securities
December	2023 Annual Online Strategy Conference	Citic Securities
	2023 Annual Online Strategy Conference	CSC
	2023 Investment Summit	Essence Securities
	2023 Annual Capital Market Conference	TF Securities
	2023 Investment Summit	Galaxy Securities
	• "Three Projects" of Urban Renewal Reverse Roadshow	CCCC

(III) CONTINUE TO CONSOLIDATE THE BOTTOM LINE OF SECURITIES COMPLIANCE WITH SOLID INFORMATION DISCLOSURE

1. Strengthening Construction of Mechanisms for Information Disclosure System

In accordance with the latest regulatory requirements issued by domestic and overseas securities regulators, the Company revised four systems, namely, the Management Measures for Information Disclosure and Internal Reporting of Important Information (《信息披露及重大信息內部報告管理辦法》), the Management System of Inside Information (《內幕信息管理制度》), the Administrative Policies on Shareholding Changes of Shareholders, Directors, Supervisors and Senior Management Members (《股東及董事、監事和高級管理人員持股變動管理制度》), and the Measures for Management of Investor Relations (《投資者關係管理辦法》), aiming to enhance the Company's performance in management of investor relations and regulate the information disclosure. On the basis of the establishment series of systems, the Company issued the Implementation Rules for Disclosure of Provisional Reports (《臨時報告披露實施細則》) to further rationalise the internal review mechanism for information disclosure. At the same time, the Company has taken the disclosure of periodic reports as a handhold, appointed part-time information disclosure officers in relevant departments, and organised joint research on disclosure content, investor questions and answers, etc., before the disclosure of periodic reports and major events, so as to improve the accuracy of information release and reduce the risk of compliance.

2. Strengthening of the Talent Pool

The Company focuses on cultivating compound talents, and all practitioners have overseas study experience and master's degrees, specialising in accounting, law, finance, economics, engineering and language. For three consecutive years, the Company held the "Securities Compliance Training", in which seven training courses were set up for the high-quality development of listed companies and the bottom line of securities compliance by means of "on-site + live broadcasting + video broadcasting". Renowned lawyers and auditors from home and abroad provided training on management of insider information, connected transactions, scientific capital market values, etc., and the compliance training had more than 10,000 attendances in total.

(IV) CONSOLIDATE THE SYSTEM FOUNDATION AND OPTIMIZE THE CORPORATE GOVERNANCE

1. Highlighting Scientific, Democratic and Legal Decision-Making

The Board of the Company always adheres to scientific, democratic and legal decision-making, not only to ensure the efficiency and quality of decision-making, but also to prevent violation of the regulatory requirements for listed companies and to avoid the occurrence of compliance risks. It strictly complies with laws and regulations, the Articles of Association and various regulatory requirements, adheres to legal decision-making, and does not touch the red line of compliance. The Company pays attention to the research and argumentation before decision-making, adheres to the communication and reporting system of external directors, and reports to external directors on major issues before formally submitting them to the Board, so as to study and judge the risks in advance, revise and optimize schemes and improve the efficiency of the Board's deliberation and decision-making level.

2. Making Efforts to Optimize Corporate Governance Systems

The Board of the Company properly manages the relationships between the Board and other governance bodies in accordance with the Articles of Association and a series of consideration and decision-making procedures. For significant operational and management matters that require preliminary study by the Party committee and deliberation by the President Office meeting, it is essential to conduct the procedures of the Party committee and the President Office meeting and arrive at deliberative opinions before submitting them to the Board for decision-making. For matters within the scope of authorization delegated by the Board, the form and requirements of the delegation are standardized to promote the management to exercise their powers and fulfill their duties in accordance with the law, thereby improving the efficiency of operational decision-making. For matters submitted for the Board's deliberation and decision, on one hand, the pre-meeting communication and reporting mechanisms are perfected to ensure that external directors have ample time to understand the proposals and to control the risks associated with them, thereby enhancing the efficiency and quality of decisions made in formal meetings; on the other hand, relevant departments are urged to implement the Board's resolutions, incorporating them into the supervision system to ensure that the resolutions are executed promptly and effectively.

(IV) CONSOLIDATE THE SYSTEM FOUNDATION AND OPTIMIZE THE CORPORATE GOVERNANCE (CONTINUED)

3. Implementing the Resolutions of the General Meeting Strictly

In accordance with the provisions of the Articles of Association, the Board diligently fulfilled its responsibilities as the convener of the general meetings, and convened and held four general meetings in 2023 with 37 resolutions considered and passed. The general meetings considered and approved the report of the Board, the report of the supervisory committee, the profit distribution and dividend payment plan, the external guarantee plan, the corporate bond issuance plan, the asset-backed securitization business plan, and the election of directors and supervisors, among other resolutions. Based on the resolutions and authorizations of the general meetings, during the reporting period, the Board effectively advanced and completed the work of profit distribution and dividend payment for 2022, and strictly implemented the external guarantee plan, bond issuance plan, etc., within the limits approved by the general meetings, thereby successfully carrying out the resolutions of the general meetings, and safeguarding the legitimate rights and interests of all shareholders.

(V) CONTINUOUS IMPROVEMENT OF INVESTOR RELATIONS

Over the long term, CCCC has made unremitting efforts to optimize corporate governance, information disclosure, and investor relations services, earning the recognition of a broad base of investors. In terms of information disclosure, CCCC has been awarded the "A-Class Evaluation for Listed Company Information Disclosure (上市公司信息披露A類評價)" by the SSE for ten consecutive years. In terms of management cases, it has received accolade of the "Outstanding Practice in Investor Relations Management among Beijing Listed Companies (北京上市公司投資者關係管理優秀實踐)" case from the Listed Companies Association of Beijing. In terms of investor relations, CCCC has been honored with multiple awards from the capital market, including the "Golden Bauhinia Award for Listed Company of the Best Investor Relations Management (金紫荊獎最佳投資者關係管理上市公司)", the "Tianma Award (天馬獎)" for investor relations of listed companies in China from the Securities Times, the "Best Practice Award for the Board Office of Listed Companies (上市公司董事會辦公室最佳實踐獎)" from the China Association for Public Companies, and the "5th New Fortune Best IR of HK-Listed Company (第五屆新財富最佳IR港股公司)", among others.

The Company will continue to enhance the management of capital market, highly value its investor relations work, attach great importance to the value creation for small and medium investors and further improve its information disclosure to continually increase the transparency of the Company in 2024. Investor relation management will be taken as a sustainable development strategy. The Company is committed to maximising shareholders' return through effective multi-channel and multi-level communication with investors that features equality, sincerity and mutual respect.

The Fuzhou-Xiamen High-speed Railway is located in the coastal area of Fujian Province, with a total length of 277.4 kilometers and a designed speed of 350 kilometers per hour.

The Fuzhou-Xiamen High-speed Railway is the first cross-sea high-speed railway in China.

INDEPENDENT AUDITOR'S REPORT

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To the shareholders of China Communications Construction Company Limited

(Incorporated in the People's Republic of China with limited liability)

OPINION

We have audited the consolidated financial statements of China Communications Construction Company Limited (the "Company") and its subsidiaries (the "Group") set out on pages 120 to 252, which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing ("ISAs") issued by the International Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code") issued by the Hong Kong Institute of Certified Public Accountants, 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.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

KEY AUDIT MATTERS (CONTINUED)

Key audit matter	How our audit addressed the key audit matter
Recognition of revenue from construction services The Group derives most of its revenue from construction services and accounted for such revenue by measuring progress towards completion of the performance obligations (measuring progress). The measuring progress method involves the use of significant judgements and estimates, including estimates of total contract revenue and total contract cost. The management of the Group will continue to reappraise items such as total contract revenue, total cost according to the scope of deliveries and services required, and remaining cost to completion. In addition, revenue and cost realised on such contracts can vary (sometimes significantly) from the Group's original estimates because of changes in conditions. The accounting policies and disclosures for the recognition of revenue from construction services are included in notes 2.5, 3, and 5 to the financial statements.	We evaluated and tested the Group's internal controls over the process to recognise revenue, including the records of expected contract costs and contract revenue, and revenue recognised based on the measurement of the progress toward satisfaction of the performance obligations. We selected material construction contracts to review key contract terms and checked the expected total contract revenue and contract costs. We examined the contract costs incurred on a sample basis by tracing to related documents. We performed cut-off testing procedures to check if the costs had been recognised in the appropriate accounting period. We re-calculated the proportion of the actual cost incurred relative to the estimated total cost and the revenue recognised under the measuring progress method. In addition, we performed analytical procedures on the gross margins of material construction contracts of the Group.
Impairment of contract assets, trade receivables and long-term receivables The impairment of contract assets, trade receivables and long-term receivables was recognised based on the allowance for expected credit loss ("ECL"). The management of the Group determines the ECLs of contract assets, trade receivables and long-term receivables based on historical information of settlement of contract assets and collection of trade receivables and long-term receivables, customers' creditworthiness, and forward-looking economic conditions, involving the use of significant judgements and estimates. The accounting policies and disclosures for the impairment of contract assets, trade receivables and long-term receivables are included in notes 2.5, 3, 25 and 26 to the financial statements.	We evaluated and tested the Group's internal controls over the process to recognise the allowance for ECLs of contract assets, trade receivables and long-term receivables. We reviewed the management's analysis of historical information of settlement of contract assets and collection of trade receivables and long-term receivables. We tested the accuracy of the ageing of trade receivables and long-term receivables balances by tracing details of related documents on a sample basis. We evaluated the management's credit risk assessment of contract assets, trade receivables and long-term receivables.
Impairment assessment of concession assets For those concession assets with indications of impairment, the management of the Group performed impairment tests to revalue the recoverable amounts of such concession assets. The recoverable amounts of such assets are determined using the discounted cash flow method which requires the Group to make assumptions, including future expectations for the traffic volume, necessary maintenance and operating costs incurred for the concession assets, and discount rates. The assessment of recoverable amounts by the management of the Group with the assistance of management specialists involves significant judgements and estimation. The accounting policies and disclosures for the impairment assessment of concession assets are included in notes 2.5, 3 and 18 to the financial statements.	We evaluated and tested the Group's internal controls over the process of impairment assessment on concession assets. We evaluated the competence, capabilities and objectivity of management's specialists employed by the Group. We obtained an understanding of the work of management's specialists and evaluated the appropriateness of the models and assumptions used by the management specialists. We involved internal valuation specialists to assist us in evaluating the models and the inputs used e.g. the discount rates. We reviewed the basis and assumptions used in the cash flow forecasts, including the forecasted traffic volume, the operation performance of these concession assets and the development plan of relevant areas in which these concession assets operated. We also compared the prior year's forecast with the Group's actual performance in 2023. We also evaluated the reasonableness of the discount rates.

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group'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 directors of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs 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 consolidated financial statements.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated 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.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' 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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated 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 auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated 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 the Audit Committee 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 the Audit Committee 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, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our 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.

The engagement partner on the audit resulting in this independent auditor's report is Wong Man Kit.

Ernst & Young
Certified Public Accountants

Hong Kong
28 March 2024

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2023

	Notes	2023 RMB million	2022 RMB million (Restated)
Revenue	4, 5	**755,646**	719,084
Cost of sales		**(661,118)**	(635,392)
Gross profit		**94,528**	83,692
Other income	5	**5,568**	5,363
Other (losses)/gains, net	5	**(325)**	3,404
Selling and marketing expenses		**(2,543)**	(2,019)
Administrative expenses		**(47,588)**	(44,139)
Impairment losses on financial assets and contract assets, net		**(7,901)**	(9,735)
Other expenses		**(2,784)**	(2,564)
Operating profit		**38,955**	34,002
Finance income	7	**23,896**	21,320
Finance costs, net	8	**(24,310)**	(21,911)
Share of profits and losses of:			
– Joint ventures		**(1,409)**	(666)
– Associates		**406**	343
Profit before tax	6	**37,538**	33,088
Income tax expense	11	**(6,397)**	(7,117)
Profit for the year		**31,141**	25,971
Attributable to:			
– Owners of the parent		**24,734**	20,226
– Non-controlling interests		**6,407**	5,745
		31,141	25,971
Earnings per share attributable to ordinary equity holders of the parent	14		
Basic		**RMB1.45**	RMB1.15
Diluted		**RMB1.45**	RMB1.15

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2023

	2023 RMB million	2022 RMB million (Restated)
Profit for the year	**31,141**	25,971
Other comprehensive income/(losses)		
Other comprehensive income/(losses) that will not be reclassified to profit or loss in subsequent periods, net of tax:		
Actuarial losses on retirement benefit obligations, net of tax	**(2)**	–
Share of other comprehensive income of joint ventures and associates	**–**	1
Changes in fair value of equity investments designated at fair value through other comprehensive losses, net of tax	**(2,734)**	(4,825)
Net other comprehensive loss that will not be reclassified to profit or loss in subsequent periods	**(2,736)**	(4,824)
Other comprehensive income/(losses) that may be reclassified to profit or loss in subsequent periods, net of tax:		
Cash flow hedges, net of tax	**(4)**	(10)
Share of other comprehensive income of joint ventures and associates	**24**	338
Exchange differences on translation of foreign operations	**617**	3,091
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	**637**	3,419
Other comprehensive losses for the year, net of tax	**(2,099)**	(1,405)
Total comprehensive income for the year	**29,042**	24,566
Attributable to:		
– Owners of the parent	**22,618**	18,643
– Non-controlling interests	**6,424**	5,923
	29,042	24,566

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2023

	Notes	2023 RMB million	2022 RMB million (Restated)
Non-current assets			
Property, plant and equipment	15	**75,102**	60,705
Investment properties	16	**9,583**	10,633
Right-of-use assets	17(a)	**20,353**	18,274
Intangible assets	18	**200,548**	219,538
Investments in joint ventures	19	**59,671**	51,731
Investments in associates	20	**53,820**	47,588
Financial assets at fair value through profit or loss	21	**27,316**	21,489
Derivative financial instruments	27	**413**	681
Debt investments at amortised cost		**1,240**	1,629
Equity investments designated at fair value through other comprehensive income	22	**21,425**	24,127
Contract assets	25	**282,355**	242,716
Trade and other receivables	26	**236,179**	190,188
Deferred tax assets	32	**10,117**	7,849
Total non-current assets		**998,122**	897,148
Current assets			
Inventories	24	**88,021**	78,263
Contract assets	25	**170,257**	150,555
Trade and other receivables	26	**302,189**	275,982
Financial assets at fair value through profit or loss	21	**838**	1,300
Debt investments at amortised cost		**–**	135
Derivative financial instruments	27	**–**	7
Restricted bank deposits and time deposits with an initial term of over three months	28	**10,729**	9,660
Cash and cash equivalents	28	**110,204**	103,663
		682,238	619,565
Assets of a disposal group classified as held for sale	12	**3,902**	–
Total current assets		**686,140**	619,565
Current liabilities			
Trade and other payables	29	**564,336**	485,138
Contract liabilities	30	**73,476**	77,420
Derivative financial instruments	27	**5**	7
Tax payable		**9,662**	8,010
Interest-bearing bank and other borrowings	31	**111,912**	93,704
Retirement benefit obligations	33	**102**	101
		759,493	664,380
Liabilities directly associated with the assets classified as held for sale	12	**2,688**	–
Total current liabilities		**762,181**	664,380
Net current liabilities		**(76,041)**	(44,815)
Total assets less current liabilities		**922,081**	852,333

Continued/⋯

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2023

	Notes	2023 RMB million	2022 RMB million (Restated)
Total assets less current liabilities		**922,081**	852,333
Non-current liabilities			
Trade and other payables	*29*	**53,121**	41,989
Interest-bearing bank and other borrowings	*31*	**399,714**	372,646
Deferred income		**1,633**	1,718
Deferred tax liabilities	*32*	**4,379**	4,476
Retirement benefit obligations	*33*	**907**	847
Provision	*34*	**3,203**	3,165
Total non-current liabilities		**462,957**	424,841
Net assets		**459,124**	427,492
Equity			
Equity attributable to owners of the parent			
Share capital	*35*	**16,264**	16,166
Share premium	*35*	**20,049**	19,625
Treasury shares		**(522)**	–
Financial instruments classified as equity	*37*	**35,000**	37,988
Reserves	*38*	**230,943**	208,721
		301,734	282,500
Non-controlling interests		**157,390**	144,992
Total equity		**459,124**	427,492

Wang Tongzhou
Director

Wang Haihuai
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2023

	Notes	Share capital RMB million	Treasury shares RMB million	Share premium RMB million	Financial instruments classified as equity[1] RMB million	Other reserves RMB million	Retained earnings RMB million	Total RMB million	Non-controlling interests[2] RMB million	Total equity RMB million
		Attributable to owners of the parent								
At 31 December 2022		**16,166**	**-**	**19,625**	**37,988**	**44,339**	**163,860**	**281,978**	**144,198**	**426,176**
Business combination under common control		-	-	-	-	(199)	720	521	794	1,315
Effect of adoption of amendments to IAS 12 (note 2.2(c))		-	-	-	-	-	1	1	-	1
At 1 January 2023 (Restated)		**16,166**	**-**	**19,625**	**37,988**	**44,140***	**164,581***	**282,500**	**144,992**	**427,492**
Profit for the year		-	-	-	-	-	24,734	24,734	6,407	31,141
Other comprehensive income/(losses) for the year:										
Changes in fair value of equity investments designated at fair value through other comprehensive income, net of tax		-	-	-	-	(2,729)	-	(2,729)	(5)	(2,734)
Cash flow hedges, net of tax		-	-	-	-	(4)	-	(4)	-	(4)
Share of other comprehensive income of joint ventures and associates		-	-	-	-	24	-	24	-	24
Actuarial losses on retirement benefit obligations, net of tax		-	-	-	-	(1)	-	(1)	(1)	(2)
Exchange differences on translation of foreign operations		-	-	-	-	594	-	594	23	617
Total comprehensive income for the year		-	-	-	-	(2,116)	24,734	22,618	6,424	29,042
Final 2022 dividend declared		-	-	-	-	-	(3,509)	(3,509)	-	(3,509)
Interest distribution on perpetual securities [1][2]		-	-	-	-	-	(1,393)	(1,393)	(3,842)	(5,235)
Share-based payment	36	-	-	-	-	146	-	146	-	146
Grant of restricted shares		98	-	424	-	-	-	522	-	522
Restricted shares repurchase obligation		-	(522)	-	-	-	-	(522)	-	(522)
Dividends to non-controlling shareholders		-	-	-	-	-	-	-	(2,713)	(2,713)
Share of other reserves of joint ventures and associates		-	-	-	-	4	-	4	-	4
Shares repurchased		-	-	-	-	-	-	-	(916)	(916)
Withdrawal of capital by non- controlling shareholders		-	-	-	-	-	-	-	(2,011)	(2,011)
Capital contribution from non- controlling shareholders		-	-	-	-	-	-	-	4,636	4,636
Spin-off and separate listing of three subsidiaries		-	-	-	-	4,929	-	4,929	7,373	12,302
Business combination under common control	42(b)	-	-	-	-	(88)	-	(88)	-	(88)
Acquisition of subsidiaries	42(a)	-	-	-	-	-	-	-	106	106
Disposal of subsidiaries	43	-	-	-	-	-	-	-	(2,027)	(2,027)
Issue of perpetual securities		-	-	-	3,000	(15)	-	2,985	30,963	33,948
Redemption of perpetual securities		-	-	-	(5,988)	-	-	(5,988)	(25,824)	(31,812)
Transaction with non-controlling interests		-	-	-	-	(463)	(7)	(470)	229	(241)
Transfer to statutory surplus reserve	38(a)	-	-	-	-	2,260	(2,260)	-	-	-
Transfer from general reserve	38(b)	-	-	-	-	95	(95)	-	-	-
Transfer to safety production reserve	38(c)	-	-	-	-	922	(922)	-	-	-
Transfer of fair value reserve upon the disposal of equity investments designated at fair value through other comprehensive income		-	-	-	-	(93)	93	-	-	-
At 31 December 2023		**16,264**	**(522)**	**20,049**	**35,000**	**49,721***	**181,222***	**301,734**	**157,390**	**459,124**

* As at 31 December 2023, these reserve accounts comprise the consolidated reserves of RMB230,943 million (2022: RMB208,721 million (restated)) in the consolidated statement of financial position.

(1) As of 31 December 2023, perpetual securities of RMB35,000 million (2022: RMB37,988 million(restated)) issued by the Company were classified as equity in the consolidated financial statements. During the year, interest distribution on these perpetual securities by the Company totaled RMB1,393 million.

(2) As of 31 December 2023, perpetual securities of RMB85,436 million (2022: RMB81,052 million (restated)) issued by subsidiaries of the Company were classified as non-controlling interests in the consolidated financial statements. During the year, interest distribution on these perpetual securities by the subsidiaries of the Company totalled RMB3,842 million.

Continued/…

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2023

		Attributable to owners of the parent							
	Notes	Share capital *RMB million*	Share premium *RMB million*	Financial instruments classified as equity *RMB million*	Other reserves *RMB million*	Retained earnings *RMB million*	Total *RMB million*	Non-controlling interests *RMB million*	Total equity *RMB million*
At 31 December 2021		16,166	19,625	33,959	40,115	150,485	260,350	131,004	391,354
Business combination under common control		–	–	–	413	543	956	713	1,669
Effect of adoption of amendments to IAS 12 (note 2.2(c))		–	–	–	–	1	1	–	1
At 1 January 2022 (Restated)		16,166	19,625	33,959	40,528	151,029	261,307	131,717	393,024
Profit for the year (Restated)		–	–	–	–	20,226	20,226	5,745	25,971
Other comprehensive income/(losses) for the year:									
Changes in fair value of equity investments designated at fair value through other comprehensive income, net of tax		–	–	–	(4,836)	–	(4,836)	11	(4,825)
Cash flow hedges, net of tax		–	–	–	(10)	–	(10)	–	(10)
Share of other comprehensive income of joint ventures and associates		–	–	–	339	–	339	–	339
Actuarial losses on retirement benefit obligations, net of tax		–	–	–	(1)	–	(1)	1	–
Exchange differences on translation of foreign operations		–	–	–	2,925	–	2,925	166	3,091
Total comprehensive income for the year (Restated)		–	–	–	(1,583)	20,226	18,643	5,923	24,566
Final 2021 dividend declared		–	–	–	–	(3,293)	(3,293)	–	(3,293)
Interest distribution on perpetual securities		–	–	–	–	(1,622)	(1,622)	(3,530)	(5,152)
Dividends to non-controlling shareholders		–	–	–	–	–	–	(1,952)	(1,952)
Share of other reserves of joint ventures and associates		–	–	–	(36)	–	(36)	(35)	(71)
Withdrawal of capital by non-controlling shareholders		–	–	–	–	–	–	(112)	(112)
Capital contribution from non-controlling shareholders		–	–	–	4,335	–	4,335	12,319	16,654
Business combination under common control		–	–	–	(243)	–	(243)	–	(243)
Spin-off and separate listing of three subsidiaries		–	–	–	(510)	–	(510)	–	(510)
Acquisition of subsidiaries		–	–	–	–	–	–	89	89
Disposal of subsidiaries	*43*	–	–	–	–	–	–	(741)	(741)
Issue of perpetual securities		–	–	18,000	(30)	–	17,970	25,332	43,302
Redemption of perpetual securities		–	–	(13,971)	–	–	(13,971)	(24,018)	(37,989)
Transaction with non-controlling interests		–	–	–	(79)	–	(79)	–	(79)
Transfer to statutory surplus reserve	*38(a)*	–	–	–	743	(743)	–	–	–
Transfer from general reserve	*38(b)*	–	–	–	141	(141)	–	–	–
Transfer to safety production reserve	*38(c)*	–	–	–	961	(961)	–	–	–
Transfer of fair value reserve upon the disposal of equity investments designated at fair value through other comprehensive income		–	–	–	(86)	86	–	–	–
Others		–	–	–	(1)	–	(1)	–	(1)
At 31 December 2022 (Restated)		16,166	19,625	37,988	44,140*	164,581*	282,500	144,992	427,492

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2023

	Notes	2023 RMB million	2022 RMB million (Restated)
Cash flows from operating activities			
Profit before tax		**37,538**	33,088
Adjustments for:			
– Depreciation of property, plant and equipment, investment properties	*6*	**8,334**	9,269
– Depreciation of right-of-use assets	*6*	**1,434**	1,268
– Amortisation of intangible assets	*6*	**3,285**	2,918
– Gains on disposal of items of property, plant and equipment, intangible assets and other long-term assets	*5*	**(511)**	(1,385)
– Gains on disposal of joint ventures and associates	*5*	**(7)**	(79)
– Fair value losses on financial assets at fair value through profit or loss	*5*	**770**	169
– Fair value losses/(gains) on derivative financial instruments	*5*	**278**	(34)
– Gains on disposal of financial assets at fair value through profit or loss	*5*	**(10)**	(118)
– Gains on disposal of subsidiaries	*5*	**(518)**	(2,710)
– Dividend income from financial assets at fair value through profit or loss	*5*	**(284)**	(241)
– Dividend income from equity investments designated at fair value through other comprehensive income	*5*	**(873)**	(880)
– Other income from investing activities		**(288)**	(167)
– Share of losses of joint ventures and associates, net	*19, 20*	**1,003**	323
– Write-down of inventories to net realisable value	*6*	**254**	201
– Provision for impairment of financial assets and contract assets, net	*6*	**7,901**	9,735
– Provision for impairment of property, plant and equipment	*15*	**5**	79
– Provision for impairment of associates and joint ventures	*19, 20*	**248**	1
– Provision for impairment of goodwill	*18*	**196**	50
– Interest income	*7*	**(23,896)**	(21,320)
– Interest expenses	*8*	**21,809**	20,345
– Equity-settled share-based payment		**146**	–
– Net foreign exchange losses on borrowings	*8*	**437**	30
		57,251	50,542
Increase in inventories		**(8,164)**	(5,390)
Increase in trade and other receivables		**(110,508)**	(95,280)
Increase in contract assets		**(13,177)**	(17,168)
Increase in restricted bank deposits		**(1,540)**	(205)
Increase in trade and other payables		**75,562**	58,417
Decrease in contract liabilities		**(3,851)**	(3,147)
Increase/(decrease) in retirement benefit obligations		**60**	(114)
Increase/(decrease) in provision		**38**	(521)
(Decrease)/increase in deferred income		**(85)**	126
Cash used in operations		**(4,414)**	(12,740)
Interest income from operating activities		**22,669**	20,804
Income tax paid		**(6,181)**	(6,925)
Net cash flows from operating activities		**12,074**	1,139

Continued/…

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2023

	Notes	2023 RMB million	2022 RMB million (Restated)
Net cash flows from operating activities		**12,074**	1,139
Cash flows from investing activities			
Purchases of items of property, plant and equipment		**(14,517)**	(13,059)
Purchases of investment properties		**(29)**	(5)
Additions to right-of-use assets		**(906)**	(598)
Purchases of intangible assets		**(23,505)**	(20,506)
Proceeds from disposal of items of property, plant and equipment		**1,102**	1,987
Proceeds from disposal of right-of-use assets		**436**	58
Proceeds from disposal of investment properties		**3**	134
Proceeds from disposal of intangible assets		**28**	14
Business combination	*42*	**553**	115
Asset acquisition		**–**	(2,721)
Investments in associates		**(5,454)**	(4,421)
Investments in joint ventures		**(6,821)**	(6,822)
Disposal of subsidiaries	*43*	**5,088**	9,054
Disposal of joint ventures and associates		**750**	841
Purchases of equity investments designated at fair value through other comprehensive income		**(1,284)**	(960)
Purchases of financial assets at fair value through profit or loss		**(20,869)**	(28,825)
Proceeds from disposal of equity investments designated at fair value through other comprehensive income		**420**	587
Proceeds from disposal of financial assets at fair value through profit or loss		**15,187**	20,958
Purchases of debt instruments		**–**	(1,094)
Loans to joint ventures, associates and third parties		**(17,894)**	(12,110)
Repayment of loans from joint ventures, associates and third parties		**6,540**	7,986
Interest received		**308**	451
Changes in time deposits with an initial term of over three months		**471**	(639)
Cash consideration from operation of concession assets		**1,420**	289
Dividends received		**2,605**	1,561
Proceeds from other investment activity		**483**	798
Net cash flows used in investing activities		**(55,885)**	(46,927)
Cash flows from financing activities			
Capital contribution from non-controlling shareholders		**3,923**	16,642
Withdrawal of capital contribution by non-controlling interests		**(2,927)**	(112)
Dividends paid to non-controlling shareholders		**(2,344)**	(1,844)
Dividends paid to equity holders of the parent		**(3,509)**	(3,293)
Proceeds from issue of perpetual securities		**33,963**	43,303
Interest paid for perpetual securities		**(4,922)**	(4,734)
Redemption of perpetual securities		**(31,937)**	(37,990)
Proceeds from bank and other borrowings		**378,956**	293,280
Repayments of bank and other borrowings		**(296,300)**	(228,905)
Interest paid for bank and other borrowings		**(23,054)**	(22,258)
Transaction with non-controlling interests		**(155)**	(74)
Cash paid for business combination under common control		**(88)**	(220)
Increase in an amount due to the ultimate holding company		**522**	–
Principal portion of lease payments		**(1,796)**	(1,163)
Net cash flows from financing activities		**50,332**	52,632
Net increase in cash and cash equivalents		**6,521**	6,844
Cash and cash equivalents at beginning of year	*28*	**103,663**	96,121
Effect of foreign exchange rate changes, net		**174**	698
Subtotal		**110,358**	103,663
Less: held for sale-cash and cash equivalents		**154**	–
Cash and cash equivalents at end of year	*28*	**110,204**	103,663

NOTES TO FINANCIAL STATEMENTS

31 December 2023

1. CORPORATE AND GROUP INFORMATION

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

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

In the opinion of the directors, the immediate and ultimate holding company of the Company is CCCG, which was established in the PRC.

