中國交通建設股份有限公司
CHINA COMMUNICATIONS CONSTRUCTION COMPANY LIMITED

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

(Stock Code: 1800)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023

FINANCIAL HIGHLIGHTS[Note]

Revenue of the Group in 2023 amounted to RMB755,646 million, representing an increase of RMB36,562 million or 5.1% from RMB719,084 million in 2022.

Gross profit in 2023 amounted to RMB94,528 million, representing an increase of RMB10,836 million or 12.9% from RMB83,692 million in 2022.

Profit attributable to owners of the parent in 2023 amounted to RMB24,734 million, representing an increase of RMB4,508 million or 22.3% from RMB20,226 million in 2022.

The net profit after extraordinary gains and losses attributable to owners of the parent in 2023 amounted to RMB22,577 million, representing an increase of RMB7,924 million or 54.1% from RMB14,653 million in 2022.*

Earnings per share for the year 2023 amounted to RMB1.45, compared with RMB1.15 for the year 2022.

The net cash flows from operating activities in 2023 amounted to RMB12,074 million, representing an increase of RMB10,935 million or 960.0% from RMB1,139 million in 2022.

The value of new contracts of the Group in 2023 amounted to RMB1,753,215 million, representing an increase of 13.7% from RMB1,542,256 million in 2022.

As at 31 December 2023, the backlog for the Group was RMB3,450,659 million.

The Board has proposed a final dividend of RMB0.29253 per share (tax inclusive) for the year ended 31 December 2023, subject to Shareholders' approval.

* The data are from financial reports prepared in accordance with China Accounting Standards for Business Enterprises.

Note: 1. In calculating the amount of basic earnings per share, the interests of perpetual securities with an aggregate amount of approximately RMB1,327 million shall be excluded from profits.

2. The data are from financial reports prepared in accordance with China Accounting Standards for Business Enterprises. In calculating the amount of net profit after extraordinary gains and losses attributable to owners of the parent in 2023, the extraordinary gains and losses attributable to owners of the parent of RMB2,157 million (2022: RMB5,573 million) were excluded. The extraordinary gains and losses include net gains on disposal of long-term assets, government grants, interests income from non-financial enterprises, fair value gains and losses and disposal gains or losses of financial assets arising from the business other than effective hedging instruments in the ordinary course of the Company, reversal of individual impairment provisions for contract assets, trade and other receivables and others.

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

CHAIRMAN'S STATEMENT

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.

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.

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.

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.

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.

(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.

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 38 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.

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

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.

(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.

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.

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.

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.

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.

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.

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.

(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.

(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.

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

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.

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

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.

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.

(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
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

No.	Project Name	Project Type	Total Investment Budget Estimate	Contract Value according to Shareholding Ratio of the Company	Expected Construction and Installation Contract Value	Operating Project or Not	Consolidated or Not	Construction Period *(Year)*	Toll Collection/ Operation Period *(Year)*
15	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	–	–	–	–

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.

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.

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.

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.

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.

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.

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.

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	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
	(RMB million)	*(RMB million)*	***(RMB million)***	*(RMB million)*	***(%)***	*(%)*	***(RMB million)***	*(RMB million)*	***(%)***	*(%)*
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.

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.

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	2022
	(RMB million)	*(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.

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	2022
	(RMB million)	*(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.

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.

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	2022
	(RMB million)	*(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.

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.

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

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	2022
	(RMB million)	*(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	2022
	(RMB million)	*(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.

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.

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.

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.

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.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	**2023**	2022
		RMB million	*RMB million*
			(Restated)
Revenue	*3, 4*	**755,646**	719,084
Cost of sales		**(661,118)**	(635,392)
Gross profit		**94,528**	83,692
Other income	*4*	**5,568**	5,363
Other losses/(gains), net	*4*	**(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	*6*	**23,896**	21,320
Finance costs, net	*7*	**(24,310)**	(21,911)
Share of profits and losses of:			
– Joint ventures		**(1,409)**	(666)
– Associates		**406**	343
Profit before tax	*5*	**37,538**	33,088
Income tax expense	*8*	**(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	*10*		
Basic		**RMB1.45**	RMB1.15
Diluted		**RMB1.45**	RMB1.15

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2023	2022
	RMB million	*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 losses 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

