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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 2019

FINANCIAL HIGHLIGHTS^{Note}

Revenue of the Group in 2019 amounted to RMB552,542 million, representing an increase of RMB63,876 million or 13.1% from RMB488,666 million in 2018.

Gross profit in 2019 amounted to RMB69,131 million, representing an increase of RMB4,520 million or 7.0% from RMB64,611 million in 2018.

Operating profit in 2019 amounted to RMB34,071 million, representing an increase of RMB750 million or 2.3% from RMB33,321 million in 2018.

Profit attributable to owners of the parent in 2019 amounted to RMB20,094 million, compared with RMB19,819 million in 2018.

Earnings per share for the year 2019 amounted to RMB1.16, same as that for the year 2018.

The value of new contracts in 2019 amounted to RMB962,683 million, representing an increase of 8.1% from RMB890,873 million in 2018.

As at 31 December 2019, the backlog for the Group was RMB1,999,086 million.

The Board has proposed a final dividend of RMB0.23276 per share (tax inclusive) for the year ended 31 December 2019, subject to Shareholders' approval.

Note: In calculating the amount of basic earnings per share, the interests/dividends with an aggregate amount of approximately RMB1,284 million shall be excluded from profits.

CHAIRMAN’S STATEMENT

In 2019, facing a complex situation with significantly increasing risks and challenges at home and abroad, the Company, guided by Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, and relying on the strategy of “experts in five areas” and the position of “three roles”, advanced various work such as reform, development and Party building as a whole, and successfully accomplished all targets and tasks.

Firstly, our quality and efficiency steadily improved. Revenue of the Group was RMB552,542 million, representing a year-on-year increase of 13.1%; net profit attributable to the shareholders of the Company amounted to RMB20,094 million, representing a year-on-year increase of 1.4%; and earnings per share was RMB1.16. The reduction of leverage and debt achieved results with the total asset-liability ratio decreasing to 73.6%, representing a year-on-year decrease of 1.5 percentage points. Market expansion was carried out smoothly with sufficient order backlog, and new contracts value amounted to RMB962,683 million, representing a year-on-year increase of 8.1%. As at 31 December 2019, the backlog of the Group amounted to RMB1,999,086 million, which provided strong support and guarantee for sustained and steady development of the Company.

Secondly, comprehensive reform was deepened constantly. We advanced pilot reforms on state-owned capital investment companies, published and implemented the “Provisional Measures on Standardizing the Operation of the Board of Affiliated Enterprises”, and established and promoted a classified and multi-level authorization scheme. We boosted reform on the functions of the Company’s headquarters, and explored flat, “giant department-based” and “project-based” management, aiming to improve operation efficiency and service capacity. In order to mobilize the initiative and creativity of our employees, we promoted the establishment of a differentiated income distribution system through formulating the “Guidelines on Deepening the Reform on Differentiated Income Distribution”. We have also implemented the “Administrative Measures on Medium and Long-term Incentives” and its implementing rules to explore diversified incentives such as equity incentive and follow-on investment.

Thirdly, remarkable results were achieved on technological innovation. The “Self-Development and Industrialization of Large Marine Cutter-suction and Dredging Equipment” was awarded the grand prize of the National Science and Technology Advancement Award, marking a milestone for technological innovation. We have won 2 second-class prizes of the National Science and Technology Advancement Award, 17 Luban Awards, 4 Zhan Tianyou Awards and 5 Chinese Outstanding Patent Awards. Our technological investments changed from capital injection to a combination of capital injection and investments, which fully demonstrates the innovation capability of the Company and laid a solid foundation for its stable development.

Fourthly, we integrated ourselves deeper into the “Belt and Road Initiative”. We participated in the second Belt and Road Forum for International Cooperation in an all-around way, signing projects with indicative amounts of more than USD30,000 million. Phase I of Nema Railway has officially been put into operation, which was praised as the “witness of the deepening friendly relations and cooperation between China and Africa”. After eight months of negotiation and with the concerted efforts of all parties, the Malaysia East Coast Rail Link Project has resumed construction. A consortium of the Company won the bid for Bogota Metro Line 1 Project in Columbia, writing another new chapter of the Company in the overseas rail transit market. A number of our overseas projects have won the Luban Awards, National Quality Project Awards and ENR awards, setting another batch of examples of our landmark projects, quality projects and livelihood projects in overseas markets.

Fifthly, the foundation of our management was further strengthened. We vigorously boosted the “334” program and target management. We carried out a theme year activity of “Reform Adjustment and Quality Improvement”. Project management was continuously improved, and the establishment of a project management system at the Company level was carried out. We put more efforts on subcontracting management and established a negative list of subcontracting management. Efforts were also put on the management of projects under our direct management and planning has played its part in value creation and driving growth. Besides, we continued to strengthen human resources management, information construction and internal control management.

Sixthly, new achievements were made in the Party building. We firmly adhered to the general requirements of “keeping original aspiration, assuming missions, finding shortcomings and focusing on implementation” and launched an educational campaign on the theme of “remaining true to our original aspiration and keeping our mission firmly in mind “ in two times. A set of concerns raised by our employees and the public were fully resolved, and the Party members and cadres forged ahead with determination and in an innovation and enterprising spirit. We realized the Party building with our characteristics in four areas including overseas Party building, project Party building, Party building in mixed-ownership enterprises and Party building for poverty alleviation, and achieved results in the improvement of working practices.

As an important holding subsidiary of CCCG, the Company played a decisive role in the business performance of CCCG. In 2019, in the Operating Results Assessment of Centrally-administered State-owned Enterprises conducted by the SASAC, CCCG has been rated as a Grade A enterprise for the fourteenth consecutive years. CCCG has also been rated as a Grade A enterprise in the Party Building Accountability Assessment conducted by the SASAC in consecutive years. CCCG has ranked the first among Chinese enterprises in ENR’s Top International Contractors for the thirteenth consecutive years. Meanwhile, CCCG ranked the 93rd in the Fortune Global 500.

In 2020, based on comprehensive analysis of the economic environment at home and abroad, we will objectively assess the general trend of the infrastructure industry turning from incremental competition to stock competition, and firmly grasp the new direction of national strategic development and the new market opportunities arising from the improvement of the weak links in the infrastructure industry, city development and technological innovation. These will be of great significance to accomplish our targets and goals for the year. In respect of the operation goals in 2020, the Company plans to achieve a year-on-year increase of 8% in the value of new contracts and 8% in revenue. In addition, the Company strives to further improve the operation quality with the asset-liability ratio remained below 75% and the operating margin improved by 0.1 percentage point, and also to increase research and development investments by 0.1 percentage point. The Company will also endeavor to reduce total interest-bearing liabilities, control the increase in cost expenses within reasonable range, maintain stable administrative costs excluding employee remuneration and ensure the increase in “two reserves” not exceeding the increase in revenue for the same period.

This year, in addition to accomplishing its annual operating targets, the Company will focus on achieving “five effective implementations”, which are the effective implementation of measures for high quality and stable growth, the effective implementation of measures for the completion of “three critical missions”, the effective implementation of pilot reform, the effective implementation of overseas reform and the effective implementation of demonstration sites for the Party building. The Company will also make efforts to create a new image and achieve new results in a new era through serving as “two windows” and playing “three leading roles”, which are playing a leading role in the modernization of state-owned enterprise governance and governance capacity through in-depth implementation of the spirit of the fourth plenary session of the 19th CPC Central Committee, serving as a window to give full play to the functions of state-owned investment companies through insisting on comprehensive in-depth reform driven by pilot reform, playing a leading role in the high quality development of enterprises through comprehensively enhancing the development level, playing a leading role in the global development of enterprises through putting more efforts on accelerating the high quality development at abroad, and serving as a window to fully improve the quality of the Party building of state-owned enterprises in a new era through establishing pilot and demonstration sites for the Party building of state-owned enterprises.

Focusing on the above objectives and requirements, the Company will enhance its work fulfillment mainly in the following six areas.

First of all, the Company will uphold liberation of the mindset and sort out policies, so as to achieve greater breakthroughs in leveraging the motive force and directive effect of strategies. We shall improve the “height, width, depth and thickness” of our thinking, so as to keep our enterprises “perceptive and bright-minded”. Also, we will formulate different strategic maps on different business areas and ensure the realization of strategic objectives with a closed loop of strategic mechanisms.

Secondly, the Company will optimize its structure and layout, so as to achieve greater breakthroughs in enhancing competitiveness and promoting steady growth. In order to ensure high-quality and steady growth, we will tap potential in existing businesses as well as create new profit pools. We shall promote changes to our business ideas in three aspects, i.e. from opportunistic operation to strategic operation and capacity building, from point-focused operation to systematic operation, and from “fighting in singles play” to “working in concert under cooperative engagement” in domestic and overseas operation. Our business strategies will be centered on economic circles and capital communities, our industrial chains will develop toward covering the “four whole areas” including whole transportation, whole city, whole water transport and whole world, and our value chains will be constantly improved with a focus on three main processes including “design, investment and operation”. A strong and linked marketing system will be built to accurately connect to various resources.

Thirdly, the Company will continue to intensify its reforms, so as to achieve greater breakthroughs in improving the governance system and enhancing governance capabilities. The Three-Year Action Plan for State-owned Enterprise Reform will be implemented to drive the improvement of the Company from “control” to “management”. It is necessary to ensure the smooth and efficient process of the reform at headquarters level. We will strengthen the establishment of adaptive organizations, and develop a strong and effective business management and control system, and a large, synergic, efficient, sustainable and flexible organizational system. The market-oriented operational mechanism will be improved and the three system reforms will be deepened, so as to boost the mixed-ownership reform.

Fourthly, the Company will insist on innovation-driven development, so as to achieve greater breakthroughs in strengthening our advantages in science and technology and promoting digital transformation. We shall highlight the leading position of digital innovation in our innovation system, carry out the “industry+ digital” action plan, further the management transformation led by digitalization and vigorously promote the construction of industrial digitalization and digital industrialization. More efforts will be put on scientific research and breakthrough with a focus on technology bottleneck, modern integrated transportation, city development and construction, ocean and water system development and management and business development requirements. We will optimize technological investment mechanism, improve innovation incentive mechanism and strengthen collaborative innovation mechanism.

Fifthly, the Company will uphold still our principles in “334” program and target management, so as to achieve greater breakthroughs in improving management quality and efficiency and strengthening risk management and control. We shall focus on quality improvement, and strengthen management in a fundamental manner. We shall focus on efficiency and effectiveness, and strengthen management in an effective manner. We shall focus on risk prevention and control, and strengthen management in a guaranteed manner.

Sixthly, the Company will adhere to the two “consistent implementation principles” thoroughly, so as to achieve greater breakthroughs in highlighting political leadership and unique Party building programs. It is necessary to highlight politics, so as to make ourselves firmly determined to the original aspiration of following the Party and serving the country. It is necessary to ensure the implementation, so as to live up to a good example for strategy implementation. It is necessary to incentivize talents, so as to stimulate the working and pioneering enthusiasm. It is necessary to adjust our work style, so as to lay a solid foundation for healthy development. It is necessary to cultivate culture, so as to gather cohesion for synergetic development.

2020 is a year for us to build a moderately prosperous society in all respects and the concluding year of the Thirteenth Five-Year Plan. Meanwhile, it’s a critical year to achieve the first centenary goal and lay a solid foundation for our development in the Fourteenth Five-Year Plan. At this very moment linking the past with the future, the Company is going to present the new image, new results and new aspect of the “two windows” and the “three leading roles” in a comprehensive manner, and will strive to create greater value for investors.

BUSINESS OVERVIEW

In 2019, the Company relied on the strategy of “experts in five areas” and the positioning of “three roles”, coordinated and facilitated the reform and development, actively transformed and upgraded the business model, thereby making steady improvement in quality and efficiency, achieving fruitful results in technological innovation, integrating the “Belt and Road Initiative” deeply and maintaining a stable and progressive development with quality improved.

In 2019, the value of new contracts entered into by the Group amounted to RMB962,683 million, representing a year-on-year increase of 8.1%. As at 31 December 2019, the backlog of the Group amounted to RMB1,999,086 million.

In 2019, the value of new contracts from overseas markets of the Group amounted to RMB195,830 million (equivalent to approximately USD29,554 million), representing 20% of the Group's new contract value. According to statistics, as of 31 December 2019, the Company conducted its business in 139 countries and regions, of which a total of 963 foreign contracting engineering projects were under construction, with a total contract amount of approximately USD130,400 million.

In 2019, the confirmed value of contracts from PPP investment projects of the Group amounted to RMB200,380 million¹ (RMB167,141 million for domestic and RMB33,239 million² for overseas), accounting for 21% of the value of new contracts of the Group, and the value of construction and installation contracts to be undertaken by the Group was estimated to be RMB179,487 million.

I. BUSINESS REVIEW AND MARKET STRATEGIES

(I) Domestic Market

In 2019, the national economy maintained an overall stable development and the main estimated goals were achieved well, with a year-on-year growth of 6.1% in GDP and major indicators kept within an appropriate range. Fixed assets investment in infrastructure achieved a year-on-year increase of 3.8%, and growth rate was the same as that of the previous year. Wherein, investment in road transport business increased by 9.0%, investment in water resources, environment and public facility management business increased by 2.9%, while investment in railway transport business decreased by 0.1%, and investment in the waterborne transport industry decreased by 22.5%. On the one hand, with the release of a series of documents to prevent and control financial risks and standardize investment management procedures, PPP returned to the origin of high-quality, sustainable and standardized development, which generally slowed down the infrastructure construction, and traditional infrastructure industries stepped from increment-based competition into stock-based competition. On the other hand, following the coordinated development of the Beijing-Tianjin-Hebei Region and the Yangtze River Economic Belt, the Guangdong-Hong Kong-Macao Greater Bay Area, the integration of the Yangtze River Delta, ecological protection and high-quality development in the Yellow River Basin successively became to the national strategies, together with the efficiency of the fiscal policy in the second half of the year was improved, monetary policy was moderated, special bonds were issued faster, the demand for infrastructure construction projects covered a number of new area increased, such as comprehensive urban development, eco-environmental protection, culture, tourism and healthcare as well as multimodal transport, and the growth rate of infrastructure investment was generally the same as that of 2018.