Information about subsidiaries

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

Name	Place of incorporation/ registration and business	Type of legal entity	Issued ordinary/ registered share capital *(in million)*	Percentage of equity attributable to the Company		Principal activities
				Direct	Indirect	
Unlisted						
China Harbour Engineering Co., Ltd. ("CHEC")	PRC and other regions	Limited liability company	RMB6,000	50.10%	49.90%	Infrastructure construction
China Road and Bridge Corporation ("CRBC")	PRC and other regions	Limited liability company	RMB6,000	99.64%	0.36%	Infrastructure construction
CCCC First Harbour Engineering Co., Ltd.	PRC	Limited liability company	RMB7,295	82.39%	–	Infrastructure construction
CCCC Second Harbour Engineering Co., Ltd.	PRC	Limited liability company	RMB5,329	71.50%	–	Infrastructure construction
CCCC Third Harbour Engineering Co., Ltd.	PRC	Limited liability company	RMB6,021	89.31%	–	Infrastructure construction
CCCC Fourth Harbour Engineering Co., Ltd.	PRC	Limited liability company	RMB4,966	86.23%	–	Infrastructure construction
CCCC First Highway Engineering Group Co., Ltd.	PRC	Limited liability company	RMB6,976	74.81%	–	Infrastructure construction
CCCC Second Highway Engineering Co., Ltd.	PRC	Limited liability company	RMB3,942	65.16%	–	Infrastructure construction
Road & Bridge International Co., Ltd.	PRC	Limited liability company	RMB3,974	71.08%	–	Infrastructure construction
CCCC Third Highway Engineering Co., Ltd.	PRC	Limited liability company	RMB2,156	70.00%	–	Infrastructure construction
CCCC Construction Group Co., Ltd.	PRC	Limited liability company	RMB2,177	71.20%	–	Infrastructure construction
CCCC Water Transportation Consultants Co., Ltd.	PRC	Limited liability company	RMB818	100.00%	–	Infrastructure design
CCCC Highway Consultants Co., Ltd.	PRC	Limited liability company	RMB750	100.00%	–	Infrastructure design

Continued/…

1. CORPORATE AND GROUP INFORMATION (CONTINUED)

Information about subsidiaries (continued)

Name	Place of incorporation/ registration and business	Type of legal entity	Issued ordinary/ registered share capital *(in million)*	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
CCCC First Harbour Consultants Co., Ltd.	PRC	Limited liability company	RMB723	100.00%	–	Infrastructure design
CCCC Second Harbour Consultants Co., Ltd.	PRC	Limited liability company	RMB428	100.00%	–	Infrastructure design
CCCC Third Harbour Consultants Co., Ltd.	PRC	Limited liability company	RMB731	100.00%	–	Infrastructure design
CCCC Fourth Harbour Consultants Co., Ltd.	PRC	Limited liability company	RMB630	100.00%	–	Infrastructure design
China Infrastructure Maintenance Group Co., Ltd.	PRC	Limited liability company	RMB1,314	54.32%	45.68%	Infrastructure design
CCCC Dredging (Group) Co., Ltd. ("CCCC Dredging")	PRC	Limited liability company	RMB11,775	99.90%	0.10%	Dredging
CCCC Investment Co., Ltd.	PRC	Limited liability company	RMB12,500	100.00%	–	Investment holding
CCCC Xi'an Road Construction Machinery Co., Ltd.	PRC	Limited liability company	RMB433	54.31%	45.69%	Manufacture of road construction machinery
China Highway Vehicle & Machinery Co., Ltd.	PRC	Limited liability company	RMB168	100.00%	–	Trading of motor vehicle spare parts
Chuwa Bussan Co., Ltd. ("Chuwa Bussan")	Japan	Limited liability company	JPY100	99.94%	–	Trading of machinery
CCCC Shanghai Equipment Engineering Co., Ltd.	PRC	Limited liability company	RMB10	55.00%	–	Maintenance and design of port machinery
CCCC Mechanical & Electrical Engineering Co., Ltd.	PRC	Limited liability company	RMB833	60.00%	40.00%	Infrastructure construction
China Communications Materials & Equipment Co., Ltd.	PRC	Limited liability company	RMB1,734	100.00%	–	Trading of construction materials and equipment

Continued/…

1. CORPORATE AND GROUP INFORMATION (CONTINUED)

Information about subsidiaries (continued)

Name	Place of incorporation/ registration and business	Type of legal entity	Issued ordinary/ registered share capital *(in million)*	Percentage of equity attributable to the Company Direct	Percentage of equity attributable to the Company Indirect	Principal activities
CCCC Finance	PRC	Limited liability company	RMB7,000	95.00%	–	Financial services
CCCC International Holding Limited ("CCCI")	Hong Kong	Limited liability company	HK$2,372	50.98%	49.02%	Investment holding
CCCC Capital Holdings Limited ("CCCC Capital")	PRC	Limited liability company	RMB10,000	100.00%	–	Fund management and financial leasing
CCCC Asset Management Co., Ltd.	PRC	Limited liability company	RMB20,733	35.37%	64.63%	Investment holding
CCCC Urban Investment Co., Ltd.	PRC	Limited liability company	RMB10,000	91.94%	–	Investment holding
CCCC Tianhe Machinery and Equipment Manufacturing Co., Ltd	PRC	Limited liability company	RMB1,277	81.52%	11.74%	Machinery and equipment manufacturing
CCCC Changjiang Construction and Development Group Co., Ltd.	PRC	Limited liability company	RMB2,667	41.24%	33.74%	Infrastructure design
CCCC South China Construction and Development Co., Ltd.	PRC	Limited liability company	RMB623	100.00%	–	Infrastructure construction
CCCC Design Consulting Group Co., Ltd.	PRC	Limited liability company	RMB2,062	53.88%	–	Infrastructure design
Gansu Qilianshan Cement Group Co., Ltd.	PRC	Limited liability company	RMB1,200	85.00%	–	Cement sales
CCCC (Tianjin) Rail Transit Investment and Construction Co., Ltd	PRC	Limited liability company	RMB4,267	44.51%	7.04%	Infrastructure construction
Forsea Holdings PTE. Ltd.	Singapore	Limited liability company	USD1	100%	–	Infrastructure construction

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

2. ACCOUNTING POLICIES

2.1 Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") issued by International Accounting Standards Board ("IASB") and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for certain financial assets and liabilities (including derivative financial instruments) which have been measured at fair value. Disposal groups held for sale are stated at the lower of their carrying amounts and fair values less costs to sell as further explained in note 2.5. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest million except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2023. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

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

(b) rights arising from other contractual arrangements; and

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

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

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

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

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

Going concern

The Group had net current liabilities of RMB76,041 million as at 31 December 2023. Having considered the Group's cash flow projections for the year ending 31 December 2024, including the Group's cash position, cash flows from operating, investing and financing activities, and the unutilised bank facilities as at the date of this report, the directors of the Company are satisfied that the Group is able to meet its financial obligations in full as they fall due for the coming 12 months. Accordingly, these financial statements have been prepared on a going concern basis.

2. ACCOUNTING POLICIES (CONTINUED)

2.2 Changes in accounting policies and disclosures

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

IFRS 17	*Insurance Contracts*
Amendments to IAS 1 and IFRS Practice Statement 2	*Disclosure of Accounting Policies*
Amendments to IAS 8	*Definition of Accounting Estimates*
Amendments to IAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
Amendments to IAS 12	*International Tax Reform – Pillar Two Model Rules*

The nature and the impact of the new and revised IFRSs that are applicable to the Group are described below:

(a) Amendments to IAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements. Amendments to IFRS Practice Statement 2 Making Materiality Judgements provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has disclosed the material accounting policy information in note 2.5 to the financial statements. The amendments did not have any impact on the measurement, recognition or presentation of any items in the Group's financial statements.

(b) Amendments to IAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. Since the Group's approach and policy align with the amendments, the amendments had no impact on the Group's financial statements.

(c) Amendments to IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction narrow the scope of the initial recognition exception in IAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions.

Prior the initial application of these amendments, the Group applied the initial recognition exception and did not recognise a deferred tax assets and a deferred tax liability for temporary differences for transactions related to leases. The Group has applied the amendments on temporary differences related to leases as at 1 January 2022. Upon initial application of these amendments, the Group recognised (i) a deferred tax asset for all deductible temporary differences associated with lease liabilities (provided that sufficient taxable profit is available), and (ii) a deferred tax liability for all taxable temporary differences associated with right-of-use assets as at 1 January 2022. With cumulative effect recognised as an adjustment to the balances of retained profits and non-controlling interest at that date. The quantitative impact on the financial statements is summarised below.

2. ACCOUNTING POLICIES (CONTINUED)

2.2 Changes in accounting policies and disclosures (continued)

(c) (continued)

Impact on the consolidated statement of financial position:

	Note	Increase/(decrease) As at 31 December 2023 RMB million	As at 31 December 2022 RMB million	As at 1 January 2022 RMB million
Assets				
Deferred tax assets	*(i)*	**8**	1	1
Total non-current assets		**8**	1	1
Total assets		**8**	1	1
Net assets		**8**	1	1
Equity				
Retained profits (included in reserves)		**8**	1	1
Equity attributable to owners of the parent		**8**	1	1
Total equity		**8**	1	1

Note (i): The deferred tax asset and the deferred tax liability arising from lease contracts of the same subsidiary have been offset in the statement of financial position for presentation purposes.

Impact on the consolidated statement of comprehensive income:

	Increase/(decrease) For the year ended 31 December 2023 RMB million	2022 RMB million
Income tax expense	**(7)**	(1)
Profit for the year	**7**	1
Attributable to:		
Owners of the parent	**7**	1
Total comprehensive income for the year	**7**	1
Attributable to:		
Owners of the parent	**7**	1

The adoption of amendments to IAS 12 did not have any material impact on the basic and diluted earnings per share attributable to ordinary equity holders of the parent, other comprehensive income and the consolidated statements of cash flows for the years ended 31 December 2023 and 2022.

2. ACCOUNTING POLICIES (CONTINUED)

2.2 Changes in accounting policies and disclosures (continued)

(d) Amendments to IAS 12 *International Tax Reform – Pillar Two Model Rules* introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. The Group has not yet applied the temporary exception during the current year because most of the entities comprising the Group are operating in jurisdictions in which the Pillar Two tax law has not yet been enacted or substantively enacted. The Group is in the process of assessing the potential exposure arising from Pillar Two legislation based on the information available for the financial year ended 31 December 2023. Based on the assessment carried out so far, the Group has identified certain countries where the Pillar Two effective tax rates are likely to be lower than 15%. Quantitative information to indicate potential exposure to Pillar Two income taxes is currently not known or reasonably estimable.

2.3 Prior period restatement

In addition to the adoption of amendments to IAS 12, the Group acquired a subsidiary from China Communications Real Estate Group Co., LTD., China Real Estate Development Group Limited, and China Real Estate Co., LTD. Since these subsidiaries and the Group are both under common control of CCCG before and after the acquisition, the acquisition constitutes a business combination under common control, which is mentioned in note 42(b) to the financial statements.

Based on the Group's shareholding in subsidiaries (i.e., CCCC Highway Consultants Co., Ltd., CCCC First Highway Consultants Co., Ltd. and CCCC Second Highway Consultants Co., Ltd.) (collectively called the "Three Highway Institutes"), the Group realized the spin-off and listing of the design segment through the asset swap and the issuance of shares to purchase assets for reorganization and integration ("Asset swap").

Before the Asset swap, China Urban & Rural Holding Group Limited ("CURH") wholly-owned China Northeast Municipal Engineering Design & Research Institute Co., Ltd., China Southwest Municipal Engineering Design & Research Institute Co., Ltd. and CCCC Urban Energy Research and Design Institute Co. Ltd (collectively called the "Three Municipal Institutes"). In the terms of Asset swap, the Group together with CURH exchange the Three Highway Institutes and the Three Municipal Institutes for Gansu Qilianshan Cement Group Ltd. ("Qilianshan Cement"). The parent of Qilianshan Cement ("Qilianshan") issued share to the Group and CURH for fair value difference between swapping asset. Upon such reorganization, the Group directly holds 53.88% equity of the Qilianshan and 85% equity of Qilianshan Cement. The Qilianshan holds 100% equity of the Three Highway Institutes and the Three Municipal Institutes. Therefore, the Group indirectly holds 53.88% equity of the Three Highway Institutes and the Three Municipal Institutes.

Since the Three Municipal Institutes and the Group are both under common control of CCCG before and after the completion of the Asset swap, the acquisition constitutes a business combination under common control, which is mentioned in note 42(c) to the financial statements.

Business combinations arising from transfers of interests in entities that are under the control of the ultimate shareholder that controls the Group are accounted for as if the acquisitions had occurred at the beginning of the earliest date presented or, if later, at the date that common control was established. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the acquired entities' financial statements.

Upon transfer of interest in an entity to another entity that is under the control of the ultimate shareholder that controls the Group, any difference between the Group's interest in the carrying value of the assets and liabilities and the cost of transfer of interest in the entity is recognised directly in equity.

The consolidated statement of comprehensive income includes the results of each of the combining entities from the earliest date presented or since the date when the combining entities first came under the common control, where this is a shorter period.

All intra-group balances, transactions, unrealized gains and losses resulting from intra-group transactions and dividends are eliminated in full on consolidation.

Due to adoption of amendments to IAS 12 and the acquisition of subsidiaries under common control, the opening balances as at 1 January 2022 and the comparative information for the year ended 31 December 2022 and as of 31 December 2022 have been restated in the consolidated financial statements.

2. ACCOUNTING POLICIES (CONTINUED)

2.3 Prior period restatement (continued)

Restated consolidated statements of comprehensive income for the years ended 31 December 2022:

	Before restatement *RMB million*	**Effect of business combinations under common control** *RMB million*	**Effect of application of amendments to IAS 12** *RMB million*	**After restatement** *RMB million*
Profit for the year	25,706	264	1	25,971
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	3,419	–	–	3,419
Net other comprehensive loss that will not be reclassified to profit or loss in subsequent periods	(4,850)	26	–	(4,824)
Total comprehensive income for the year	24,275	290	1	24,566
Attributable to:				
Owners of the parent	18,469	173	1	18,643
Non-controlling interests	5,806	117	–	5,923

Restated consolidated statements of financial position as at 31 December 2022:

	Before restatement *RMB million*	**Effect of business combinations under common control** *RMB million*	**Effect of application of amendments to IAS 12** *RMB million*	**After restatement** *RMB million*
Total non-current assets	895,087	2,060	1	897,148
Total current assets	616,263	3,302	–	619,565
Total current liabilities	661,353	3,027	–	664,380
Total non-current liabilities	423,821	1,020	–	424,841
Equity attributable to owners of the parent	281,978	521	1	282,500
Non-controlling interests	144,198	794	–	144,992
Total equity	426,176	1,315	1	427,492

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Issued but not yet effective International Financial Reporting Standards

The Group has not applied the following revised IFRSs, which have been issued but are not yet effective, in these financial statements. The Group intends to apply these revised IFRSs, if applicable, when they become effective.

Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to IFRS 16	*Lease Liability in a Sale and Leaseback*[1]
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current (the "2020 Amendments")*[1]
Amendments to IAS 1	*Non-current Liabilities with Covenants (the "2022 Amendments")*[1]
Amendments to IAS 7 and IFRS 7	*Supplier Finance Arrangements*[1]
Amendments to IAS 21	*Lack of Exchangeability*[2]

1 Effective for annual periods beginning on or after 1 January 2024
2 Effective for annual periods beginning on or after 1 January 2025
3 No mandatory effective date yet determined but available for adoption

Further information about those IFRSs that are expected to be applicable to the Group is described below:

Amendments to IFRS 10 and IAS 28 address an inconsistency between the requirements in IFRS 10 and in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to IFRS 10 and IAS 28 was removed by the IASB. However, the amendments are available for adoption now.

Amendments to IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. The amendments are effective for annual periods beginning on or after 1 January 2024 and shall be applied retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16 (i.e., 1 January 2019). Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period. The amendments shall be applied retrospectively with early application permitted. An entity that applies the 2020 Amendments early is required to apply simultaneously the 2022 Amendments, and vice versa. The Group is currently assessing the impact of the amendments and whether existing loan agreements may require revision. Based on a preliminary assessment, the amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IAS 7 and IFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. Earlier application of the amendments is permitted. The amendments provide certain transition reliefs regarding comparative information, quantitative information as at the beginning of the annual reporting period and interim disclosures. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. Earlier application is permitted. When applying the amendments, an entity cannot restate comparative information. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening balance of retained profits or to the cumulative amount of translation differences accumulated in a separate component of equity, where appropriate, at the date of initial application. The amendments are not expected to have any significant impact on the Group's financial statements.

2. ACCOUNTING POLICIES (CONTINUED)

2.5 Material accounting policies

Investments in associates and joint ventures

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it has significant influence. 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.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in associates and joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's investments in the associates or joint ventures, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's investments in associates or joint ventures.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

When an investment in an associate or a joint venture is classified as held for sale, it is accounted for in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

Interests in joint operations

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. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group recognises in relation to its interest in a joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

The assets, liabilities, revenues and expenses relating to the Group's interest in a joint operation are accounted for in accordance with the IFRSs applicable to the particular assets, liabilities, revenues and expenses.

2. ACCOUNTING POLICIES (CONTINUED)

2.5 Material accounting policies (continued)

Business combinations and goodwill

Business combinations are accounted for using the acquisition method, except for those acquisitions which are considered as a business combination under common control in a manner similar to pooling-of-interest.

Merger accounting for common control combinations

The consolidated financial statements incorporate the financial statements of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the ultimate controlling party.

The net assets of the combining entities or businesses are combined using the existing book values from the ultimate controlling parties' perspective. No amount is recognised in consideration for goodwill or excess of the acquirer's interest in the net fair value of the acquiree identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the ultimate controlling party's interest.

The consolidated statement of profit or loss includes the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where there is a shorter period, regardless of the date of the common control combination.

The comparative amounts in the consolidated financial statements are presented as if the entities or businesses had been combined at the end of the prior reporting period or when they first came under common control, whichever is shorter.

Transaction costs, including professional fees, registration fees, costs of furnishing information to shareholders and costs incurred in combining operations of the previously separate businesses and incurred in relation to the common control combination that is to be accounted for by using merger accounting, are recognised as expenses in the year in which they are incurred.

Acquisition method of accounting for non-common control combinations

The Group applies the acquisition method to account for non-common control business combinations. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

2. ACCOUNTING POLICIES (CONTINUED)

2.5 Material accounting policies (continued)

Business combinations and goodwill (continued)

Acquisition method of accounting for non-common control combinations (continued)

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Fair value measurement

The Group measures its derivative financial instruments, equity investments and certain other financial assets at fair value at the end of each reporting period. 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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

2. ACCOUNTING POLICIES (CONTINUED)

2.5 Material accounting policies (continued)

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, contract assets, deferred tax assets, investment properties and non-current assets/a disposal group classified as held for sale), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs. In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person:

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

- (i) the entity and the Group are members of the same group;
- (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
- (iii) the entity and the Group are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
- (vi) the entity is controlled or jointly controlled by a person identified in (a);
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

2. ACCOUNTING POLICIES (CONTINUED)

2.5 Material accounting policies (continued)

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. When an item of property, plant and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with IFRS 5, as further explained in the accounting policy for "Non-current assets and disposal groups held for sale". The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The estimated useful lives used for this purpose are as follows:

– Buildings	20 to 40 years
– Machinery	5 to 20 years
– Vessels	10 to 25 years
– Vehicles	5 years
– Other equipment	2 to 5 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress is stated at cost less any impairment losses, and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment, investment properties and intangible assets when completed and ready for use.

Investment properties

Investment properties are interests in land and buildings held to earn rental income and/or for capital appreciation. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at historical cost less accumulated depreciation and accumulated impairment losses, if any.

Depreciation is calculated using the straight-line method to write off the cost less accumulated impairment loss of the asset over its estimated useful life.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Any gains or losses on the retirement or disposal of an investment property are recognised in the statement of profit or loss in the year of the retirement or disposal.

2. ACCOUNTING POLICIES (CONTINUED)

2.5 Material accounting policies (continued)

Non-current assets and disposal groups held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sales transaction rather than through continuing use. For this to be the case, the asset or disposal group must be available for immediate sale in its present condition subject only to terms that are usual and customary for the sale of such assets or disposal groups and its sale must be highly probable. All assets and liabilities of a subsidiary classified as a disposal group are reclassified as held for sale regardless of whether the Group retains a non-controlling interest in its former subsidiary after the sale.

Non-current assets and disposal groups (other than investment properties and financial assets) classified as held for sale are measured at the lower of their carrying amounts and fair values less costs to sell. Property, plant and equipment and intangible assets classified as held for sale are not depreciated or amortised.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Concession assets

The Group is engaged in certain service concession arrangements in which the Group carries out construction work (e.g., toll highways, bridges and ports) in exchange for a right for the Group to operate the asset concerned in accordance with pre-established conditions set by the granting authority. In accordance with IFRIC Interpretation 12 *Service Concession Arrangements* (IFRIC 12), the assets under the concession arrangements may be classified as intangible assets or financial assets. The assets are classified as intangibles if the operator receives a right (a licence) to charge users of the public service or as financial assets if the operator has an unconditional contractual right to receive cash or another financial asset from or at the direction of the grantor for the construction services. The Group classifies the non-current assets linked to the long-term investment in these concession arrangements as "concession assets" within intangible assets on the statement of financial position if the intangible asset model is adopted. Such concession assets represent the consideration received for its construction service rendered. Once the underlying infrastructure of the concession arrangements is completed, the concession assets are amortised over the term of the concession using the traffic flow method or straight-line method under the intangible asset model.

Trademarks, patents, proprietary technologies and copyrights

Separately acquired trademarks, patents, proprietary technologies and copyrights are shown at historical cost. Trademarks, patents, proprietary technologies and copyrights acquired in a business combination are recognised at fair value at the acquisition date. Trademarks, patents, proprietary technologies and copyrights have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost over their estimated useful lives.

Computer software

Computer software is measured on initial recognition cost and amortised over the estimated useful life of 1 to 10 years.

Research and development costs

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Deferred development costs are stated at cost less any impairment losses and are amortised using the straight-line basis over the commercial lives of the underlying products, commencing from the date when the products are put into commercial production.

2. ACCOUNTING POLICIES (CONTINUED)

2.5 Material accounting policies (continued)

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) *Right-of-use assets*

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Leasehold land	20 years to indefinite
Buildings	1 to 10 years
Vessels	1 to 25 years
Vehicles	2 to 3 years
Machinery	1 to 5 years
Other equipment	1 to 3 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

When the right-of-use assets relate to interests in leasehold land held as inventories, they are subsequently measured at the lower of cost and net realisable value in accordance with the Group's policy for "inventories". When a right-of-use asset meets the definition of investment property, it is included in investment properties.

(b) *Lease liabilities*

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

The Group's lease liabilities are included in interest-bearing bank and other borrowings.

(c) *Short-term leases and leases of low-value assets*

The Group applies the short-term lease recognition exemption to its short-term leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for leases of low-value assets to leases of value below RMB50,000. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

2. ACCOUNTING POLICIES (CONTINUED)

2.5 Material accounting policies (continued)

Leases (continued)

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, are accounted for as finance leases.

At the commencement date, the cost of the leased asset is capitalised at the present value of the lease payments and related payments (including the initial direct costs) and presented as a receivable at an amount equal to the net investment in the lease. The finance income of such leases is recognised in the statement of profit or loss so as to provide a constant periodic rate of charge over the lease terms.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

2. ACCOUNTING POLICIES (CONTINUED)

2.5 Material accounting policies (continued)

Investments and other financial assets (continued)

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through other comprehensive income (debt instruments)

For debt investments at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to the statement of profit or loss.

Financial assets designated at fair value through other comprehensive income (equity investments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under IAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the statement of profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on the equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in the statement of profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

2. ACCOUNTING POLICIES (CONTINUED)

2.5 Material accounting policies (continued)

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares 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 and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group consider that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2. ACCOUNTING POLICIES (CONTINUED)

2.5 Material accounting policies (continued)

Impairment of financial assets (continued)

General approach (continued)

Debt investments at fair value through other comprehensive income and financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs.

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs.

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs.

Simplified approach

For trade receivables and contract assets that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For trade receivables and contract assets that contain a significant financing component and lease receivables, the Group chooses as its accounting policy to adopt the simplified approach in calculating ECLs with policies as described above.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, derivative financial instruments and interest-bearing bank and other borrowings.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of repurchasing in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities designated upon initial recognition as at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. Gains or losses on liabilities designated at fair value through profit or loss are recognised in the statement of profit or loss, except for the gains or losses arising from the Group's own credit risk which are presented in other comprehensive income with no subsequent reclassification to the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

2. ACCOUNTING POLICIES (CONTINUED)

2.5 Material accounting policies (continued)

Financial liabilities (continued)

Subsequent measurement (continued)

Financial liabilities at amortised cost (trade and other payables, and borrowings)

After initial recognition, trade and other payables, and interest-bearing borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contracts at the higher of: (i) the ECL allowance determined in accordance with the policy as set out in "Impairment of financial assets"; and (ii) the amount initially recognised less, when appropriate, the cumulative amount of income recognised.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as forward currency contracts, total return swaps, forward equity contracts and foreign exchange option. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value of derivatives are taken directly to the statement of profit or loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income and later reclassified to profit or loss when the hedged item affects profit or loss.

For the purpose of hedge accounting, hedges are classified as:

- fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment; or

- cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction, or a foreign currency risk in an unrecognised firm commitment; or

- hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting, the risk management objective and its strategy for undertaking the hedge.

2. ACCOUNTING POLICIES (CONTINUED)

2.5 Material accounting policies (continued)

Derivative financial instruments and hedge accounting (continued)

Initial recognition and subsequent measurement (continued)

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is "an economic relationship" between the hedged item and the hedging instrument.
- The effect of credit risk does not "dominate the value changes" that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

Hedges which meet all the qualifying criteria for hedge accounting are accounted for as follows:

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised directly in other comprehensive income in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The amounts accumulated in other comprehensive income are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognised in other comprehensive income for the period. This also applies where the hedged forecast transaction of a non-financial asset or non-financial liability subsequently becomes a firm commitment to which fair value hedge accounting is applied.

For any other cash flow hedges, the amount accumulated in other comprehensive income is reclassified to the statement of profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect the statement of profit or loss.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in other comprehensive income must remain in accumulated other comprehensive income if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to the statement of profit or loss as a reclassification adjustment. After the discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated other comprehensive income is accounted for depending on the nature of the underlying transaction as described above.

Financial instruments classified as equity

Financial instruments issued by the Group are classified as equity instruments when all the following conditions have been met:

- The financial instruments have no contractual obligation to pay cash or other financial assets to others, nor to exchange financial assets or liabilities with others under potential unfavourable circumstances;
- The financial instruments will or may be settled in the Group's own equity instruments: if the financial instrument is non-derivative, it should not have the contractual obligation to be settled by the Group delivering a variable number of its own equity instruments; if the financial instrument is derivative, it should solely be settled by the Group delivering a fixed number of its own equity instruments in exchange for a fixed amount of cash or other financial assets.

Financial instruments classified as equity instruments are recognised initially at fair value, net of transaction costs incurred.