	Notes	**2023** **RMB million**	2022 RMB million (Restated)
Non-current assets			
Property, plant and equipment		**75,102**	60,705
Investment properties		**9,583**	10,633
Right-of-use assets		**20,353**	18,274
Intangible assets		**200,548**	219,538
Investments in joint ventures		**59,671**	51,731
Investments in associates		**53,820**	47,588
Financial assets at fair value through profit or loss		**27,316**	21,489
Derivative financial instruments		**413**	681
Debt investments at amortised cost		**1,240**	1,629
Equity investments designated at fair value through other comprehensive income		**21,425**	24,127
Contract assets	*11*	**282,355**	242,716
Trade and other receivables	*12*	**236,179**	190,188
Deferred tax assets		**10,117**	7,849
Total non-current assets		**998,122**	897,148
Current assets			
Inventories		**88,021**	78,263
Contract assets	*11*	**170,257**	150,555
Trade and other receivables	*12*	**302,189**	275,982
Financial assets at fair value through profit or loss		**838**	1,300
Debt investments at amortised cost		**–**	135
Derivative financial instruments		**–**	7
Restricted bank deposits and time deposits with an initial term of over three months		**10,729**	9,660
Cash and cash equivalents		**110,204**	103,663
		682,238	619,565
Assets of a disposal group classified as held for sale		**3,902**	–
Total current assets		**686,140**	619,565
Current liabilities			
Trade and other payables	*13*	**564,336**	485,138
Contract liabilities		**73,476**	77,420
Derivative financial instruments		**5**	7
Tax payable		**9,662**	8,010
Interest-bearing bank and other borrowings		**111,912**	93,704
Retirement benefit obligations		**102**	101
		759,493	664,380
Liabilities directly associated with the assets classified as held for sale		**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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

	Notes	**2023** **RMB million**	2022 RMB million (Restated)
Total assets less current liabilities		**922,081**	852,333
Non-current liabilities			
Trade and other payables	*13*	**53,121**	41,989
Interest-bearing bank and other borrowings		**399,714**	372,646
Deferred income		**1,633**	1,718
Deferred tax liabilities		**4,379**	4,476
Retirement benefit obligations		**907**	847
Provision		**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		**16,264**	16,166
Share premium		**20,049**	19,625
Treasury shares		**(522)**	–
Financial instruments classified as equity		**35,000**	37,988
Reserves		**230,943**	208,721
		301,734	282,500
Non-controlling interests		**157,390**	144,992
Total equity		**459,124**	427,492

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the parent								
	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*
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/(loss) 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)	-	-	-	-	-	(1,393)	(1,393)	(3,842)	(5,235)
Share-based payment	-	-	-	-	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	-	-	-	-	(88)	-	(88)	-	(88)
Acquisition of subsidiaries	-	-	-	-	-	-	-	106	106
Disposal of subsidiaries	-	-	-	-	-	-	-	(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	-	-	-	-	2,260	(2,260)	-	-	-
Transfer from general reserve	-	-	-	-	95	(95)	-	-	-
Transfer to safety production reserve	-	-	-	-	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 totalled 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.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

	Attributable to owners of the parent							
	Share capital *RMB million*	Share premium *RMB million*	Financial instruments classified as equity(1) *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 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/(loss) 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
Spin-off and separate listing of three subsidiaries	–	–	–	(510)	–	(510)	–	(510)
Business combination under common control	–	–	–	(243)	–	(243)	–	(243)
Acquisition of subsidiaries	–	–	–	–	–	–	89	89
Disposal of subsidiaries	–	–	–	–	–	–	(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	–	–	–	743	(743)	–	–	–
Transfer from general reserve	–	–	–	141	(141)	–	–	–
Transfer to safety production reserve	–	–	–	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