1. The contract value of share-participation projects recognized in proportion of shareholding amounted to RMB13,044 million.
2. This value does not include that of John Holland's signed projects, and such value mentioned below shall has the same meaning.

In 2019, the Company scientifically recognized the current situation, and took the concept of “coordinating guidance, strengthening the main business, taking initiative, and improving increment”. For traditional businesses, it will further strengthen the coordination effort to the integration and professionalization, improve the stock as well as the increment and ensure high-quality and stable growth. For emerging businesses, it will strive to open up new areas, create new businesses, new services or new products, and achieve diversified business development. During the year, the Company insisted on integrating into the national strategy and seeking development, and fulfilled its due responsibilities and made due contributions while performing its original aspiration and mission. The Company kept in mind the important instructions on creating quality projects, sample projects, safety projects and integrity projects. A series of new national strategic projects have won widespread attention and recognition, such as the Beijing Daxing International Airport which has become the new landmark of the capital, Yanqing – Chongli Expressway which has been opened to traffic for the 2022 Winter Olympic Games in Beijing as well as the Beijing – Xiong’an Expressway and Shenzhen – ZhongShan Bridge.

(II) Overseas Market

In 2019, the joint construction of the “Belt and Road Initiative” has been included in important documents of international organizations, such as the United Nations, China-Latin America, China-Afghanistan and China-Africa. Emerging economies and developing countries have become the main force driving the strong recovery of the global economy. The financing effect of the financial institutions at home and abroad is remarkable. However, at the same time, the global economic growth has further slowed down, the Sino-US trade friction is in a tug-of-war period, the risk factor for overseas security has increased, and uncertainties and risks in the international situation are increasing.

In 2019, facing the complicated international situation, the Company kept abreast of the overall strategies on national diplomacy and foreign trade development in the new period, and stepped into a new level in overseas coordinated development with priority and high-quality through pioneering, innovating and overcoming difficulties. The vivid practice of a series of major overseas projects (for examples, East Coast Rail Link Project in Malaysia officially resumed work after overcoming various difficulties; the Colombo Port City Project completed land reclamation ahead of schedule; the Karakoram Highway Phase II Project, which is a key project of the China-Pakistan Economic Corridor, was successfully opened to traffic; the Company signed the largest and most influential PPP Project of Bogota Metro Line 1 in Colombia) contributed the CCCC’s plan, quality, speed, and services to the construction of a community of shared future for mankind, fully demonstrating the Company’s responsibility as a major state-owned enterprise. The Company continued to contribute the power of CCCC to the global infrastructure construction and the smooth of the global traffic map by Wealth Road, Love-Connection Bridge, Development Port and Happiness City. The Company has ranked the first among the Chinese enterprises in the Top International Contractors for the thirteenth consecutive years, which improved our reputation overseas, explained the essence of China infrastructure, and therefore promoted the Company’s international competitiveness and global influence.

(III) Business Summary

1. Infrastructure Construction Business

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

In 2019, the value of new infrastructure construction contracts entered into by the Group amounted to RMB851,924 million, representing a year-on-year increase of 10.5%. Wherein, the value of new contracts from overseas markets amounted to RMB187,784 million (equivalent to approximately USD28,340 million); the confirmed value of new contracts from PPP investment projects amounted to RMB187,090 million, and the value of construction and installation contracts to be undertaken by the Group was estimated to be RMB167,823 million. As at 31 December 2019, the backlog amounted to RMB1,810,347 million.

Categorised by project type and location, the value of new contracts in terms of port construction, road and bridge construction, railway construction, municipal and environmental projects, etc., and overseas projects amounted to RMB28,405 million, RMB272,622 million, RMB16,941 million, RMB346,172 million and RMB187,784 million, representing 3%, 32%, 2%, 41% and 22% of the total value of new infrastructure construction contracts, respectively.

(1) Port Construction

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

In 2019, the value of new contracts of the Group for port construction projects in Mainland China amounted to RMB28,405 million, representing a year-on-year increase of 4.1%, and accounting for 3% of that of the infrastructure construction business. Wherein, the confirmed value of contracts from PPP investment projects amounted to RMB4,167 million.

From January to November 2019, according to the data announced by the Ministry of Transport, fixed assets investment in coastal and inland transportation construction completed amounted to approximately RMB103,020 million, representing a year-on-year decrease of 2.9%. Affected by the tightening of sea-use approvals and the saturated tendency of port capacity, the overall growth room for coastal port infrastructure is limited. However, as the pace of national port integration has accelerated, new demand growth points have emerged in terminal upgrades, automated terminals, and the construction of green energy storage and transportation projects. The Company plans overall market development, strengthens internal coordination, and gives full play to the Group's overall advantages. The Company's entire industrial chain in port business is continuously extended, and the fully automated terminal system is implemented in Xiamen Port and Nansha Port in Guangzhou to further stabilize the automated terminal market. Shenzhen Haixing Zhihui Terminal*(深圳海星智慧碼頭) is launched, realizing the first breakthrough in 5G ports.

(2) Road and Bridge Construction

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

In 2019, the value of new contracts of the Group for road and bridge construction projects in Mainland China reached RMB272,622 million, representing a year-on-year decrease of 14.1%, and accounting for 32% of that of the infrastructure construction business. Wherein, the confirmed value of new contracts from PPP investment projects amounted to RMB53,894 million. The decrease in the value of new contracts was mainly attributable to the high base number in 2017 and 2018 arising from the rapid development in such project area.

From January to November 2019, according to the data published by the Ministry of Transport, the fixed assets investment in road transport construction amounted to approximately RMB2,024,214 million, representing a year-on-year increase of 1.9%. On the one hand, the market space has been narrowed as the large-scale backbone high-speed network of domestic highways has been basically completed, and also the deleveraging and financial risks control have led to insufficient local government supporting funds. On the other hand, in order to stabilize economic growth and promote infrastructure investment, the central government has expanded the scope of the use of special bonds, made new quota for special bonds in 2020 in advance, issued the "Outline for the Construction of a Strong Transportation Network" and restated the policy of increasing efforts to shore up weakness in infrastructure. The number of projects on the to-be-connected sections of the national expressway network has increased, and investment in regional integration such as Beijing-Tianjin-Hebei, Guangdong-Hong Kong-Macao Greater Bay Area, Yangtze River Delta integration has become a hot spot.

In 2019, the Company took the concept of “coordinating guidance and strengthening the main business”, cultivated in the traditional market areas to strengthen the core competitive advantages, and successfully won the bids for several large projects, such as the Yangtze River Combined Highway and Railway Bridge in Changtai, the Shandong section of the Beijing – Taipei Expressway, and Fulong Xijiang Extra Large Bridge in Foshan. Meanwhile, the Company innovated the business model, strengthened project management and control, and made full use of the Company’s advantages in the entire industrial chain by “promoting market with on-site supervision”, invested in and built the PPP Project of the Shenhai Expressway Link Line in Zhoushan Port, Ningbo City, Zhejiang Province and the PPP Project of Hanjiang Second Bridge and Road Network Construction in Yicheng.

(3) Railway Construction

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

In 2019, the value of new contracts of the Group for railway construction projects in Mainland China reached RMB16,941 million, representing a year-on-year increase of 95.2%, and accounting for 2% of that of the infrastructure construction business. Wherein, the confirmed value of new contracts from PPP investment projects amounted to RMB1,265 million.

In 2019, the Company took the initiative to improve its business layout and increase its efforts on the development of the railway market, and successfully signed contracts for the Pre-Station Project of Intercity Railway along the South Yangtze River in Jiangsu Province, the Pre-Station Project of Chizhou-Huangshan High Speed Railway in Anhui Province and other projects.

As stated in the report on the working conference of China State Railway Group Co., Ltd., the fixed assets investment in railway is planned to complete an amount of RMB800,000 million in 2020, maintaining the intensity and scale, with new railways of more than 4,000 kilometers to be put into operation, including 2,000 kilometers of high-speed railways. The focus of the construction will be shifted from the eastern region to the central and western regions, from major trunk lines to short and medium-distance intercity railways, from segmental construction and single investment to general project contracting or introduction of social investment, while accelerating the promotion of the planning and construction of a number of strategic and iconic major railways projects.

(4) *Municipal and Environmental Projects, etc.*

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

In 2019, the value of new contracts of the Group for municipal and environmental projects, etc. in Mainland China reached RMB346,172 million, representing a year-on-year increase of 29.9%, and accounting for 41% of that of the infrastructure construction business. Wherein, the confirmed value of contracts from PPP investment projects was RMB94,525 million.

In 2019, according to the data published by the National Bureau of Statistics, the investment in water resources, environment and public facilities management business grew by 2.9%. Wherein, fixed assets investment in ecological protection and environmental improvement increased by 37.2%. Weak areas including ecological restoration and coastal protection, as supported by policies, provided new growth points for the industry. In addition, with the accelerated urbanization process in China, demands for infrastructure of urban rail transit was on the rise, dominated by metro lines and light rails by category, and supplemented by other systems, featuring a diversified development pattern.

The Company fully implemented the “urbanization” strategy to seek market development space and opportunities. With strategic guidance and rational layout, the Company achieved improvement in the capacity expansion and efficiency in terms of urbanization construction, the development of rail transit market and water environment treatment, and accelerated the conversion of drives. The Company successfully won the bid for the EPC Project of the Qianhai Section Sinking of the Shenzhen Coastal Expressway under fierce competition, which strengthened the Company’s leading position in the cross-sea channel project and became another strategic and comprehensive channel project implemented by the Company in the Guangdong-Hong Kong-Macao Greater Bay Area. The Company tapped into the rail transit area comprehensively, with rail transit projects launching one after another in Tianjin, Shenzhen, Wuhan, Nanjing and Fuzhou, among which, Line 11 of Tianjin Metro became the first metro project with the whole line entered the municipality directly under the central government, and Line 3 of Harbin Metro created a revolutionary fabricated subway construction. In addition, the Company recorded remarkable results on the establishment of the entire industry chain in green and environmental protection. By focusing on urban water system treatment, the Company has won a number of wastewater treatment and ecological water system projects in South China and East China, and achieved continuous flow of the gorge section of Yongding River for the first time during the past 40 years.

(5) Overseas Projects

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

In 2019, the value of new contracts of the Group for overseas projects in the infrastructure construction business amounted to RMB187,784 million (equivalent to approximately USD28,340 million), representing a year-on-year increase of 24.3%, and accounting for 22% of that of the infrastructure construction business. Wherein, the value of contract of the PPP Project of Bogota Metro Line 1 in Columbia confirmed in the form of PPP investment project amounted to RMB33,239 million (equivalent to approximately USD5,016 million). In addition, 21 new projects were entered into with each contract value over USD300 million and a total contract value of USD17,704 million, accounting for 60% of total value of all overseas new contracts of the Group.

Categorised by project type, the value of overseas new infrastructure construction contracts for municipal, ports, roads and bridges, railways, and housing, etc accounted for 31%, 31%, 29%, 6% and 3% of the value of new contracts for overseas projects, respectively.

Categorised by project location, the value of new infrastructure construction contracts for Africa, Oceania, Southeast Asia, Hong Kong/Macau/Taiwan, South America and other regions accounted for 27%, 18%, 18%, 7%, 21% and 9% of the value of new contracts for overseas projects, respectively.

In 2019, the Company overcame the difficulties brought by the complex and severe situation with significantly increasing risks and challenges to further promote the implementation the “experts in five areas” overseas, and innovatively implement the position of “three roles” overseas, which resulted in the continuous enhancement of the energy level of development and firm promotion of the major projects. Facing the global market, the Company achieved outstanding performance in various aspects, including high-end traction rail transit, energy and environmental protection: the wining of the bid for Sewage Treatment Plant Project in Tuas, Singapore marked the Company's entering into the ecological environmental protection area in new industry; the undertaking of the PPP Project of Bogota Metro Line 1, the largest project in Columbia, opened a new chapter of the Company in overseas rail transit market; and the commencement of construction of the Sea-crossing Bridge in Peljesac, Croatia made it China's first major engineering project which was obtained in the EU countries through competition and funded by the EU and adopted EU standards.

In 2019, the Company insisted on promoting its overseas business in a high-quality, sustainable and in-depth direction with strategic upgrading, reform and empowerment, and compliance control. The Company coordinated its professional resources to study thoroughly the international complex political and economic situation in the new period. According to the national key strategic guidance, the Company carried out targeted global port, airport, railway and other infrastructure interconnection as well as deployment and study of resource development and development of industrial parks and new cities along the line or at the nodes so as to establish a pattern of industry interconnection. The Company promoted the orderly and optimized allocation of resource of the whole industry chain overseas by innovating the management and control through overseas regional and localized organizations and by reform and empowerment. In carrying out the international operation, the Company always adheres to the “risk orientation”, strengthens the life-cycle management of overseas projects, continuously strengthen the safety concept, and improve overseas risk prevention and control and emergency response mechanisms for overseas emergencies with an aim to protect the overseas interests as far as it can and promote stable and long-term overseas development.

2. *Infrastructure Design Business*

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

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

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

In 2019, the value of new contracts of the Group in infrastructure design business reached RMB47,509 million, representing a year-on-year decrease of 3.2%. Wherein, the value of new contracts from overseas markets amounted to RMB5,278 million (equivalent to approximately USD796 million), accounting for 11% of the infrastructure design business, which were mainly survey and design projects contributed by an acquired Brazil design company. As at 31 December 2019, the backlog amounted to RMB85,062 million.