2. ACCOUNTING POLICIES (CONTINUED)

2.5 Material accounting policies (continued)

Treasury shares

Own equity instruments which are reacquired and held by the Company or the Group (treasury shares) are recognised directly in equity at cost. No gain or loss is recognised in the statement of profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Inventories

Inventories comprise raw materials, work in progress, properties under development, completed properties held for sale and finished goods. Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour, other direct costs and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Development cost of properties comprises cost of land use rights, construction costs and borrowing costs eligible for capitalisation incurred during the construction period. Upon completion, the properties are transferred to completed properties held for sale. Net realisable value takes into account the price ultimately expected to be realised, less applicable variable selling expenses and the anticipated costs to completion. Properties under development are classified as current assets unless the construction period of the relevant property development project is expected to complete beyond normal operating cycle.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

The Group provides for warranties in relation to the provision of construction services during the warranty period. Provision for these assurance-type warranties granted by the Group are initially recognised based on the best estimates of the Group, discounted to their present values as appropriate.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, except that deferred tax is not recognised for the Pillar Two income taxes.

2. ACCOUNTING POLICIES (CONTINUED)

2.5 Material accounting policies (continued)

Income tax (continued)

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are 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.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the statement of profit or loss by way of a reduced depreciation charge.

2. ACCOUNTING POLICIES (CONTINUED)

2.5 Material accounting policies (continued)

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

(a) *Construction services*

Revenue from the provision of infrastructure construction services is recognised over time, using an input method to measure progress toward satisfaction of the service, because the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced. The input method recognises revenue based on the proportion of the actual costs incurred relative to the estimated total costs for satisfaction of the construction services.

Claims to customers are amounts that the Group seeks to collect from the customers as reimbursement of costs and margins for scope of works not included in the original construction contract. Claims are accounted for as variable consideration and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. The Group uses the most likely amount or the expected value method to estimate the amounts of claims, whichever more appropriate, to best predict the amount of variable consideration to which the Group will be entitled.

(b) *Provision of design and other services*

Revenue from the provision of infrastructure design and other services is recognised over time, using an input method to measure progress toward satisfaction of the service, because the Group's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

(c) *Sale of goods*

Revenue from the sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

(d) *Significant financing component*

For contracts that include a significant financing component, the Group adjusts the promised amount of consideration for the effects of a significant financing component and recognise revenue as the "cash selling price" of the underlying goods or services at the time of transfer. The "cash selling price" is generated by discounting the promised amount of consideration using the effective interest rate. The Group selects to use the practical expedient that it will not adjust the promised amount of consideration for the effects of a significant financing component if the Group expects, at contract inception, that the period between when the Group transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less.

2. ACCOUNTING POLICIES (CONTINUED)

2.5 Material accounting policies (continued)

Revenue recognition (continued)

Revenue from contracts with customers (continued)

(e) Warranties

As required by law or agreed in the contract terms, the Group provides assurance-type warranties that promise the customers that the assets created in the construction services are as specified in the construction contracts. The Group recognises such assurance-type warranties as provisions. For the warranties that include services to customers in addition to assurance that the assets created are as specified in the contracts, the Group identifies such service-type warranties as separate performance obligations and allocates the transaction prices between the construction services and service-type warranties using the proportion of their stand-alone selling prices. The Group recognises the revenue of service-type warranties when customers obtain control of the services. In assessing whether a warranty includes a service to the customer in addition to the assurance that the asset created in the construction services complies with the agreed specifications, the Group considers factors including whether the warranty is required by law, the length of the warranty coverage period, and the nature of the tasks that the entity promises to perform.

(f) Principal versus agent

The Group determines whether it is a principal or an agent in the transactions by evaluating whether it controls each specified good or service before that good or service is transferred to the customer. The Group is a principal and recognises revenue in the gross amount of consideration received or receivable if it controls the specified good or service before that good or service is transferred to a customer. 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 certain agreed amounts or proportions.

(g) Contract modifications

When the construction contract between the Group and the customers is modified:

(i) if the creation of new construction service and contract price are separately identified, and the new contract price reflects the separate selling price of the new construction service, the Group will treat the contract modification as a separate contract for accounting;

(ii) if the contract modification does not belong to the above situation (i), and there is a clear distinction between transferred construction services and non-transferred construction services at the date of contract modification, the Group will regard it as the termination of the original contract. Meanwhile, the unperformed part of the original contract and the part of contract modification will be merged into a new contract for accounting;

(iii) if the contract does not belong to the above situation (i), and there is no clear distinction between transferred construction services and non-transferred construction services at the date of contract modification, the Group will treat the part of modification as the component of original contract for accounting. The effect that the contract modification has on the transaction price is recognised as an adjustment to revenue at the date of the contract modification.

Revenue from other sources

Rental income is recognised on a time proportion basis over the lease terms. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are incurred.

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Dividend income is recognised when shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

2. ACCOUNTING POLICIES (CONTINUED)

2.5 Material accounting policies (continued)

Contract assets

If the Group performs by transferring goods or services to a customer before being unconditionally entitled to the consideration under the contract terms, a contract asset is recognised for the earned consideration that is conditional. Contract assets are subject to impairment assessment, details of which are included in the accounting policies for impairment of financial assets. They are reclassified to trade receivables when the right to the consideration becomes unconditional.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier). from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Offsetting of contract assets and contract liabilities

Contract assets and contract liabilities are offset and the net amount is reported in the statement of financial position if they belong to the same contract.

Contract costs

Other than the costs which are capitalised as inventories, property, plant and equipment and intangible assets, costs incurred to fulfil a contract with a customer are capitalised as an asset if all of the following criteria are met:

(a) The costs relate directly to a contract or to an anticipated contract that the entity can specifically identify.

(b) The costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future.

(c) The costs are expected to be recovered.

The capitalised contract costs are amortised and charged to the statement of profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset related. Other contract costs are expensed as incurred.

Share-based payments

The Company operates a share scheme. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("equity-settled transactions"). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by the quoted price on the grant date in the active market, further details of which are given in note 36 to the financial statements.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

2. ACCOUNTING POLICIES (CONTINUED)

2.5 Material accounting policies (continued)

Share-based payments (continued)

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately.

The dilutive effect of outstanding scheme is reflected as additional share dilution in the computation of earnings per share.

Other employee benefits

The Group operates various post-employment schemes, including both defined benefit and defined contribution pension plans and post-employment medical plans.

(a) Pension obligations

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan.

Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. The liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds that are denominated in the currency in which the benefits will be paid and have terms to maturity approximating the terms of the related pension obligations.

Past-service costs are recognised immediately in the consolidated statement of profit or loss.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation. This cost is included in employee benefit expense in the consolidated statement of profit or loss. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income in the period in which they arise.

For defined contribution plans, the full-time employees of the Group in the PRC excluding Hong Kong and Macau ("Chinese Mainland") are covered by government-sponsored or privately administered pension plans under which the employees are entitled to a monthly pension based on certain formula. The Group pays contributions to these pension plans monthly, on a mandatory or contractual basis. The Group has no further payment obligations once the contributions have been made. The contributions are recognised as employee benefit expense as incurred.

In addition, the Group participates in various defined contribution retirement schemes for its qualified employees in certain countries or jurisdictions outside Chinese Mainland. Employees' and employers' contributions are calculated based on various percentages of employees' gross salaries of fixed sums and length of service.

2. ACCOUNTING POLICIES (CONTINUED)

2.5 Material accounting policies (continued)

Other employee benefits (continued)

(b) Other post-employment obligations

The Group provides post-retirement healthcare benefits to their retirees. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit pension plans. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income in the period in which they arise. These obligations are valued annually by independent qualified actuaries.

(c) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

(d) Housing funds

All full-time employees of the Group in Chinese Mainland 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. The Group's liability in respect of these funds is limited to the contributions payable in each period.

(e) Bonus entitlements

The expected 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 bonus are expected to be settled within 12 months and are measured at the amounts expected to be paid when they are settled.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

Final dividends are recognised as a liability when they are approved by shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

2. ACCOUNTING POLICIES (CONTINUED)

2.5 Material accounting policies (continued)

Foreign currencies

These financial statements are presented in RMB, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain overseas subsidiaries, joint ventures and associates are currencies other than RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the exchange rates that approximate to those prevailing at dates of the transactions.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in the statement of profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into RMB at the weighted average exchange rates for the year.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Measurement of progress toward complete satisfaction of construction services

The Group uses input method to measure the progress toward satisfaction of the performance obligations, and specifically, the proportion of actual construction costs incurred relative to the estimated total costs. Actual construction costs incurred include direct and indirect costs in the process of transferring goods from the Group to customers. The Group believes that contract price is based on construction costs. Therefore, the proportion of actual construction costs incurred relative to the total expected costs can reflect the progress toward satisfaction of construction service. Since the duration of construction is relatively long that it may cover more than one accounting period, the Group will review and revise the budget as the contract carries forward, and adjust revenue accordingly.

Business model

The classification of financial assets upon initial recognition depends on the business model of the Group for managing financial assets. In judging the business model, the Group considers the way of internal evaluating and reporting to key management personnel the performance of financial assets, the risks affecting the performance of financial assets and the way those risks are managed, as well as the way in which relevant business management personnel are compensated. In determining whether cash flows are going to be realised by collecting the financial assets' contractual cash flows, the Group needs to consider the frequency, value and timing of sales before the maturity dates if any.

Contractual cash flow characteristics

The classification of financial assets upon initial recognition depends on the contractual cash flow characteristics of financial assets. It is necessary to judge whether the contractual terms only give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, whether there are significant differences compared with the benchmark cash flow when evaluating the correction of the time value of money, and whether the fair value of the prepayment feature is insignificant for financial assets that include prepayment feature, etc.

Determination of control over structured entities

The Group invested in several structured entities which were mainly engaged in infrastructure investment activities. Based on the assessment following the basis of consolidation and accounting policies set out in notes 2.1 and 2.5 respectively, the Group has consolidated certain structured entities that it has control. For the investments that the Group has joint control on, they are accounted for as joint ventures in accordance with IAS 28 *Investments in Associates and Joint Ventures*. Equities held indirectly through venture capital organisations, or mutual funds, unit trusts and similar entities including investment-linked insurance funds are accounted for as financial assets at fair value through profit or loss in accordance with IFRS 9 *Financial Instruments*. Judgement is involved when performing the assessment. Should those joint ventures and financial assets through profit or loss be consolidated, net assets, revenue and profit of the Group could be affected.

Management applies its judgement to determine whether the control indicators set out in note 2.1 indicate that the Group controls a structured entity.

The Group acts as manager to a number of structured entities and also carries interests in these entities. Determining whether the Group controls such a structured entity usually focuses on the assessment of the aggregate economic interests of the Group in the entity (comprising any carried interest and expected management fees) and the decision-making authority of the entity.

Further disclosure in respect of unconsolidated structured entities in which the Group has an interest has been set out in note 23.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Judgements (continued)

Financial instruments classified as equity

Certain financial instruments of the Group, such as preference shares, are classified as equity, as the following conditions have been met:

(i) The financial instruments have no contractual obligation to pay cash or other financial assets to others, nor to exchange financial assets or liabilities with others under potential unfavourable circumstances; and

(ii) For the financial instruments that will or may be settled in the Group's own equity instruments: if the financial instrument is non-derivative, it should not have the contractual obligation to be settled by the Group delivering a variable number of its own equity instruments; if the financial instrument is derivative, it should solely be settled by the Group delivering a fixed number of its own equity instruments in exchange for a fixed amount of cash or other financial assets.

Further details are disclosed in notes 37.

Determining whether an arrangement contains a lease

The Group entered into general equipment lease arrangements in some construction projects. According to these lease arrangements, there is no identified asset or the supplier has substantive substitution rights for the general equipment. Thus, these general equipment lease arrangements do not contain a lease, and the Group take them as service acceptance.

Significant judgement in determining the lease term of contracts with renewal options

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not the option to renew or to terminate the lease (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

The Group includes the renewal period as part of the lease term for lease assets due to the significance of these assets to its operations. These leases have a short non-cancellable period and there will be a significant negative effect on operation if a replacement is not readily available.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Impairment assessment on concession assets

The Group operates certain concession assets and their impairment is reviewed whenever events or changes in circumstances indicate that the carrying amounts of the concession assets may not be recoverable in accordance with the accounting policy stated in note 2.5.

The recoverable amounts of the concession assets have been determined based on a value-in-use method. The value-in-use calculations require the use of estimates on discount rates and projections of cash flows from the traffic volume and other income, deducting the necessary maintenance and operating costs incurred for the concession assets.

Based on management's best estimates, as at 31 December 2023, the Group recognised an accumulated impairment of RMB299 million (2022: RMB299 million) to profit or loss for concession assets. Further details are disclosed in note 18.

NOTES TO FINANCIAL STATEMENTS

31 December 2023

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Estimation uncertainty (continued)

Fair value of financial instruments

The fair values of listed financial instruments are based on quoted market prices, while the fair values of unlisted financial instruments have been estimated by the most appropriate valuation techniques. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. Further details are included in note 48 to the financial statements.

Impairment of goodwill

The Group tests the goodwill for impairment at least annually. Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value-in-use calculation requires management to estimate the future cash flows expected to arise from the cash-generating units and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, an impairment loss may arise.

Based on management's best estimates, as at 31 December 2023, the Group recognised an accumulated impairment of RMB296 million (2022: RMB100 million) to profit or loss for goodwill. Details of the impairment test for goodwill are disclosed in note 18.

Provision for ECLs on contract assets, trade receivables and long-term receivables

The Group uses a provision matrix to calculate ECLs of the Group's contract assets, trade receivables and long-term receivables. The provision rates are based on the ageing or the days past due for groupings of various customer segments that have similar loss patterns (i.e., by product or service type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's contract assets, trade receivables and long-term receivables is disclosed in note 25 and note 26 to the financial statements.

Infrastructure construction and design services

The recognition of revenue and cost of infrastructure construction and design services requires the management of the Group to make judgements and estimations. For onerous contracts, the present obligation under the contract must be recognised in the current period and measured as provisions, based on the estimated budgets and losses of the construction services. Because of the nature of the activity undertaken in construction, design and dredging businesses, the date at which the contract activity is entered into and the date when the activity is completed usually fall into different accounting periods. The Group reviews and revises the estimates of both contract revenue and contract costs in each contract budget as the contract progresses.

The Group also monitors the payment progress from customers against the contract terms, and periodically evaluates the creditworthiness of the customers. If circumstances arise that a customer would default on all or part of its payments or otherwise fail to fulfil its performance obligations under the contract terms, the Group will reassess the outcome of the relevant contract and may revise the relevant estimates. The revision will be reflected in the consolidated statement of profit or loss in the period in which the circumstances that give rise to the revision become known by the Group.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Estimation uncertainty (continued)

Income taxes

The Group is subject to income taxes in the PRC and other jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current income tax and deferred tax provisions in the period in which such determination is made.

Deferred tax assets relating to certain temporary differences and tax losses are recognised as management considers it is probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. Where the expectation is different from the original estimate, such differences will impact the recognition of deferred tax assets and taxation in the periods in which such estimate is changed. Further details are disclosed in note 32.

Pension benefits

The present value of the defined benefit pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations. The Group determines the appropriate discount rate at the end of each year. In determining the appropriate discount rate, the Group considers the interest rates of government bonds that are denominated in the currencies in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension obligation. The key assumptions for pension obligations and sensitivity analysis of the discount rate are disclosed in note 33.

Depreciation of property, plant and equipment

Depreciation on the Group's property, plant and equipment is calculated using the straight-line method to allocate cost up to residual values over the estimated useful lives of the assets. Management reviews the useful lives and residual values periodically to ensure that the method and rates of depreciation are consistent with the expected pattern of realisation of economic benefits from property, plant and equipment. The accounting estimate of the useful lives of property, plant and equipment is based on historical experience, taking into account anticipated technological changes. When the useful lives differ from the original estimated useful lives, management will adjust the estimated useful lives accordingly. It is possible that actual outcomes in the next financial period are different from estimates made based on historical experience, and it could cause a material adjustment to the depreciation and carrying amount of the Group's property, plant and equipment. Further details are disclosed in note 15.

Leases – Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

4. OPERATING SEGMENT INFORMATION

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

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

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

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

(c) dredging (the "Dredging")

(d) others

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

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

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

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

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

Capital expenditure comprises mainly additions to property, plant and equipment (note 15), investment properties (note 16), right-of-use assets (note 17(a)) and intangible assets (note 18).

4. OPERATING SEGMENT INFORMATION (CONTINUED)

The segment results for the year ended 31 December 2023 and other segment information included in the consolidated financial statements are as follows:

	Year ended 31 December 2023					
	Construction *RMB million*	Design *RMB million*	Dredging *RMB million*	Others *RMB million*	Eliminations *RMB million*	Total *RMB million*
Total gross segment revenue	667,802	47,302	53,506	19,328	(32,292)	755,646
Intersegment sales	(9,884)	(6,673)	(353)	(15,382)	32,292	–
Revenue *(note 5)*	657,918	40,629	53,153	3,946	–	755,646
Segment results	34,061	3,660	2,505	209	18	40,453
Unallocated loss						(1,498)
Operating profit						38,955
Finance income						23,896
Finance costs, net						(24,310)
Share of profits and losses of joint ventures and associates						(1,003)
Profit before tax						37,538
Income tax expense						(6,397)
Profit for the year						31,141
Other segment information						
Depreciation	7,255	457	1,295	761	–	9,768
Amortisation	3,130	117	27	11	–	3,285
Write-down of inventories	209	–	–	45	–	254
Impairment of property, plant and equipment	5	–	–	–	–	5
Impairment of intangible assets	–	–	–	196	–	196
Impairment of investments in joint ventures	248	–	–	–	–	248
Impairment losses on financial assets and contract assets, net	5,779	1,086	803	233	–	7,901
Capital expenditure	37,741	1,319	2,737	1,089	–	42,886

4. OPERATING SEGMENT INFORMATION (CONTINUED)

The segment results for the year ended 31 December 2022 and other segment information included in the consolidated financial statements are as follows:

	Year ended 31 December 2022					
	Construction *RMB million*	Design *RMB million*	Dredging *RMB million*	Others *RMB million*	Eliminations *RMB million*	Total *RMB million*
Total gross segment revenue	634,246	50,279	51,017	18,225	(34,683)	719,084
Intersegment sales	(8,892)	(9,912)	(985)	(14,894)	34,683	–
Revenue *(note 5)*	625,354	40,367	50,032	3,331	–	719,084
Segment results	28,183	3,776	2,415	240	27	34,641
Unallocated loss						(639)
Operating profit						34,002
Finance income						21,320
Finance costs, net						(21,911)
Share of profits and losses of joint ventures and associates						(323)
Profit before tax						33,088
Income tax expense						(7,117)
Profit for the year						25,971
Other segment information						
Depreciation	8,144	592	1,252	549	–	10,537
Amortisation	2,799	79	36	4	–	2,918
Write-down of inventories	191	1	–	9	–	201
Impairment of property, plant and equipment	77	2	–	–	–	79
Impairment of intangible assets	–	–	–	50	–	50
Impairment of right-of-use assets	–	3	–	–	–	3
Impairment of investments in joint ventures	1	–	–	–	–	1
Impairment losses on financial assets and contract assets, net	7,669	1,050	688	328	–	9,735
Capital expenditure	35,409	989	1,703	781	–	38,882

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

4. OPERATING SEGMENT INFORMATION (CONTINUED)

The segment assets and liabilities as at 31 December 2023 are as follows:

	As at 31 December 2023					
	Construction	Design	Dredging	Others	Eliminations	Total
	RMB million	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*
Segment assets	**1,282,412**	**74,277**	**130,097**	**116,915**	**(81,021)**	**1,522,680**
Investments in joint ventures						**59,671**
Investments in associates						**53,820**
Other unallocated assets						**48,091**
Total assets						**1,684,262**
Segment liabilities	**566,716**	**41,151**	**65,426**	**15,209**	**(48,732)**	**639,770**
Unallocated liabilities						**585,368**
Total liabilities						**1,225,138**

The segment assets and liabilities as at 31 December 2022 are as follows:

	As at 31 December 2022					
	Construction	Design	Dredging	Others	Eliminations	Total
	RMB million	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*
Segment assets	1,178,160	66,597	118,617	109,327	(99,909)	1,372,792
Investments in joint ventures						51,731
Investments in associates						47,588
Other unallocated assets						44,602
Total assets						1,516,713
Segment liabilities	503,436	39,623	53,182	9,638	(62,511)	543,368
Unallocated liabilities						545,853
Total liabilities						1,089,221

4. OPERATING SEGMENT INFORMATION (CONTINUED)

Geographical information

(a) Revenue from external customers

	2023 RMB million	2022 RMB million
Chinese Mainland	639,710	620,706
Other regions (primarily including Australia, Hong Kong, and countries in Africa, Middle East and South East Asia)	115,936	98,378
Total Revenue	755,646	719,084

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

(b) Non-current assets

	2023 RMB million	2022 RMB million
Chinese Mainland	269,079	275,914
Other regions (primarily including Australia, Hong Kong, and countries in Africa, Middle East and South East Asia)	49,002	45,299
Total non-current assets	318,081	321,213

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

Information about a major customer

No revenue derived from services or sales to a single customer amounted to 10% or more of the Group's revenue during 2023 and 2022.

5. REVENUE, OTHER INCOME AND OTHER GAINS/(LOSSES), NET

Revenue from contracts with customers

(i) Disaggregated revenue information

For the year ended 31 December 2023

Segments	Construction *RMB million*	Design *RMB million*	Dredging *RMB million*	Others *RMB million*	Total *RMB million*
Type of goods or services					
Infrastructure construction services	632,137	21,277	7,273	297	660,984
Infrastructure design services	1,403	18,548	617	–	20,568
Dredging and filling services	–	–	41,580	–	41,580
Others	24,378	804	3,683	3,649	32,514
Total revenue from contracts with customers	657,918	40,629	53,153	3,946	755,646
Geographical markets					
Chinese Mainland	550,081	38,761	47,034	3,834	639,710
Other regions (primarily including Australia, Hong Kong, and countries in Africa, Middle East and South East Asia)	107,837	1,868	6,119	112	115,936
Total revenue from contracts with customers	657,918	40,629	53,153	3,946	755,646
Timing of revenue recognition					
Services transferred over time	633,532	40,580	49,473	297	723,882
Services transferred at a point in time	8,171	–	–	–	8,171
Merchandise transferred at a point in time	16,215	49	3,680	3,649	23,593
Total revenue from contracts with customers	657,918	40,629	53,153	3,946	755,646

5. REVENUE, OTHER INCOME AND OTHER GAINS/(LOSSES), NET (CONTINUED)

Revenue from contracts with customers (continued)

(i) Disaggregated revenue information (continued)

For the year ended 31 December 2022

Segments	Construction *RMB million*	Design *RMB million*	Dredging *RMB million*	Others *RMB million*	Total *RMB million*
Type of goods or services					
Infrastructure construction services	594,998	22,522	7,238	63	624,821
Infrastructure design services	556	17,242	598	–	18,396
Dredging and filling services	–	–	38,580	–	38,580
Others	29,800	603	3,616	3,268	37,287
Total revenue from contracts with customers	625,354	40,367	50,032	3,331	719,084
Geographical markets					
Chinese Mainland	533,554	38,915	45,376	2,861	620,706
Other regions (primarily including Australia, Hong Kong, and countries in Africa, Middle East and South East Asia)	91,800	1,452	4,656	470	98,378
Total revenue from contracts with customers	625,354	40,367	50,032	3,331	719,084
Timing of revenue recognition					
Services transferred over time	595,551	40,331	46,416	63	682,361
Services transferred at a point in time	7,634	–	–	–	7,634
Merchandise transferred at a point in time	22,169	36	3,616	3,268	29,089
Total revenue from contracts with customers	625,354	40,367	50,032	3,331	719,084

5. REVENUE, OTHER INCOME AND OTHER GAINS/(LOSSES), NET (CONTINUED)

Revenue from contracts with customers (continued)

(i) Disaggregated revenue information (continued)

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

For the year ended 31 December 2023

Segments	Construction *RMB million*	Design *RMB million*	Dredging *RMB million*	Others *RMB million*	Total *RMB million*
Revenue from contracts with customers					
External customers	657,918	40,629	53,153	3,946	755,646
Intersegment sales	9,884	6,673	353	15,382	32,292
Intersegment adjustments and eliminations	(9,884)	(6,673)	(353)	(15,382)	(32,292)
Total revenue from contracts with customers	657,918	40,629	53,153	3,946	755,646

For the year ended 31 December 2022

Segments	Construction *RMB million*	Design *RMB million*	Dredging *RMB million*	Others *RMB million*	Total *RMB million*
Revenue from contracts with customers					
External customers	625,354	40,367	50,032	3,331	719,084
Intersegment sales	8,892	9,912	985	14,894	34,683
Intersegment adjustments and eliminations	(8,892)	(9,912)	(985)	(14,894)	(34,683)
Total revenue from contracts with customers	625,354	40,367	50,032	3,331	719,084

5. REVENUE, OTHER INCOME AND OTHER GAINS/(LOSSES), NET (CONTINUED)

Revenue from contracts with customers (continued)

(i) Disaggregated revenue information (continued)

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

	2023 ***RMB Million***	2022 *RMB million*
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Construction	**23,666**	33,300
Design	**1,841**	1,914
Dredging	**999**	1,077
Others	**868**	209
Total	**27,374**	36,500

(ii) Performance obligations

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

Construction, design and dredging services

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

Others

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

The remaining performance obligations of those uncompleted contracts expected to be recognised relate to construction, design, dredging services and others that are to be satisfied within 1 to 5 years.

5. REVENUE, OTHER INCOME AND OTHER GAINS/(LOSSES), NET (CONTINUED)

Other income

	2023 *RMB million*	2022 *RMB million*
Rental income	**962**	1,072
Revenue from consulting services	**659**	553
Dividend income from equity investments designated at fair value through other comprehensive income		
– Listed equity instruments	**850**	863
– Unlisted equity instruments	**23**	17
Government grants	**614**	739
Dividend income from financial assets at fair value through profit or loss	**284**	241
Income from sale of scraps	**513**	288
Interest income on debt investments at amortised cost	**169**	69
Others	**1,494**	1,521
Total other income	**5,568**	5,363

Other (losses)/gains, net

	2023 *RMB million*	2022 *RMB million*
Gains on disposal of items of property, plant and equipment	**61**	666
Gains on disposal of items of intangible assets and other long-term assets	**450**	719
Gains on disposal of subsidiaries *(note 43(ii))*	**518**	2,710
Gains on disposal of joint ventures and associates	**7**	79
Fair value (losses)/gains, net		
– Financial assets at fair value through profit or loss	**(770)**	(169)
– Derivative financial instruments – transactions not qualifying as hedges	**(278)**	34
Foreign exchange difference, net	**1,550**	1,802
Gains on disposal of financial assets at fair value through profit or loss	**10**	118
Losses on derecognition of contract assets and financial assets at amortised cost	**(1,873)**	(2,555)
Total other (losses)/gains, net	**(325)**	3,404

6. PROFIT BEFORE TAX

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

	Notes	2023 RMB million	2022 RMB million
Raw materials and consumables used*		**230,060**	219,569
Cost of goods sold		**11,528**	21,381
Subcontracting costs		**303,415**	284,715
Employee benefit expenses*:			
– Salaries, wages and bonuses		**37,938**	36,073
– Pension costs – defined contribution plans		**5,957**	5,392
– defined benefit plans		**29**	23
– Housing benefits		**3,154**	2,827
– Welfare, medical and other expenses		**17,423**	16,610
Total		**64,501**	60,925
Equipment and plant usage costs		**16,705**	14,266
Lease payments not included in the measurement of lease liabilities (included in cost of sales)		**1,797**	2,031
Lease payments not included in the measurement of lease liabilities (included in administrative expenses)		**2**	7
Business tax and other taxes		**1,912**	1,738
Fuel		**3,866**	4,271
Utilities		**2,153**	1,887
Maintenance costs		**2,481**	1,768
Research and development costs (including raw materials and consumables used, employee benefit expenses, depreciation and amortisation)		**27,316**	23,475
Depreciation of property, plant and equipment*	15	**7,870**	8,919
Depreciation of investment properties*	16	**464**	350
Depreciation of right-of-use assets*	17(a)	**1,434**	1,268
Amortisation of intangible assets*	18	**3,285**	2,918
Auditors' remuneration		**28**	28
Write-down of inventories to net realisable value		**254**	201
Impairment losses on financial assets and contract assets, net	25, 26	**7,901**	9,735
Impairment losses on right-of-use assets	17(a)	**-**	3

* The raw materials and consumables used, the employee benefit expenses, and the depreciation and amortisation for the year charged for research and development activities are also included in the item of "Research and development costs".