	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 and investment properties	*5*	**8,334**	9,269
– Depreciation of right-of-use assets	*5*	**1,434**	1,268
– Amortisation of intangible assets	*5*	**3,285**	2,918
– Gains on disposal of items of property, plant and equipment, intangible assets and other long-term assets	*4*	**(511)**	(1,385)
– Gains on disposal of joint ventures and associates	*4*	**(7)**	(79)
– Fair value losses on financial assets at fair value through profit or loss	*4*	**770**	169
– Fair value losses/(gains) on derivative financial instruments	*4*	**278**	(34)
– Gains on disposal of financial assets at fair value through profit or loss	*4*	**(10)**	(118)
– Gains on disposal of subsidiaries	*4*	**(518)**	(2,710)
– Dividend income from financial assets at fair value through profit or loss	*4*	**(284)**	(241)
– Dividend income from equity investments designated at fair value through other comprehensive income	*4*	**(873)**	(880)
– Other income from investing activities		**(288)**	(167)
– Share of losses of joint ventures and associates, net		**1,003**	323
– Write-down of inventories to net realisable value	*5*	**254**	201
– Provision for impairment of financial assets and contract assets, net	*5*	**7,901**	9,735
– Provision for impairment of property, plant and equipment		**5**	79
– Provision for impairment of associates and joint ventures		**248**	1
– Provision for impairment of goodwill		**196**	50
– Interest income	*6*	**(23,896)**	(21,320)
– Interest expenses	*7*	**21,809**	20,345
– Equity-settled share-based payment		**146**	–
– Net foreign exchange losses on borrowings	*7*	**437**	30
		57,251	50,542

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

	2023	2022
	RMB million	*RMB million*
		(Restated)
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

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

	2023 *RMB million*	2022 *RMB million* *(Restated)*
Net cash flows from/(used in) 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	**553**	115
Asset acquisition	**–**	(2,721)
Investments in associates	**(5,454)**	(4,421)
Investments in joint ventures	**(6,821)**	(6,822)
Disposal of subsidiaries	**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)

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

	2023	2022
	RMB million	*RMB million*
		(Restated)
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 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: cash and cash equivalents held for sale	**154**	–
Cash and cash equivalents at end of year	**110,204**	103,663

NOTES TO FINANCIAL STATEMENTS

1. CORPORATE AND GROUP INFORMATION

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

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

In the opinion of the directors, the immediate and ultimate holding company of the Company is CCCG, 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 Direct	Indirect	Principal activities
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

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 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%	–	Infrastructure design
CCCC Highway Consultants Co., Ltd.	PRC	Limited liability company	RMB730	100%	–	Infrastructure design
CCCC First Harbour Consultants Co., Ltd.	PRC	Limited liability company	RMB723	100%	–	Infrastructure design
CCCC Second Harbour Consultants Co., Ltd.	PRC	Limited liability company	RMB428	100%	–	Infrastructure design
CCCC Third Harbour Consultants Co., Ltd.	PRC	Limited liability company	RMB731	100%	–	Infrastructure design
CCCC Fourth Harbour Consultants Co., Ltd.	PRC	Limited liability company	RMB630	100%	–	Infrastructure design
China Infrastructure Maintenance Group Co., Ltd.	PRC	Limited liability company	RMB1,314	54.32%	45.68%	Infrastructure design
CCCC Dredging (Group) Co., Ltd.	PRC	Limited liability company	RMB11,775	99.9%	0.1%	Dredging
CCCC Investment Co., Ltd.	PRC	Limited liability company	RMB12,500	100%	–	Investment holding
CCCC Xi'an Road Construction Machinery Co., Ltd.	PRC	Limited liability company	RMB433	54.31%	45.69%	Manufacture of road construction machinery
China Highway Vehicle & Machinery Co., Ltd.	PRC	Limited liability company	RMB168	100%	–	Trading of motor vehicle spare parts
Chuwa Bussan Co., Ltd. ("**Chuwa Bussan**")	Japan	Limited liability company	JPY100	99.94%	–	Trading of machinery
CCCC Shanghai Equipment Engineering Co., Ltd.	PRC	Limited liability company	RMB10	55%	–	Maintenance and design of port machinery
CCCC Mechanical & Electrical Engineering Co., Ltd.	PRC	Limited liability company	RMB833	60%	40%	Infrastructure construction
China Communications Materials & Equipment Co., Ltd.	PRC	Limited liability company	RMB1,734	100%	–	Trading of construction materials and equipment
CCCC Finance	PRC	Limited liability company	RMB7,000	95%	–	Financial services
CCCC International Holding Limited ("**CCCI**")	Hong Kong	Limited liability company	HK$2,372	50.98%	49.02%	Investment holding

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 Capital Holdings Limited	PRC	Limited liability company	RMB10,000	100%	–	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%	–	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%	–	Cement sales
CCCC (Tianjin) Rail Transit Investment and Construction Co., Ltd	PRC	Limited liability company	RMB4,267	51.55%	–	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.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRSs**") issued by 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. 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 fluctuation 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 positions, 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 in full its financial obligations as they fall due for the coming 12 months. Accordingly, these financial statements had been prepared on a going concern basis.