Categorised by project type, the value of new contracts for survey and design, project supervision, EPC general contracting, and other projects (including PPP projects) amounted to RMB13,324 million, RMB918 million, RMB24,553 million and RMB8,714 million, representing 28%, 2%, 52% and 18% of the value of new contracts for infrastructure design business, respectively, as compared with 18%, 2%, 45% and 35%, respectively recorded for the corresponding period of 2018.

In 2019, as water transportation was adversely affected by the port capacity being close to saturation, there remained limited growth space for demand of the coastal port construction market; inland waterway construction confronted some protracted problems, and inland waterways, ports and other infrastructure construction was under very difficult environment. However, the Company actively explored the opportunities brought by the “improving weak links” in western highways and undertook a series of survey and design projects for highway sections in the central and western regions, as well as the corresponding design projects of highway PPP investment projects. In addition, the Company accelerated the adaptation to high-quality development of highway construction, focused on key and hot areas, and enhanced the comprehensive utilization of new technologies such as green, wisdom, tourism, ecology, safety, and assembly. Significant progress has been made in the research and design of the Shenzhen Jihe Expressway Three-dimensional Reconstruction and Extension Project and smooth promotion was achieved in the preliminary design project for the Wuyuan Section of the Dezhou-Shangrao Expressway.

3. *Dredging Business*

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

As the largest dredging enterprise in China and even in the world, the Group enjoys absolute influence in China’s coastal dredging market.

In 2019, the value of new contracts of the Group in dredging business reached RMB52,783 million, representing a year-on-year decrease of 7.4%. Wherein, the value of new contracts from overseas markets amounted to RMB2,205 million (equivalent to approximately USD333 million), the confirmed contract value from PPP investment projects amounted to RMB13,291 million, and the value of construction and installation contracts to be undertaken by the Group was estimated to be RMB11,664 million. As at 31 December 2019, the backlog amounted to RMB95,017 million.

In 2019, according to the vessel purchase plan, two large vessels were newly constructed with special purpose to serve in the Group's dredger fleets. As at 31 December 2019, the Group's dredging capacity amounted to approximately 788 million cubic meters under standard operating conditions.

After 2017, environmental protection policies continue to tighten, and national controls on reclamation are strict, which has a significant impact on dredging and reclamation business. In 2019, some large projects with strategic and economic significance have been re-demonstrated, and those with reasonableness and feasibility are expected to restart. In the face of pressure and difficulties, the Company on the one hand connected its services to the major national strategic deployments, took the initiative to play its role and actively sought breakthroughs, and therefore has signed contracts for the implementation of the Lot A of Maintenance Project of Yangtze River Estuary Waterway for Years 2019–2021, the Zaozhuang Section of the Class II Navigation Channel Renovation Project of the Beijing – Hangzhou Grand Canal and other inland waterway projects, thus effectively consolidating the leading position of the Company in traditional business areas. On the other hand, the Company conducted in-depth analysis on the market environment as well as the resource and capabilities of the Company, and actively took the lead to expand ecological and environmental business with successful implementation of ecological treatment projects in Chongqing, Yichang, Jiujiang, Wuhu and other places. Moreover, the Company has deeply cultivated overseas regional markets and national markets, and the business expansion in overseas markets has begun to show results, as reflected in a series of projects, such as the Berth Expansion Project of the Cilacap Power Plant in Indonesia, the Terminal Contracting Project for LNG Terminal and Gasification Project in Panama, the Dredging Projects for Five-year Maintenance for Port of Paranagua and Antonina in Brazil, etc.

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

1. Infrastructure Construction Business

Port Construction

No.	Contract Name	Contract Value
1	Project for Water and Civil Works of Nansha Port Area Phase IV of Guangzhou Port	2,357
2	Lot W1 of Civil Works for Main Project of the Second Line Ship Lock of Wan'an County Junction in Jiangxi Province	1,648
3	PPP Project of the Upgrading and Reconstruction of the Waterway of Shaying River from Zhoukou to the Provincial Boundary in Henan Province	1,568
4	Phase I Project of Storage and Allocation Base for Railway-River Combined Transportation of Coal in Jingzhou City, Hubei Province	1,344
5	EPC Project for the Construction of Yushan Wharf in Jingdezhen City, Jiangxi Province	1,266

Road and Bridge Construction

No.	Contract Name	Contract Value
1	BOT Project of Expressway from Pubei to Beiliu in Yulin, Guangxi Province	14,426
2	Project of the Expressway along the River from Yinjiang to Songtao in Tongren City, Guizhou Province	9,679
3	Project of Expressway from Tianfu New Area to Qionglai in Sichuan Province	5,368
4	PPP Project of Infrastructure Construction of Furong City-Industry Integration Zone in Zigong City, Sichuan Province (Sections C and D)	5,455
5	Project of Xintian – Gaofeng Section in Chongqing of Enshi – Guangyuan National Expressway in Sichuan Province	4,080

Railway Construction

No.	Contract Name	Contract Value
1	Lot 4 of the Pre-Station Project of Chizhou-Huangshan High Speed Railway in Anhui Province	2,747
2	Lot NYJZQ-5 of the Pre-Station Project of Newly-Built Intercity Railway along the South Yangtze River in Jiangsu Province	2,628
3	Lot NYJZQ-9 of the Pre-Station Project of Newly-Built Intercity Railway along the South Yangtze River in Jiangsu Province	2,574
4	Project for Intercity Railway (F1) from Fuzhou to Changle Airport in Fujian Province	1,446
5	PPP Project of Construction of Comprehensive Passenger Terminal at Baoying Station of Lianyungang-Huai'an-Yangzhou-Zhenjiang High-speed Railway in Yangzhou City, Jiangsu Province	1,265

Municipal and Environmental Projects, etc.

No.	Contract Name	Contract Value
1	Project of Integrated Urban Development and Operation in Jianzhou New Town, Chengdu City	17,996
2	Urban Comprehensive Development Project of Eastern Ecological Demonstration Park for New and Old Kinetic Energy Conversion in Linyi Economic and Technological Development Zone in Shandong Province	17,478
3	PPP Project of Phase I Engineering of Line 11 of Tianjin Metro	9,234
4	Pilot Engineering Project of Ecological Protection and Restoration of Mountains, Rivers, Forests, Lands, Lakes and Grass in Wuliangsu Hai Basin, Inner Mongolia	9,000
5	Reconstruction EPC Project of Shantytowns in East Zone (Line Side) of Zhonghua South Road in Honghuagang District, Zunyi City	7,412

Overseas Projects

No.	Contract Name	Contract Value
1	PPP Project of Bogota Metro Line 1 in Columbia	33,239
2	Lot 3B of West Ring Expressway in Sidney, Australia	9,407
3	Coal/Bulk-Cargo Terminal Project in Payra Port, Bangladesh	7,179
4	Land Reclamation Project of the Third Runway System of Hong Kong International Airport	6,626
5	Prison on Chisholm Road in Victoria, Australia	4,425

2. Infrastructure Design Business

No.	Contract Name	Contract Value
1	EPC Project of No. 1 Berth in Cheng'ao Operation Area, San Du Ao Port Area, Ningde City, Fujian Province	1,907
2	EPC Project of IC Integrated Circuit Research and Development Park in Nanjing	1,685
3	EPC Project of the Upgrading of Xunchang-Yuhe Section of the Class II Highway S436 in Sichuan Province	1,133
4	EPC Project of Phase II of Resettlement House for Urbanization Construction and Intelligent Industrial Park in the Core Area of Eastern New City of Liu'an, Anhui Province	1,066
5	Construction Project of Zhaoyang-Xihuan Expressway in Zhaotong City, Yunnan Province	1,004

3. Dredging Business

No.	Contract Name	Contract Value
1	EPC Project of Infrastructure Construction for Qiandao Central Commercial Complex in Zhoushan, Zhejiang Province	7,672
2	PPP Project of Comprehensive Water Environment Treatment of Flood Control Area III in Urban Area of Yancheng City, Jiangsu Province	3,134
3	PPP Project for Comprehensive Landscape Treatment for Urban River System in Lingbao City, Henan Province	1,773
4	PPP Project of Sewage Treatment and Ecological Environment Improvement of Taixing Economic Development Zone in Jiangsu Province	1,535
5	Lot II of the Water Ecological Construction Project (Phase V) in Dongguan City, Guangdong Province	1,500

II. TECHNOLOGY INNOVATION

Technology is the key strength of a country, and innovation is the source of growth drivers, relying on which a country becomes strong and an enterprise becomes successful. Over the years, the Company has always had a deep understanding of and placed great emphasis on the importance of technology innovation. The Company constantly focused on improving the capacity for technology innovation and increased the investment on R&D, so as to enhance the role of technology in driving growth. In 2019, the R&D investments of the Company amounted to RMB12,592 million, accounting for 2.3% of the Company's revenue, representing an increase of 0.3 percentage point as compared with last year. This year, the Company achieved new breakthroughs in technology innovation, mainly reflected in the following aspects:

Firstly, technology innovation systems were constantly improved. The Company has revised and issued the Technology Development Plan during the Thirteenth Five-year Plan Period (revised version), the Methods for Assessing Technology Innovation of Secondary Entities, the Administrative Measures on Technological Research and Development Projects, the Administrative Measures on Science and Technology Awards and the Administrative Measures on Key Laboratories, and newly issued the Guidance on Construction of Professional Career Path for Scientific Research Personnel and Administrative Measures on Patent Awards, which laid a solid foundation for the technology innovation of the Company.

Secondly, progress was made in the establishment of an innovation platform system. The “R&D Center for Equipment and Tunneling Technologies Used for Long and Large Tunnels”, the “R&D Center for Automatic Driving Technologies in the Transportation Industry” and the “R&D Center for the Intelligent Design, Construction and Maintenance Technologies and Equipment Used for the Underwater Tunnels in the Transportation Industry” have passed accreditation. Our capacity for independent innovation in the long and large tunnel and transportation industries was thus enhanced.

Thirdly, our technological investments changed from capital injection to a combination of capital injection and investments. Our investments mainly focused on intelligent transportation, intelligent city, big data on transportation, BIM, Beidou system, high polymer material, 5G, new material, prefabricated building and ecological and environmental protection.

Fourthly, remarkable achievements were made in creating intellectual properties. The “Self-Development and Industrialization of Large Marine Cutter-suction and Dredging Equipment” was awarded the grand prize of the 2019 National Science and Technology Advancement Award, highlighting the creativity and technological strength of the Company in this field. In 2019, the Company has been awarded with 2 second-class prizes of the National Science and Technology Advancement Award, 9 Luban Awards, 29 National Quality Project Awards (including 6 golden awards), 6 Zhan Tianyou Awards, 5 Chinese Outstanding Patent Awards and 216 provincial and ministerial technology awards. The Company has participated in the compilation of 3 international standards, 6 national standards, 53 industry standards and 18 local standards that have been promulgated, engaged in the translation and compilation of 5 industry standards and promulgated 10 enterprise technological standards. The Company has been awarded with 2,205 patents, 441 software copyrights and 218 provincial and ministerial construction methods.

Over the years, the Company has been accumulatively awarded with 44 National Science and Technology Advancement Awards, 4 Technological Invention Awards, 91 Luban Awards, 261 National Quality Project Awards (including 27 golden awards), 95 Zhan Tianyou Awards, 2 Chinese Golden Patent Awards and 19 Chinese Outstanding Patent Awards. The Company has accumulatively participated in the compilation of 80 national standards and 311 industry standards that have been promulgated, and had a total of 10,155 authorized patents.

III. FINANCIAL INNOVATION

In 2019, against the backdrop of tightening financial regulation, decreasing infrastructure investments and narrowed financing channels, the Company, on one hand, used various financial derivatives to provide liquidity support to the business development: more efforts were put on the cooperation with government and enterprise funds and Social Security Fund to proactively raise project capitals; the Company has issued corporate bonds of RMB4,000 million with the lowest coupon rate among the corporate bonds with the same term issued by peers since 2017, which further reduced the financing cost of the Company. On the other hand, the Company strengthened innovation in fund investment and financing: the Company not only continued to carry out the asset-backed securitisation of account receivables within the shelf-registered amount and validity period, but also successfully introduced third-party investors to make capital contribution of RMB18,000 million to certain subsidiaries. These have effectively reduced the asset-liability ratio of the Company, enhanced the capital strength, boosted the development of integrated services between banks and the Company and improved the Company's asset quality.

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

(1) Completed and Accepted Projects during the Reporting Period

Total number of projects		N/A	
Total contract value		196,983	
		Number	Contract Value
Categorised by region	Domestic	N/A	151,746
	Overseas	N/A	45,237
Categorised by business type	Infrastructure construction	582	175,422
	Infrastructure design	2,442	10,158
	Dredging	110	7,167
	Others	N/A	4,236

(II) Projects under Construction during the Reporting Period

Total number of projects		N/A	
Total value of projects		3,966,502	
		Number	Contract Value
Categorised by region	Domestic	N/A	3,099,638
	Overseas	N/A	866,864
Categorised by business type	Infrastructure construction	8,502	3,508,384
	Infrastructure design	21,056	230,382
	Dredging	1,879	219,025
	Others	N/A	8,711

(III) Investment Projects

In 2019, affected by the changes in investment environment across China, domestic PPP business reached a stage featuring slow but steady development. The Implementation Opinions of the Ministry of Finance on Promoting the Sound Development of Public-Private Partnership (Cai Jin [2019] No. 10) and other policies were introduced, guiding local governments to further standardise the PPP market. As a result, the growth of investments in the infrastructure sector slowed down, and PPP projects included in the project library of the Ministry of Finance decreased significantly as compared with 2018. However, in the long run, Cai Jin [2019] No. 10 laid a foundation for the development of China's PPP mode in future by standardizing investment management procedure and intensifying system assurance, thus ensuring the healthy and sustainable development of PPP. The percentage of projects in line with the essence of PPP mode and green and people-benefit projects increased significantly, the implementation rate and operating rate of projects rose as compared with 2018, and project quality was constantly improved.