7. FINANCE INCOME

	2023 RMB million	2022 RMB million
Interest income from:		
– Bank deposits	**1,256**	1,094
– Deposits in The People's Bank of China and interbank placement	**318**	229
– Contract assets and receivables from Public-Private-Partnership("PPP") contracts and primary land development contracts	**14,842**	12,508
– Loan receivables	**5,164**	4,817
– Others	**2,316**	2,672
Total	**23,896**	21,320

8. FINANCE COSTS, NET

An analysis of finance costs is as follows:

	2023 RMB million	2022 RMB million
Interests on:		
– Bank borrowings	21,254	20,193
– Other borrowings	215	201
– Corporate bonds	812	830
– Debentures	670	461
– Non-public debt instruments	467	492
– Lease liabilities	232	122
Subtotal	23,650	22,299
Less: Interest capitalised	1,841	1,954
Net interest expense	21,809	20,345
Foreign exchange difference on borrowings, net	437	30
Others	2,064	1,536
Total	24,310	21,911

Borrowing costs directly attributable to the construction and acquisition of qualifying assets were capitalised as part of the costs of those assets. A weighted average capitalisation rate of 3.74% (2022: 4.13%) per annum was used, representing the comprehensive cost rate of the borrowings used to finance the qualifying assets.

Interest capitalised during the year was as follows:

	2023 RMB million	2022 RMB million
Inventories	691	403
Concession assets	994	1,478
Construction in progress	156	73
	1,841	1,954

9. DIRECTORS' AND SUPERVISORS' REMUNERATION

Directors' and supervisors' remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2023 *RMB'000*	2022 *RMB'000*
Fees	**257**	347
Other emoluments:		
Salaries, allowances and benefits in kind	**2,066**	2,729
Performance related bonuses	**3,021**	4,606
Pension scheme contributions	**399**	435
Subtotal	**5,486**	7,770
Total fees and other emoluments	**5,743**	8,117

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

	2023 *RMB'000*	2022 *RMB'000*
Mr. Huang Long	**–**	30
Mr. Zheng Changhong	**–**	30
Mr. Ngai Wai Fung	**–**	54
Mr. Liu Hui	**55**	50
Mr. Chan Wing Tak Kevin	**92**	83
Mr. Zhou Xiaowen	**55**	50
Mr. Wu Guangqi	**55**	50
Total	**257**	347

There were no other emoluments payable to the independent non-executive directors during the year (2022: Nil).

9. DIRECTORS' AND SUPERVISORS' REMUNERATION (CONTINUED)

(b) Executive directors, non-executive directors and supervisors

	Salaries, allowances and benefits in kind *RMB'000*	Performance related bonuses *RMB'000*	Pension scheme contributions *RMB'000*	Total *RMB'000*
2023				
Executive directors				
Mr. Wang Tongzhou	273	639	63	975
Mr. Wang Haihuai *(Chief executive)*	273	639	63	975
Mr. Liu Xiang	251	466	63	780
Mr. Sun Ziyu *(i)*	94	133	21	248
Subtotal	891	1,877	210	2,978
Non-executive director				
Mr. Mi Shuhua	–	–	–	–
Subtotal	–	–	–	–
Supervisors				
Mr. Wang Yongbin	353	255	63	671
Mr. Yao Yanmin	293	418	63	774
Mr. Lu Yaojun	529	471	63	1,063
Subtotal	1,175	1,144	189	2,508
Total	2,066	3,021	399	5,486

(i) Mr. Sun Ziyu retired as the executive director on 26 April 2023.

9. DIRECTORS' AND SUPERVISORS' REMUNERATION (CONTINUED)

(b) Executive directors, non-executive directors and supervisors (continued)

	Salaries, allowances and benefits in kind *RMB'000*	Performance related bonuses *RMB'000*	Pension scheme contributions *RMB'000*	Total *RMB'000*
2022				
Executive directors				
Mr. Wang Tongzhou	278	1,018	58	1,354
Mr. Wang Haihuai *(Chief executive)*	278	1,374	58	1,710
Mr. Liu Xiang	254	813	58	1,125
Mr. Sun Ziyu	212	264	47	523
Subtotal	1,022	3,469	221	4,712
Non-executive directors				
Mr. Liu Maoxun	10	–	40	50
Mr. Mi Shuhua	–	–	–	–
Subtotal	10	–	40	50
Supervisors				
Mr. Wang Yongbin	510	498	58	1,066
Mr. Yao Yanmin	573	347	58	978
Mr. Lu Yaojun	614	292	58	964
Subtotal	1,697	1,137	174	3,008
Total	2,729	4,606	435	7,770

There was no arrangement under which a director or a supervisor waived or agreed to waive any remuneration during the year.

10. FIVE HIGHEST PAID EMPLOYEES

None of the directors and supervisors as mentioned in note 9 above was included in the five highest paid individuals. The emoluments of the five individuals whose emoluments were the highest in the Group during the year are as follows:

	2023 ***RMB'000***	2022 *RMB'000*
Salaries, allowances and benefits in kind	**1,975**	2,247
Performance related bonuses	**8,651**	10,381
Pension scheme contributions	**842**	752
Total	**11,468**	13,380

The remuneration of the above five highest paid employees fell within the following bands.

	Number of employees	
	2023	2022
HK$2,000,000 to HK$2,500,000 (equivalent to approximately RMB1,812,400 to RMB2,265,500)	**3**	–
HK$2,500,001 to HK$3,000,000 (equivalent to approximately RMB2,265,501 to RMB2,718,600)	**2**	3
HK$3,000,001 to HK$3,500,000 (equivalent to approximately RMB2,718,601 to RMB3,171,700)	**–**	1
HK$3,500,001 to HK$4,000,000 (equivalent to approximately RMB3,171,701 to RMB3,624,800)	**–**	1
Total	**5**	5

11. INCOME TAX

Most of the companies comprising the Group are subject to the PRC enterprise income tax, which was provided based on the statutory income tax rate of 25% (2022: 25%) of the assessable income of each of these companies during the year as determined in accordance with the relevant PRC income tax rules and regulations, except for certain PRC subsidiaries of the Company which were taxed at a preferential rate of 15% (2022: 15%).

Taxation for other companies of the Group has been calculated based on the estimated assessable profit for the years ended 31 December 2023 and 31 December 2022 at the appropriate rates of taxation prevailing in the jurisdictions in which these companies operate.

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

	2023 *RMB million*	2022 *RMB million* (Restated)
Current		
– PRC enterprise income tax	**6,709**	6,966
– Elsewhere	**1,071**	1,073
Total Current	**7,780**	8,039
Deferred *(note 32)*	**(1,383)**	(922)
Total tax charge for the year	**6,397**	7,117

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

	2023 *RMB million*	**%**	2022 *RMB million* (Restated)	%
Profit before tax	**37,538**		33,088	
Tax at PRC statutory tax rate of 25%	**9,385**	**25.0**	8,272	25.0
Land appreciation tax in the PRC	**193**	**0.5**	643	1.9
Profits and losses attributable to joint ventures and associates	**251**	**0.7**	81	0.2
Income not subject to tax	**(589)**	**(1.6)**	(260)	(0.8)
Additional tax concession on research and development costs	**(1,681)**	**(4.5)**	(1,093)	(3.3)
Expenses not deductible for tax	**255**	**0.7**	81	0.2
Temporary differences utilised from previous periods	**(197)**	**(0.6)**	(5)	(0.1)
Temporary differences not recognised	**189**	**0.5**	412	1.2
Tax losses utilised from previous periods	**(109)**	**(0.3)**	(105)	(0.3)
Tax losses not recognised	**848**	**2.3**	1,067	3.2
Effect of differences in tax rates applicable to certain domestic and foreign subsidiaries	**(1,964)**	**(5.2)**	(1,688)	(5.1)
Adjustments in respect of current income tax of previous years	**67**	**0.2**	(18)	(0.1)
Others	**(251)**	**(0.7)**	(270)	(0.8)
Tax charge at the Group's effective rate	**6,397**	**17.0**	7,117	21.5

The share of tax attributable to joint ventures and associates amounting to approximately RMB433 million (2022: RMB266 million) is included in "Share of profits and losses of joint ventures and associates" in the consolidated statement of profit or loss.

12. HELD-FOR-SALE CATEGORY

	Book value	Fair value	Estimated disposal costs	Estimated disposal time
Disposal of a subsidiary CCCC TDC Yantai Environmental Protection Dredging Co. Ltd. *(a)*	1,212	1,242	–	2024
– Assets of a disposal group classified as held for sale	3,900			
– Liabilities directly associated with the assets classified as held for sale	(2,688)			
Others	2	2	–	2024
Total	1,214	1,244		
Assets of a disposal group classified as held for sale	3,902			
Liabilities directly associated with the assets classified as held for sale	(2,688)			

(a) On 13 March 2023, CCCC Dredging announced the decision of its board of directors to dispose of CCCC TDC Yantai Environmental Protection Dredging Co. Ltd. ("Yantai Environmental"). The decision was approved by its ultimate holding company. Yantai Environmental engages in the manufacture and sale of electronic products. The disposal of Yantai Environmental would be completed in January 2024, final negotiations for the sale were in progress and Yantai Environmental was classified as a disposal group held for sale.

The major classes of assets and liabilities of Yantai Environmental classified as held for sale as at 31 December 2023 are as follows:

	2023 *RMB million*
Assets	
Property, plant and equipment	**265**
Right-of-use assets	**55**
Deferred tax assets	**17**
Inventories	**60**
Contract assets	**1,087**
Trade and other receivables	**2,262**
Cash and cash equivalents	**154**
Assets of a disposal group classified as held for sale	**3,900**
Liabilities	
Trade and other payables	**(2,612)**
Contract liabilities	**(51)**
Tax payable	**(20)**
Interest-bearing bank and other borrowings	**(1)**
Retirement benefit obligations	**(4)**
Liabilities directly associated with the assets classified as held for sale	**(2,688)**

13. DIVIDENDS

	2023 *RMB million*	2022 *RMB million*
Proposed final dividend of RMB0.29253 per ordinary share (2022: RMB0.21707)	**4,762**	3,509

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

14. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent (exclusive of the interest on perpetual securities), and the weighted average number of ordinary shares of 16,165,711,425 (2022: 16,165,711,425) in issue during the year.

As disclosed in note 36, the Company granted restricted shares to certain employees in 2023, the restricted shares had an anti-dilutive effect on the basic earnings per share for the year and were ignored in the calculation of diluted earnings per share. Therefore, the diluted earnings per share is equal to the basic earning per share.

The calculation of basic earnings per share is based on:

	2023	2022
Profit attributable to ordinary equity holders of the parent *(RMB million)*	**24,734**	20,226
Less: Interest on perpetual securities *(RMB million) (i)*	**1,327**	1,559
Total	**23,407**	18,667
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share *(million)*	**16,166**	16,166
Basic earnings per share	**RMB1.45**	RMB1.15

(i) The perpetual securities issued by the Company were classified as equity instruments with deferrable accumulative interest. Interest of RMB1,327 million on the perpetual securities which has been accrued but not distributed during the year was deducted from earnings when calculating the earnings per share amount for the year ended 31 December 2023.

15. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB million	Machinery RMB million	Vessels and vehicles RMB million	Other equipment RMB million	Construction in progress RMB million	Total RMB million
31 December 2023						
At 31 December 2022, net of accumulated depreciation and impairment	15,796	13,108	19,087	3,099	9,615	60,705
Additions	156	2,964	1,488	1,572	9,286	15,466
Acquisition from debt restructuring	123	–	–	–	–	123
Disposals	(17)	(670)	(296)	(140)	–	(1,123)
Business combination	4,968	2,637	60	351	317	8,333
Disposal of subsidiaries	–	(8)	(2)	–	–	(10)
Transfer	2,375	1,811	2,936	218	(7,340)	–
Transfer from investment properties	101	–	–	–	–	101
Transfer from inventories	393	–	–	–	185	578
Transfer to inventories	–	–	–	–	(931)	(931)
Transfer to Intangible assets	–	–	–	–	(36)	(36)
Transfer to right-of-use assets	–	–	–	–	(13)	(13)
Transfer to investment properties	(28)	–	–	–	(233)	(261)
Transfer from right-of-use asset	–	–	444	–	–	444
Transfer to assets of a disposal group classified as held for sale	(2)	(1)	(260)	(2)	–	(265)
Depreciation provided during the year	(766)	(3,505)	(1,767)	(1,832)	–	(7,870)
Impairment	–	–	–	–	(5)	(5)
Exchange realignment and others	26	5	8	(45)	(128)	(134)
At 31 December 2023, net of accumulated depreciation and impairment	23,125	16,341	21,698	3,221	10,717	75,102
At 31 December 2023						
Cost	29,934	40,917	48,448	17,120	10,739	147,158
Accumulated depreciation and impairment	(6,809)	(24,576)	(26,750)	(13,899)	(22)	(72,056)
Net carrying amount	23,125	16,341	21,698	3,221	10,717	75,102

15. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Buildings *RMB million*	Machinery *RMB million*	Vessels and vehicles *RMB million*	Other equipment *RMB million*	Construction in progress *RMB million*	Total *RMB million*
31 December 2022						
At 31 December 2021, net of accumulated depreciation and impairment	14,863	13,748	17,970	3,756	11,407	61,744
Additions	485	2,446	1,831	1,838	5,322	11,922
Capital contribution from non-controlling shareholders	29	–	–	–	–	29
Disposals	(246)	(243)	(40)	(210)	–	(739)
Business combination	1	9	1	2	2	15
Disposal of subsidiaries	(2)	(51)	(18)	(14)	–	(85)
Transfer	1,551	543	1,356	244	(3,694)	–
Transfer from right-of-use assets	–	29	–	–	–	29
Transfer from investment properties	297	–	–	–	–	297
Transfer from inventories	56	15	–	–	616	687
Transfer to Intangible assets	–	–	–	–	(7)	(7)
Transfer to right-of-use assets	–	–	–	–	(17)	(17)
Transfer to investment properties	(360)	–	–	–	(3,976)	(4,336)
Depreciation provided during the year	(907)	(3,393)	(2,146)	(2,473)	–	(8,919)
Impairment	–	(77)	–	(2)	–	(79)
Exchange realignment and others	29	82	133	(42)	(38)	164
At 31 December 2022, net of accumulated depreciation and impairment	15,796	13,108	19,087	3,099	9,615	60,705
At 31 December 2022						
Cost	21,832	36,002	45,016	16,813	9,620	129,283
Accumulated depreciation and impairment	(6,036)	(22,894)	(25,929)	(13,714)	(5)	(68,578)
Net carrying amount	15,796	13,108	19,087	3,099	9,615	60,705

As at 31 December 2023, the Group was in the process of applying for the ownership certificates for certain of its properties with an aggregate carrying amount of approximately RMB2,434 million (2022: RMB1,928 million). The directors of the Company are of the opinion that the Group is entitled to lawfully and validly occupy or use these properties.

As at 31 December 2023, certain bank and other borrowings were secured by property, plant and equipment, with a carrying amount of approximately RMB782 million (31 December 2022: Nil) (note 44(b)).

16. INVESTMENT PROPERTIES

	2023 RMB million	2022 RMB million
Carrying amount at 1 January	**10,633**	6,702
Additions	**29**	4
Transfer from property, plant and equipment	**261**	4,336
Transfer from inventories	**302**	423
Business combination	**9**	64
Transfer to property, plant and equipment	**(101)**	(297)
Transfer to inventories	**(107)**	(89)
Disposals	**(3)**	(134)
Disposal of subsidiaries	**(988)**	(86)
Depreciation provided during the year	**(464)**	(350)
Exchange realignment	**12**	60
Carrying amount at 31 December	**9,583**	10,633
Cost	**11,315**	12,372
Accumulated depreciation and impairment	**(1,732)**	(1,739)
	9,583	10,633
Fair value at 31 December *(a)*	**17,354**	17,958

16. INVESTMENT PROPERTIES (CONTINUED)

(a) As at 31 December 2023, the Group's investment properties were fair valued by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent qualified valuer.

The fair value of the investment properties located in Chinese Mainland as at 31 December 2023 and 31 December 2022 was determined using income approach and market comparison approach.

	Valuation techniques	Significant unobservable/ observable inputs	Fair value at 31 December 2023 *RMB million*	Fair value at 31 December 2022 *RMB million*
Investment properties located in Chinese Mainland	Income approach: taking into account the net rental income of the properties derived mainly from the existing and/or achievable leases in the existing market with due allowance, which have been then capitalised to determine the fair value at an appropriate capitalisation rate	Future rental inflows, and capitalisation rates.	**15,060**	15,214
The rest of the investment properties located in Chinese Mainland	Market comparison approach: with reference to comparable market transactions	Comparable price in the market	**723**	1,086
Investment properties located outside Chinese Mainland	Market comparison approach: with reference to comparable market transactions	Comparable price in the market	**826**	850
Investment properties located outside Chinese Mainland	Income approach: taking into account the net rental income of the properties derived mainly from the existing and/or achievable leases in the existing market with due allowance, which have been then capitalised to determine the fair value at an appropriate capitalisation rate	Future rental inflows, discount rates and capitalisation rates.	**745**	808
			17,354	17,958

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's investment properties as at 31 December 2023 using significant unobservable inputs (Level 3):

Valuation techniques	Significant unobservable inputs	Range 2023	Range 2022
Income approach (2022: Income approach)	Discount rate	**3.0%-12.0%**	3.0%-12.0%
	Average monthly rental (per square meter)	**RMB3-RMB510 per square meter**	RMB3-RMB522 per square meter

16. INVESTMENT PROPERTIES (CONTINUED)

Fair value hierarchy (continued)

There were no transfers between Level 1 and Level 2 and into or out of Level 3 during the year (2022: Nil).

(a) The investment properties are leased to third parties under operating leases, further details of which are included in note 17 to the financial statements.

As at 31 December 2023, the Group was in the process of applying for the ownership certificates for certain properties with an aggregate carrying amount of approximately RMB357 million (31 December 2022: RMB633 million). The directors of the Company are of the opinion that the Group is entitled to lawfully and validly occupy or use these properties.

17. LEASES

The Group as a lessee

The Group has lease contracts for various items of land, building, vessels, machinery, vehicles and other equipment used in its operations. Lump sum payments were made upfront to acquire the leased land from the owners with lease periods of 20 to 70 years and no ongoing payments will be made under the terms of these land leases. Leases of buildings generally have lease terms between 1 and 10 years. The terms of vessels lease are generally 1 to 10 years under operating leases, while the lease period is 8 to 25 years under finance leases. Machinery and vehicles generally have lease terms between 1 and 5 years. Other equipment generally has lease terms of 1 to 5 years or less and/or is individually of low value. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Leasehold land *RMB million*	Buildings *RMB million*	Vessels *RMB million*	Machinery *RMB million*	Vehicles *RMB million*	Other equipment *RMB million*	Total *RMB million*
31 December 2023							
At 31 December 2022, net of accumulated depreciation	15,404	2,220	444	123	22	61	18,274
Additions	906	1,293	45	483	86	44	2,857
Transfer from property, plant and equipment	13	–	–	–	–	–	13
Business combinations	1,339	4	–	–	–	–	1,343
Transfer from inventories	92	–	–	–	–	–	92
Depreciation charge	(255)	(939)	(53)	(104)	(71)	(12)	(1,434)
Transfer to property, plant and equipment	–	–	(444)	–	–	–	(444)
Transfer to inventories	(359)	–	–	–	–	–	(359)
Transfer to assets of a disposal group classified as held for sale	(54)	(1)	–	–	–	–	(55)
Disposal, retirement, and others	141	(81)	21	(19)	2	2	66
At 31 December 2023	17,227	2,496	13	483	39	95	20,353

17. LEASES (CONTINUED)

The Group as a lessee (continued)

(a) Right-of-use assets (continued)

	Leasehold land *RMB million*	Buildings *RMB million*	Vessels *RMB million*	Machinery *RMB million*	Vehicles *RMB million*	Other equipment *RMB million*	Total *RMB million*
31 December 2022							
At 31 December 2021, net of accumulated depreciation	14,385	2,053	509	174	233	63	17,417
Additions	672	924	2	50	25	6	1,679
Capital contribution from non-controlling shareholders	21	–	–	–	–	–	21
Transfer from property, plant and equipment	17	–	–	–	–	–	17
Business combinations	15	3	–	–	–	–	18
Transferred from inventories	49	–	–	–	–	–	49
Depreciation charge	(228)	(878)	(45)	(84)	(25)	(8)	(1,268)
Transfer to property, plant and equipment	–	–	–	(29)	–	–	(29)
Impairment	(3)	–	–	–	–	–	(3)
Disposal of subsidiaries	(4)	–	–	–	–	–	(4)
Disposal, retirement, or others	480	118	(22)	12	(211)	–	377
At 31 December 2022	15,404	2,220	444	123	22	61	18,274

As at 31 December 2023, certain of the Group's right-of-use assets with a net carrying amount of approximately RMB9,015 million (31 December 2022: RMB8,764 million) were pledged to secure general banking facilities granted to the Group (notes 31(e) and 44(b)).

(b) Lease liabilities

The carrying amount of lease liabilities (included under interest-bearing bank and other borrowings) and the movements during the year are as follows:

	2023 Lease liabilities ***RMB million***	2022 Lease liabilities *RMB million*
Carrying amount at 1 January	**2,386**	2,658
New leases	**1,831**	775
Interest expense	**232**	122
Payments	**(1,673)**	(1,169)
Carrying amount at 31 December	**2,776**	2,386
Analysed into:		
Current portion	**926**	801
Non-current portion	**1,850**	1,585

The maturity analysis of lease liabilities is disclosed in note 49(c) to the consolidated financial statements.

17. LEASES (CONTINUED)

The Group as a lessee (continued)

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	2023 *RMB million*	2022 *RMB million*
Interest on lease liabilities	**232**	122
Depreciation charge of right-of-use assets	**1,434**	1,268
Expense relating to short-term leases (included in cost of sales)	**1,795**	2,026
Expense relating to leases of low-value assets (included in administrative expenses)	**2**	7
Variable lease payments not included in the measurement of lease liabilities (included in cost of sales)	**2**	5
Total amount recognised in profit or loss	**3,465**	3,428

(d) The total cash outflow for leases and future cash outflows relating to leases that have not yet commenced are disclosed in notes 40(c) and 49(c), respectively, to the consolidated financial statements.

The Group as a lessor

(a) Operating lease

The Group leases its investment properties (note 16) and property, plant and equipment (note 15) consisting of certain of commercial and industrial properties in Chinese Mainland and overseas under operating lease arrangements. The terms of the leases generally require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions. Rental income recognised by the Group during the year was RMB962 million (2022: RMB1,072 million).

As at 31 December 2023, the Group's operating arrangements for leased property, plant and equipment are as follows:

	Machinery *RMB million*	**Vessels and vehicles** *RMB million*	**Total** *RMB million*
At 31 December 2022, net of accumulated depreciation and impairment	891	631	1,522
Additions	571	198	769
Lease expiration	(55)	(235)	(290)
Depreciation	(232)	(60)	(292)
At 31 December 2023, net of accumulated depreciation and impairment	1,175	534	1,709

17. LEASES (CONTINUED)

The Group as a lessor (continued)

(a) Operating lease (continued)

At 31 December 2023, the undiscounted lease payments receivables by the Group in future periods under non-cancellable operating leases with its tenants are as follows:

	2023 ***RMB million***	2022 *RMB million*
Within 1 year	**592**	600
1 year to 2 years	**385**	453
2 years to 3 years	**228**	343
3 years to 4 years	**152**	207
4 years to 5 years	**193**	128
Over 5 years	**181**	350
Total	**1,731**	2,081

(b) Finance lease

Financing income from net lease investment was RMB2,734 million (2022: RMB2,414 million).

At 31 December 2023, the Group had contracted with lessees for the following future undiscounted lease payments under non-cancellable finance leases are as follows:

	2023 ***RMB million***	2022 *RMB million*
Lease payments receivables		
– Within 1 year	**21,477**	16,598
– 1 year to 2 years	**17,089**	13,855
– 2 years to 3 years	**8,805**	8,377
– 3 years to 4 years	**2,653**	3,601
– 4 years to 5 years	**1,041**	2,023
– Over 5 years	**548**	1,154
Subtotal	**51,613**	45,608
Less: Unearned finance lease income	**4,184**	5,585
Net investment in the lease	**47,429**	40,023

18. INTANGIBLE ASSETS

	Concession assets *RMB million*	Goodwill *RMB million*	Trademarks, patents, proprietary technologies and copyrights *RMB million*	Computer software *RMB million*	Others *RMB million*	Total *RMB million*
31 December 2023						
Cost at 1 January 2023, net of accumulated amortisation and impairment	**212,291**	**5,182**	**1,153**	**498**	**414**	**219,538**
Additions	**20,830**	**–**	**44**	**406**	**3,254**	**24,534**
Business combinations	**11,651**	**330**	**291**	**9**	**1,142**	**13,423**
Transfer from property, plant and equipment	**–**	**–**	**–**	**3**	**33**	**36**
Disposal of subsidiaries *(note 43)*	**(41,655)**	**–**	**–**	**–**	**–**	**(41,655)**
Disposal	**–**	**–**	**(20)**	**(7)**	**(2)**	**(29)**
Amortisation provided during the year	**(2,963)**	**–**	**(75)**	**(193)**	**(54)**	**(3,285)**
Impairment written off during the year	**–**	**(196)**	**–**	**–**	**–**	**(196)**
Exchange realignment	**457**	**139**	**20**	**–**	**1**	**617**
Others	**(12,435)**	**–**	**–**	**–**	**–**	**(12,435)**
At 31 December 2023	**188,176**	**5,455**	**1,413**	**716**	**4,788**	**200,548**
At 31 December 2023						
Cost	**201,214**	**5,751**	**1,718**	**1,933**	**5,210**	**215,826**
Accumulated amortisation and impairment	**(13,038)**	**(296)**	**(305)**	**(1,217)**	**(422)**	**(15,278)**
Net carrying amount	**188,176**	**5,455**	**1,413**	**716**	**4,788**	**200,548**
31 December 2022						
Cost at 1 January 2022, net of accumulated amortisation and impairment	222,097	5,120	1,138	406	340	229,101
Additions	24,815	–	49	295	118	25,277
Transfer from property, plant and equipment	–	–	–	7	–	7
Business combinations	–	18	–	–	–	18
Asset acquisition	7,696	–	–	–	–	7,696
Disposal of subsidiaries *(note 43)*	(34,605)	–	–	(1)	–	(34,606)
Disposal	–	–	–	(14)	–	(14)
Amortisation provided during the year	(2,645)	–	(34)	(195)	(44)	(2,918)
Impairment written off during the year	–	(50)	–	–	–	(50)
Exchange realignment	–	95	–	–	–	95
Others	(5,067)	(1)	–	–	–	(5,068)
At 31 December 2022	212,291	5,182	1,153	498	414	219,538
At 31 December 2022						
Cost	223,353	5,282	1,455	1,550	782	232,422
Accumulated amortisation and impairment	(11,062)	(100)	(302)	(1,052)	(368)	(12,884)
Net carrying amount	212,291	5,182	1,153	498	414	219,538

18. INTANGIBLE ASSETS (CONTINUED)

As at 31 December 2023, the net carrying amount of concession assets consisted of RMB168,207 million (2022: RMB175,141 million) under operation and RMB19,969 million (2022: RMB37,150 million) under construction, respectively.

As at 31 December 2023, the Group recognised an accumulated impairment of RMB299 million (2022: RMB299 million), based on the impairment tests for concession assets in the infrastructure construction segment.

As at 31 December 2023, certain bank and other borrowings were secured by concession assets with a total carrying amount of approximately RMB129,813 million (2022: RMB146,235 million) (notes 31(e) and 44(b)).

Impairment testing of goodwill

Goodwill is allocated to the Group's cash-generating units identified within respective operating segments. Goodwill of the Group mainly relates to the followings:

(a) the goodwill included in the Construction segment that arose in connection with the Group's acquisition of the 100% equity interest in John Holland Group Pty Limited ("John Holland") in April 2015 and acquisition of the 100% equity interest in RCR Holdings ("RCR") in February 2019, collectively referred to as John Holland cash-generating unit ("John Holland CGU");

(b) the goodwill included in the Design segment that arose in connection with the Group's acquisition of the 80% equity interest in Concremat Engenharia e Tecnologia S.A. ("Concremat CGU") in January 2017; and

(c) the goodwill included in the Other segment that arose in connection with the Group's acquisition of the 100% equity interest in Friede Goldman United, Ltd. ("F&G CGU") in August 2010.

The following is a summary of goodwill allocation:

	2023 RMB million	2022 RMB million
John Holland CGU *(i)*	**4,756**	4,617
Concremat CGU *(i)*	**252**	252
F&G CGU *(i)*	**–**	195
Other CGUs	**447**	118
Total	**5,455**	5,182

(i) For goodwill in connection with John Holland CGU, Concremat CGU and F&G CGU, the recoverable amount was determined based on value-in-use calculation. The calculation uses cash flow projections based on financial budgets approved by management covering a five-year period. For the John Holland CGU, the key assumptions is set out below:

	2023 John Holland	2022 John Holland
Terminal growth rate [1]	**2%**	2%
Before tax discount rate [2]	**11.1%**	12.9%

(1) The terminal growth rate is the average annual revenue growth rate over the five-year forecast period. It is based on past performance and management's expectations of market development.