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 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.

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.

(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 is still in the process of assessing the potential exposure to Pillar Two income taxes.

2.3 PRIOR PERIOD RESTATEMENT

In addition to the adoption of amendments to IAS 12, the Group acquired subsidiaries from China Communications Real Estate Group Co., LTD., China Real Estate Development Group Limited, China Real Estate Co., LTD. and China Urban & Rural Holding Group Limited. Since the subsidiary and the Group are both under common control of CCCG before and after the acquisition, the acquisition is business combinations under common control.

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 comparative information for the years ended 31 December 2022 and as of 31 December 2022 have been restated in the consolidated financial statements.

Restated consolidated statement 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 statement 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

3. OPERATING SEGMENT INFORMATION

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

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

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

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

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

(d) others

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

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

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

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

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

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

The segment results for the year ended 31 December 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 4)*	**657,918**	**40,629**	**53,153**	**3,946**	**–**	**755,646**
Segment results	**34,061**	**3,660**	**2,505**	**209**	**18**	**40,453**
Unallocated costs						**(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**

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 costs						(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.

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

Geographical information

(a) Revenue from external customers

	2023	2022
	RMB million	*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	2022
	RMB million	*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.

4. 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

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

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

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	2022
	RMB Million	*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.

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	**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

5. PROFIT BEFORE TAX

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

	2023	2022
	RMB million	*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	**–**	5
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*	**7,870**	8,919
Depreciation of investment properties*	**464**	350
Depreciation of right-of-use assets*	**1,434**	1,268
Amortisation of intangible assets*	**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	**7,901**	9,735
Impairment losses on right-of-use assets	**–**	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".

6. FINANCE INCOME

	2023	2022
	RMB million	*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

7. FINANCE COSTS, NET

An analysis of finance costs is as follows:

	2023	2022
	RMB million	*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	2022
	RMB million	*RMB million*
Inventories	**691**	403
Concession assets	**994**	1,478
Construction in progress	**156**	73
	1,841	1,954

8. 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 year 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	2022
	RMB million	*RMB million*
		(Restated)
Current		
− PRC enterprise income tax	**6,709**	6,966
− Elsewhere	**1,071**	1,073
Total Current	**7,780**	8,039
Deferred	**(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		2022	
	RMB million	*%*	*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.

9. DIVIDENDS

	2023	2022
	RMB million	*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**").

10. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent (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 noted in note 36, the Company granted Restricted Shares Incentive Scheme to certain employees in 2023. Diluted earnings per share should take into account the impact of diluted earnings per share after the exercise of the relevant employee. But after taking into account the exercise price of the restricted shares that is expected to unlock in the future and the average market price of the stock after the vesting date of the Scheme, the Scheme this year is anti-dilutive, so the diluted earnings per share is equal to the basic earnings 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.

11. CONTRACT ASSETS

	31 December 2023	31 December 2022
	RMB million	*RMB million*
Contract assets arising from:		
Infrastructure construction	**426,628**	370,597
Infrastructure design	**12,706**	12,241
Dredging	**17,120**	13,574
Others	**419**	208
Subtotal	**456,873**	396,620
Impairment	**(4,261)**	(3,349)
Net carrying amount	**452,612**	393,271
Portion classified as non-current	**282,355**	242,716
Current portion	**170,257**	150,555

12. TRADE AND OTHER RECEIVABLES

	2023	2022
	RMB million	*RMB million*
Trade and bills receivables (a)	**143,180**	133,504
Impairment	**(23,987)**	(22,375)
Net carrying amount	**119,193**	111,129
Long-term receivables	**308,864**	253,776
Impairment	**(10,295)**	(8,123)
Net carrying amount	**298,569**	245,653
Other receivables:		
Prepayments	**33,053**	34,869
Deposits	**26,700**	27,431
Others	**68,374**	52,314
Subtotal	**128,127**	114,614
Impairment	**(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

(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	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