With respect to market expansion, the Company rationally determined its investment scale, proactively created market-oriented projects, and properly carried out the preliminary planning of investment projects such as Project of Integrated Urban Development and Operation in Jianzhou New Town, Chengdu City, Phase I Engineering of Line 11 of Tianjin Metro and Project of Expressway from Jinsha in Guiyang to Gulan. The Company put more efforts on innovation-driven growth, integrated the resource advantages, and further explored the integration of investment, construction and operation of overseas projects, so as to drive its overseas operations to upgrade to a high-end business model. The Company optimised industrial and segment layout and intensified its efforts in the comprehensive management of rivers and lakes, black and odorous water treatment, ecological water

system construction and other fields of environmental protection. Focusing on three main themes of “transportation, city and life”, innovation on business models have been made which helped the Company successfully establish around 20 new business models such as PPP + travel, PPP + landscaping, PPP + intelligence parking operation.

With respect to operation and management, the Company reinforced system construction through developing the Administrative Measures on Investment Project Experts and the Administrative Measures on Full Cost of CCCC, and focused on enhancing basic skill. With a commitment to value-oriented investments, the Company has strengthened negative list management and post-investment management, which effectively improved investment returns and controlled investment risks. To further reduce its financing cost, the Company sought for multi-dimensional financing channels and established a diversified re-financing system.

1. Investment Projects Newly Entered into

In 2019, the Company actively responded to the adjustment of regulation policies, controlled investment scale, optimised investment structures and improved industrial layout. The confirmed value of contracts from PPP investment projects was RMB200,380 million. The value of construction and installation contracts to be undertaken was estimated to be RMB179,487 million, among which, the confirmed values of contracts from BOT projects, government paid projects and urban comprehensive development projects were RMB27,738 million, RMB117,821 million and RMB54,822 million respectively, accounting for 14%, 59% and 27% of that from PPP investment projects respectively.

2. Government Paid Projects and Urban Comprehensive Development Projects

The total value of contracts for government paid projects entered into by the Group amounted to RMB501,607 million, wherein, the accumulative completed investment amounted to RMB174,139 million with cumulatively RMB57,818 million have been recovered.

The total investment value of contracts for urban comprehensive development projects entered into by the Group was estimated to be RMB307,865 million, among which, RMB77,617 million of investment amount had been completed cumulatively, RMB65,023 million of sales amount had been realised and RMB47,189 million had been received by the Group.

3. Concession Projects

As at 31 December 2019, according to statistics (the consolidated items contracted and financed by the Group, and the latest statistics shall prevail if there was any change), the total investment amount of the Group's contracted BOT projects was estimated to be RMB427,640 million, wherein, the accumulative completed investment amounted to RMB216,626 million, and the uncompleted investment amounted to RMB211,014 million. 20 concession projects together with 12 share-participation projects had been put into operations, and the operating revenue and net loss in 2019 was RMB6,322 million and RMB2,614 million, respectively.

(1) Investment Projects Newly Entered into

No.	Project Name	Project Type	Total Investment Budget Estimate	Contract Value according to Shareholding Ratio of the Company	Expected Construction and		Consolidated or Not	Construction Period (Year)	Toll Collection/ Operation Period (Year)
					Installation Contract Value	Operating Project or Not			
1	PPP Project of Bogota Metro Line 1 in Columbia	PPP	33,239	33,239	24,225	Yes	Yes	7.25	28
2	Project of Integrated Urban Development and Operation in Jianzhou New Town, Chengdu City	Comprehensive urban development	19,996	17,996	13,001	No	Yes	18.00	12
3	Urban Comprehensive Development Project of Eastern Ecological Demonstration Park for New and Old Kinetic Energy Conversion in Linyi Economic and Technological Development Zone in Shandong Province	Comprehensive urban development	18,398	17,478	11,944	No	Yes	15.00	20
4	BOT Project of Expressway from Pubei to Beiliu in Yulin, Guangxi Province	BOT	14,426	14,426	10,558	Yes	Yes	3.00	30

No.	Project Name	Project Type	Total Investment	Contract Value according to Shareholding Ratio of the Company	Expected Construction and Installation	Operating Project or Not	Consolidated or Not	Construction Period (Year)	Toll Collection/ Operation Period (Year)
			Budget Estimate		Contract Value				
5	PPP Project of Phase I Engineering of Line 11 of Tianjin Metro	PPP	18,106	9,234	13,194	No	Yes	4.00	22
6	Comprehensive Development Project of Future City in Zhangjiakou City, Hebei Province	Comprehensive urban development	11,317	6,790	3,396	No	Yes	1.00	7
7	PPP Project for Comprehensive Development of New Industrial Town in Old Industrial Area of Qingshuitang, Zhuzhou City, Hunan Province	PPP	8,080	6,464	6,080	No	Yes	5.00	20
8	PPP Project of Infrastructure Construction of Furong City-Industry Integration Zone in Zigong City, Sichuan Province (Sections C and D)	PPP	6,061	5,455	4,493	No	Yes	3.00	12
9	BOT Project for Phase I of Expressway from Lingtai to Huating of Line S28 in Gansu Province	BOT	10,124	4,050	8,115	Yes	No	4.00	30
10	Supporting Construction Project for East Section of China-French Wuhan Ecological Demonstration Area	PPP	3,946	3,946	3,078	No	Yes	4.00	6

No.	Project Name	Project Type	Total Investment Budget Estimate	Contract Value according to Shareholding Ratio of the Company	Expected Construction and Installation Operating			Consolidated or Not	Construction Period (Year)	Toll Collection/ Operation Period (Year)
					Contract Value	Project or Not				
11	Project of Land on the North Side of Gaozan Bridge of West Start Zone in Shunde High-tech Zone, Guangdong Province	Comprehensive urban development	7,444	3,722	1,000	No	Yes		3.75	5
12	PPP Project for Construction of Hanjiang Second Bridge and Road Network in Yicheng, Hubei Province	PPP	3,472	3,298	2,061	No	Yes		4.00	11
13	PPP Project of Comprehensive Water Environment Treatment of Flood Control Area III in Urban Area of Yancheng City, Jiangsu Province	PPP	3,776	3,134	2,752	No	Yes		3.00	17
14	PPP Project for Upgrading of Jinsheng Expressway in Horinger New District, Inner Mongolia	PPP	3,365	3,074	2,784	No	Yes		3.00	12

No.	Project Name	Project Type	Contract Value		Expected Construction and		Consolidated or Not	Construction Period (Year)	Toll Collection/ Operation Period (Year)
			Total Investment Budget Estimate	according to Shareholding Ratio of the Company	Installation Contract Value	Operating Project or Not			
15	BOT Project of West Tianjin Section of Tianjin-Shijiazhuang Expressway	BOT	3,165	3,007	1,848	No	Yes	3.00	25
16	Others		120,894	65,067	70,958	-	-	-	-
Total			<u>285,809</u>	<u>200,380</u>	<u>179,487</u>	-	-	-	-

(2) *Concession Projects under Development*

No.	Project Name	Contract Value		Investment Amount in 2019	Accumulated Investment Value
		Total Investment Budget Estimate	Confirmed according to Shareholding Ratio		
1	Lianzhou-Fogang Highway in Guangdong Province	41,096	41,096	8,029	14,489
2	Taihangshan Highway in Hebei Province	47,000	14,570	-	Share participation
3	Phnom Penh-Port of Sihanoukville Expressway in Cambodia	13,643	13,643	1,489	1,491
4	Kaiping-Yangchun Expressway in Guangdong Province	13,711	12,740	-	Share participation
5	Shiqian-Yuping (Dalong) Expressway in Guizhou Province	12,407	12,407	1,582	4,709
6	CCCC Jiangyu Expressway in Guizhou	11,019	11,019	2,454	4,693
7	Jianhe-Rongjiang Section of Yanhe-Rongjiang Expressway in Guizhou Province	17,816	10,672	-	Share participation
8	Highways including Urumchi-Yuli Highway in Xinjiang	70,841	10,616	-	Share participation
9	Wenshan-Maguan Wenshan-Malipo Expressway	15,800	10,270	2,231	5,489
10	Phase I of PPP Project of Urumchi Rail Transit Line 4	16,249	8,287	-	Share participation
11	West Line of Urumqi Ring Expressway in Xinjiang	15,300	7,803	7	69

No.	Project Name	Total	Contract Value	Investment	Accumulated
		Investment	Confirmed		
		Budget	according to	Amount	Investment
		Estimate	Shareholding	in 2019	Value
			Ratio		
12	PPP Project for Fangcheng-Tanghe Section of Jiaozuo-Tanghe Highway in Henan Province	7,788	7,009	0	0
13	Libo-Rongjiang Expressway in Guizhou Province	10,480	6,288	–	Share participation
14	G575 Expressway in Xinjiang	6,017	6,017	171	1,102
15	Hechang Section of Sanhuan Expressway in Chongqing	10,077	5,139	1,256	6,974
16	Quanzhou Section of Quanzhou-Xiamen-Zhangzhou City Alliance Highway in Fujian Province	4,708	4,708	910	3,999
17	Hefei-Zongyang Section of G3W Dezhou-Shangrao Expressway in Anhui Province	9,228	4,522	–	Share participation
18	South Section of Ring Expressway in Wanzhou, Chongqing	4,151	4,151	183	225
19	Others	142,747	52,097	3,496	6,992
Total		470,078	243,054	21,808	50,232

(3) Concession Projects in Operation Period

No.	Project Name	Accumulated	Operating	Toll	Completed
		Investment	Revenue		Toll
		Value	During	Collection	Collection
			the Year	Rights Period	Rights
				(Year)	Period
					(Year)
1	New Songming-Kunming Expressway, Xuanwei-Qijing Expressway, and Mengzi- Wenshan-Yanshan Expressway in Yunnan Province	27,108	830	30	2.0
2	Daozhen-Weng'an Expressway in Guizhou Province	26,413	703	30	4.0
3	Guigang-Longán Highway in Guangxi Province	17,315	109	30	0.5
4	Jiangkou-Weng'an Expressway in Guizhou Province	14,251	745	30	4.0
5	Tongzhou-Daxing Section Project of the Capital Region Ring Expressway	6,289	262	25	1.5
6	Yanhe-Dejiang Expressway in Guizhou Province	7,565	97	30	4.0
7	Guiyang-Qianxi Expressway in Guizhou Province	9,200	582	30	3.0
8	Hubei Jiatong Section Project of Wuhan-Shenzhen Expressway in Hubei Province	8,972	488	30	3.3
9	Zhongxian-Wanzhou Expressway in Chongqing	7,578	66	30	3.0

No.	Project Name	Accumulated Investment Value	Operating Revenue During the Year	Toll Collection Rights Period (Year)	Completed Toll Collection Rights Period (Year)
10	Guiyang-Duyun Expressway in Guizhou Province	7,391	776	30	8.8
11	Yongchuan-Jiangjin Expressway in Chongqing	5,997	72	30	5.0
12	Jiulongpo-Yongchuan Highway in Chongqing	5,193	182	30	2.0
13	Zhuankou Yangtze River Bridge Project in Wuhan, Hubei Province	4,825	55	30	2.0
14	South-North Highway in Jamaica	5,057	225	50	4.0
15	Jiayu North Section of Wuhan-Shenzhen Expressway in Hubei Province	2,562	209	30	1.0
16	Xianning-Tongshan Expressway in Hubei Province	3,120	128	30	6.0
17	Qingxi Bridge and Connecting Line in Guangdong Province	2,676	576	25	1.3
18	Yicheng-Houma Expressway in Shanxi Province	2,404	167	30	12.0
19	Malong Connecting Line of Xuanwei-Qijing Expressway in Yunnan Province	1,890	19	30	2.0
20	Qingshuihe-Dafanpu Section of National Highway G109 in Inner Mongolia Autonomous Region	588	31	26	11.0
21	Fengdu-Zhongxian Expressway in Chongqing	Share participation	–	30	2.0
22	Youyang-Yanhe Expressway in Chongqing	Share participation	–	30	3.0
23	Wangjiang-Qianjiang Expressway in Anhui Province	Share participation	–	25	3.0
24	Tongliang-Yongchuan Expressway in Chongqing	Share participation	–	30	2.7
25	Chongqing Wanzhou-Sichuan Dazhou, Wanzhou-Hubei Lichuan Expressways	Share participation	–	30	4.0
26	Tongliang-Hechuan Expressway in Chongqing	Share participation	–	30	4.0
27	Fengdu-Fuling Expressway in Chongqing	Share participation	–	30	5.0
28	Fengdu-Shizhu Expressway in Chongqing	Share participation	–	30	5.0
29	Foshan-Guangming Expressway in Guangdong Province	Share participation	–	27	10.0
30	Yulin-Jiaxian Expressway in Shaanxi Province	Share participation	–	30	5.0

No.	Project Name	Accumulated Investment Value	Operating Revenue During the Year	Toll Collection Rights Period (Year)	Completed Toll Collection Rights Period (Year)
31	Guiyang-Weng'an Expressway in Guizhou Province	Share participation	–	30	3.0
32	Tongcheng-Jieshang Expressway in Hubei Province	Share participation	–	30	4.3
Total		<u>166,394</u>	<u>6,322</u>		

V. BUSINESS PROSPECT

Since China's economy is at a critical stage of transforming development mode, optimising economic structure and pursuing new growth drivers with intertwined structural, systematic and periodic issues, downward pressure on the economy continues to mount. However, at a meeting of Political Bureau of the Central Committee of the CPC, it was made clear to ensure the accomplishment of the economic and social development targets and tasks for the year of 2020. To this end, more proactive fiscal policies will be introduced to give full play to policy-based finance; prudent monetary policies will become more flexible and proper to reduce the difficulty and cost of financing; domestic demand will be actively boosted while ensuring the stability of external demand and the construction of a number of major projects will be accelerated. To cope with the negative effects brought by COVID-19, infrastructure investment becomes an important way for counter-cyclical regulation and more follow-up policies are expected to be introduced to ensure stable growth and fiscal policies are expected to play a more important role. As the infrastructure projects across China resume construction successively, investments and construction in the infrastructure industry will also enter a peak period. It is expected that traditional infrastructure areas such as railway, highway and water conservancy projects will embrace fast growth, while new infrastructure areas such as 5G, artificial intelligence, industrial internet, environmental protection, intelligence city, education and healthcare will release more market space. In addition, since the beginning of this year, the issuance scale of special bonds for local governments has been increasing significantly with an accelerating pace of issuance, and the percentage of these bonds related to infrastructure is over 50%, which will contribute to improving the weak links of infrastructure industry.