(2) The discount rate used is before tax and reflects specific risks relating to the CGU.

As at 31 December 2023, the Group recognised an accumulated impairment of RMB296 million (2022: RMB100 million) for the goodwill allocated to F&G CGU, while no impairment was recognised for the goodwill allocated to John Holland CGU and Concremat CGU based on the assessment as at 31 December 2023 and 2022.

19. INVESTMENTS IN JOINT VENTURES

	2023	2022
	RMB million	*RMB million*
At 1 January	**51,731**	44,577
Additions	**6,821**	6,822
Disposals	**(489)**	(744)
Share of profits or losses, net	**(1,409)**	(666)
Dividend distribution	**(464)**	(616)
Initial recognition of fair value of interests in joint ventures arising from disposal of subsidiaries	**4,229**	2,321
Conversion into subsidiaries resulting from increase in equity interests in joint ventures	**(652)**	(166)
Share of other comprehensive income of joint ventures	**(10)**	(22)
Impairment	**(248)**	(1)
Others	**162**	226
At 31 December	**59,671**	51,731

In the opinion of the directors, none of the joint ventures is individually material to the Group.

The following table illustrates the aggregate financial information of the Group's joint ventures that are not individually material:

	2023	2022
	RMB million	*RMB million*
Share of the joint ventures' losses for the year	**(1,409)**	(666)
Share of the joint ventures' other comprehensive loss	**(10)**	(22)
Share of the joint ventures' total comprehensive loss	**(1,419)**	(688)
Aggregate carrying amount of the Group's investments in the joint ventures	**59,671**	51,731

All of the joint ventures of the Group are accounted for using the equity method.

The Group's receivable and payable balances with and guarantees provided to the joint ventures are disclosed in notes 46(b) and 46(c) to the financial statements.

As at 31 December 2023, approximately 9.18% of the aggregate carrying amount of the Group's investments in the joint ventures was directly held by the Company.

20. INVESTMENTS IN ASSOCIATES

	2023 RMB million	2022 RMB million
At 1 January	47,588	40,772
Additions	5,940	5,442
Disposals	(255)	(18)
Share of profits, net	406	343
Dividend distribution	(535)	(285)
Initial recognition of fair value of interests in associates arising from disposal of subsidiaries	584	978
Share of other comprehensive income of associates	34	360
Others	58	(4)
At 31 December	53,820	47,588

Particulars of the Group's material associate is as follows:

Name	Particulars of issued shares held	Place of incorporation/ registration and business	Percentage of ownership interest attributable to the Group	Principal activity
Shanghai Zhenhua Heavy Industries Co., Ltd. ("ZPMC")	Ordinary shares	Chinese Mainland	16.24%	Manufacture of heavy-duty equipment

Although the Group holds less than 20% equity interest in ZPMC, ZPMC has been accounted for as an associate since the Group is the second largest shareholder of ZPMC, only next to the Company's parent CCCG and has the right to nominate directors to the board of directors of ZPMC and therefore has significant influence over ZPMC. ZPMC is directly held by the Company.

ZPMC, which is considered a material associate of the Group, is a strategic partner of the Group and is accounted for using the equity method.

As at 31 December 2023, approximately 23.84% of the aggregate carrying amount of the Group's investments in the associates was directly held by the Company.

20. INVESTMENTS IN ASSOCIATES (CONTINUED)

The following table illustrates the summarised financial information in respect of ZPMC and reconciled to the carrying amount in the consolidated financial statements:

	2023 **RMB million**	2022 RMB million
Non-current assets	**39,354**	39,366
Current assets	**45,511**	38,847
Total assets	**84,865**	78,213
Current liabilities	**(48,199)**	(36,351)
Non-current liabilities	**(17,799)**	(23,740)
Total liabilities	**(65,998)**	(60,091)
Non-controlling interests	**(3,110)**	(2,954)
Perpetual securities	**(500)**	(500)
Equity attributable to ordinary equity holders of the parent	**15,257**	14,668
Reconciliation to the Group's interest in the associate:		
Proportion of the Group's ownership	**16.24%**	16.24%
Group's share of net assets of the associate, excluding goodwill	**2,512**	2,421
Goodwill on acquisition (less cumulative impairment)	**1,911**	1,911
Carrying amount of the investment	**4,423**	4,332
Revenue	**32,933**	30,183
Profit attributable to owners of the parent	**520**	376
Other comprehensive loss attributable to owners of the parent	**34**	94
Total comprehensive income for the year attributable to owners of the parent	**554**	470
Dividend received	**–**	43

20. INVESTMENTS IN ASSOCIATES (CONTINUED)

The following table illustrates the aggregate financial information of the Group's associates that are not individually material:

	2023 **RMB million**	2022 *RMB million*
Share of the associates' profit for the year	**322**	281
Share of the associates' other comprehensive income	**28**	345
Share of the associates' total comprehensive income	**350**	626
Aggregate carrying amount of the Group's investments in the associates	**49,397**	43,256

All of the associates of the Group are accounted for using the equity method.

The Group's trade receivable and payable balances with and the guarantees provided to the associates are disclosed in notes 46 (b) and 46(c) to the financial statements.

21. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2023 **RMB million**	2022 *RMB million*
Listed equity investments *(note a)*	**584**	993
Unlisted investments		
– Investments in structured entities *(note 23)*	**20,776**	17,257
– Unlisted equity investments	**3,763**	2,084
– Future purchase option *(note c)*	**2,740**	2,118
– Investments in assets-backed securities *(note 23)*	**37**	30
– Wealth management products *(note b)*	**254**	307
Subtotal	**28,154**	22,789
Less: Non-current portion		
Unlisted investments	**27,316**	21,489
Total current portion	**838**	1,300

(a) The listed equity investments at 31 December 2023 were classified as financial assets at fair value through profit or loss as they were held for trading. The fair value of these investments was based on the quoted market prices at the end of the reporting period.

(b) The above wealth management products issued by banks in Chinese Mainland are mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

(c) The Group purchased future purchase options to buy back equity interests in certain companies it disposed of in prior years at a discounted price. As at 31 December 2023, the fair value of the future purchase options was RMB2,740 million (2022: RMB2,118 million).

22. EQUITY INVESTMENTS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

(i) Equity instruments at fair value through other comprehensive income comprise the following individual instruments:

	2023	2022
	RMB million	*RMB million*
Listed equity instruments		
– China Merchants Bank Co., Ltd.	**11,761**	15,752
– China Merchants Securities Co., Ltd.	**3,749**	3,655
– Yutong Bus Co., Ltd.	**542**	307
– China Everbright Bank Co., Ltd.	**82**	229
– China Development Bank Financial Leasing Co., Ltd.	**194**	146
– CECEP Environmental Protection Equipment Co., Ltd.	**147**	146
– Bank of Communications Co., Ltd.	**–**	143
– Zhongtong Bus Holding Co., Ltd.	**42**	56
– Others	**213**	269
Subtotal	**16,730**	20,703
Unlisted equity instruments		
– Lunan High Speed Railway Co., Ltd.	**1,267**	1,298
– Shandong Zilin Expressway Co., Ltd.	**663**	194
– Shandong Jiwei Expressway Co., Ltd.	**346**	346
– Beijing CEDC Ltd.	**372**	321
– Shandong Expressway Jiqing Midline Highway Co., Ltd.	**242**	242
– Hunan Bainan Expressway Construction Development Co., Ltd.	**403**	173
– Jiangsu Xitai Tunnel Co., Ltd.	**287**	149
– Shanghai Kerry Oils & Grains Industries Co., Ltd.	**28**	48
– Others	**1,087**	653
Subtotal	**4,695**	3,424
Total	**21,425**	24,127

The above equity investments were irrevocably designated at fair value through other comprehensive income as the Group considers these investments to be strategic in nature.

(ii) Disposal of equity investments

During the year ended 31 December 2023, the Group has sold certain equity investments, as these investments no longer suited the Group's investment strategy. The equity investments sold had a fair value of RMB404 million (2022: RMB175 million) at the time of sale and the Group realised a gain of RMB121 million (2022: RMB86 million), which had already been included in other comprehensive income and transferred to retained earnings directly upon disposal.

(iii) Dividends

During the year ended 31 December 2023, the Group recognised dividends in a total amount of RMB892 million (2022: RMB874 million), including RMB19 million relating to equity investments derecognised during the reporting period and RMB873 million (2022: RMB874 million) relating to equity investments held at the end of the reporting period, respectively.

23. UNCONSOLIDATED STRUCTURED ENTITIES

The Group is principally involved with structured entities through financial investments. The Group determines whether or not to consolidate these structured entities depending on whether the Group has control over them. The unconsolidated structured entities include private equity funds, unit trust funds, trust products and asset management plans, etc. The nature and purpose of these structured entities are to engage in infrastructure investment activities. These structured entities were financed through the issue of units to investors.

As at 31 December 2023, the maximum exposure to loss and the book values of relevant investments of the Group arising from the interests held in structured entities that are sponsored by the Group or the third party financial institutions are set out as below:

	2023		2022	
	Carrying amount	**Maximum exposure to loss**	Carrying amount	Maximum exposure to loss
	RMB million	***RMB million***	*RMB million*	*RMB million*
Investments in structured entities	**20,776**	**20,776**	17,257	17,257
Investments in asset-backed securities	**37**	**37**	30	30
Total	**20,813**	**20,813**	17,287	17,287

In 2023, the Group received management fees, commission and performance fees amounting to RMB82 million (2022: RMB38 million) from unconsolidated structured entities sponsored by the Group.

As disclosed in notes 26(f) and 41(iii)(b), the Group has entered into agreements with certain financial institutions to establish ABS and ABN arrangements. As at 31 December 2023, in addition to the liquidity support provided by the Group as disclosed, the Group has invested asset-backed securities with an aggregated amount of RMB37 million (2022: RMB30 million). The directors of the Company evaluate that the position of subordinated tranches invested is low, and therefore determined not to consolidate these ABS and ABN.

As at 31 December 2023, except for those disclosed and note 41(iii), there were no contractual liquidity arrangements, guarantees or other commitments between the Group and the unconsolidated structured entities (2022: Nil).

24. INVENTORIES

	2023 RMB million	2022 RMB million
Raw materials	**15,346**	16,819
Work in progress	**1,415**	884
Properties under development *(note a)*	**50,949**	51,086
Completed properties held for sale *(note b)*	**19,238**	7,515
Finished goods	**853**	1,433
Others	**220**	526
Total	**88,021**	78,263

At 31 December 2023, certain of the Group's properties under development and completed properties held for sale with an aggregate carrying amount of RMB18,199 million (2022: RMB10,184 million) were pledged to secure the Group's bank loans (notes 31(e) and 44(b)).

(a) Properties under development comprise:

	2023 RMB million	2022 RMB million
Land use rights	**33,826**	29,845
Construction cost	**13,865**	18,181
Finance costs capitalised	**3,258**	3,060
Total	**50,949**	51,086

All of the properties under development are expected to be completed within the Group's normal operating cycle and are included under current assets.

(b) The amount of completed properties held for sale expected to be recovered beyond one year is RMB11,667 million (2022: RMB5,365 million). The remaining amount is expected to be recovered within one year.

25. CONTRACT ASSETS

Contract assets are initially recognised for revenue earned from the provision of construction, design and dredging services. Upon settlement with the customer, the amounts recognised as contract assets are reclassified to trade receivables. The increase in contract assets in 2023 and 2022 was mainly resulted from the increase in the ongoing provision of construction and dredging services at the end of each of the years.

	31 December 2023 *RMB million*	31 December 2022 *RMB million*	1 January 2022 *RMB million*
Contract assets arising from:			
Infrastructure construction	**426,628**	370,597	295,073
Infrastructure design	**12,706**	12,241	9,266
Dredging	**17,120**	13,574	27,123
Others	**419**	208	5
Subtotal	**456,873**	396,620	331,467
Impairment	**(4,261)**	(3,349)	(3,022)
Net carrying amount	**452,612**	393,271	328,445
Portion classified as non-current	**282,355**	242,716	198,395
Current portion	**170,257**	150,555	130,050

During the year ended 31 December 2023, RMB4,261 million (2022: RMB3,349 million) was recognised as an allowance for expected credit losses on contract assets.

As at 31 December 2023, the expected timing of recovery or settlement for contract assets was subject to the specific contract terms and the progress of the performance obligations.

The movements in the loss allowance for impairment of contract assets are as follows:

	2023 *RMB million*	2022 *RMB million*
At beginning of year	**3,349**	3,022
Impairment losses, net	**1,008**	504
Others	**(96)**	(177)
At end of year	**4,261**	3,349

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates for the measurement of the expected credit losses of the contract assets are based on those of the trade receivables as the contract assets and the trade receivables are from the same customer bases. The provision rates of contract assets are based on the groupings of various customer segments with similar loss patterns (i.e., by service type, customer type). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

25. CONTRACT ASSETS (CONTINUED)

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

	2023	2022
Expected credit loss rate	**0.85%**	0.78%
Gross carrying amount *(RMB million)*	**454,864**	395,571
Expected credit losses *(RMB million)*	**3,847**	3,083

26. TRADE AND OTHER RECEIVABLES

	2023 *RMB million*	2022 *RMB million*
Trade and bills receivables *(note a)*	**143,180**	133,504
Impairment	**(23,987)**	(22,375)
Net carrying amount	**119,193**	111,129
Long-term receivables *(note b)*	**308,864**	253,776
Impairment	**(10,295)**	(8,123)
Net carrying amount	**298,569**	245,653
Other receivables:		
Prepayments	**33,053**	34,869
Deposits *(note d)*	**26,700**	27,431
Others	**68,374**	52,314
Subtotal	**128,127**	114,614
Impairment *(note c)*	**(7,521)**	(5,226)
Net carrying amount	**120,606**	109,388
Total	**538,368**	466,170
Portion classified as non-current		
Long-term receivables	**221,762**	176,550
Other receivables:		
Prepayments	**5,982**	5,938
Deposits	**1,922**	1,576
Others	**6,513**	6,124
Total non-current portion	**236,179**	190,188
Total current portion	**302,189**	275,982

26. TRADE AND OTHER RECEIVABLES (CONTINUED)

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

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

	2023 **RMB million**	2022 *RMB million*
Within 6 months	**71,583**	63,564
6 months to 1 year	**13,188**	9,781
1 year to 2 years	**14,284**	22,389
2 years to 3 years	**11,390**	6,206
Over 3 years	**8,748**	9,189
Total	**119,193**	111,129

The movements in provision for impairment of trade and bills receivables are as follows:

	2023 **RMB million**	2022 *RMB million*
At beginning of year	**22,375**	17,795
Impairment losses, net	**3,268**	5,447
Disposal of subsidiaries	**–**	(62)
Amount written off*	**(1,161)**	(1,027)
Others	**(495)**	222
At end of year	**23,987**	22,375

* During the year ended 31 December 2023, an accumulated impairment of RMB616 million (2022: RMB1,003 million) was written off because the relevant trade and bills receivables were derecognised due to the arrangement of non-recourse factoring agreements, ABS, ABN, and endorsement.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on the ageing of the balances for groupings of various customer segments with similar loss patterns (i.e., by service type, customer type). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

26. TRADE AND OTHER RECEIVABLES (CONTINUED)

(a) (continued)

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

As at 31 December 2023

	Ageing						
	Less than 1 year	**1 to 2 years**	**2 to 3 years**	**3 to 4 years**	**4 to 5 years**	**Over 5 years**	**Total**
Expected credit loss rate	**1.42%**	**14.98%**	**24.87%**	**40.93%**	**55.16%**	**87.57%**	**13.88%**
Gross carrying amount *(RMB million)*	**85,850**	**16,385**	**14,686**	**5,824**	**4,369**	**7,496**	**134,610**
Expected credit losses *(RMB million)*	**(1,221)**	**(2,454)**	**(3,653)**	**(2,384)**	**(2,410)**	**(6,564)**	**(18,686)**

As at 31 December 2022

	Ageing						
	Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	Total
Expected credit loss rate	1.32%	13.82%	25.85%	35.88%	58.38%	82.68%	12.74%
Gross carrying amount *(RMB million)*	73,825	25,610	8,034	5,582	3,700	5,896	122,647
Expected credit losses *(RMB million)*	(974)	(3,539)	(2,077)	(2,003)	(2,160)	(4,875)	(15,628)

In addition to the above provision matrix, the Group has made individual loss allowance for certain customers while the credit risk increased significantly. As at 31 December 2023, the accumulated individual loss allowance was RMB5,301 million (31 December 2022: RMB6,747 million) with a carrying amount before loss allowance of RMB8,570 million (31 December 2022: RMB10,857 million).

26. TRADE AND OTHER RECEIVABLES (CONTINUED)

(b) Long-term receivables mainly represented amounts due from certain construction works with payment periods over one year.

	31 December 2023 **RMB million**	31 December 2022 RMB million	1 January 2022 RMB million
Long-term receivables arising from:			
Infrastructure construction	**280,536**	228,134	201,001
Infrastructure design	**9,439**	8,343	8,002
Dredging	**17,941**	16,903	16,731
Others	**948**	396	665
Subtotal	**308,864**	253,776	226,399
Impairment	**(10,295)**	(8,123)	(5,842)
Net carrying amount	**298,569**	245,653	220,557
Portion classified as non-current	**221,762**	176,550	160,686
Current portion	**76,807**	69,103	59,871

During the year ended 31 December 2023, RMB1,434 million (2022: RMB2,440 million) was recognised as an allowance for expected credit losses on long-term receivables.

The movements in the loss allowance for impairment of long-term receivables are as follows:

	2023 **RMB million**	2022 RMB million
At beginning of year	**8,123**	5,842
Impairment losses, net	**1,434**	2,440
Amount written off	**(179)**	(215)
Others	**917**	56
At end of year	**10,295**	8,123

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates for the measurement of the expected credit losses of the long term receivables are based on those of the trade receivables as long term receivables and the trade receivables are from the same customer bases. The provision rates of long term receivables are based on the groupings of various customer segments with similar loss patterns (i.e., by service type, customer type). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

26. TRADE AND OTHER RECEIVABLES (CONTINUED)

(b) (continued)

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

	2023	2022
Expected credit loss rate	**0.99%**	1.13%
Gross carrying amount *(RMB million)*	**292,026**	244,875
Expected credit losses *(RMB million)*	**2,891**	2,761

(c) The movements in the loss allowance for impairment of other receivables are as follows:

	2023 **RMB million**	2022 RMB million
At beginning of year	**5,226**	3,919
Impairment losses, net	**2,191**	1,344
Disposal of subsidiaries	**–**	(33)
Amount written off	**(7)**	(14)
Others	**111**	10
At end of year	**7,521**	5,226

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates of other receivables are based on the groupings of various customer segments with similar loss patterns (i.e., by service type, customer type). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

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

	2023	2022
Expected credit loss rate	**3.70%**	2.95%
Gross carrying amount *(RMB million)*	**123,032**	111,161
Expected credit losses *(RMB million)*	**4,558**	3,281

26. TRADE AND OTHER RECEIVABLES (CONTINUED)

(d) Deposits mainly represented tender and performance bonds due from customers.

(e) As at 31 December 2023, trade receivables of RMB66,523 million (2022: RMB51,804 million) had been transferred to the banks in accordance with non-recourse factoring agreements. In the opinion of the directors, the substantial risks and rewards associated with the trade receivables have been transferred and therefore the relevant receivables have been derecognised.

(f) The Group has entered into certain agreements with certain financial institution so as to establish ABS and ABN. The ABS and ABN are bonds or notes backed by trade receivables and long-term receivables. The Group sell pools of trade receivables and long-term receivables to a SPV, whose sole function is to buy such assets in order to securitise them. The SPV, which is usually a corporation, then sells them to a trust. The trust repackages the loans as interest-bearing securities and issues them. As at 31 December 2023, the relevant outstanding contract assets, trade receivables and long-term receivables under the ABS and ABN amounted to RMB34,152 million (2022: RMB34,880 million). Such trade receivables and long-term receivables were derecognised as the directors are of the opinion that the substantial risks and rewards associated with the trade receivables and long-term receivables have been transferred and therefore qualified for derecognition.

(g) In 2023, the Group transferred a portion of its trade receivables to a special purpose entity, which issued asset-backed securities to investors. The Group assumed the credit risk of the transferred trade receivables by subscribing to subordinated asset-backed securities. Receivables transferred under the arrangement but not yet settled were RMB560 million (31 December 2022: RMB1,995 million). As the Group retained a significant portion of the risk and return related to the relevant trade receivables, the Group did not derecognize the related trade receivables.

(h) The Group entered into accounts receivable factoring arrangements with certain financial institutions and transferred certain accounts receivable to financial institutions. Under this arrangement, if the accounts receivable debtor delays payment and the Group is required to repay the money, the Group retains virtually all of the risks and rewards on the ownership of the financial asset and does not terminate recognition of the financial asset. After the transfer, the Group no longer reserves the right to use it, including the right to sell, transfer or pledge it to other third parties. As at 31 December 2023, trade receivables transferred under the arrangement but not yet settled were RMB3,808 million (31 December 2022: Nil) and long-term receivables transferred under the arrangement but not yet settled were RMB5,734 million.

(i) As at 31 December 2023, outstanding bills receivable of RMB401 million (2022: RMB405 million) were endorsed to suppliers or discounted with banks. In the opinion of directors, the Group has retained the substantial risks and rewards, which include default risks relating to such bills receivable, and accordingly, it continued to recognise the full carrying amounts of the bills receivable. In addition, as at 31 December 2023, outstanding bills receivable of RMB686 million (2022: RMB458 million) were endorsed to suppliers or discounted with banks. In the opinion of the directors, the Group has transferred substantially all risks and rewards relating to such bills receivable which were fully derecognised.

(j) As at 31 December 2023, certain of the Group's outstanding trade and other receivables(excluding PPP projects) with a net carrying amount of approximately RMB42,288 million (2022: RMB37,910 million) were pledged to secure general banking facilities and other borrowings, and certain of the Group's outstanding trade receivables from PPP projects with a net carrying amount of approximately RMB176,508 million (2022:RMB138,678 million) have been pledged to secure bank borrowings (notes 31(e), 29(c) and 44(b)).

27. DERIVATIVE FINANCIAL INSTRUMENTS

	2023		2022	
	Assets RMB million	Liabilities RMB million	Assets RMB million	Liabilities RMB million
Forward currency contracts				
– Cash flow hedges	–	5	7	7
Interest rate swap	48	–	62	–
Foreign exchange option	365	–	619	–
Total	413	5	688	7
Portion classified as non-current:				
Interest rate swap	48	–	62	–
Foreign exchange option	365	–	619	–
Current portion	–	5	7	7

28. CASH AND BANK BALANCES

	2023 RMB million	2022 RMB million
Restricted bank deposits *(note a)*	7,119	5,579
Time deposits with an initial term of over three months *(note b)*	3,610	4,081
Subtotal	10,729	9,660
Cash and cash equivalents *(note c)*	110,204	103,663
Total	120,933	113,323

(a) As at 31 December 2023, restricted bank deposits mainly included deposits for issuance of bank acceptance notes, performance bonds, letters of credit to customers, and mandatory reserve deposits placed with the People's Bank of China by CCCC Finance.

(b) Time deposits with an initial term of over three months are excluded from cash and cash equivalents, as management is of the opinion that these time deposits are not readily convertible to known amounts of cash without significant risk of changes in value.

(c) Monetary funds in assets held for sale amounted to RMB154 million are classified as cash and cash equivalents.

28. CASH AND BANK BALANCES (CONTINUED)

At the end of the reporting period, the cash and bank balances of the Group denominated in RMB amounted to RMB83,997 million (2022: RMB76,673 million). The RMB is not freely convertible into other currencies, however, under Chinese Mainland's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

As at 31 December 2023, less than 3% (2022: less than 3%) of the cash and bank balances denominated in currencies other than RMB were deposited in banks in certain countries which are subject to foreign exchange control and the currencies are not freely convertible into other currencies or remitted out of those countries.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term time deposits are made for varying periods depending on the immediate cash requirements of the Group and earn interest at the respective short-term time deposit rates. The bank balances and time deposits are deposited with creditworthy banks with no recent history of default.

29. TRADE AND OTHER PAYABLES

	2023	2022
	RMB million	*RMB million*
Trade and bills payables *(note a)*	**391,789**	353,164
Deposits from suppliers	**45,775**	43,056
Retentions	**56,756**	47,365
Deposits in CCCC Finance *(note b)*	**13,530**	11,078
Other taxes	**39,565**	34,520
Payroll and social security	**2,762**	2,310
Other borrowings *(note c)*	**20,244**	3,802
Accrued expenses and others	**47,036**	31,832
Total	**617,457**	527,127
Portion classified as non-current		
Retentions	**43,131**	36,247
Other borrowings	**2,465**	31
Other taxes	**516**	328
Others	**7,009**	5,383
Total non-current portion	**53,121**	41,989
Total current portion	**564,336**	485,138

29. TRADE AND OTHER PAYABLES (CONTINUED)

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

	2023 ***RMB million***	2022 *RMB million*
Within 1 year	**343,316**	321,250
1 year to 2 years	**33,762**	18,641
2 years to 3 years	**6,595**	5,912
Over 3 years	**8,116**	7,361
Total	**391,789**	353,164

(b) CCCC Finance, a subsidiary of the Company, accepted deposits from CCCG and fellow subsidiaries. These deposits were due within one year with an average annual interest rate of 0.8% (2022: 0.8%).

(c) As at 31 December 2023, the borrowings were secured by the Group's trade and other receivables, the borrowings interest ranging approximately from 2.82% to 5.75%.

30. CONTRACT LIABILITIES

Details of contract liabilities are as follows:

	December 31 **2023** ***RMB million***	December 31 2022 *RMB million*	January 1 2022 *RMB million*
Contract liabilities arising from:			
Infrastructure construction	**63,428**	66,267	70,612
Infrastructure design	**5,397**	6,689	6,008
Dredging	**3,973**	3,432	3,238
Others	**678**	1,032	1,046
Total	**73,476**	77,420	80,904

Contract liabilities mainly include short-term advances received to render construction, design and dredging services. The increase in the book value of contract liabilities this year is mainly due to the settlement period and time point agreed upon by the owner according to the contract. The decrease in contract liabilities this period is mainly due to the project meeting the revenue recognition conditions and carrying forward advance payment for engineering and sales.

31. INTEREST-BEARING BANK AND OTHER BORROWINGS

	Notes	2023 RMB million	2022 RMB million
Non-current			
Long-term bank borrowings			
– secured	*(e)*	**266,124**	257,606
– guaranteed	*(f)*	**13,215**	14,453
– unsecured or unguaranteed		**88,290**	68,235
Subtotal		**367,629**	340,294
Long-term other borrowings			
– secured	*(e)*	**337**	819
– guaranteed	*(f)*	**3,993**	2,370
– unsecured or unguaranteed		**352**	1,068
Subtotal		**4,682**	4,257
Corporate bonds		**16,314**	14,558
Non-public debt instruments		**9,239**	11,952
Lease liabilities	*17(b)*	**1,850**	1,585
Total non-current borrowings		**399,714**	372,646
Current			
Current portion of long-term bank borrowings			
– secured	*(e)*	**26,118**	15,650
– guaranteed	*(f)*	**2,134**	5,361
– unsecured or unguaranteed		**12,236**	18,491
Subtotal		**40,488**	39,502
Short-term bank borrowings			
– secured	*(e)*	**6,816**	11,125
– guaranteed	*(f)*	**296**	196
– unsecured or unguaranteed		**41,778**	24,299
Subtotal		**48,890**	35,620
Current portion of long-term other borrowings			
– secured	*(e)*	**517**	587
– guaranteed	*(f)*	**–**	150
– unsecured or unguaranteed		**69**	343
Subtotal		**586**	1,080
Short-term other borrowings			
– secured	*(e)*	**–**	–
– unsecured or unguaranteed		**139**	409
Subtotal		**139**	409
Corporate bonds		**6,521**	5,588
Debentures		**6,030**	8,532
Non-public debt instruments		**8,332**	2,172
Lease liabilities	*17(b)*	**926**	801
Total current borrowings		**111,912**	93,704
Total borrowings		**511,626**	466,350

31. INTEREST-BEARING BANK AND OTHER BORROWINGS (CONTINUED)

(a) The Group's borrowings (excluding lease liabilities) were repayable as follows:

	2023 RMB million	2022 RMB million
Bank borrowings		
– Within one year or on demand	89,378	75,122
– In the second year	52,241	40,299
– In the third to fifth years, inclusive	97,762	75,240
– Beyond five years	217,626	224,755
Subtotal	457,007	415,416
Others, excluding lease liabilities		
– Within one year or on demand	21,608	17,781
– In the second year	5,965	9,250
– In the third to fifth years, inclusive	20,983	18,665
– Beyond five years	3,287	2,852
Subtotal	51,843	48,548
Total	508,850	463,964

(b) The carrying amounts of the borrowings are denominated in the following currencies:

	2023 RMB million	2022 RMB million
Renminbi	481,310	435,073
United States dollar	23,850	26,176
Euro	3,159	3,038
Japanese yen	37	41
Hong Kong dollar	91	241
Others	3,179	1,781
Total	511,626	466,350

(c) An Analysis of the carrying amounts of borrowings by the type of interest rate is as follows:

	2023 RMB million	2022 RMB million
Fixed interest rate	149,387	138,632
Variable interest rate	362,239	327,718
Total	511,626	466,350

31. INTEREST-BEARING BANK AND OTHER BORROWINGS (CONTINUED)

(d) Borrowings of the Group, excluding corporate bonds, debentures, non-public debt instruments, and lease liabilities, bore interest at effective rates ranging from 0.89% to 8.09% (2022: 0.30% to 7.50%) per annum at the end of the reporting period, and two overseas bank borrowing bore interest ranging from 9.38% to 18.00% (2022: 9.38% to 16.70%).