13. TRADE AND OTHER PAYABLES

	2023	2022
	RMB million	*RMB million*
Trade and bills payables	**391,789**	353,164
Deposits from suppliers	**45,775**	43,056
Retentions	**56,756**	47,365
Deposits in CCCC Finance	**13,530**	11,078
Other taxes	**39,565**	34,520
Payroll and social security	**2,762**	2,310
Other borrowings	**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

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

	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

14. 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	2022
	RMB million	*RMB million*
Property, plant and equipment	**782**	–
Right-of-use assets	**9,015**	8,764
Concession assets and trade receivables from PPP projects	**306,321**	284,913
Inventories	**18,199**	10,184
Trade and other receivables (excluding PPP projects)	**42,288**	37,910
Total	**376,605**	341,771

15. COMMITMENTS

(i) Capital expenditure commitments

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

	2023	2022
	RMB million	*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.

16. 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.

17. 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, the comparative information has been restated.

18. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 28 March 2024.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

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

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

The Company has adopted the Model Code contained in Appendix C3 to the Hong Kong Listing Rules. The Company has made specific inquiry with all of its Directors and Supervisors. Each of the Directors and Supervisors has confirmed his compliance with the requirements set out in the Model Code for the year ended 31 December 2023.

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 set out in Part 2 of Appendix C1 (Corporate Governance Code) to the Hong Kong Listing Rules for the year ended 31 December 2023.

DISTRIBUTIONS AND DIVIDENDS

For the year of 2023, net distributable profit to owners of the Company was approximately RMB23,812 million which is determined based on the financial statements prepared in accordance with China Accounting Standards for Business Enterprises and International Financial Reporting Standards, whichever is lower. The Board has proposed a final dividend totaling approximately RMB4,762 million which represents approximately 20% of the above-mentioned distributable net profit attributable to owners of the Company, 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; 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) per share calculated based on the total issued share capital of the Company of 16,280,111,425 shares as at the date of this announcement, subject to approval by the Shareholders at the forthcoming AGM. The proposed dividend will be expected to distribute to all Shareholders on or before 13 August 2024, subject to the provisions of the Articles of Association. 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.

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

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

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

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

As a Shanghai Stock Exchange listed issuer, the Company, in accordance with the Shanghai Listing Rules, estimates reasonably that the total amount of day-to-day related party transactions for the year of 2024 will not exceed RMB119,653 million. The Company will closely monitor the respective related party transactions. If any related party transaction constitutes a connected transaction (as defined under the Hong Kong Listing Rules), and is subject to reporting, announcement or independent Shareholders' approval requirements (as applicable), the Company will, as soon as possible after the terms of the respective connected transaction have been agreed, take immediate steps to ensure compliance with the Hong Kong Listing Rules.

Pursuant to Rule 10.2.5 of the Shanghai Listing Rules, any related party transaction conducted by a listed issuer with the transaction amount exceeding RMB30 million as well as accounting for more than 5% of the absolute value of a listed issuer's latest audited net assets, shall be approved by its shareholders. As the estimated total amount of day-to-day related party transactions, after aggregation with other transaction amounts of related party transactions pursuant to the Shanghai Listing Rules, exceed RMB30 million but is lower than 5% of the absolute value of the Company's latest audited net assets, the estimated total amount of day-to-day related party transactions is exempted from the requirements of Shareholders' approval by way of ordinary resolution at the annual general meeting.

CONTINUING CONNECTED TRANSACTIONS

For the year ended 31 December 2023, the Group carried out continuing connected transactions with CCCG and CCCC Haifeng.

As at the date of this announcement, CCCG is the controlling Shareholder of the Company holding approximately 59.41% interests in the issued ordinary shares of the Company, and is therefore a connected person of the Company under the Hong Kong Listing Rules. CCCC Haifeng is a subsidiary of the Company and owned as to over 10% by CCCG. Therefore, CCCC Haifeng is a connected subsidiary of the Company under Rule 14A.16 of the Hong Kong Listing Rules.