In the international market, the world economy is still in the middle of profound adjustment after the international financial crisis with a high possibility of staying at a low growth rate, and the uncertainties of the Sino-US trade friction and COVID-19 may lead to more economic fluctuations and more risks. As a result, the world economy shows a characteristic of “three lows and two highs”, which is low growth, low inflation, low interest rate, high debt and high risk. However, we also see that the restructuring of multilateral trade systems around the world is accelerating, and China will participate in world governance in a more proactive way and open to the outside world with higher quality. More countries will join in the “Belt and Road Initiative” and the course of RMB internationalization is expected to be accelerated. Affected by the epidemic, there is an increasing expectation on another market rescue by the central banks all over the world with joint efforts, and the bi-directional flow of production factors at home and abroad and the international transfer of global industrial chains will continue to deepen. All these will create greater opportunities for the Company to implement its “going global” strategy.

The Company makes prudential judgment about the complex environment both at home and abroad, and predicts that the year of 2020 will embrace opportunities in the following areas: firstly, China will strategically expand new space, and to achieve this, the coordinated development of Beijing-Tianjin-Hebei Region, Yangtze River Delta and Guangdong-Hong Kong-Macau Greater Bay Area will be promoted, the construction of Xiong'an New Area and Hainan Free Trade Zone (Port) will be accelerated, and the development of the Yangtze River Economic Belt and ecological protection in the Yellow River Basin and other planning will be implemented. China will commence the construction of a number of comprehensive and integrated transportation hubs successively and accelerate the promotion of multi-model transportation. Secondly, economic structural adjustment will focus on new urbanization, which will be mainly reflected by city cluster, deepened city development and joint development of urban and rural areas, creating market increment for the renovation of shanty towns and the construction of sponge cities and beautiful cities. Thirdly, traditional and new infrastructure fields will possess more development potentials, and as a result of which the construction of national strategic channels, connect lines among city cluster, environmental protection and intelligence city will embrace more development opportunities. Fourthly, the large scale of special bonds for local governments which can be used for project capital will greatly narrow the financing gap of PPP projects and provide continuous support to infrastructure investment. Fifthly, as progress was made in the marine environmental impact assessment of certain major projects represented by the new airport in Sanya which will commence construction soon, new opportunities will emerge for the reclamation business in coastal areas. Sixthly, the investment and development of infrastructure remains as an important solution for most countries in the world to stimulate economy, accelerating the construction of facilities connection will become the key area and core content of the “Belt and Road Initiative” and the high quality development of international operations is still in the period of strategic opportunity and possess enormous potentials.

2020 is a year for us to build a moderately prosperous society in all respects and the concluding year of the Thirteenth Five-Year Plan. Meanwhile, it's a critical year for accelerating the construction of a powerful nation in transportation. Centering on "high quality development", the Company will stay focused and raise confidence to explore market stock profoundly and consolidate the foundation for its development. In addition, the Company will expand the increment of emerging business to support transformation and upgrading. New opportunities such as regional strategic channels and rail-water combined transport will be captured to promote strategic layout. The Company will promote the in-depth development of the "Belt and Road Initiative" and play a leading role in the global development of enterprises.

VI. BUSINESS PLAN

In 2019, according to statistics, the value of new contracts entered into by the Group amounted to RMB962,683 million, accomplishing 100% of our goal. Wherein, the confirmed value of contracts from domestic PPP investment projects amounted to RMB167,142 million, accomplishing 111% of our goal. Revenue of the Group amounted to RMB552,542 million, accomplishing 103% of our goal.

The Group will strive to cope with the negative effects brought by COVID-19 and plans to achieve a year-on-year growth rate of 8% in the value of new contracts for the year of 2020 with the new contract value from domestic PPP investment projects amounting to RMB180,000 million, and the planned year-on-year growth rate of revenue is 8%.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Overview

For the year 2019, revenue of the Group increased by 13.1% to RMB552,542 million, among which revenue from external customers attributed to the regions other than PRC amounted to RMB95,718 million, representing 17.3% of the total revenue. Infrastructure construction business, infrastructure design business, dredging business and other businesses accounted for 86.0%, 6.6%, 6.0% and 1.4% of the total revenue in 2019, respectively.

Gross profit in 2019 amounted to RMB69,131 million, representing an increase of 7.0% from RMB64,611 million in 2018. Gross profit from infrastructure construction business and infrastructure design business increased by 9.3% and 9.1%, respectively from 2018, while dredging business and other businesses decreased by 7.7% and 51.9% from 2018. Gross profit margin for infrastructure construction business, infrastructure design business, dredging business and other businesses in 2019 were 11.6%, 19.0%, 12.6% and 6.5%, respectively, as compared with 12.1%, 20.9%, 14.4% and 9.1% in 2018.

Mainly as a result of the growth in gross profit, operating profit in 2019 amounted to RMB34,071 million, representing an increase of 2.3%, from RMB33,321 million in 2018. Operating profit from infrastructure construction business and infrastructure design business increased by 2.2% and 7.2%, respectively from 2018, while operating profit from dredging business and other businesses decreased by 0.5% and 40.1% from 2018.

For the year 2019, profit attributable to owners of the parent amounted to RMB20,094 million, compared with RMB19,819 million in 2018. For the year 2019, earnings per share of the Group were RMB1.16, compared with RMB1.16 in 2018.

The following is a comparison of financial results between the years ended 31 December 2019 and 2018.

Consolidated Results of Operations

Revenue

Revenue in 2019 increased by 13.1% to RMB552,542 million from RMB488,666 million in 2018. Revenue from infrastructure construction business and infrastructure design business, dredging business and other businesses amounted to RMB492,814 million, RMB38,018 million, RMB34,578 million and RMB8,286 million (all before elimination of inter-segment transactions and unallocated cost), respectively representing a year-on-year increase of 14.1%, 20.5%, 5.4% and a decrease of 33.2%. Revenue from external customers attributed to the regions other than PRC amounted to RMB95,718 million, representing 17.3% of total revenue.

Cost of Sales and Gross Profit

Cost of sales in 2019 amounted to RMB483,411 million, representing an increase of 14.0%, from RMB424,055 million in 2018. Cost of sales from infrastructure construction business, infrastructure design business, dredging business and other businesses amounted to RMB435,544 million, RMB30,808 million, RMB30,222 million and RMB7,744 million (all before elimination of inter-segment transactions) respectively, representing an increase of 14.8%, 23.5% and 7.6% and a decreased of 31.3% in 2018.

Cost of sales consisted mainly of subcontracting costs, cost of raw materials and consumables used, employee benefit expenses and cost of goods sold. For the year 2019, subcontracting costs, cost of raw materials and consumables used, employee benefit expenses and cost of goods sold increased by 17.9%, 14.1%, 12.1% and 15.2%.

As a result of the increase in both revenue and cost of sales, gross profit in 2019 amounted to RMB69,131 million, representing an increase of 7.0% from RMB64,611 million in 2018. Gross profit from infrastructure construction business and infrastructure design business increase by 9.3% and 9.1%, while dredging business and other businesses decreased by 7.7% and 51.9%, respectively, from the corresponding period of 2018. Gross profit margin decreased to 12.5% in 2019 from 13.2% in 2018. Gross profit margin for the infrastructure construction business, infrastructure design business, dredging business and other businesses were 11.6%, 19.0%, 12.6% and 6.5% respectively, as compared with 12.1%, 20.9%, 14.4% and 9.1% in the corresponding period of 2018.

Administrative Expenses

Administrative expenses including impairment losses on financial and contract assets in 2019 amounted to RMB39,247 million, representing an increase of 13.6% from RMB34,553 million in 2018. This growth was primarily attributable to the increase in research and development costs and employee benefit expenses.

Operating Profit

Operating profit in 2019 amounted to RMB34,071 million, representing an increase of 2.3% from RMB33,321 million in 2018. The increase was mainly due to the increase in gross profit.

For the year 2019, operating profit from infrastructure construction business and infrastructure design business increased by 2.2% and 7.2% (all before elimination of inter-segment transactions and unallocated cost), respectively from 2018; operating profit from dredging businesses and other businesses decreased by 0.5% and 40.1% (before elimination of inter-segment transactions and unallocated cost) from 2018.

Due to decrease of gross profit margin, operating profit margin decreased to 6.2% in 2019 from 6.8% in 2018.

Finance Income

Finance income in 2019 amounted to RMB8,535 million, representing an increase of 60.6% from RMB5,314 million in 2018. The increase was primarily attributable to the increase in interest of investment projects.

Finance Costs, Net

Net finance costs in 2019 amounted to RMB15,229 million, representing an increase of 20.3% from RMB12,660 million in 2018. The increase was mainly due to the increase in total borrowings.

Share of Loss of Joint Ventures

Share of loss of joint ventures in 2019 amounted to RMB117 million, as compared with a earning of RMB168 million in 2018, which was mainly due to the loss of certain joint venture.

Share of profit of Associates

Share of profit of associates in 2019 amounted to RMB202 million, as compared with a loss of RMB97 million in 2018. The profit was mainly due to the increase profit of associates.

Profit before Income Tax

Profit before income tax in 2019 amounted to RMB27,462 million, representing an increase of 5.4% from RMB26,046 million in 2018.

Income Tax Expense

Income tax expense in 2019 amounted to RMB5,848 million, representing an increase of 4.3% from RMB5,608 million in 2018. Effective tax rate for the Group in 2019 slightly decreased to 21.3% from 21.5% in 2018.

Profit Attributable to Non-Controlling Interests

Profit attributable to non-controlling interests in 2019 amounted to RMB1,520 million compared to RMB619 million in 2018. The increase is mainly due to the increase in dividends from perpetual bond.

Profit Attributable to Owners of the Parent

Profit attributable to owners of the parent in 2019 amounted to RMB20,094 million, compared with RMB19,819 million in 2018.

Profit margin with respect to profit attributable to owners of the parent decreased to 3.6% in 2019 from 4.1% in 2018.

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 2019 and 2018.

Business	Revenue		Gross Profit		Gross Profit Margin		Operating Profit/(loss) ⁽¹⁾		Operating Profit Margin	
	Year ended		Year ended		Year ended		Year ended		Year ended	
	31 December		31 December		31 December		31 December		31 December	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	(RMB	(RMB	(RMB	(RMB			(RMB	(RMB		
	million)	million)	million)	million)	(%)	(%)	million)	million)	(%)	(%)
Infrastructure Construction	492,814	431,817	57,270	52,404	11.6	12.1	28,336	27,726	5.7	6.4
% of total	86.0	85.0	82.5	80.8	-	-	82.8	82.5	-	-
Infrastructure Design	38,018	31,557	7,210	6,608	19.0	20.9	3,761	3,510	9.9	11.1
% of total	6.6	6.2	10.4	10.2	-	-	11.0	10.4	-	-
Dredging	34,578	32,796	4,356	4,717	12.6	14.4	1,761	1,769	5.1	5.4
% of total	6.0	6.4	6.3	7.3	-	-	5.1	5.3	-	-
Other businesses	8,286	12,402	542	1,127	6.5	9.1	362	604	4.4	4.9
% of total	1.4	2.4	0.8	1.7	-	-	1.1	1.8	-	-
Subtotal	573,696	508,572	69,378	64,856	-	-	34,220	33,609	-	-
Intersegment elimination and unallocated profit/(costs)	(21,154)	(19,906)	(247)	(245)	-	-	(149)	(288)	-	-
Total	552,542	488,666	69,131	64,611	12.5	13.2	34,071	33,321	6.2	6.8

(1) Total operating profit/(loss) 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 2019 and 2018.

	Years ended 31 December	
	2019	2018
	(RMB million)	(RMB million)
Revenue	492,814	431,817
Cost of sales	(435,544)	(379,413)
Gross profit	57,270	52,404
Selling and marketing expenses	(410)	(433)
Administrative expenses	(31,301)	(26,699)
Other income, net	2,777	2,454
Segment result	28,336	27,726
Depreciation and amortisation	9,918	8,198

Revenue. Revenue from the infrastructure construction business in 2019 was RMB492,814 million, representing an increase of 14.1% from RMB431,817 million in 2018. This growth was primarily attributable to the increase of revenue generated from road construction projects and municipal projects.

Cost of sales and gross profit. Cost of sales for the infrastructure construction business in 2019 was RMB435,544 million, representing an increase of 14.8% from RMB379,413 million in 2018. Cost of sales as a percentage of revenue slightly increased to 88.4% in 2019 from 87.9% in 2018.

Gross profit from the infrastructure construction business in 2019 increased by 9.3% to RMB57,270 million from RMB52,404 million in 2018. Gross profit margin decreased to 11.6% in 2019 from 12.1% in 2018. The decrease of profit margin was mainly due to the decrease of high profit margin overseas projects and the estimated loss of certain projects.

Selling and marketing expenses. Selling and marketing expenses for the infrastructure construction business in 2019 were RMB410 million, as compared with RMB433 million in 2018.

Administrative expenses. Administrative expenses including impairment losses on financial and contract assets for the infrastructure construction business were RMB31,301 million in 2019, representing an increase of 17.2% from RMB26,699 million in 2018. The increase was mainly attributable to the increase in research and development cost, as well as employee benefit expenses. Administrative expenses including impairment losses on financial and contract assets as a percentage of revenue increased to 6.4% in 2019 from 6.2% in 2018.