(e) As at 31 December 2023 and 2022, the borrowings were secured by the Group's property, plant and equipment (note 15), right-of-use assets (note 17(a)), concession assets and trade receivables from PPP projects (note 18, note26), inventories (note 24) and trade and other receivables (excluding PPP projects) (note 26).

(f) Guaranteed borrowings were guaranteed by certain subsidiaries of the Company.

32. DEFERRED TAX

The movements in deferred tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

Deferred tax liabilities

	2023			
	Fair value adjustments of equity investments at fair value through other comprehensive income *RMB million*	**Undistributed profits in subsidiaries** *RMB million*	**Others** *RMB million*	**Total** *RMB million*
31 December 2022	2,339	1,965	5,105	9,409
Effect of adoption of amendments to IAS12 *(note 2.2(c))*	–	–	92	92
At 1 January 2023 (Restated)	2,339	1,965	5,197	9,501
Charged to profit or loss during the year *(note 11)*	–	15	1,693	1,708
Credited to other comprehensive income	(654)	–	(31)	(685)
Business combinations	(1)	–	(56)	(57)
Disposal of subsidiaries	–	–	(180)	(180)
Transfer to tax payable upon the disposal of equity investments designated at fair value through other comprehensive income	–	–	–	–
Exchange differences	73	–	107	180
At 31 December 2023	1,757	1,980	6,730	10,467

32. DEFERRED TAX (CONTINUED)

Deferred tax assets

	2023				
	Impairment of financial assets and contract assets *RMB million*	Tax losses *RMB million*	Discount on long-term receivables *RMB million*	Others *RMB million*	Total *RMB million*
31 December 2022	5,844	3,495	368	3,074	12,781
Effect of adoption of amendments to IAS12 *(note 2.2(c))*	–	–	–	93	93
At 1 January 2023 (Restated)	5,844	3,495	368	3,167	12,874
Credited to profit or loss during the year *(note 11)*	1,213	768	86	1,024	3,091
Credited/(Charged) to other comprehensive income	(6)	(20)	–	230	204
Business combinations	55	–	–	29	84
Disposal of subsidiaries	15	119	–	8	142
Exchange differences	(47)	(157)	(2)	16	(190)
At 31 December 2023	7,074	4,205	452	4,474	16,205

Deferred tax liabilities

	2022			
	Fair value adjustments of equity investments at fair value through other comprehensive income *RMB million*	Undistributed profits in subsidiaries *RMB million*	Others *RMB million*	Total *RMB million*
31 December 2021	4,908	1,947	4,338	11,193
Effect of adoption of amendments to IAS12 *(note 2.2(c))*	–	–	43	43
At 1 January 2022 (Restated)	4,908	1,947	4,381	11,236
Charged to profit or loss during the year (Restated) *(note 11)*	–	18	714	732
Credited to other comprehensive income	(1,342)	–	–	(1,342)
Business combinations	–	–	(9)	(9)
Disposal of subsidiaries	–	–	(33)	(33)
Transfer to tax payable upon the disposal of equity investments designated at fair value through other comprehensive income	(1,330)	–	–	(1,330)
Exchange differences	103	–	144	247
At 31 December 2022 (Restated)	2,339	1,965	5,197	9,501

32. DEFERRED TAX (CONTINUED)

Deferred tax assets

	2022				
	Impairment of financial assets and contract assets *RMB million*	Tax losses *RMB million*	Discount on long-term receivables *RMB million*	Others *RMB million*	Total *RMB million*
31 December 2021	4,331	2,883	316	3,498	11,028
Effect of adoption of amendments to IAS12 *(note 2.2(c))*	–	–	–	44	44
At 1 January 2022	4,331	2,883	316	3,542	11,072
Credited/(Charged) to profit or loss during the year (restated) *(note 11)*	1,493	596	15	(450)	1,654
Credited to other comprehensive income	–	–	–	149	149
Business combinations	11	7	–	–	18
Disposal of subsidiaries	(17)	(1)	(7)	–	(25)
Exchange differences	26	10	44	(74)	6
At 31 December 2022 (Restated)	5,844	3,495	368	3,167	12,874

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	2023		2022	
	Deferred tax assets ***RMB million***	**Deferred tax liabilities** ***RMB million***	Deferred tax assets *RMB million* (Restated)	Deferred tax liabilities *RMB million* (Restated)
The gross balance	**16,205**	**10,467**	12,874	9,501
Offsetting	**(6,088)**	**(6,088)**	(5,025)	(5,025)
Total	**10,117**	**4,379**	7,849	4,476

The Group has have not been recognised in respect of these losses amounting to RMB27,710 million (2022: RMB27,498 million) as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

As at 31 December 2023, the Group's unrecognized deductible provisional difference for deferred tax assets was RMB9,544 million (2022: RMB9,577million) as the directors believe it is not probable that such deductible temporary differences would be recognised.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

32. DEFERRED TAX (CONTINUED)

The Group's unrecognized tax losses and deductible provisional difference for deferred tax assets are as follows:

	2023 ***RMB million***	2022 *RMB million*
Tax losses	**27,710**	27,498
Deductible provisional difference	**9,544**	9,577

The above tax losses of RMB119 million are available indefinitely and RMB27,591 million are available within 1 to 5 years for offsetting against future taxable profits of the companies in which the losses arose.

33. RETIREMENT BENEFIT OBLIGATIONS

The Group provided supplementary pension subsidies and medical benefits to its retired or early retired employees in Chinese Mainland who retired prior to 1 January 2006, which are considered to be defined benefit plans, and recognised a liability for the unfunded employee benefit obligations in the consolidated statement of financial position as follows:

	2023 ***RMB million***	2022 *RMB million*
Present value of defined benefit obligations	**1,009**	948
Portion classified as current portion	**102**	101
Non-current portion	**907**	847

The movements in the present value of the defined benefit obligations are as follows:

	2023 ***RMB million***	2022 *RMB million*
At 1 January	**948**	1,062
Past service cost	**5**	(4)
Interest cost	**24**	27
Subtotal	**977**	1,085
Remeasurements		
– Gains from changes in financial assumptions	**14**	–
– Experience gains	**(12)**	–
Subtotal	**979**	1,085
Payments	**(187)**	(137)
Business combinations	**221**	–
Liabilities held for sale *(note 12)*	**(4)**	–
At 31 December	**1,009**	948

33. RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

The above obligations were determined based on actuarial valuation performed by an independent actuary, Towers Watson Management Consulting (Shenzhen) Co., Ltd. Beijing Branch, using the projected unit credit method. The significant actuarial assumptions are as follows:

	2023	2022
Discount rate	**2.50%**	2.75%
Medical cost growth rate	**4.00%-8.00%**	4.00%-8.00%

A quantitative sensitivity analysis for significant assumptions as at the end of the reporting period is shown below:

	Impact on defined benefit obligations	
	2023	2022
	RMB million	*RMB million*
Discount rate:		
– 0.25% increase	**(14)**	(12)
– 0.25% decrease	**14**	12
Medical cost growth rate:		
– 1.00% increase	**9**	8
– 1.00% decrease	**(8)**	(7)

The sensitivity analysis above has been determined based on a method that extrapolates the impact on the retirement benefit obligations as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analysis is based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analysis may not be representative of an actual change in the retirement benefit obligations as it is unlikely that changes in assumptions would occur in isolation of one another.

The following undiscounted payments are expected contributions to the defined benefit plan in future years:

	2023	2022
	RMB million	*RMB million*
Within 1 year	**102**	101
1 year to 2 years	**119**	116
2 years to 5 years	**284**	285
Over 5 years	**685**	626
Total	**1,190**	1,128

The average duration of the defined benefit plan obligation at the end of the reporting period was 7 years (2022: 6 years).

34. PROVISIONS

	Provision for foreseeable losses on contract assets *RMB million*	Repair funds *RMB million*	Pending lawsuits *RMB million*	Others *RMB million*	Total *RMB million*
At 1 January 2023	**1,608**	**1,448**	**45**	**64**	**3,165**
Additional provisions	**497**	**333**	**84**	**77**	**991**
Business combination	**–**	**–**	**–**	**49**	**49**
Utilised/reversed during the year	**(891)**	**(43)**	**–**	**(29)**	**(963)**
Disposal of subsidiaries	**–**	**(39)**	**–**	**–**	**(39)**
At 31 December 2023	**1,214**	**1,699**	**129**	**161**	**3,203**
Non-current portion	**1,214**	**1,699**	**129**	**161**	**3,203**

	Provision for foreseeable losses on contract assets *RMB million*	Repair funds *RMB million*	Pending lawsuits *RMB million*	Others *RMB million*	Total *RMB million*
At 1 January 2022	2,162	1,348	96	80	3,686
Additional provisions	426	278	29	7	740
Utilised/reversed during the year	(980)	(178)	(80)	(23)	(1,261)
At 31 December 2022	1,608	1,448	45	64	3,165
Non-current portion	1,608	1,448	45	64	3,165

35. SHARE CAPITAL AND PREMIUM

	2023 ***RMB million***	2022 *RMB million*
Issued and fully paid:		
11,845,185,425 (2022: 11,747,235,425) A shares of RMB1.00 each	**11,845**	11,747
4,418,476,000 (2022: 4,418,476,000) H shares of RMB1.00 each	**4,419**	4,419
Total	**16,264**	16,166

During the year of 2023, CCCG, the parent company, increased its shareholding of H shares in the Company by 31,971,000 H shares. Prior to the increase of shareholding, CCCG held 9,640,032,604 shares of the Company (including 9,374,616,604 A shares and 265,416,000 H shares), representing approximately 59.63% of the total issued shares of the Company. Subsequent to the increase of shareholding, CCCG holds 9,672,003,604 shares of the Company (including 9,374,616,604 A shares and 297,387,000 H shares), representing approximately 59.47% of the total issued shares of the Company.

35. SHARE CAPITAL AND PREMIUM (CONTINUED)

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue	Share capital *RMB million*
At 1 January 2022	16,165,711,425	16,166
At 31 December 2022 and 1 January 2023	16,165,711,425	16,166
Issue of restricted shares *(Note (a))*	97,950,000	98
At 31 December 2023	**16,263,661,425**	**16,264**

Note (a):

During the year of 2023, CCCC, the Company, granted 97,950,000 restricted shares to its employees in the Group.

36. SHARE-BASED PAYMENTS

On 27 April 2023, the Company's general meeting of shareholders approved the 2022 Restricted Shares Incentive Scheme (the "Scheme"). Subsequently, out of the 115,550,000 restricted shares approved under the Scheme, 97,950,000 restricted shares were granted to employees of the Group. On 5 June 2023, the Company completed the registration of the 97,950,000 restricted shares granted under the Scheme at the Shanghai branch of China Securities Depository and Clearing Co., Ltd.

The offer of a grant of restricted share may be accepted from the date of offer, upon payment of a nominal consideration of RMB5.33 for each restricted share by the grantee. The unlocking dates of the incentive shares are the first trading day after the expiry of the 24 months, 36 months and 48 months of the registration date. If performance conditions stipulated in the Scheme are satisfied, 34%, 33% and 33% of the restricted shares shall be unlocked respectively for each restricted share by the grantee.

The Group accounts for the Scheme as an equity settled plan. The fair value of the shares granted was valued by reference to the market prices of the Company's shares at the grant date. The fair value of the restricted shares granted during the year was RMB629 million (RMB:6.42 each), of which the Group recognized a share-based payment expense of RMB146 million (2022: nil) during the year ended 31 December 2023.

Particulars and movements of the incentive shares under the scheme：

Date of grant (based on IFRS 2)	As at 1 January 2023	Granted during the year *(number of shares)*	Forfeited during the year *(number of shares)*	Exercisable as at the end of year *(number of shares)*
27 April 2023	–	**97,950,000**	**(1,000,000)**	**96,950,000**

37. FINANCIAL INSTRUMENTS CLASSIFIED AS EQUITY

	2023 *RMB million*	2022 *RMB million*
Perpetual securities	**35,000**	37,988

a) Renewable medium-term notes

As approved by NAFMII, one tranche of renewable medium-term note was issued by the Company in 2022, with a nominal value of RMB2,000 million. There is no maturity date for the renewable medium-term note and the holders have no right to receive a return of principal. The initial interest rates of the renewable medium-term notes were 3.70% for type one and 3.88% for type two per annum respectively, which will be reset once in every three years, respectively, since the issuance date. Pursuant to the terms of the renewable medium-term note, the Company may elect to defer the distribution of interest, and is not subject to any restriction as to the number of times the distribution can be deferred. The renewable medium-term note is subject to redemption in whole, at the option of the Company, three years, after the issue date, at its principal amount together with accrued interest.

b) Renewable corporate bonds

As approved by CSRC, three tranches of renewable corporate bonds were issued by the Company in 2021. The first tranche has a nominal value of RMB1,500 million, and the initial interest rate of this tranche of bonds were 3.3% for type one and 3.6% for type two per annum, which will be reset once in every three years for type one and every five years for type two since the issuance date. The second tranche has a nominal value of RMB2,000 million, and the initial interest rate of this tranche of bonds were 3.18% for type one and 3.53% for type two per annum, which will be reset once in every three years for type one and every five years for type two since the issuance date. The third tranche have a nominal value of RMB500 million. The initial interest rate of this tranche of bond was 3.14% per annum, which will be reset once in every three years since the issuance date. There is no maturity date for these bonds and the holders have no right to receive a return of principal. Pursuant to the terms of these bonds, the Company may elect to defer the distribution of interest, and is not subject to any restriction as to the number of times the distribution can be deferred. The Company has the right to redeem the bonds if it has the unavoidable liability to pay additional taxes for the survival of bonds due to changes or amendments to laws, regulations or judicial interpretations of relevant laws and regulations. The Company has the right to redeem the bonds if the Company can no longer account the bonds as equity in its consolidated financial statements due to changes in the accounting standards of the enterprise or other laws and regulations. Except for the above two cases, the Company has no rights or obligations to redeem the bonds.

As approved by CSRC, seven tranches of renewable corporate bonds were issued by the Company in 2022. The first tranche has a nominal value of RMB2,000 million, and the initial interest rate of this tranche of bonds were 2.99% for type one and 3.45% for type two per annum, which will be reset once in every three years for type one and every five years for type two since the issuance date. The second, third, and fourth tranche has a nominal value of RMB2,000 million, RMB3,000 million, RMB2,000 million, respectively. The initial interest rate of these tranche of bonds were 2.98%, 3.07%, 2.78% per annum, which will be reset once in every three years since the issuance date. The fifth tranche has a nominal value of RMB2,000 million, and the initial interest rate of this tranche of bonds were 2.44% for type one and 2.69% for type two per annum, which will be reset once in every three years since the issuance date. The sixth tranche has a nominal value of RMB2,000 million, and the initial interest rate of this tranche of bonds were 2.44% for type one and 2.70% for type two per annum, which will be reset once in every three years since the issuance date. The seventh tranche has a nominal value of RMB3,000 million, and the initial interest rate of this tranche of bonds were 2.98% for type one and 3.20% for type two per annum, which will be reset once in every three years since the issuance date. The Company has the right to redeem the bonds if it has the unavoidable liability to pay additional taxes for the survival of bonds due to changes or amendments to laws, regulations or judicial interpretations of relevant laws and regulations. The Company has the right to redeem the bonds if the Company can no longer account the bonds as equity in its consolidated financial statements due to changes in the accounting standards of the enterprise or other laws and regulations. Except for the above two cases, the Company has no rights or obligations to redeem the bonds.

37. FINANCIAL INSTRUMENTS CLASSIFIED AS EQUITY (CONTINUED)

b) Renewable corporate bonds (continued)

As approved by the CSRC, two tranches of renewable corporate bonds were issued by the Company in 2023. The first tranche has a nominal value of RMB1,000 million, and the initial interest rate of this tranche of bonds was 3.10% per annum, which will be reset once in every two years since the issuance date. The second tranche has a nominal value of RMB2,000 million, and the initial interest rate of this tranche of bonds were 3.03% for type one and 3.13% for type two per annum, which will be reset once in every two years for type one and three years for type two since the issuance date. The Company has the right to redeem the bonds if it has the unavoidable liability to pay additional taxes for the survival of bonds due to changes or amendments to laws, regulations or judicial interpretations of relevant laws and regulations. The Company has the right to redeem the bonds if the Company can no longer account the bonds as equity in its consolidated financial statements due to changes in the accounting standards of the enterprise or other laws and regulations. Except for the above two cases, the Company has no rights or obligations to redeem the bonds.

c) Renewable infrastructure debt investment plans

The Company entered into two contracts with investors to implement the infrastructure debt investment plans in 2020. The first contract has a nominal value of RMB6,000 million, the initial interest rate of this contract was 4.80%, 4.72% and 4.77% per annum, which will be reset once three years after ten years of the issuance date. The second contract has a nominal value of RMB4,000 million, the initial interest rate of this contract was 4.69% per annum, which will be reset once three years after ten years of the issuance date. There is no maturity date for these contracts and the investors have no right to receive a return or principal. Pursuant to the terms of these contracts, the Company may elect to defer the distribution of interest and is not subject to any restriction as to the number of times the distribution can be deferred. These contracts are subject to redemption in whole, at the option of the Company, ten years after the issue date, at its principal amount together with accrued interest.

The directors of the Company are of the opinion that the Company has no contractual obligations to repay the principal or to pay any distribution for these renewable financial instruments and therefore these financial instruments have been classified as equity.

38. RESERVES

	Capital reserve *RMB million*	Statutory surplus reserve *RMB million*	General reserve *RMB million*	Remeasurement reserve *RMB million*	Investment revaluation reserve *RMB million*	Hedging reserve *RMB million*	Safety production reserve *RMB million*	Exchange reserve *RMB million*	Retained earnings *RMB million*	Total *RMB million*
At 31 December 2022	17,751	9,025	778	(64)	13,209	-	3,929	(289)	163,860	208,199
Business combination under common control	(206)	-	-	-	7	-	-	-	720	521
Accounting policy exchange	-	-	-	-	-	-	-	-	1	1
At 1 January 2023	17,545	9,025	778	(64)	13,216	-	3,929	(289)	164,581	208,721
Profit for the year	-	-	-	-	-	-	-	-	24,734	24,734
Changes in fair value of equity investments designated at fair value through other comprehensive income, net of tax	-	-	-	-	(2,729)	-	-	-	-	(2,729)
Cash flow hedges, net of tax	-	-	-	-	-	(4)	-	-	-	(4)
Share of other comprehensive loss of joint ventures and associates	-	-	-	-	24	-	-	-	-	24
Share of other reserves of joint ventures and associates	4	-	-	-	-	-	-	-	-	4
Actuarial loss on retirement benefit obligations, net of tax	-	-	-	(1)	-	-	-	-	-	(1)
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	594	-	594
Issuance of perpetual securities	(15)	-	-	-	-	-	-	-	-	(15)
Final 2022 dividend declared	-	-	-	-	-	-	-	-	(3,509)	(3,509)
Share based payment	146									146
Business combination under common control	(88)	-	-	-	-	-	-	-	-	(88)
Spin-off and separate listing of three subsidiaries	4,929	-	-	-	-	-	-	-	-	4,929
Transaction with non-controlling interests	(463)	-	-	-	-	-	-	-	(7)	(470)
Interest on perpetual securities	-	-	-	-	-	-	-	-	(1,393)	(1,393)
Transfer to statutory surplus reserve (a)	-	2,260	-	-	-	-	-	-	(2,260)	-
Transfer to general reserve (b)	-	-	95	-	-	-	-	-	(95)	-
Transfer to safety production reserve (c)	-	-	-	-	-	-	922	-	(922)	-
Transfer of fair value reserve upon the disposal of equity investments designated at fair value through other comprehensive income	-	-	-	-	(93)	-	-	-	93	-
At 31 December 2023	22,058	11,285	873	(65)	10,418	(4)	4,851	305	181,222	230,943

38. RESERVES (CONTINUED)

	Capital reserve *RMB million*	Statutory surplus reserve *RMB million*	General reserve *RMB million*	Remeasurement reserve *RMB million*	Investment revaluation reserve *RMB million*	Hedging reserve *RMB million*	Safety production reserve *RMB million*	Exchange reserve *RMB million*	Retained earnings *RMB million*	Total *RMB million*
At 31 December 2021	13,689	8,282	637	(63)	17,806	10	2,968	(3,214)	150,485	190,600
Business combination under common control	420	–	–	–	(7)	–	–	–	543	956
Accounting policy exchange	–	–	–	–	–	–	–	–	1	1
At 1 January 2022	14,109	8,282	637	(63)	17,799	10	2,968	(3,214)	151,029	191,557
Profit for the year	–	–	–	–	–	–	–	–	20,226	20,226
Changes in fair value of equity investments designated at fair value through other comprehensive income, net of tax	–	–	–	–	(4,836)	–	–	–	–	(4,836)
Cash flow hedges, net of tax	–	–	–	–	–	(10)	–	–	–	(10)
Share of other comprehensive loss of joint ventures and associates	–	–	–	–	339	–	–	–	–	339
Actuarial loss on retirement benefit obligations, net of tax	–	–	–	(1)	–	–	–	–	–	(1)
Exchange differences on translation of foreign operations	–	–	–	–	–	–	–	2,925	–	2,925
Share of other reserves of joint ventures and associates	(36)	–	–	–	–	–	–	–	–	(36)
Issuance of perpetual securities	(30)	–	–	–	–	–	–	–	–	(30)
Final 2021 dividend declared	–	–	–	–	–	–	–	–	(3,293)	(3,293)
Capital contribution from non-controlling interests	4,335	–	–	–	–	–	–	–	–	4,335
Business combination under common control	(243)	–	–	–	–	–	–	–	–	(243)
Spin-off and separate listing of three subsidiaries	(510)	–	–	–	–	–	–	–	–	(510)
Transaction with non-controlling interests	(79)	–	–	–	–	–	–	–	–	(79)
Interest on perpetual securities	–	–	–	–	–	–	–	–	(1,622)	(1,622)
Transfer to statutory surplus reserve (a)	–	743	–	–	–	–	–	–	(743)	–
Transfer from general reserve (b)	–	–	141	–	–	–	–	–	(141)	–
Transfer to safety production reserve (c)	–	–	–	–	–	–	961		(961)	–
Transfer of fair value reserve upon the disposal of equity investments designated at fair value through other comprehensive income	–	–	–	–	(86)	–	–	–	86	–
Others	(1)	–	–	–	–	–	–	–	–	(1)
At 31 December 2022	17,545	9,025	778	(64)	13,216	–	3,929	(289)	164,581	208,721

38. RESERVES (CONTINUED)

(a) Statutory surplus reserve

In accordance with the PRC Company Law and the Company's articles of association, the Company is required to appropriate 10% of its profit after tax as determined in accordance with the relevant accounting principles and financial regulations applicable to PRC enterprises ("PRC GAAP") and regulations applicable to the Company, to the statutory surplus reserve until such reserve reaches 50% of the registered capital of the Company. The appropriation to the reserve must be made before any distribution of dividends to owners. The statutory surplus reserve can be used to offset previous years' losses, if any, and part of the statutory surplus reserve can be capitalised as the Company's share capital provided that the amount of such reserve remaining after the capitalisation shall not be less than 25% of the share capital of the Company.

For the year ended 31 December 2023, the board of directors proposed an appropriation of 10% (2022: 10%) of the Company's profit after tax, as determined under PRC GAAP, of RMB2,260 million (2022: RMB743 million) to the statutory surplus reserve.

(b) General reserve

CCCC Finance, one of the subsidiaries of the Company, is required by the Ministry of Finance to maintain a general reserve within equity, through the appropriation of profit, which should not be less than 1.5% of the year-end balance of its risk assets.

The general reserve balance of CCCC Finance as at 31 December 2023 amounted to RMB873 million (2022: RMB778 million).

(c) Safety production reserve

Pursuant to certain regulations issued by the Ministry of Finance and the State Administration of Work Safety, the Group is required to set aside from profit after tax an amount to a safety production reserve at different rates ranging from 1.5% to 2% of the total construction contract revenue recognised for the year. The reserve can be utilised for improvements of safety on the construction work, and the amounts are generally expenses in nature and charged to the consolidated statement of profit or loss as incurred, and at the same time the corresponding amounts of safety production reserve fund were utilised and transferred back to retained profits until such special reserve was fully utilised.

39. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

Details of the Group's subsidiaries that have material non-controlling interests are set out below:

Percentage of equity interests held by non-controlling interests:

	2023 *(%)*	2022 *(%)*
CCCC (Beijing) One-term Equity Investment Fund LLP	**40.00**	40.00
CCCC First Highway Engineering Group Co., Ltd.	**25.19**	25.19
CCCC Second Highway Engineering Co., Ltd.	**34.84**	34.84
CCCC Construction Group Co., Ltd.	**28.80**	28.80
CCCC First Harbour Engineering Co., Ltd.	**17.61**	17.61
CCCC Second Harbour Engineering Co., Ltd.	**28.50**	28.50
CCCC Third Harbour Engineering Co., Ltd.	**10.69**	10.69
CCCC Forth Harbour Engineering Co., Ltd.	**13.77**	13.77
Road & Bridge International Co., Ltd.	**28.92**	28.92
CCCC Urban Investment Holding Co., Ltd.	**8.06**	9.51
CCCC (Tianjin) Rail Transit Investment and Construction Co., Ltd.	**48.45**	45.41
CCCC Design Consulting Group Co., Ltd.	**46.12**	N/A
Gansu Qilianshan Cement Group Co., Ltd.	**15**	N/A

Profit/(loss) for the year allocated to non-controlling interests:

	2023 ***RMB million***	2022 *RMB million* (Restated)
CCCC (Beijing) One-term Equity Investment Fund LLP	**11**	1
CCCC First Highway Engineering Group Co., Ltd.	**348**	148
CCCC Second Highway Engineering Co., Ltd.	**200**	200
CCCC Construction Group Co., Ltd.	**281**	230
CCCC First Harbour Engineering Co., Ltd.	**225**	173
CCCC Second Harbour Engineering Co., Ltd.	**385**	287
CCCC Third Harbour Engineering Co., Ltd.	**87**	87
CCCC Forth Harbour Engineering Co., Ltd.	**174**	174
Road & Bridge International Co., Ltd.	**274**	230
CCCC Urban Investment Holding Co., Ltd.	**101**	101
CCCC Design Consulting Group Co., Ltd.	**314**	N/A
Gansu Qilianshan Cement Group Co., Ltd.	**(19)**	N/A

39. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS (CONTINUED)

Dividends distributed to non-controlling interests:

	2023 **RMB million**	2022 *RMB million* (Restated)
CCCC (Beijing) One-term Equity Investment Fund LLP	**42**	–
CCCC First Highway Engineering Group Co., Ltd.	**311**	145
CCCC Second Highway Engineering Co., Ltd.	**199**	173
CCCC Construction Group Co., Ltd.	**282**	195
CCCC First Harbour Engineering Co., Ltd.	**226**	155
CCCC Second Harbour Engineering Co., Ltd.	**392**	234
CCCC Third Harbour Engineering Co., Ltd.	**87**	87
CCCC Forth Harbour Engineering Co., Ltd.	**174**	174
Road & Bridge International Co., Ltd.	**282**	191
CCCC Urban Investment Holding Co., Ltd.	**101**	66

Accumulated balances of non-controlling interests at the reporting date:

	2023 **RMB million**	2022 RMB million (Restated)
CCCC (Beijing) One-term Equity Investment Fund LLP	**3,739**	3,770
CCCC First Highway Engineering Group Co., Ltd.	**4,111**	4,074
CCCC Second Highway Engineering Co., Ltd.	**2,498**	2,497
CCCC Construction Group Co., Ltd.	**2,874**	2,875
CCCC First Harbour Engineering Co., Ltd.	**2,463**	2,470
CCCC Second Harbour Engineering Co., Ltd.	**4,895**	4,913
CCCC Third Harbour Engineering Co., Ltd.	**1,092**	1,092
CCCC Forth Harbour Engineering Co., Ltd.	**2,123**	2,123
Road & Bridge International Co., Ltd.	**3,488**	3,496
CCCC Urban Investment Holding Co., Ltd. *(note a)*	**1,313**	1,001
CCCC (Tianjin) Rail Transit Investment and Construction Co., Ltd.	**2,068**	1,570
CCCC Design Consulting Group Co., Ltd.	**5,979**	N/A
Gansu Qilianshan Cement Group Co., Ltd.	**2,311**	N/A

(a) In 2023, the Company has made capital contributions of RMB3,886 million in total to CCCC Urban Investment Holding Co., Ltd.. As of 31 December 2023, the Company has made completed cash contributions totalling RMB3,000 million and non-cash contributions totalling RMB886 million. Upon completion of the capital contribution, the accumulated balance of non-controlling interests of CCCC Urban Investment Holding Co., Ltd. was increased by RMB312 million.

39. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS (CONTINUED)

The following tables illustrate the summarised financial information of the above subsidiaries. The amounts disclosed are before any inter-company eliminations:

2023	CCCC (Beijing) One-term Equity Investment Fund LLP *RMB million*	CCCC First Highway Engineering Group Co., Ltd. *RMB million*	CCCC Second Highway Engineering Co., Ltd. *RMB million*	CCCC Construction Group Co., Ltd. *RMB million*	CCCC First Harbour Engineering Co., Ltd. *RMB million*	CCCC Second Harbour Engineering Co., Ltd. *RMB million*	CCCC Third Harbour Engineering Co., Ltd. *RMB million*	CCCC Forth Harbour Engineering Co., Ltd. *RMB million*	Road & Bridge International Co., Ltd. *RMB million*	CCCC Urban Investment Holding Co., Ltd. *RMB million*	CCCC (Tianjin) Rail Transit Investment and Construction Co., Ltd *RMB million*	CCCC Design Consulting Group Co., Ltd. *RMB million*	Gansu Qilianshan Cement Group Co., Ltd. *RMB million*
Revenue	-	130,175	73,619	43,131	54,009	88,151	50,249	50,345	54,977	12,337	-	13,369	6,958
Profit for the year	27	2,711	2,301	1,487	1,543	2,228	831	3,409	2,593	2,584	-	1,795	659
Total comprehensive income	27	2,710	2,328	1,484	1,552	2,227	871	3,228	2,580	2,572	-	1,756	659
Current assets	-	83,602	33,123	34,946	42,696	81,058	43,114	28,167	33,146	35,420	28	17,871	2,510
Non-current assets	9,439	129,643	55,101	49,951	44,911	60,696	42,336	58,158	56,117	34,702	12,359	9,621	9,587
Current liabilities	65	114,934	49,626	49,715	53,191	86,193	55,836	42,209	44,770	24,926	1,952	11,649	3,003
Non-current liabilities	-	56,492	18,449	15,325	13,126	24,918	12,452	15,837	20,061	20,995	6,167	3,046	257
Net cash flows (used in)/generated from operating activities	-	1,970	4,584	103	2,377	1,562	3,814	5,055	542	1,307	(2,141)	10	1,919
Net cash flows (used in)/generated from investing activities	42	(25,050)	(4,447)	(4,263)	(4,301)	(3,730)	(2,113)	(6,243)	(7,862)	(13,221)	-	(112)	(585)
Net cash flows (used in)/generated from financing activities	(42)	23,402	855	4,595	2,466	(199)	(681)	1,307	8,956	12,174	2,119	(2,082)	(179)
Exchange gains on cash and cash equivalents	-	2	(4)	(6)	-	(7)	10	(26)	(1)	-	-	6	-
Net increase/(decrease) in cash and cash equivalents	-	324	988	429	542	(2,374)	1,030	93	1,635	260	(22)	(2,178)	1,155

39. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS (CONTINUED)

The following tables illustrate the summarised financial information of the above subsidiaries. The amounts disclosed are before any inter-company eliminations: (continued)

2022	CCCC (Beijing) One-term Equity Investment Fund LLP *RMB million*	CCCC First Highway Engineering Group Co., Ltd. *RMB million*	CCCC Second Highway Engineering Co., Ltd. *RMB million*	CCCC Forth Highway Engineering Co., Ltd. *RMB million*	CCCC First Harbour Engineering Co., Ltd. *RMB million*	CCCC Second Harbour Engineering Co., Ltd. *RMB million*	CCCC Third Harbour Engineering Co., Ltd. *RMB million*	CCCC Forth Harbour Engineering Co., Ltd. *RMB million*	Road & Bridge International Co., Ltd. *RMB million*	CCCC Urban Investment Holding Co., Ltd. *RMB million*	CCCC (Tianjin) Rail Transit Investment and Construction Co., Ltd *RMB million*
Revenue	–	131,136	67,438	48,359	54,490	87,909	47,885	45,665	53,141	10,666	170
Profit for the year	2	2,122	1,894	1,884	792	1,999	706	2,820	2,141	2,358	–
Total comprehensive income	2	2,093	1,925	1,874	840	1,933	654	2,829	2,119	2,358	–
Current assets	–	73,054	33,037	33,376	38,565	81,089	37,260	23,893	26,920	26,736	51
Non-current assets	9,439	123,756	48,581	41,567	42,351	56,343	37,200	49,743	49,316	25,826	9,131
Current liabilities	50	98,313	46,684	41,464	49,030	86,759	46,607	32,423	38,399	24,531	1,952
Non-current liabilities	–	57,435	16,048	14,635	11,574	20,947	11,197	15,131	16,654	9,804	6,167
Net cash flows (used in)/generated from operating activities	–	2,915	4,290	(2,162)	2,955	5,702	2,608	5,974	891	2,321	(2,504)
Net cash flows (used in)/generated from investing activities	–	(20,612)	(4,064)	(1,017)	266	(5,189)	(2,483)	(3,607)	(5,644)	(4,266)	–
Net cash flows (used in)/generated from financing activities	–	19,300	266	3,982	(1,524)	1,712	971	(672)	5,408	1,587	2,483
Exchange gains on cash and cash equivalents	–	4	3	7	29	17	4	24	1	–	–
Net increase/ (decrease) in cash and cash equivalents	–	1,607	495	810	1,726	2,242	1,100	1,719	656	(358)	(21)

40. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the year, the Group has below significant non-cash transactions:

	2023 *RMB million*	2022 *RMB million*
Increase in right-of-use assets	**1,951**	1,007
Bank acceptance bills endorsed settlement of trade and other payables	**1,117**	1,493

(b) Changes in liabilities arising from financing activities

2023	Bank and other loans *RMB million*	Lease liabilities *RMB million*	Corporate bonds *RMB million*	Debentures *RMB million*	Non-public debt instruments *RMB million*	Dividend *RMB million*	Total *RMB million*
At 31 December 2022	**424,965**	**2,386**	**20,146**	**8,532**	**14,124**	**2,096**	**472,249**
Changes from financing cash flows	**57,830**	**(1,673)**	**1,838**	**(3,161)**	**2,970**	**(10,775)**	**47,029**
New leases	**–**	**1,821**	**–**	**–**	**–**	**–**	**1,821**
Foreign exchange movement	**437**	**–**	**–**	**–**	**–**	**–**	**437**
Declared dividends	**–**	**–**	**–**	**–**	**–**	**11,457**	**11,457**
Interest expense	**21,469**	**232**	**812**	**670**	**467**	**–**	**23,650**
Increase arising from business combinations	**11,897**	**10**	**-**	**–**	**-**	**–**	**11,907**
Decrease arising from disposal of subsidiaries	**(39,750)**	**–**	**–**	**–**	**-**	**(3)**	**(39,753)**
Others	**5,809**	**–**	**39**	**(11)**	**10**	**–**	**5,847**
At 31 December 2023	**482,657**	**2,776**	**22,835**	**6,030**	**17,571**	**2,775**	**534,644**

(c) Total cash outflow for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

	2023 *RMB million*	2022 *RMB million*
Within operating activities	**1,797**	1,963
Within investing activities	**906**	598
Within financing activities	**1,796**	1,163
Total	**4,499**	3,724

41. CONTINGENT LIABILITIES AND FINANCIAL GUARANTEE COMMITMENT

(i) Claims

The Group has been named defendants in a number of lawsuits arising in the ordinary course of business. Provision has been made for the probable losses to the Group on those claims when management can reasonably estimate the outcome of the lawsuits taking into account the legal advice. No provision has been made for those pending lawsuits with a maximum compensation amount of RMB2,894 million (31 December 2022: RMB2,554 million) related mainly to disputes with customers and subcontractors, as the outcome of the lawsuits cannot be reasonably estimated or management believes the outflow of resources is not probable. Pending lawsuits of which the probability of loss is remote or the claim amount is insignificant to the Group were not included in the above.

(ii) Loan guarantees

(a) The Group has acted as the guarantor for several borrowings of RMB3,714 million (31 December 2022: RMB3,378 million) made by certain joint ventures and associates of the Group. The above amount represents the maximum exposure to default risk under the loan guarantee.

(b) The Group provides guarantees to banks for the mortgage loans of the property buyers in certain real estate projects. As at 31 December 2023, the outstanding balance of guarantees provided by the Group was approximately RMB4,462 million (31 December 2022: RMB3,815 million).

(iii) Liquidity support

(a) Beijing North Huade Neoplan Bus Co., Ltd., a subsidiary of the Company, provides liquidity support to Changchun Public Transportation (Group) Co., Ltd. for sale-leaseback rent payable to Huaxia Financial Leasing Co., Ltd. As at 31 December 2023, the outstanding balance of rent payable by Changchun Public Transportation (Group) Co., Ltd. to Huaxia Financial Leasing Co., Ltd. was RMB48 million (31 December 2022: RMB97 million).

(b) The Group has entered into certain agreements with financial institutions to set up asset-backed securities (ABS) and asset-backed notes (ABN) arrangements. As at 31 December 2023, out of the ABS and ABN in issue with an aggregate amount of RMB72,543 million (31 December 2022: RMB59,390 million), RMB67,089 million (31 December 2022: RMB54,284 million) had been issued to preferential investors. Under the clauses of the agreements, the Group is subject to the obligations of liquidity supplementary payments to preferential investors when the cash available for distribution of the principal and return to preferential investors at the due date is not sufficient.

As of 31 December 2023, no provision has been made for the above liquidity supports as management estimates the outflow of resources is not probable.

42. BUSINESS COMBINATIONS

(a) Acquisition of subsidiaries not under common control

During the year ended 31 December 2023, the Group obtained control over several companies from certain independent third parties, at a total consideration of RMB6,602 million. The Group has elected to measure the non-controlling interests in these companies at the non-controlling interests' proportionate shares of identifiable net assets of these companies.

The fair values of identifiable assets and liabilities of all the acquired companies at the date of acquisition were as follows:

	Acquisition date fair value *RMB million*
Non-current assets	16,480
Current assets	2,933
Current liabilities	(1,324)
Non-current liabilities	(11,711)
Total identifiable net assets at fair value	6,378
Non-controlling interests	106
Goodwill on acquisition	330
Consideration	6,602
Less: Fair value of initial equity interests in these companies at acquisition date	1,605
Satisfied by cash	2,330
Satisfied by non-cash	2,667

An analysis of the cash flows in respect of the acquisition of subsidiaries is as follows:

	2023 ***RMB million***
Cash consideration	**(2,330)**
Cash and bank balances acquired	**2,883**
Net inflow of cash and cash equivalents included in cash flows from investing activities	**553**

Since the acquisition, the acquirees contributed RMB67 million to the Group's revenue and caused a income of RMB12 million to the Group's profit for the year ended 31 December 2023.

Had the combination taken place at the beginning of the year, the revenue of the Group and the profit of the Group for the year would have been RMB756,268 million and RMB31,198 million, respectively.

42. BUSINESS COMBINATIONS (CONTINUED)

(b) Acquisition of a subsidiary under common control

On 31 May 2023, the Group acquired an 80% interest in Zhongjiao Dingxin Equity Investment Management Co., Ltd ("Zhongjiao Dingxin") from China Communications Real Estate Group Co., Ltd, China Real Estate Development Group Limited and China Real Estate Co., Ltd.

Since Zhongjiao Dingxin and the Group are both under common control of CCCG before and after the acquisition, the acquisition is accounted for as merger accounting, i.e., the assets and liabilities of Zhongjiao Dingxin are consolidated by the Group using the existing book values from the CCCG's perspective, as if the current group structure had been in existence throughout the periods presented, with the difference between the book value of the net assets of Zhongjiao Dingxin and the consideration directly credited to equity. The comparative figures of the consolidated financial statements have also been restated as a result of the merger accounting.

The book values of Zhongjiao Dingxi's assets and liabilities as at Merger date and 31 December 2022 were as follows:

	Merger date Book value *RMB million*	**31 December 2022 Book value** *RMB million*
Non-current assets	12	12
Current assets	110	119
Current liabilities	(3)	(11)
Non-current liabilities	(6)	(7)
Net assets	113	113
Non controlling interest	(23)	
Difference directly credited to equity	(2)	
Cash consideration	88	

42. BUSINESS COMBINATIONS (CONTINUED)

(c) Asset swap

As disclosed in note 2.3, the control over Qilianshan Cement and the Qilianshan constitutes business combinations not under common control.

The book values of the Three Municipal Institutes, and fair values of Qilianshan Cement as well as the Qilianshan as at Combination date were as follows:

	Total *RMB million*	**Combination date book values** *RMB million*	**Combination date fair values** *RMB million*
Non-current assets	14,128	2,567	11,561
Current assets	10,383	3,550	6,833
Current liabilities	(9,047)	(3,174)	(5,873)
Non-current liabilities	(1,931)	(1,631)	(300)
Net assets	13,533	1,312	12,221
Non-controlling interest	(2,998)		
Difference directly credited to equity	(214)		
Consideration	10,321		

43. DISPOSAL OF SUBSIDIARIES

(i) Information about the subsidiaries being disposed of:

In 2023, the Group disposed of the risks and rewards of an 80% equity interest in China Communications (Xinghua) Port Development Co., Ltd. ("Xinhua Port") to SWGF-CCCC asset-backed securities plan established and managed by Shenwan Hongyuan Securities Co. Ltd. After the disposal, the Group also lost its power to direct the relevant activities of Xinhua Port. As a result, upon the disposal, the Group lost control over Xinhua Port.

The Group and Xiaogan Urban Construction Investment Company ("Xiaogan Urban") are the only two shareholders of Xiaogan Jinhuai Culture Media Co., Ltd. ("Xiaogan Jinhuai "), Xiaogan Jinhuai has entered the operation period, in view of the operational experience of Xiaogan Urban in city facilities, the two shareholders agreed that Xiaogan Urban to lead Xiaogan Jinhuai's management affairs, and in 2023 revised the articles of association and replaced the directors dispatched personnel. As at 31 December 2023, the group no longer has control over Xiaogan Jinhuai.

In addition, the Company disposed of certain subsidiaries such as CCCC Qingyuan Investment and Development Co., Ltd., Hunan Zhongjiao Linlian High-speed Development and Investment Co., Ltd., and Guizhou Zhongjiao Deyu Expressway Co., Ltd. through equity transfer transactions. upon the disposals, the Group lost control over these companies.

During the year, the Company disposed of these subsidiaries for a total disposal consideration of RMB6,572 million.

43. DISPOSAL OF SUBSIDIARIES (CONTINUED)

(ii) The financial information of subsidiaries disposed of by the Group at the date of disposal is as follows:

	2023 Total *RMB million*	2022 Total *RMB million*
Non-current assets	**57,490**	38,307
– Intangible assets *(note 18)*	**41,655**	34,606
Current assets	**3,089**	6,322
Current liabilities	**(5,591)**	(11,813)
Non-current liabilities	**(41,720)**	(22,829)
Subtotal	**13,268**	9,987
Non-controlling interests	**(2,027)**	(741)
Subtotal	**11,241**	9,246
Gains on disposal of subsidiaries *(note 5)*	**518**	2,710
Total considerations	**11,759**	11,956
Represented by:		
Fair values of residual interests in joint ventures	**4,183**	2,320
Fair values of residual interests in associates	**584**	978
Financial assets at fair value through profit or loss	**420**	1,663
Consideration	**6,572**	6,995
Total	**11,759**	11,956

(iii) An analysis of the cash flows in respect of the disposal of subsidiaries is as follows:

	2023 *RMB million*	2022 *RMB million*
Cash received from disposal of subsidiaries in current year	**3,578**	6,328
Cash and bank balances of subsidiaries disposed of	**(850)**	(1,591)
Cash received from disposal of subsidiaries in prior years	**1,438**	4,317
Cash received from equity transfer proceeds received in advance this year	**922**	–
Net inflow of cash and cash equivalents in respect of the disposal of subsidiaries	**5,088**	9,054

44. PLEDGE OF ASSETS

(a) At 31 December 2023, the restricted deposits were RMB7,119 million (2022: RMB5,579 million).

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

	2023 RMB million	2022 RMB million
Property, plant and equipment *(note 15)*	**782**	–
Right-of-use assets *(note 17(a))*	**9,015**	8,764
Concession assets and trade receivables from PPP projects *(note 18, note 26)*	**306,321**	284,913
Inventories *(note 24)*	**18,199**	10,184
Trade and other receivables (excluding PPP projects) *(note 26)*	**42,288**	37,910
Total	**376,605**	341,771

45 COMMITMENTS

(i) Capital expenditure commitments

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

	2023 RMB million	2022 RMB million
Intangible assets – concession assets	**51,388**	84,425
Property, plant and equipment	**1,713**	2,335
Total	**53,101**	86,760

(ii) Other commitment

In accordance with the financial services framework agreement between CCCC Finance and CCCG, CCCC Finance provides financial services to CCCG and its subsidiaries. In 2023, the maximum daily balance of loan services under the deposit services and loan services framework agreement is RMB29,078 million, the maximum daily balance of guarantee letter services under the guarantee letter services framework agreement is RMB5,010 million, and the maximum daily balance of bills issuance services and bonds subscription under the other credit services framework agreement is RMB1,372 million.

46. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions detailed elsewhere in these financial statements, the Group had the following transactions with related parties during the year:

	2023 RMB million	2022 RMB million
Transactions with CCCG		
– Revenue from the provision of construction services and construction-related services	3,416	2,053
– Rental income	3	1
– Rental charges	296	289
– Interest expenses on deposits placed in CCCC Finance	28	31
– Loans to CCCG by CCCC Finance	3,000	300
– Interest income from loans provided by CCCC Finance	84	6
– Other borrowings from CCCG	3,961	307
– Interest expenses on loans	39	4
Transactions with fellow subsidiaries		
– Revenue from the provision of construction and construction-related services	10,593	11,342
– Revenue from sale of goods	831	1,172
– Rental income	30	12
– Interest expenses on deposits placed in CCCC Finance	60	75
– Loans from fellow subsidiaries	100	191
– Interest expenses on loans	5	–
– Purchases of materials	2,889	1,531
– Subcontracting and service charges	3,095	2,949
– Rental charges	36	1
– Loans to fellow subsidiaries by CCCC Finance	1,395	1,180
– Interest income from loans provided by CCCC Finance	24	18
– Factoring to fellow subsidiaries	440	340
– Interest income from factoring	20	52
– Finance lease loans to fellow subsidiaries	699	1,040
– Interest income from finance lease loans	69	109

46. RELATED PARTY TRANSACTIONS (CONTINUED)

(a) In addition to the transactions detailed elsewhere in these financial statements, the Group had the following transactions with related parties during the year: (continued)

	2023 RMB million	2022 RMB million
Transactions with fellow subsidiaries' joint ventures and associates		
– Finance lease loans to fellow subsidiaries' joint ventures and associates	–	33
– Interest income from finance lease loans	5	1
– Factoring to fellow subsidiaries' joint ventures and associates	320	320
– Interest income from factoring	8	8
– Revenue from the provision of construction and construction-related services	573	307
– Revenue from sale of goods	–	2
Transactions with joint ventures and associates		
– Revenue from the provision of construction and construction-related services	59,815	73,140
– Revenue from sale of goods	48	483
– Purchases of materials	530	265
– Subcontracting and service charges	2,344	902
– Rental income	45	19
– Interest expense on deposits placed in CCCC Finance	30	19
– Loans from joint ventures and associates	7,673	10,644
– Interest expenses on loans	47	31
– Loans to a joint venture by CCCC Finance	–	182
– Interest income from loans by CCCC Finance	7	7
– Loans to joint ventures and associates	6,514	7,301
– Interest income from other loans	573	559
– Factoring to joint ventures and associates	131	70
– Interest income from factoring	21	29
– Finance lease loans to joint ventures and associates	92	127
– Interest income from finance lease loans	135	152

These transactions were carried out by reference to the prices and terms that would be available to third parties in the ordinary course of business.

ZPMC is an associate and also a fellow subsidiary of the Company. The transaction with ZPMC and its subsidiaries for 2023 and 2022, and the outstanding balances with ZPMC and its subsidiaries as at 31 December 2023 and 31 December 2022 were included in the category of transactions and balances with fellow subsidiaries.

46. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Outstanding balances with related parties:

Balances with related parties other than government-related entities:

	2023 *RMB million*	2022 *RMB million*
Trade and bills receivables due from		
– CCCG	**478**	409
– Fellow subsidiaries	**2,716**	3,293
– Joint ventures and associates	**7,894**	5,729
– Fellow subsidiaries' joint ventures	**47**	54
Subtotal	**11,135**	9,485
Long-term trade receivables due from		
– CCCG	**2,030**	1,793
– Fellow subsidiaries	**6,273**	5,580
– Joint ventures and associates	**20,805**	19,355
– Fellow subsidiaries' joint ventures	**200**	418
Subtotal	**29,308**	27,146
Prepayments to		
– Fellow subsidiaries	**256**	665
– Joint ventures and associates	**615**	156
– Fellow subsidiaries' joint ventures	**4**	1
Subtotal	**875**	822
Other receivables due from*		
– CCCG	**3,541**	475
– Fellow subsidiaries	**3,167**	1,543
– Joint ventures and associates	**11,033**	10,611
– Fellow subsidiaries' joint ventures	**8**	8
Subtotal	**17,749**	12,637
Contract assets		
– CCCG	**203**	190
– Fellow subsidiaries	**2,008**	1,866
– Joint ventures and associates	**5,764**	5,118
– Fellow subsidiaries' joint ventures	**61**	51
Subtotal	**8,036**	7,225
Total	**67,103**	57,315

* Except for those loans to related parties included in other receivables which are interest-bearing, outstanding balances with related parties are unsecured, interest-free and repayable in cash.

46. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Outstanding balances with related parties: (continued)

	2023 *RMB million*	2022 *RMB million*
Trade and bills payables due to		
– Fellow subsidiaries	**4,221**	2,764
– Joint ventures and associates	**1,757**	1,514
– Fellow subsidiaries' joint ventures	**24**	17
Subtotal	**6,002**	4,295
Long-term trade payables due to		
– CCCG	**–**	60
– Fellow subsidiaries	**2,715**	2,822
– Joint ventures and associates	**364**	315
– Fellow subsidiaries' joint ventures	**7**	25
Subtotal	**3,086**	3,222
Contract liabilities		
– CCCG	**81**	62
– Fellow subsidiaries	**521**	565
– Joint ventures and associates	**6,093**	6,995
– Fellow subsidiaries' joint ventures	**36**	19
Subtotal	**6,731**	7,641
Other payables*		
– CCCG	**1,713**	941
– Fellow subsidiaries	**10,184**	9,141
– Joint ventures and associates	**8,371**	5,786
Subtotal	**20,268**	15,868
Total	**36,087**	31,026

* Including deposits from related parties

46. RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Guarantees with related parties:

	2023 **RMB million**	2022 *RMB million*
Outstanding loan guarantees provided to		
– Joint ventures	**1,952**	1,629
– Associates	**1,762**	1,749
Total	**3,714**	3,378
Outstanding guarantees provided by CCCG	**9,102**	9,101

(d) Commitments with related parties:

	2023 **RMB million**	2022 *RMB million*
Provision of construction services		
– CCCG	**5,909**	2,369
– Fellow subsidiaries	**16,010**	18,265
– Joint ventures and associates	**83,389**	106,950
– Fellow subsidiaries' joint ventures	**489**	890
Total	**105,797**	128,474
Purchase of services and goods		
– Fellow subsidiaries	**4,136**	2,479
– Joint ventures and associates	**1,196**	33
Total	**5,332**	2,512

(e) Key management compensation:

	2023 **RMB'000**	2022 *RMB'000*
Short term employee benefits	**11,036**	17,539
Post-employment benefits	**659**	797
Total	**11,695**	18,336

46. RELATED PARTY TRANSACTIONS (CONTINUED)

(f) Equity transactions with related parties

During the year ended 31 December 2023, the Group contributed RMB393 million in total to share capitals of companies set up together with fellow subsidiaries of CCCG.

(g) Other transactions with related parties

a) During the year, the Group acquired an 80% equity interest in Zhongjiao Dingxin, a subsidiary of CCCG, at a consideration of RMB88 million from China Communications Real Estate Group Co., Ltd, China Real Estate Development Group Limited and China Real Estate Co., Ltd. Upon completion of the transaction, the Group holds 80% of the equity interest in Zhongjiao Dingxin.

b) During the year, the Company spined off and listed its subsidiaries, namely CCCC Highway Consultants Co., Ltd., CCCC First Highway Consultants Co., Ltd. and CCCC Second Highway Consultants Co., Ltd. ("Three Highway Institutes"), and China Urban-Rural spined off and listed its subsidiaries ("Three Municipal Institutes") by reorganization with Gansu Qilianshan Cement Group Co., Ltd. ("Qilianshan"). Upon completion of the spin-off and reorganization, three highway institutes and the three municipal institutes have become the wholly-owned subsidiaries of Qilianshan, and the Company has become the controlling shareholder of Qilianshan holding approximately 53.88% equity interests in Qilianshan.

c) As of 31 December 2023, CCCC Finance, a subsidiary of the Company, provided migrant workers' wage guarantees, advance payment guarantees and performance guarantees to related parties in the amount of RMB998 million (31 December 2022: RMB1,840 million).

d) In accordance with the financial services framework agreement between CCCC Finance and CCCG, CCCC Finance provides financial services to CCCG and its subsidiaries. In 2023, the maximum daily balance of loan services under the deposit services and loan services framework agreement is RMB29,078 million, the maximum daily balance of guarantee letter services under the guarantee letter services framework agreement is RMB5,010 million, and the maximum daily balance of bills issuance services and bonds subscription under the other credit services framework agreement is RMB1,372 million.

e) As of 31 December 2023, the outstanding balances of the bond investments in China Communications Real Estate Group Co., Ltd, held by CCCC Finance was RMB600 million and during the year, the interest of RMB29 million was accrued and recovered.

f) During the year, CCCC Third Harbor Engineering Co., Ltd., one of CCCC's subsidiary, withdrew its capital contribution by RMB147 million in China Communications Real Estate Zhoushan Development Co., Ltd. ("Zhoushan Development"), which is a joint venture of the Group with 49% equity interest and is under the ultimate control of CCCG.

g) During the year, Hong Kong Zhenhua, one of CCCC's subsidiary, acquired 17.25% equity in Overseas Real Estate USA held by CCCC Overseas Real Estate Co., Ltd. at a delivery price of RMB495 million. Upon completion of the transaction, the proportion of equity held by the Group in Overseas Real Estate USA increased from 77.90% to 95.15%.

h) During the year, CCCC Leasing, a subsidiary of the Company, increased its share capital from RMB5,700 million to RMB9,000 million through the conversion of share premium and reserves, and cash. CCCC Capital, ZPMC, Chuwa Bussan, CCCI, CACC, RB Investment and CCCC Leasing entered into the capital increase agreement. As CACC and ZPMC are subsidiaries of CCCG, the capital increase constitutes a connected transaction of the Company. Upon completion of the transaction, CCCC Leasing will be owned as to 90.2% from 91% by the Company through its subsidiaries CCCC Capital, Chuwa Bussan, CCCI and RB Investment.

47. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

2023

Financial assets

	Financial assets at fair value through other comprehensive income		Financial assets at fair value through profit or loss	Financial assets at amortised cost	Total
	Debt investments	Equity investments	Held for trading	cost	
	RMB million	*RMB million*	*RMB million*	*RMB million*	*RMB million*
Financial assets at fair value through profit or loss	–	–	28,154	–	28,154
Equity investments designated at fair value through other comprehensive income	–	21,425	–	–	21,425
Derivative financial instruments	–	–	413	–	413
Debt investments at amortised cost	–	–	–	1,240	1,240
Trade and other receivables excluding prepayments and other non-financial assets	961	–	–	505,315	506,276
Cash and bank balances	–	–	–	120,933	120,933
Total	961	21,425	28,567	627,488	678,441

Financial liabilities

	Financial liabilities at fair value through profit or loss *RMB million*	Financial liabilities at amortised cost *RMB million*	Total *RMB million*
Borrowings (excluding lease liabilities)	–	529,094	529,094
Derivative financial instruments	5	–	5
Trade and bills payables *(note 29)*	–	391,789	391,789
Deposits from suppliers *(note 29)*	–	45,775	45,775
Retentions *(note 29)*	–	56,756	56,756
Deposits in CCCC Finance *(note 29)*	–	13,530	13,530
Financial liabilities included in other payables and accruals	–	45,992	45,992
Total	5	1,082,936	1,082,941

47. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows: (continued)

2022

Financial assets

	Financial assets at fair value through other comprehensive income		Financial assets at fair value through profit or loss	Financial assets at amortised cost	Total
	Debt investments	Equity investments	Held for trading		
	RMB million	*RMB million*	*RMB million*	*RMB million*	*RMB million*
Financial assets at fair value through profit or loss	–	–	22,789	–	22,789
Equity investments designated at fair value through other comprehensive income	–	24,127	–	–	24,127
Derivative financial instruments	–	–	688	–	688
Debt investments at amortised cost	–	–	–	1,764	1,764
Trade and other receivables excluding prepayments and other non-financial assets	1,755	–	–	404,255	406,010
Cash and bank balances	–	–	–	113,323	113,323
Total	1,755	24,127	23,477	519,342	568,701

Financial liabilities

	Financial liabilities at fair value through profit or loss	Financial liabilities at amortised cost	Total
	RMB million	*RMB million*	*RMB million*
Borrowings (excluding lease liabilities)	–	467,766	467,766
Derivative financial instruments	7	–	7
Trade and bills payables *(note 29)*	–	353,164	353,164
Deposits from suppliers *(note 29)*	–	43,056	43,056
Retentions *(note 29)*	–	47,365	47,365
Deposits in CCCC Finance *(note 29)*	–	11,078	11,078
Financial liabilities included in other payables and accruals	–	31,696	31,696
Total	7	954,125	954,132

48. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than lease liabilities and those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	2023 **RMB million**	2022 *RMB million*	**2023** **RMB million**	2022 *RMB million*
Financial liabilities				
Non-current				
Bank borrowings	**367,629**	340,294	**367,564**	340,253
Corporate bonds	**16,314**	14,558	**16,419**	14,561
Non-public debt instruments	**9,239**	11,952	**8,903**	11,481
Other borrowings (other than lease liabilities)	**4,682**	4,257	**4,719**	4,235
Total	**397,864**	371,061	**397,605**	370,530

Management has assessed that the fair values of cash and bank balances, financial assets included in trade and other receivables, and financial liabilities included in trade and other payables approximate to their carrying amounts.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of the non-current portion of interest-bearing bank and other borrowings and non-public debt instruments (excluding lease liabilities) have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Group's own non-performance risk for interest-bearing bank and other borrowings and non-public debt instruments (excluding lease liabilities) as at 31 December 2023 were assessed to be insignificant.

The fair value of financial instruments traded in an active market is determined at the quoted market price; and the fair value of those not traded in an active market is determined by the Group using valuation techniques. The valuation models used mainly comprise the discounted cash flow model and the market comparable corporate model. The inputs of the valuation technique mainly include future cash flows, PBR (price/book ratio) of companies in same category and unit prices of comparable property.

The Group enters into derivative financial instruments with various counterparties, principally financial institutions with high credit ratings. Derivative financial instruments, including forward currency contracts, interest rate swaps and total return swaps, are measured using valuation techniques similar to forward pricing and swap models, using present value calculations. The models incorporate various market observable inputs including the credit quality of counterparties, foreign exchange spot and forward rates and interest rate curves. The carrying amounts of forward currency contracts interest rate swaps and total return swaps are the same as their fair values.

As at 31 December 2023, the mark-to-market value of the derivative asset position was net of a credit valuation adjustment attributable to derivative counterparty default risk. The changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationship and other financial instruments recognised at fair value.

Fair value measurement categorised within level 3 adopts discounted cash flow method. The unobservable inputs are weighted average capital costs and long-term growth rates.

48. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

The fair values of listed equity investments are based on quoted market prices. The fair values of unlisted equity investments have been estimated by the most appropriate valuation techniques based on assumptions that are not supported by observable market prices or rates, including: (i) market approach by using initial cost of the investment itself or a multiple of earnings, or of revenue depending on the stage of development of an enterprise; and (ii) income approach by using the discounted cash flows or earnings of underlying business based on reasonable assumptions and estimations of expected future cash flows (or expected future earnings), the terminal value, and the appropriate risk-adjusted rate that captures the risk inherent in the projections.

The directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in other comprehensive income or profit or loss, are reasonable, and that they were the most appropriate values at the end of the reporting period.

The Group invests in unlisted investments, which represent wealth management products issued by financial institutions in Chinese Mainland. The Group has estimated the fair values of these unlisted investments by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets and liabilities measured at fair value:

As at 31 December 2023

	Fair value measurement using			
	Quoted prices in active markets (Level 1) *RMB million*	Significant observable inputs (Level 2) *RMB million*	Significant unobservable inputs (Level 3) *RMB million*	Total *RMB million*
Assets				
Bills receivable	–	961	–	961
Equity investments designated at fair value through other comprehensive income	16,730	–	4,695	21,425
Financial assets at fair value through profit or loss	838	129	27,187	28,154
Derivative financial instruments				
– Interest rate swap	–	48	–	48
– Foreign exchange option	–	–	365	365
Total	17,568	1,138	32,247	50,953
Liabilities				
Derivative financial instruments				
– Forward currency contracts	–	5	–	5

48. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hierarchy (continued)

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments: (continued)

Assets and liabilities measured at fair value: (continued)

As at 31 December 2022

	Fair value measurement using			
	Quoted prices in active markets (Level 1) *RMB million*	Significant observable inputs (Level 2) *RMB million*	Significant unobservable inputs (Level 3) *RMB million*	Total *RMB million*
Assets				
Bills receivable	–	1,755	–	1,755
Equity investments designated at fair value through other comprehensive income	20,703	–	3,424	24,127
Financial assets at fair value through profit or loss	1,300	–	21,489	22,789
Derivative financial instruments				
– Forward currency contracts	–	7	–	7
– Interest rate swap	–	62	–	62
– Forward equity contracts	–	–	–	–
– Foreign exchange option	–	–	619	619
Total	22,003	1,824	25,532	49,359
Liabilities				
Derivative financial instruments				
– Forward currency contracts	–	7	–	7

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (2022: Nil).

The movements in fair value measurements within Level 3 during the year are as follows:

	2023 ***RMB million***	2022 *RMB million*
At 1 January	**25,532**	17,994
Total losses recognised in the consolidated statement of profit or loss included in other gains	**(963)**	(58)
Total losses recognised in other comprehensive income	**(14)**	(523)
Purchases	**9,387**	14,909
Disposals	**(1,695)**	(6,790)
At 31 December	**32,247**	25,532

48. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hierarchy (continued)

Liabilities for which fair values are disclosed:

As at 31 December 2023

	Fair value measurement using			
	Quoted prices in active markets (Level 1) *RMB million*	**Significant observable inputs (Level 2)** *RMB million*	**Significant unobservable inputs (Level 3)** *RMB million*	**Total** *RMB million*
Bank borrowings	**–**	**367,564**	**–**	**367,564**
Corporate bonds	**4,000**	**12,419**	**–**	**16,419**
Non-public debt instruments	**–**	**8,903**	**–**	**8,903**
Other borrowings (other than lease liabilities)	**–**	**4,719**	**–**	**4,719**
Total	**4,000**	**393,605**	**–**	**397,605**

As at 31 December 2022

	Fair value measurement using			
	Quoted prices in active markets (Level 1) *RMB million*	Significant observable inputs (Level 2) *RMB million*	Significant unobservable inputs (Level 3) *RMB million*	Total *RMB million*
Bank borrowings	–	340,253	–	340,253
Corporate bonds	4,000	10,561	–	14,561
Non-public debt instruments	–	11,481	–	11,481
Other borrowings (other than lease liabilities)	–	4,235	–	4,235
Total	4,000	366,530	–	370,530

49. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by the finance department under policies approved by the board of directors. The finance department identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The board provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

(a) Market risk

(i) Foreign currency risk

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

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

As at 31 December 2023, the Group's aggregate net liabilities of RMB432 million, including trade and other receivables, cash and bank balances, trade and other payables and borrowings, were denominated in foreign currencies, mainly USD.

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

As at 31 December 2023, if RMB had strengthened/weakened by 5% against USD with all other variables held constant, pre-tax profit for the year would had been decreased/increased by approximately RMB224 million (2022: RMB563 million), mainly as a result of foreign exchange losses/gains on translation of USD-denominated trade and other receivables, cash and cash equivalents.

(ii) Price risk

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

The table below summarises the impact of increases/decreases of quoted price in open markets on the Group's pre-tax profit for the year and on equity. The analysis is based on the assumption that the equity price had increased/decreased by 10% with all other variables held constant:

	2023	2022
Increase/decrease in quoted price in open markets	**10%**	10%

	2023 ***RMB million***	2022 *RMB million*
Impact on profit before tax for the year	**58**	99
Impact on equity (excluding retained profits)	**1,673**	2,070

49. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Market risk (continued)

(iii) Interest rate risk

The Group's interest rate risk mainly arises from borrowings. Borrowings obtained at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash held at variable rates. During 2023 and 2022, the Group's borrowings at variable rates were mainly denominated in RMB, USD, Euro and Hong Kong dollar.

Borrowings obtained at fixed rates expose the Group to fair value interest rate risk.

Increase in interest rates will increase the cost of new borrowings and the interest expense with respect to the Group's outstanding floating rate borrowings, and therefore could have an adverse effect on the Group's financial position. Management continuously monitors the interest rate position of the Group and makes decisions with reference to the latest market conditions. From time to time, the Group may enter into interest rate swap agreements to mitigate its exposure to interest rate risks in connection with the floating rate borrowings, although the directors did not consider it was necessary to do so in 2023 and 2022.

As at 31 December 2023, the Group's borrowings of approximately RMB315,954 million (31 December 2022: RMB281,850 million) were at variable rates. As at 31 December 2023, if interest rates on borrowings had been 1% higher/lower with all other variables held constant, profit before tax for the year would have decreased/increased by RMB3,160 million (31 December 2022: RMB2,819 million), mainly as a result of higher/lower interest expense on floating rate borrowings.

(b) Credit risk

The carrying amounts of cash and bank balances, trade and other receivables except for prepayments and derivative financial instruments represent the Group's maximum exposure to credit risk in relation to financial assets.

Maximum exposure and year-end staging as at 31 December 2023

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December. The amounts presented are net carrying amounts for financial assets and the exposure to credit risk for the financial guarantee contracts.

As at 31 December 2023

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	
	RMB million	*RMB million*	*RMB million*	*RMB million*	*RMB million*
Contract assets*	–	–	–	452,612	452,612
Trade and other receivables*	313,270	42,253	2,920	118,232	476,675
Debt investments at amortised cost	–	–	1,240	–	1,240
Restricted bank deposits and time deposits with an initial term of over three months					
– Not yet past due	10,729	–	–	–	10,729
Cash and cash equivalents					
– Not yet past due	110,204	–	–	–	110,204
Guarantees given to banks in connection with facilities granted to associates and joint ventures	3,714	–	–	–	3,714
Total	437,917	42,253	4,160	570,844	1,055,174

49. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Credit risk (continued)

As at 31 December 2022

	12-month ECLs		Lifetime ECLs		
	Stage 1	Stage 2	Stage 3	Simplified approach	
	RMB million	*RMB million*	*RMB million*	*RMB million*	*RMB million*
Contract assets*	–	–	–	393,271	393,271
Trade and other receivables*	267,172	27,376	407	109,377	404,332
Debt investments at amortised cost	–	–	1,764	–	1,764
Restricted bank deposits and time deposits with an initial term of over three months					
– Not yet past due	9,660	–	–	–	9,660
Cash and cash equivalents					
– Not yet past due	103,663	–	–	–	103,663
Guarantees given to banks in connection with facilities granted to associates and joint ventures	3,378	–	–	–	3,378
Total	383,873	27,376	2,171	502,648	916,068

* For contract assets, trade and other receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 25 and note 26 to the financial statements, respectively.

As at 31 December 2023, the financial assets classified to stage 3 for lifetime ECLs are debt investments at amortised cost, other receivables and long-term receivables with a gross carrying amount of approximately RMB10,051 million (2022: RMB7,068 million). Further quantitative data in respect of the Group's exposure to credit risk arising from other receivables and long-term receivables are disclosed in note 26 to the consolidated financial statements.

49. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Liquidity risk

Liquidity risk encompasses the risk that the Group cannot meet its financial obligations in full.

The Group's maturity analysis of borrowings that shows the remaining contractual maturities is disclosed in note 31.

Prudent liquidity risk management includes maintaining sufficient cash and the availability of funding from an adequate amount of committed credit facilities. Due to the capital intensive nature of the Group's business, the Group ensures that it maintains flexibility through keeping sufficient cash and cash equivalents and credit lines to meet its liquidity requirements. The Group finances its working capital requirements through a combination of funds generated from operations and banks and other borrowings.

The table below analyses the Group's non-derivative financial liabilities and derivative financial instruments into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity dates, and the amounts disclosed in the table are the contractual undiscounted cash flows.

2023

	Less than 1 year *RMB million*	Between 1 and 2 years *RMB million*	Between 2 and 5 years *RMB million*	Over 5 years *RMB million*	Total *RMB million*
Borrowings (excluding lease liabilities)	127,540	71,350	149,461	268,667	617,018
Lease liabilities	926	925	799	644	3,294
Trade and other payables (excluding statutory and non-financial liabilities)	521,573	42,465	8,168	2,254	574,460
Net-settled derivative financial instruments	5	–	–	–	5
Total	650,044	114,740	158,428	271,565	1,194,777

2022

	Less than 1 year *RMB million*	Between 1 and 2 years *RMB million*	Between 2 and 5 years *RMB million*	Over 5 years *RMB million*	Total *RMB million*
Borrowings (excluding lease liabilities)	107,942	65,061	131,688	288,787	593,478
Lease liabilities	997	582	687	628	2,894
Trade and other payables (excluding statutory and non-financial liabilities)	448,587	31,339	8,819	1,501	490,246
Net-settled derivative financial instruments	7	–	–	–	7
Total	557,533	96,982	141,194	290,916	1,086,625

The Group's contractual amounts relating to loan guarantees and liquidity support are disclosed in note 41 of the consolidated financial statements.

Derivative financial instruments comprise forward currency contracts used by the Group to hedge the exposure to foreign currency risk.

49. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(d) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as "Equity" as shown in the consolidated statement of financial position plus net debt. The Group aims to maintain the gearing ratio at a reasonable level.

	31 December 2023	31 December 2022
	RMB million	*RMB million*
Total borrowings *(note 31)*	**511,626**	466,350
Less: Cash and cash equivalents *(note 28)*	**110,358**	103,663
Net debt	**401,268**	362,687
Total equity	**459,124**	427,492
Total capital	**860,392**	790,179
Gearing ratio	**46.6%**	45.9%

The Group's gearing ratio increases from 45.90% to 46.60% on 31 December 2023 as compared with the ratio as at 31 December 2022.

50. EVENT AFTER THE REPORTING PERIOD

On 28 March 2024, the board of directors of the Company resolved that a final dividend of RMB0.29253 per share, totalling approximately RMB4,762 million, is to be distributed to shareholders, subject to approval of shareholders at the forthcoming AGM. Such final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

51. COMPARATIVE AMOUNTS

As stated in note 2.2(c) and note 2.3, due to adoption of amendments to IAS 12 and the acquisition of subsidiaries under common control as mentioned in note 42(b), the comparative information has been restated.

52. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2023 *RMB million*	2022 *RMB million*
Non-current assets		
Property, plant and equipment	**171**	132
Right-of-use assets	**79**	16
Investment properties	**1,645**	1,699
Intangible assets	**636**	400
Investments in subsidiaries	**172,171**	155,176
Investments in joint ventures	**5,480**	4,797
Investments in associates	**12,832**	11,395
Financial assets at fair value through profit or loss	**799**	537
Equity investments designated at fair value through other comprehensive income	**5,609**	7,507
Contract assets	**1,478**	2,487
Trade and other receivables	**3,150**	2,951
Loans to subsidiaries	**427**	427
Amounts due from subsidiaries	**687**	1,307
Total non-current assets	**205,164**	188,831
Current assets		
Inventories	**488**	471
Contract assets	**7,369**	5,951
Trade and other receivables	**12,418**	13,782
Loans to subsidiaries	**3,564**	18,711
Amounts due from subsidiaries	**42,828**	36,585
Restricted bank deposits	**77**	4
Cash and cash equivalents	**23,269**	17,782
Total current assets	**90,013**	93,286
Current liabilities		
Trade and other payables	**6,350**	4,092
Contract liabilities	**3,429**	6,326
Amounts due to subsidiaries	**62,756**	65,105
Tax payables	**1,669**	1,010
Interest-bearing bank and other borrowings	**32,535**	33,591
Retirement benefit obligations	**2**	2
Total current liabilities	**106,741**	110,126
Net current liabilities	**(16,728)**	(16,840)
Total assets less current liabilities	**188,436**	171,991

Continued/…

52. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

	2023 *RMB million*	2022 *RMB million*
Total assets less current liabilities	**188,436**	171,991
Non-current liabilities		
Trade and other payables	**186**	373
Deferred income	**5**	13
Amounts due to subsidiaries	**6,289**	6,088
Interest-bearing bank and other borrowings	**24,381**	20,819
Deferred tax liabilities	**570**	1,061
Retirement benefit obligations	**22**	23
Provisions	**4**	4
Total non-current liabilities	**31,457**	28,381
Net assets	**156,979**	143,610
Equity		
Share capital	**16,264**	16,166
Treasury shares	**(522)**	–
Share premium	**20,049**	19,625
Financial instruments classified as equity	**35,000**	37,988
Reserves *(note)*	**86,188**	69,831
Total equity	**156,979**	143,610

52. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

Note:

A summary of the Company's reserves is as follows:

	Capital reserve *RMB million*	Statutory surplus reserve *RMB million*	Remeasurement reserve *RMB million*	Investment revaluation reserve *RMB million*	Exchange reserve *RMB million*	Retained earnings *RMB million*	Total *RMB million*
At 31 December 2022	**21,754**	**9,573**	**62**	**5,412**	**(13)**	**33,043**	**69,831**
Profit for the year	**–**	**–**	**–**	**–**	**–**	**22,595**	**22,595**
Changes in fair value of equity instruments designated at fair value through other comprehensive income, net of tax	**–**	**–**	**–**	**(1,424)**	**–**	**–**	**(1,424)**
Share of other comprehensive loss of joint ventures and associates	**–**	**–**	**–**	**5**	**–**	**–**	**5**
Exchange differences on translation of foreign operations	**–**	**–**	**–**	**–**	**39**	**–**	**39**
Equity trading	**(87)**	**–**	**–**	**–**	**–**	**–**	**(87)**
Issue of perpetual securities	**(15)**	**–**	**–**	**–**	**–**	**–**	**(15)**
Share based payment	**146**	**–**	**–**	**–**	**–**	**–**	**146**
Final 2022 dividend declared	**–**	**–**	**–**	**–**	**–**	**(3,509)**	**(3,509)**
Interest on perpetual securities	**–**	**–**	**–**	**–**	**–**	**(1,393)**	**(1,393)**
Transfer to statutory surplus reserve	**–**	**2,260**	**–**	**–**	**–**	**(2,260)**	**–**
At 31 December 2023	**21,798**	**11,833**	**62**	**3,993**	**26**	**48,476**	**86,188**

	Capital reserve *RMB million*	Statutory surplus reserve *RMB million*	Remeasurement reserve *RMB million*	Investment revaluation reserve *RMB million*	Exchange reserve *RMB million*	Retained earnings *RMB million*	Total *RMB million*
At 31 December 2021	21,103	8,431	63	12,245	(77)	27,677	69,442
Profit for the year	–	–	–	–	–	7,435	7,435
Changes in fair value of equity instruments designated at fair value through other comprehensive income, net of tax	–	–	–	(2,860)	–	–	(2,860)
Share of other comprehensive loss of joint ventures and associates	–	–	–	15	–	–	15
Actuarial loss on retirement benefit obligations, net of tax	–	–	(1)	–	–	–	(1)
Exchange differences on translation of foreign operations	–	–	–	–	64	–	64
Equity trading	680	–	–	–	–	–	680
Issuance of perpetual securities	(29)	–	–	–	–	–	(29)
Final 2021 dividend declared	–	–	–	–	–	(3,293)	(3,293)
Interest on perpetual securities	–	–	–	–	–	(1,622)	(1,622)
Transfer to statutory surplus reserve	–	743	–	–	–	(743)	–
Transfer of fair value reserve upon the disposal of equity investments designated at fair value through other comprehensive income	–	399	–	(3,988)	–	3,589	–
At 31 December 2022	21,754	9,573	62	5,412	(13)	33,043	69,831

53. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 28 March 2024.

DEFINITIONS

"A Shares"	domestic shares in the ordinary share capital of the Company with a nominal value of RMB1.00 each, which are listed on the Shanghai Stock Exchange
"AGM"	the annual general meeting of the Company for the year 2023 to be held in 2024
"Articles of Association"	the articles of associations of the Company, approved on 8 October 2006, and as amended thereafter
"Board"	the board of directors of the Company
"BOT"	build, operate and transfer
"CCCC" or "Company"	China Communications Construction Company Limited, a joint stock limited company with limited liability incorporated under the laws of the PRC on 8 October 2006, and except where the context requires otherwise, all of its subsidiaries
"CCCC Capital"	CCCC Capital Holdings Limited* (中交資本控股有限公司), a subsidiary of the Company
"CCCC Dredging"	CCCC Dredging (Group) Co., Ltd.* (中交疏浚(集團)股份有限公司), a subsidiary of the Company
"CCCC Finance"	CCCC Finance Company Limited* (中交財務有限公司), a subsidiary of the Company
"CCCC Construction Group"	CCCC Construction Group Co., Ltd.* (中交建築集團有限公司), a subsidiary of the Company
"CCCC Haifeng"	CCCC Haifeng Wind Power Development Co., Ltd.*(中交海峰風電發展股份有限公司), a connected subsidiary of the Company
"CCCC Haifeng Group"	CCCC Haifeng and its subsidiaries
"CCCC Investment"	CCCC Investment Co., Ltd.* (中交投資有限公司), a subsidiary of the Company
"CCCC Leasing"	CCCC Financial Leasing Co., Ltd.* (中交融資租賃有限公司), a subsidiary of the Company
"CCCC Second Harbour"	CCCC Second Harbour Engineering Co., Ltd.* (中交第二航務工程局有限公司), a subsidiary of the Company
"CCCG"	China Communications Construction Group (Limited), a wholly state-owned company incorporated on 8 December 2005 in the PRC which currently holds approximately 59.63% equity interest in the Company
"CCCG Group"	CCCG and its subsidiaries, excluding the Company and its subsidiaries
"CFHCC"	CCCC First Harbour Engineering Co., Ltd.* (中交第一航務工程局有限公司), a subsidiary of the Company
"CRBC"	China Road and Bridge Corporation* (中國路橋工程有限責任公司), a subsidiary of the Company
"Director(s)"	the director(s) of the Company
"EPC"	Engineer-Procure-Construct, being the general contracting of design-procurement-construction
"Group"	the Company itself and all of its subsidiaries

TERMS & GLOSSARIES

"H Shares"	overseas-listed foreign invested ordinary share(s) in the ordinary share capital of the Company, with a nominal value of RMB1.00 each, which are listed on the Hong Kong Stock Exchange
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong dollars" or "HKD"	the lawful currency of Hong Kong
"Hong Kong Listing Rules"	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Macau"	the Macau Special Administrative Region of the PRC
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers
"PPP"	Public-Private-Partnership, the cooperative model between governments and private sector, which refers to the mechanisms through which governments build profit sharing, risk pooling and long-term cooperating relationship with the private sector, such as granting exclusivity rights, services purchasing and co-investment, so as to enhance the availability of public products and services and improve supplying efficiency
"PRC" or "China" or "Mainland China"	the People's Republic of China excluding, for the purposes of this report, Hong Kong, Macau and Taiwan
"RMB" or "Renminbi"	the lawful currency of the PRC
"SASAC"	State-owned Assets Supervisor and Administration Commission of the State Council
"Shanghai Listing Rules"	the Rules Governing the Listing of Stocks on Shanghai Stock Exchange
"Shareholder(s)"	the shareholder(s) of the Company
"Supervisor(s)"	the supervisor(s) of the Company
"USD"	United States dollars, the lawful currency of the United States of America
"ZPMC"	Shanghai Zhenhua Heavy Industries Co., Ltd. (上海振華重工(集團)股份有限公司), a company incorporated on 14 February 1992 in the PRC, the A shares of which are listed on the Shanghai Stock Exchange under stock code 600320 and the B shares of which are listed on the Shanghai Stock Exchange under stock code 900947, and a non wholly-owned subsidiary of CCCG
"%"	percent

I. CORPORATE INFORMATION

Legal name of the Company in Chinese: 中國交通建設股份有限公司
Legal Chinese abbreviation of the Company: 中國交建
Legal name of the Company in English: China Communications Construction Company Limited
Legal English abbreviation of the Company: CCCC
Legal representative of the Company: WANG Tongzhou

II. CONTACT PERSON AND CONTACT DETAILS

Company Secretary: YU Jingjing
Address: 85 De Sheng Men Wai Street, Xicheng District, Beijing, China
Tel: 8610-82016562
Fax: 8610-82016524
E-mail: ir@cccltd.cn

III. BASIC INFORMATION

Registered address of the Company: 85 De Sheng Men Wai Street, Xicheng District, Beijing, China
Postal code: 100088
Office address of the Company: 85 De Sheng Men Wai Street, Xicheng District, Beijing, China
Postal code: 100088
Company website: http://www.ccccltd.cn
E-mail: ir@ccccltd.cn

IV. INFORMATION DISCLOSURE AND PLACE AVAILABLE FOR INSPECTION

Newspapers designated by the Company for disclosure of information (A Shares):
China Securities Journal, Shanghai Securities News, Securities Times and Securities Daily
Website designated by China Securities Regulatory Commission for publishing annual reports of A Shares:
www.sse.com.cn
Website designated by the Hong Kong Stock Exchange for publishing annual reports of H Shares:
www.hkexnews.hk

Place available for inspection of the Company's annual reports of A Shares:
19th Floor, 85 De Sheng Men Wai Street, Xicheng District, Beijing, China
Place available for inspection of the Company's annual reports of H Shares:
Room 2805, 28th Floor, Convention Plaza Office Tower, 1 Harbour Road, Wanchai, Hong Kong, China

CORPORATE INFORMATION

V. BASIC INFORMATION ON SHARES OF THE COMPANY

Listing place of A Shares: Shanghai Stock Exchange
Abbreviation of A Shares: 中國交建
Stock code of A Shares: 601800

Listing place of H Shares: The Stock Exchange of Hong Kong Limited
Abbreviation of H Shares: CHINA COMM CONS
Stock code of H Shares: 01800

VI. OTHER INFORMATION OF THE COMPANY

Domestic Auditors:
Ernst & Young Hua Ming LLP
Level 16, Ernst & Young Tower, Oriental Plaza, No. 1 East Chang An Avenue,
Dong Cheng District, Beijing, China
Signing auditors: CHEN Jing and LI Xiaodong

International Auditors:
Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor
27/F, One Taikoo Place, 979 King's Road, Quarry Bay, Hong Kong

Hong Kong legal advisors:
Baker & McKenzie
14/F, One Taikoo Place, 979 King's Road, Quarry Bay, Hong Kong

PRC legal advisors:
Guantao Law Firm
19/F, Tower B, Xinsheng Plaza, 5 Finance Street, Xicheng District, Beijing, China

Authorised representatives of H Shares: WANG Tongzhou, YU Jingjing

H Share registrar:
Computershare Hong Kong Investor Services Limited
Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong

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