The annual caps for the continuing connected transactions of the Company described above as compared with the actual transaction amounts for the year ended 31 December 2023 are set out as follows:

		Annual Cap for 2023 ***(RMB million)***	Actual amount for 2023 *(RMB million)*
1.	**Mutual Project Contracting Framework Agreement**		
	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.	**Mutual Product Sales and Purchase Agreement**		
	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
3.	**Leasing and Asset Management Services Framework Agreement**		
	Leasing of certain buildings, plants and auxiliary equipment, facilities, etc. for production and operation by CCCG Group to the Group	795	332

		Annual Cap for 2023 ***(RMB million)***	Actual amount for 2023 *(RMB million)*
4. Financial Services Agreement			
Maximum daily balance (including the interests and handling charges accrued thereon) of credit services to be 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
5. Finance Lease and Commercial Factoring Agreement			
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
6. Product Leasing Framework Agreement			
Leasing of engineering products by CCCC Haifeng Group to the Group		277.80	188
7. Labor Subcontracting and Professional Subcontracting Framework Agreement			
Labor subcontracting and professional subcontracting services provided by the Group to CCCC Haifeng Group		122.75	102

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:

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.

AUDIT AND INTERNAL CONTROL COMMITTEE

The audit and internal control committee of the Company is comprised of Mr. CHAN Wing Tak Kevin, Mr. LIU Hui, Mr. WU Guangqi and Mr. ZHOU Xiaowen, and is chaired by Mr. CHAN Wing Tak Kevin. The audit and internal control committee of the Company has reviewed the annual results of the Company.

AUDITORS

Ernst & Young and Ernst & Young Hua Ming LLP were appointed as the international and domestic auditors of the Company for the year ended 31 December 2023, respectively. The figures in respect of the Group's consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, consolidated statement of cash flows if presented in the preliminary announcement and the related notes thereto for the year ended 31 December 2023 as set out in the preliminary announcement have been agreed by the Company's international auditor, Ernst & Young, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Ernst & Young in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Ernst & Young on the preliminary announcement.

PUBLICATION OF ANNUAL REPORT

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

The annual report of the Company for the year ended 31 December 2023 which contains all the information required by the Hong Kong Listing Rules including audited financial statements will be published on the website of the Hong Kong Stock Exchange (www.hkexnews.hk) and on the website of the Company (www.crccltd.cn) and will be delivered to the holders of H shares of the Company by means of receipt of corporate communications at their option on or before 30 April 2024.

DEFINITIONS

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

"AGM"	the annual general meeting of the Company for the year 2023 to be held in 2024
"Articles of Association"	the articles of associations of the Company, approved on 8 October 2006, and as amended from time to time
"Board"	the board of directors of the Company
"CCCC Capital"	CCCC Capital Holdings Limited* (中交資本控股有限公司), a subsidiary of the Company as at the date of this announcement
"CCCC Finance"	CCCC Finance Company Limited* (中交財務有限公司), a subsidiary of the Company as at the date of this announcement
"CCCC 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 as at the date of this announcement
"CCCC Haifeng Group"	CCCC Haifeng and its subsidiaries
"CCCG"	China Communications Construction Group (Limited), a wholly state-owned company incorporated on 8 December 2005 in the PRC which currently holds approximately 59.41% equity interest in the Company
"CCCG Group"	CCCG and its subsidiaries, excluding the Company and its subsidiaries
"Company" or "CCCC"	China Communications Construction Company Limited, a joint stock limited company with limited liability incorporated under the laws of the PRC on 8 October 2006, and except where the context requires otherwise, all of its subsidiaries

"Director(s)"	the director(s) of the Company
"Group"	the Company itself and all of its subsidiaries
"HKD"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong Listing Rules"	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers
"PRC"	the People's Republic of China, for the purposes of this announcement, excluding the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan
"RMB" or "Renminbi"	the lawful currency of the PRC
"SASAC"	State-owned Assets Supervisor and Administration Commission of the State Council
"Shanghai Listing Rules"	the Rules Governing the Listing of Stocks on Shanghai Stock Exchange
"Shareholder(s)"	the shareholder(s) of the Company
"Supervisor(s)"	the supervisor(s) of the Company

“USD”	United States dollars, the lawful currency of the United States of America
“%”	Percent

By Order of the Board
China Communications Construction Company Limited
WANG Tongzhou
Chairman

Beijing, the PRC
28 March 2024

As at the date of this announcement, the Directors of the Company are WANG Tongzhou, WANG Haihuai, LIU Xiang, LIU Hui#, CHAN Wing Tak Kevin#, WU Guangqi# and ZHOU Xiaowen#.

Independent non-executive Directors

* *For identification purpose only*