Other income, net. Other net income for the infrastructure construction business decreased to RMB2,777 million in 2019 from RMB2,454 million in 2018.

Segment result. As a result of the above, segment result for the infrastructure construction business in 2019 was RMB28,336 million, representing an increase of 2.2% from RMB27,726 million in 2018. Segment result margin decreased to 5.7% in 2019 from 6.4% in 2018.

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 2019 and 2018.

	Years ended 31 December	
	2019	2018
	(RMB million)	(RMB million)
Revenue	38,018	31,557
Cost of sales	<u>(30,808)</u>	<u>(24,949)</u>
Gross profit	7,210	6,608
Selling and marketing expenses	(389)	(362)
Administrative expenses	(3,506)	(3,268)
Other income, net	<u>446</u>	<u>532</u>
Segment result	<u>3,761</u>	<u>3,510</u>
Depreciation and amortisation	<u>411</u>	<u>274</u>

Revenue. Revenue from the infrastructure design business in 2019 was RMB38,018 million, representing an increase of 20.5% from RMB31,557 million in 2018, mainly due to the growing scale of comprehensive projects.

Cost of sales and gross profit. Cost of sales for the infrastructure design business in 2019 was RMB30,808 million, representing an increase of 23.5% from RMB24,949 million in 2018. Cost of sales as a percentage of revenue increased to 81.0% in 2019 from 79.1% in 2018.

Gross profit from the infrastructure design business in 2019 was RMB7,210 million, representing an increase of 9.1% as compared with RMB6,608 million in 2018. Gross profit margin decreased to 19.0% in 2019 from 20.9% in 2018, mainly attributable to the increased proportion of revenue generated from comprehensive contracts, which have lower gross profit margin.

Selling and marketing expenses. Selling and marketing expenses for the infrastructure design business in 2019 increased to RMB389 million from RMB362 million in 2018.

Administrative expenses. Administrative expenses including impairment losses on financial and contract assets for the infrastructure design business in 2019 were RMB3,506 million, representing an increase of 7.3% from RMB3,268 million in 2018. Administrative expenses including impairment losses on financial and contract assets as a percentage of revenue decreased to 9.2% in 2019 from 10.4% in 2018.

Other income, net. Other net income for the infrastructure design business in 2019 was RMB446 million, as compared with RMB532 million in 2018.

Segment result. As a result of the above, segment result for the infrastructure design business in 2019 was RMB3,761 million, representing an increase of 7.2% from RMB3,510 million in 2018. Segment result margin decreased to 9.9% in 2019 from 11.1% in 2018.

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 2019 and 2018.

	Years ended 31 December	
	2019	2018
	(RMB million)	(RMB million)
Revenue	34,578	32,796
Cost of sales	<u>(30,222)</u>	<u>(28,079)</u>
Gross profit	4,356	4,717
Selling and marketing expenses	(146)	(128)
Administrative expenses	(3,209)	(3,295)
Other income, net	<u>760</u>	<u>475</u>
Segment result	<u>1,761</u>	<u>1,769</u>
Depreciation and amortisation	<u>1,473</u>	<u>1,140</u>

Revenue. Revenue from the dredging business in 2019 was RMB34,578 million, representing an increase of 5.4% from RMB32,796 million in 2018.

Cost of sales and gross profit. Cost of sales for the dredging business in 2019 was RMB30,222 million, representing an increase of 7.6% as compared with RMB28,079 million in 2018. Cost of sales as a percentage of revenue for the dredging business in 2019 increased to 87.4% from 85.6% in 2018.

Gross profit from the dredging business in 2019 was RMB4,356 million, representing a decrease of 7.7% from RMB4,717 million in 2018. Gross profit margin for the dredging business decreased to 12.6% in 2019 from 14.4% in 2018, mainly attributable to the fluctuation of market environment and large projects not entering construction peak.

Selling and marketing expenses. Selling and marketing expenses for the dredging business in 2019 were RMB146 million, as compared with RMB128 million in 2018.

Administrative expenses. Administrative expenses including impairment losses on financial and contract assets for the dredging business in 2019 were RMB3,209 million, representing a decrease of 2.6% from RMB3,295 million in 2018. Administrative expenses including impairment losses on financial and contract assets as a percentage of revenue decreased to 9.3% in 2019 from 10.0% in 2018.

Other income, net. Other net income for the dredging business in 2019 increased to RMB760 million from RMB475 million in 2018.

Segment result. As a result of the above, segment result for the dredging business in 2019 was RMB1,761 million, representing a decrease of 0.5% from RMB1,769 million in 2018, which mainly attributes to the decrease in gross profit. Segment result margin decreased to 5.1% in 2019 from 5.4% in 2018.

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 2019 and 2018.

	Years ended 31 December	
	2019	2018
	(RMB million)	(RMB million)
Revenue	8,286	12,402
Cost of sales	<u>(7,744)</u>	<u>(11,275)</u>
Gross profit	<u>542</u>	<u>1,127</u>

Revenue. Revenue from the other businesses in 2019 was RMB8,286 million, representing a decrease of 33.2% from RMB12,402 million in 2018. This decrease was mainly due to sales of certain assets in 2018.

Cost of sales and gross profit. Cost of sales for the other businesses in 2019 was RMB7,744 million, representing a decrease of 31.3% from RMB11,275 million in 2018. Cost of sales as a percentage of revenue increased to 93.5% in 2019 from 90.9% in 2018.

Gross profit from the other businesses in 2019 was RMB542 million, representing a decrease of 51.9% from RMB1,127 million in 2018. This decrease was due to the decrease of revenue. Gross profit margin decreased to 6.5% in 2019 from 9.1% in 2018.

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 2019, the Group had unutilised credit facilities in the amount of RMB1,118,800 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 Company's consolidated cash flow statements for the years ended 31 December 2019 and 2018.

	Years ended 31 December	
	2019	2018
	(RMB million)	(RMB million)
Net cash generated from operating activities	5,931	9,098
Net cash used in investing activities	(65,713)	(50,312)
Net cash generated from financing activities	50,923	38,631
Net decrease in cash and cash equivalents	(8,859)	(2,583)
Cash and cash equivalents at beginning of year	127,413	129,197
Exchange gains on cash and cash equivalents	258	799
Cash and cash equivalents at end of year	118,812	127,413

Cash flow from operating activities

During the year 2019, net cash generated from operating activities decreased to RMB5,931 million from RMB9,098 million in 2018, primarily due to increase in contract assets and inventories in 2019. During the year 2019, contract assets increased by RMB16,819 million, as compared with the amount of increase of RMB3,999 million during 2018. During the year 2019, inventories increased by RMB15,229 million, as compared with the amount of increase of RMB5,513 million during 2018.

Cash flow from investing activities

Net cash used in investing activities in 2019 increased to RMB65,713 million from RMB50,312 million in 2018. The increase of 30.6% was primarily attributable to the increase of investment in long-term investment projects.

Cash flow from financing activities

Net cash generated from financing activities in 2019 was RMB50,923 million, representing an increase of 31.8% from RMB38,631 million in 2018. The increase was primarily attributable to the increase in proceeds from bank and other borrowings, and introduction of third-party investors for capital contribution to certain subsidiaries.

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 2019 and 2018.

	Years ended 31 December	
	2019	2018
	(RMB million)	(RMB million)
Infrastructure Construction Business	44,427	37,835
– BOT projects	31,840	23,829
Infrastructure Design Business	704	524
Dredging Business	1,313	1,503
Other	470	926
Total	<u>46,914</u>	<u>40,788</u>

Capital expenditure in 2019 was RMB46,914 million, as compared with RMB40,788 million in 2018. The increase of 15.0% was primarily attributable to the increase of capital expenditure in infrastructure construction business.

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 2019 and 2018.

	Years ended 31 December	
	2019	2018
	(Number of days)	(Number of days)
Turnover of average trade and bills receivables ⁽¹⁾	62	59
Turnover of average trade and bills payables ⁽²⁾	196	196

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

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

The following table sets forth an ageing analysis of trade and bills receivables, net of provision, as at 31 December 2019 and 2018.

	As at 31 December	
	2019	2018
	(RMB million)	(RMB million)
Less than 6 months	67,432	61,140
6 months to 1 year	8,379	9,417
1 year to 2 years	13,855	9,218
2 years to 3 years	5,416	3,950
Over 3 years	4,134	4,071
Total	99,216	87,796

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 2019, the Group had a provision for impairment of RMB13,872 million, as compared with RMB12,380 million as at 31 December 2018.

The following table sets forth an ageing analysis of trade and bills payables as at 31 December 2019 and 2018.

	As at 31 December	
	2019	2018
	(RMB million)	(RMB million)
Within 1 year	241,519	214,046
1 year to 2 years	20,836	19,779
2 years to 3 years	9,903	4,943
Over 3 years	5,505	3,399
Total	277,763	242,167

The Group's credit terms with its suppliers for the year ended 31 December 2019 remained the same as that for the year ended 31 December 2018. Payments to suppliers and subcontractors may be delayed as a result of delays in settlement from the Group's customers. Nevertheless, there have been no material disputes arising from the non-timely payment of outstanding balances under the Group's supplier contracts or contracts with subcontractors.

Indebtedness

Borrowings

The following table sets out the maturities of the Group's total borrowings as at 31 December 2019 and 2018.

	As at 31 December	
	2019	2018
	(RMB million)	(RMB million)
Within 1 year	74,373	79,243
1 year to 2 years	42,557	36,653
2 years to 5 years	64,342	50,666
Over 5 years	157,515	128,065
Total borrowings	338,787	294,627

The Group's borrowings are primarily denominated in Renminbi, U.S. dollars, and to a lesser extent, Japanese Yen, Hong Kong dollars and Euro. The following table sets out the carrying amounts of the Group's borrowings by currencies as at 31 December 2019 and 2018.

	As at 31 December	
	2019	2018
	(RMB million)	(RMB million)
Renminbi	317,184	272,367
U.S. dollar	14,533	14,925
Japanese Yen	3,805	3,992
Hong Kong dollar	1,169	1,404
Euro	1,190	1,386
Others	906	553
Total borrowings	<u>338,787</u>	<u>294,627</u>

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 2019 was 42.6%, as compared with 41.1% as at 31 December 2018.

Contingent Liabilities

	As at 31 December	
	2019	2018
	(RMB million)	(RMB million)
Pending lawsuits ⁽¹⁾	1,201	626
Outstanding loan guarantees ⁽²⁾	<u>2,951</u>	<u>8,217</u>
Total	<u>4,152</u>	<u>8,843</u>

- (1) The Group has been named defendants in a number of lawsuits arising in the ordinary course of business. Provision has been made for the probable losses to the Group on those claims when management can reasonably estimate the outcome of the lawsuits taking into account of the legal advice. No provision has been made for the above pending lawsuits of RMB1,201 million (31 December 2018: RMB626 million) when the outcome of the lawsuits cannot be reasonably estimated or management believes the outflow of resources is not probable. The Group does not include any pending lawsuits in the contingent liabilities disclosed if the probability of loss is remote or the claim amount is insignificant to the Group.

- (2) The Group has acted as the guarantor for several external borrowings made by certain joint ventures and associates of the Group. The above amount represents the maximum exposure to default risk under the financial guarantee.
- (3) The Group has entered into certain agreements with certain financial institution so as to establish asset-backed securities (ABS) and asset-backed notes (ABN). As at 31 December 2019, certain of the ABS and ABN in issue with an aggregate amount of RMB10,387 million (31 December 2018: RMB6,701 million) included the ABS and ABN issued to preferential investors of an aggregate amount of RMB7,919 million (31 December 2018: RMB6,322 million). Under the clauses of the agreements, the Group is subject to the obligations of liquidity supplementary payments to preferential investors when the cash available for distribution of the principal and fixed return at the due date is not sufficient. The directors of the Company evaluate the possibilities and assume that the obligations of liquidity supplementary payments is low.
- (4) The companies in the Group which are engaged in the real estate business provide guarantees to banks for the mortgage loans of the property buyers. As at 31 December 2019, the outstanding balance of guarantees provided by the Group was approximately RMB3,994 million.

Market Risks

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

Macro-economy risk

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

The possibility of periodic fluctuations of macro-economy cannot be eliminated. If the global macro-economy is in the down cycle or the national economic growth speed significantly slows down, there will be a gliding risk in the operation performance of the Group.

Market risk

The Group conducts its business in over 139 countries and regions, with major overseas business in Africa, South America, Southeast Asia, Oceania, Hong Kong, Macao, and Taiwan. Due to various factors, the political and economic conditions in Africa, Middle East and Southeast Asia are usually subject to uncertainty. If the political and economic conditions of such countries and regions change adversely, or there are frictions or disputes in the diplomatic and economic relations among the PRC government and governments of such relevant countries and regions, the overseas business of the Group in such countries and regions would be exposed to certain risks.

Interest rate risk

The Group's interest rate risk mainly arises from borrowings. Borrowings obtained at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash held at variable rates. During 2019 and 2018, the Group's borrowings at variable rates were mainly denominated in RMB, USD, Euro and HKD.

Borrowings obtained at fixed rates expose the Group to fair value interest rate risk.

Increases in interest rates will increase the cost of new borrowings and the interest expense with respect to the Group's outstanding floating rate borrowings, and therefore could have an adverse effect on the Group's financial position. Management continuously monitors the interest rate position of the Group, and makes decisions with reference to the latest market conditions. From time to time, the Group may enter into interest rate swap agreements to mitigate its exposure to interest rate risks in connection with the floating rate borrowings, although the directors did not consider it was necessary to do so in 2019 and 2018.

As at 31 December 2019, the Group's borrowings of approximately RMB215,097 million (2018: RMB178,216 million) were at variable rates. As at 31 December 2019, if interest rates on borrowings had been 1.00 percentage-point higher/lower with all other variables held constant, profit before tax for the year would have been decreased/increased by RMB2,151 million (2018: RMB1,782 million), mainly as a result of higher/lower interest expense on floating rate borrowings.

Foreign exchange risk

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

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

As at 31 December 2019, the Group's aggregate net assets of RMB26,048 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 2019, if RMB had strengthened/weakened by 5% against USD with all other variables held constant, pre-tax profit for the year would have been decreased/increased by approximately RMB249 million, mainly as a result of foreign exchange losses/gains on translation of USD-denominated trade and other receivables, cash and cash equivalents.

Price risk

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

Force majeure risks

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

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

The Group has strengthened its efforts on the prevention and control of the COVID-19 epidemic through implementing various policies and arrangements of the central government, and meanwhile steadily promoted the resumption of the projects. The Company will closely monitor the situation of the epidemic and continuously assess its impact on the financial positions and operating results of the Group in the future.

Significant Subsequent Events

On 13 February 2020, the Company and CCCI Treasure Limited, the issuer, a company incorporated in British Virgin Islands with limited liability and 98.98% indirectly owned by the Company, entered into a subscription agreement in connection with the issuance and purchase of the subordinated perpetual securities in the aggregate principal amount of USD1,000,000,000 with an initial distribution rate of 3.425% per annum and the subordinated perpetual securities in the aggregate principal amount of USD500,000,000 with an initial distribution rate of 3.650% per annum guaranteed by the Company, with Credit Suisse (Hong Kong) Limited, The Hongkong and Shanghai Banking Corporation Limited, BOCOM International Securities Limited, CLSA Limited, Huatai Financial Holdings (Hong Kong) Limited, SMBC Nikko Capital Markets Limited and Standard Chartered Bank. The issuer intends to use the proceeds from the offering of the securities to refinance existing indebtedness and for general corporate purposes. Permission for the listing of, and dealing in, the securities has become effective on 24 February 2020. For details, please refer to the announcements of the Company dated 11 February 2020, 14 February 2020 and 21 February 2020.

On 19 March 2019, CCCI Treasure Limited issued a notice of redemption on the USD1,100,000,000 unsubordinated guaranteed perpetual securities issued by it in 2015 and guaranteed by the Company, to redeem all such securities on 21 April 2020 at their principal amount. As at the date of this announcement, the outstanding principal amount is USD1,100,000,000. Upon completion of the redemption, the issuer will make an application to Hong Kong Stock Exchange for the withdrawal of the listing of such securities. For details, please refer to the announcement of the Company dated 19 March 2020.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		2019	2018
	<i>Notes</i>	<i>RMB million</i>	<i>RMB million</i>
Revenue	3, 4	552,542	488,666
Cost of sales		<u>(483,411)</u>	<u>(424,055)</u>
Gross profit		69,131	64,611
Other income	4	4,823	4,051
Other gains, net	4	2,180	1,892
Selling and marketing expenses		(1,158)	(1,177)
Administrative expenses		(34,902)	(31,800)
Impairment losses on financial and contract assets, net		(4,345)	(2,753)
Other expenses		<u>(1,658)</u>	<u>(1,503)</u>
Operating profit		34,071	33,321
Finance income	6	8,535	5,314
Finance costs, net	7	(15,229)	(12,660)
Share of profits and losses of:			
– Joint ventures		(117)	168
– Associates		<u>202</u>	<u>(97)</u>
Profit before tax	5	27,462	26,046
Income tax expense	8	<u>(5,848)</u>	<u>(5,608)</u>
Profit for the year		<u>21,614</u>	<u>20,438</u>
Attributable to:			
– Owners of the parent		20,094	19,819
– Non-controlling interests		<u>1,520</u>	<u>619</u>
		<u>21,614</u>	<u>20,438</u>
Earnings per share attributable to ordinary equity holders of the parent	10		
Basic		<u>RMB1.16</u>	<u>RMB1.16</u>
Diluted		<u>RMB1.16</u>	<u>RMB1.16</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2019 <i>RMB million</i>	2018 <i>RMB million</i>
Profit for the year	<u>21,614</u>	<u>20,438</u>
Other comprehensive income/(loss)		
<i>Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods, net of tax:</i>		
Actuarial gains/(losses) on retirement benefit obligations	15	(49)
Share of other comprehensive loss of joint ventures and associates	(4)	–
Changes in fair value of equity investments designated at fair value through other comprehensive income	<u>5,732</u>	<u>(3,017)</u>
Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods	<u>5,743</u>	<u>(3,066)</u>
<i>Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods, net of tax:</i>		
Cash flow hedges	3	(4)
Share of other comprehensive loss of joint ventures and associates	(168)	(106)
Exchange differences on translation of foreign operations	<u>390</u>	<u>249</u>
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	<u>225</u>	<u>139</u>
Other comprehensive income/(loss) for the year, net of tax	<u>5,968</u>	<u>(2,927)</u>
Total comprehensive income for the year	<u>27,582</u>	<u>17,511</u>
Attributable to:		
– Owners of the parent	26,047	16,908
– Non-controlling interests	<u>1,535</u>	<u>603</u>
	<u>27,582</u>	<u>17,511</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Notes</i>	2019 RMB million	2018 <i>RMB million</i>
Non-current assets			
Property, plant and equipment		57,471	56,365
Investment properties		3,973	3,463
Right-of-use assets		13,561	–
Prepaid land lease payments		–	9,683
Intangible assets		219,227	188,370
Investments in joint ventures		24,715	18,646
Investments in associates		27,343	23,019
Financial assets at fair value through profit or loss		6,723	5,893
Debt investments at amortised cost		111	109
Equity investments designated at fair value through other comprehensive income		25,018	21,257
Trade and other receivables	11	178,008	118,967
Contract assets		30,268	28,698
Deferred tax assets		5,213	4,504
Total non-current assets		591,631	478,974
Current assets			
Inventories		62,070	46,861
Trade and other receivables	11	223,832	195,887
Contract assets		116,236	103,981
Financial assets at fair value through profit or loss		415	155
Derivative financial instruments		777	250
Restricted bank deposits and time deposits with an initial term of over three months		6,627	6,955
Cash and cash equivalents		118,812	127,413
Total current assets		528,769	481,502
Current liabilities			
Trade and other payables	12	362,773	314,496
Contract liabilities		82,808	81,953
Derivative financial instruments		5	2
Tax payable		5,932	4,034
Interest-bearing bank and other borrowings		74,372	79,243
Retirement benefit obligations		126	141
Total current liabilities		526,016	479,869
Net current assets		2,753	1,633
Total assets less current liabilities		594,384	480,607

	<i>Note</i>	2019 RMB million	2018 <i>RMB million</i>
Total assets less current liabilities		<u>594,384</u>	<u>480,607</u>
Non-current liabilities			
Trade and other payables	12	23,778	17,185
Interest-bearing bank and other borrowings		264,415	215,384
Deferred income		1,049	827
Deferred tax liabilities		6,345	5,162
Retirement benefit obligations		993	1,152
Provisions		<u>1,425</u>	<u>1,215</u>
Total non-current liabilities		<u>298,005</u>	<u>240,925</u>
Net assets		<u>296,379</u>	<u>239,682</u>
Equity			
Equity attributable to owners of the parent			
Share capital		16,175	16,175
Share premium		19,656	19,656
Financial instruments classified as equity		30,423	24,426
Reserves		<u>163,899</u>	<u>136,921</u>
		230,153	197,178
Non-controlling interests		<u>66,226</u>	<u>42,504</u>
Total equity		<u>296,379</u>	<u>239,682</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Note	Attributable to owners of the parent						Total equity <i>RMB million</i>
		Share capital <i>RMB million</i>	Share premium <i>RMB million</i>	Financial instruments classified as equity <i>RMB million</i>	Other reserve <i>RMB million</i>	Retained earnings <i>RMB million</i>	Total <i>RMB million</i>	Non-controlling interests <i>RMB million</i>
As at 31 December 2018		16,175	19,656	24,426	26,312	110,609	197,178	42,504
Profit for the year		-	-	-	-	20,094	20,094	1,520
Other comprehensive income/(loss) for the year:								
Changes in fair value of equity investments designated at fair value through other comprehensive income, net of tax		-	-	-	5,732	-	5,732	-
Cash flow hedges, net of tax		-	-	-	3	-	3	-
Share of other comprehensive loss of joint ventures and associates		-	-	-	(172)	-	(172)	-
Actuarial gains on retirement benefit obligations, net of tax		-	-	-	15	-	15	-
Exchange differences on translation of foreign operations		-	-	-	375	-	375	15
Total comprehensive income for the year		-	-	-	5,953	20,094	26,047	1,535
Final 2018 dividend declared	9	-	-	-	-	(3,733)	(3,733)	-
Dividends to non-controlling shareholders		-	-	-	-	-	-	(280)
Capital contribution from non-controlling shareholders		-	-	-	5,894	-	5,894	18,182
Share of other reserves of joint ventures and associates		-	-	-	70	-	70	-
Issue of renewable corporate bonds and perpetual medium-term notes		-	-	10,960	-	-	10,960	6,980
Redemption of medium-term notes		-	-	(4,963)	-	-	(4,963)	(2,000)
Distributions to holders of medium-term notes		-	-	-	-	(566)	(566)	(1,607)
Distributions to holders of preference shares		-	-	-	-	(718)	(718)	-
Transaction with non-controlling interests		-	-	-	(16)	-	(16)	(63)
Acquisition of subsidiaries		-	-	-	-	-	-	996
Disposal of subsidiaries		-	-	-	-	-	-	(21)
Transfer to statutory surplus reserve		-	-	-	358	(358)	-	-
Transfer from general reserve		-	-	-	(131)	131	-	-
Transfer to safety production reserve		-	-	-	(14)	14	-	-
Transfer of fair value reserve upon the disposal of equity investments designated at fair value through other comprehensive income		-	-	-	(3,110)	3,110	-	-
As at 31 December 2019		16,175	19,656	30,423	35,316*	128,583*	230,153	66,226

	Attributable to owners of the parent							
	Share capital	Share premium	Financial instruments classified as equity	Other reserve	Retained earnings	Total	Non-controlling interests	Total equity
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
<i>Note</i>								
As at 31 December 2017	16,175	19,656	19,431	28,443	97,217	180,922	24,672	205,594
Effect of adoption of IFRS 9, net of tax	–	–	–	85	(718)	(633)	(9)	(642)
As at 1 January 2018	16,175	19,656	19,431	28,528	96,499	180,289	24,663	204,952
Profit for the year	–	–	–	–	19,819	19,819	619	20,438
Other comprehensive income/(loss) for the year:								
Changes in fair value of equity investments designated at fair value through other comprehensive income, net of tax	–	–	–	(3,017)	–	(3,017)	–	(3,017)
Cash flow hedges, net of tax	–	–	–	(4)	–	(4)	–	(4)
Share of other comprehensive loss of joint ventures and associates	–	–	–	(106)	–	(106)	–	(106)
Actuarial loss on retirement benefit obligations, net of tax	–	–	–	(49)	–	(49)	–	(49)
Exchange differences on translation of foreign operations	–	–	–	265	–	265	(16)	249
Total comprehensive income for the year	–	–	–	(2,911)	19,819	16,908	603	17,511
Final 2017 dividend declared	–	–	–	–	(3,913)	(3,913)	–	(3,913)
Dividends to non-controlling shareholders	–	–	–	–	–	–	(116)	(116)
Capital contributions from non-controlling shareholders	–	–	–	–	–	–	3,402	3,402
Share of other reserves of joint ventures and associates	–	–	–	9	–	9	–	9
Issue of perpetual medium-term notes	–	–	4,995	–	–	4,995	14,223	19,218
Distributions to holders of medium-term notes	–	–	–	–	(300)	(300)	(617)	(917)
Distributions to holder of preference shares	–	–	–	–	(718)	(718)	–	(718)
Transaction with non-controlling interests	–	–	–	(92)	–	(92)	(36)	(128)
Acquisition of subsidiaries	–	–	–	–	–	–	805	805
Disposal of subsidiaries	–	–	–	–	–	–	(423)	(423)
Transfer to statutory surplus reserve	–	–	–	526	(526)	–	–	–
Transfer to general reserve	–	–	–	113	(113)	–	–	–
Transfer to safety production reserve	–	–	–	139	(139)	–	–	–
As at 31 December 2018	16,175	19,656	24,426	26,312*	110,609*	197,178	42,504	239,682

* As at 31 December 2019, these reserve accounts comprise the consolidated reserves of RMB163,899 million (31 December 2018: RMB136,921 million) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

	<i>Notes</i>	2019 <i>RMB million</i>	2018 <i>RMB million</i>
Cash flows from operating activities			
Profit before tax		27,462	26,046
Adjustments for:			
– Depreciation of property, plant and equipment and investment properties	5	8,885	8,395
– Depreciation of right-of-use assets	5	1,424	–
– Amortisation of prepaid land lease payments	5	–	125
– Amortisation of intangible assets	5	1,919	1,612
– Gains on disposal of items of property, plant and equipment and other long-term assets	4	(527)	(472)
– Gains from business combinations achieved in stages	4	–	(236)
– Fair value (gains)/losses on financial assets at fair value through profit or loss	4	(614)	12
– Fair value (gains)/losses on derivative financial instruments	4	(179)	236
– Gains on disposal of financial assets at fair value through profit or loss	4	(9)	(109)
– Gains on disposal of subsidiaries	4	(741)	(482)
– Losses on disposal of joint ventures and associates	4	2	1
– Dividend income from financial assets at fair value through profit or loss	4	(119)	(160)
– Dividend income from equity investments designated at fair value through other comprehensive income	4	(1,087)	(700)
– Income on derivative financial instruments	4	(247)	(83)
– Other income from investing activities		(39)	(68)
– Share of profits of joint ventures and associates, net		(85)	(71)
– Write-down of inventories	5	93	5
– Provision for impairment of concession assets	5	–	35
– Provision for foreseeable gains on contract assets		–	(125)
– Provision for impairment of contract assets	5	255	254
– Provision for impairment of trade and other receivables	5	4,089	2,498
– Interest income		(8,535)	(5,495)
– Interest expenses		13,834	10,024
– Net foreign exchange losses on borrowings		186	249
		45,967	41,491
Increase in inventories		(15,229)	(5,513)
Increase in contract assets		(16,819)	(3,999)
Decrease/(increase) in restricted bank deposits		328	(1,753)
Increase in trade and other receivables		(61,998)	(67,480)
Increase in trade and other payables		53,371	44,934
Increase in contract liabilities		1,411	5,505
Decrease in retirement benefit obligations		(173)	(54)
Increase/(decrease) in provisions		210	(293)
Increase in deferred income		222	158
Cash generated from operations		7,290	12,996
Interest income from operating activities		3,254	1,562
Income tax paid		(4,613)	(5,460)
Net cash flows from operating activities		5,931	9,098

	2019 <i>RMB million</i>	2018 <i>RMB million</i>
Net cash flows from operating activities	<u>5,931</u>	<u>9,098</u>
Cash flows from investing activities		
Purchases of items of property, plant and equipment	(9,881)	(14,005)
Additions to right-of-use assets/prepaid land lease payments	(833)	(2,256)
Purchases of intangible assets and long-term assets	(52,992)	(22,246)
Purchases of investment properties	(53)	(311)
Proceeds from disposal of items of property, plant and equipment	1,395	851
Proceeds from disposal of right-of-use assets/prepaid land lease payments	49	20
Proceeds from disposal of intangible assets	2	9
Additional investments in associates	(5,529)	(4,882)
Additional investments in joint ventures	(6,488)	(8,473)
Acquisition of subsidiaries	(1)	780
Net (outflow)/inflow of cash in respect of the disposal of subsidiaries, joint venture and associates	39	(309)
Purchases of equity investments designated at fair value through other comprehensive income	(1,470)	(637)
Purchases of financial assets at fair value through profit or loss	(1,214)	(1,995)
Purchases of derivative financial instruments	(583)	–
Proceeds from disposal of equity investments designated at fair value through other comprehensive income	5,373	5
Proceeds from disposal of financial assets at fair value through profit or loss	225	3,351
Proceeds from disposal of other debt instruments	–	116
Loans to joint ventures, associates and third parties	(5,856)	(8,629)
Repayment of loans from joint ventures, associates and third parties	7,274	4,332
Interest received	1,693	1,562
Changes in time deposits with an initial term of over three months	(1)	(78)
Cash consideration received of concession assets	1,128	931
Dividends received	<u>2,010</u>	<u>1,552</u>
Net cash flows used in investing activities	<u>(65,713)</u>	<u>(50,312)</u>

	2019 <i>RMB million</i>	2018 <i>RMB million</i>
Cash flows from financing activities		
Capital contribution from non-controlling shareholders	22,111	3,402
Withdrawal of capital contribution by non-controlling shareholders	(6,963)	–
Dividend paid to non-controlling interests of subsidiaries	(249)	(120)
Proceeds from financial instruments classified as equity	17,940	19,218
Distributions paid to holders of financial instruments classified as equity (Interest paid for perpetual medium-term notes)	(2,612)	(1,646)
Proceeds from bank and other borrowings	173,067	144,998
Repayments of bank and other borrowings	(131,031)	(109,871)
Interest paid for bank and other borrowings	(15,936)	(13,206)
Repayments of loans from the parent company	–	(450)
Transaction with non-controlling interests	(79)	(115)
Dividends paid to equity holders of the parent	(3,733)	(3,913)
Principal portion of lease payments	(1,592)	–
Other financings	–	334
Net cash flows from financing activities	50,923	38,631
Net decrease in cash and cash equivalents	(8,859)	(2,583)
Cash and cash equivalents at beginning of year	127,413	129,197
Effect of foreign exchange rate changes, net	258	799
Cash and cash equivalents at end of year	<u>118,812</u>	<u>127,413</u>

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 Ltd. (“**CCCCG**”), 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 CCCC, 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 <i>(in million)</i>	Percentage of equity attributable to the Company		Principal activities
				Direct	Indirect	
Unlisted						
China Harbour Engineering Co., Ltd. (“CHEC”)	PRC and other regions	Limited liability company	RMB3,278	50%	50%	Infrastructure construction
China Road and Bridge Corporation	PRC and other regions	Limited liability company	RMB3,889	96.37%	3.63%	Infrastructure construction
CCCC First Harbour Engineering Co., Ltd. (“CFHCC”)	PRC	Limited liability company	RMB6,671	90.09%	–	Infrastructure construction
CCCC Second Harbour Engineering Co., Ltd.	PRC	Limited liability company	RMB4,397	86.64%	–	Infrastructure construction
CCCC Third Harbour Engineering Co., Ltd.	PRC	Limited liability company	RMB6,021	89.31%	–	Infrastructure construction
CCCC Fourth Harbour Engineering Co., Ltd.	PRC	Limited liability company	RMB4,966	86.23%	–	Infrastructure construction
CCCC First Highway Engineering Group Co., Ltd. (“CFHEC”)	PRC	Limited liability company	RMB6,077	87.25%	–	Infrastructure construction
CCCC Second Highway Engineering Co., Ltd.	PRC	Limited liability company	RMB3,465	81.94%	–	Infrastructure construction
Road & Bridge International Co., Ltd.	PRC	Limited liability company	RMB3,413	82.75%	–	Infrastructure construction
CCCC Third Highway Engineering Co., Ltd.	PRC	Limited liability company	RMB2,156	70%	–	Infrastructure construction

Name	Place of incorporation/ registration and business	Type of legal entity	Issued ordinary/ registered share capital <i>(in million)</i>	Percentage of equity attributable to the Company		Principal activities
				Direct	Indirect	
CCCC Fourth Highway Engineering Co., Ltd.	PRC	Limited liability company	RMB1,939	79.92%	–	Infrastructure construction
CCCC Water Transportation Consultants Co., Ltd.	PRC	Limited liability company	RMB818	100%	–	Infrastructure design
CCCC Highway Consultants Co., Ltd.	PRC	Limited liability company	RMB730	100%	–	Infrastructure design
CCCC First Harbour Consultants Co., Ltd.	PRC	Limited liability company	RMB723	100%	–	Infrastructure design
CCCC Second Harbour Consultants Co., Ltd.	PRC	Limited liability company	RMB428	100%	–	Infrastructure design
CCCC Third Harbour Consultants Co., Ltd.	PRC	Limited liability company	RMB731	100%	–	Infrastructure design
CCCC Fourth Harbour Consultants Co., Ltd.	PRC	Limited liability company	RMB630	100%	–	Infrastructure design
CCCC First Highway Consultants Co., Ltd.	PRC	Limited liability company	RMB856	100%	–	Infrastructure design
CCCC Second Highway Consultants Co., Ltd.	PRC	Limited liability company	RMB872	100%	–	Infrastructure design
China Highway Engineering Consultants Co., Ltd.	PRC	Limited liability company	RMB750	100%	–	Infrastructure design
China Infrastructure Maintenance Group Co., Ltd.	PRC	Limited liability company	RMB583	100%	–	Infrastructure design
CCCC Dredging (Group) Co., Ltd.	PRC	Limited liability company	RMB11,775	99.9%	0.1%	Dredging
CCCC Investment Co., Ltd. (“CCCC Investment”)	PRC	Limited liability company	RMB10,551	100%	–	Investment holding
CCCC Xi’an Road Construction Machinery Co., Ltd.	PRC	Limited liability company	RMB433	54.31%	45.69%	Manufacture of road construction machinery
China Highway Vehicle & Machinery Co., Ltd.	PRC	Limited liability company	RMB168	100%	–	Trading of motor vehicle spare parts
Chuwa Bussan Co., Ltd.	Japan	Limited liability company	JPY12,021	99.82%	–	Trading of machinery
CCCC Shanghai Equipment Engineering Co., Ltd.	PRC	Limited liability company	RMB10	55%	–	Maintenance and repair of port machinery
CCCC Mechanical & Electrical Engineering Co., Ltd.	PRC	Limited liability company	RMB833	60%	40%	Trading of machinery

Name	Place of incorporation/ registration and business	Type of legal entity	Issued ordinary/ registered share capital (in million)	Percentage of equity attributable to the Company		Principal activities
				Direct	Indirect	
China Communications Materials & Equipment Co., Ltd.	PRC	Limited liability company	RMB1,734	100%	–	Trading of construction materials and equipment
CCCC Finance Company Limited (“CCCC Finance”)	PRC	Limited liability company	RMB3,500	95%	–	Financial service
CCCC International Holding Limited (“CCCCI”)	Hong Kong	Limited liability company	HKD2,372	100%	–	Investment holding
CCCC Financial Leasing Co., Ltd.	PRC	Limited liability company	RMB5,000	45%	25%	Financial service
CCCC Fund Management Co., Ltd.	PRC	Limited liability company	RMB100	70%	–	Fund management
CCCC Asset Management Co., Ltd.	PRC	Limited liability company	RMB18,062	21.04%	78.96%	Asset management
CCCC Urban Investment Co., Ltd.	PRC	Limited liability company	RMB3,710	100%	–	Investment holding
CCCC Beijing-Tianjin-Hebei Investment Development Co., Ltd.	PRC	Limited liability company	RMB300	100%	–	Investment holding

2.1 Basis of preparation

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

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 December 2019. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

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

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group's voting rights and potential voting rights.

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

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

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

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

2.2 Changes in accounting policies and disclosures

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

Amendments to IFRS 9	<i>Prepayment Features with Negative Compensation</i>
IFRS 16	<i>Leases</i>
Amendments to IAS 19	<i>Plan Amendment, Curtailment or Settlement</i>
Amendments to IAS 28	<i>Long-term Interests in Associates and Joint Ventures</i>
IFRIC 23	<i>Uncertainty over Income Tax Treatments</i>
<i>Annual Improvements 2015–2017 Cycle</i>	Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23

Except for the amendments to IFRS 9 and IAS 19, and *Annual Improvements 2015–2017 Cycle*, which are not relevant to the preparation of the Group's financial statements, the nature and the impact of the new and revised IFRSs are described below:

(a) Adoption of IFRS 16

IFRS 16 replaces IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases – Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model. Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have any financial impact on leases where the Group is the lessor.

The Group adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initial adoption as an adjustment to the opening balance of retained earnings at 1 January 2019, and the comparative information for 2018 was not restated and continues to be reported under IAS 17.

New definition of a lease

Under IFRS 16, a contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed. Therefore, the definition of a lease under IFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their stand-alone prices. A practical expedient is available to a lessee, which the Group has adopted, not to separate non-lease components and to account for the lease and the associated non-lease components (e.g., property management services for leases of properties) as a single lease component.

As a lessee – Leases previously classified as operating leases

Nature of the effect of adoption of IFRS 16

The Group has lease contracts for various items of property, vessels, machinery and vehicles. As a lessee, the Group previously classified leases as either finance leases or operating leases based on the assessment of whether the lease transferred substantially all the rewards and risks of ownership of assets to the Group. Under IFRS 16, the Group applies a single approach to recognise and measure right-of-use assets and lease liabilities for all leases, except for two elective exemptions for leases of low-value assets (elected on a lease by lease basis) and short-term leases (elected by class of underlying asset). The Group has elected not to recognise right-of-use assets and lease liabilities for (i) leases of low-value assets; and (ii) leases, that at the commencement date, have a lease term of 12 months or less. Instead, the Group recognises the lease payments associated with those leases as an expense on a straight-line basis over the lease term.

Impacts on transition

Lease liabilities at 1 January 2019 were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at 1 January 2019 and included in interest-bearing bank and other borrowings. The right-of-use assets were measured at the amount of the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised in the statement of financial position immediately before 1 January 2019.

All these assets were assessed for any impairment based on IAS 36 on that date. The Group elected to present the right-of-use assets separately in the statement of financial position. This includes the lease assets recognised previously under finance leases of RMB1,737 million that were reclassified from property, plant and equipment.

The Group has used the following elective practical expedients when applying IFRS 16 at 1 January 2019:

- Applying the short-term leases exemptions to leases with a lease term that ends within 12 months at the date of initial application
- Using hindsight in determining the lease term where the contract contains options to extend or terminate the lease
- Using a single discount rate to a portfolio of leases with reasonably similar characteristics
- Excluding the initial direct costs from the measurement of the right-of-use assets at the date of initial application

As a lessee – Leases previously classified as finance leases

The Group did not change the initial carrying amounts of recognised assets and liabilities at the date of initial application for leases previously classified as finance leases. Accordingly, the carrying amounts of the right-of-use assets and the lease liabilities at 1 January 2019 were the carrying amounts of the recognised assets and liabilities (i.e., finance lease payables) measured under IAS 17.

Financial impact at 1 January 2019

The impacts arising from the adoption of IFRS 16 as at 1 January 2019 was as follows:

	Increase/ (decrease) <i>RMB million</i>
Assets	
Right-of-use assets	13,828
Property, plant and equipment	(1,737)
Prepaid land lease payments	(9,683)
Trade and other receivables	<u>(104)</u>
<i>Total assets</i>	<u><u>2,304</u></u>
Liabilities	
Interest-bearing bank and other borrowings	<u>2,304</u>
<i>Total liabilities</i>	<u><u>2,304</u></u>

The lease liabilities as at 1 January 2019 reconciled to the operating lease commitments as at 31 December 2018 are as follows:

	<i>RMB million</i>
Operating lease commitments as at 31 December 2018	2,929
Less: Commitments relating to short-term leases and those leases with a remaining lease term ended on or before 31 December 2019	939
Commitments relating to leases of low-value assets	1
Add: Payments for optional extension periods not recognised as at 31 December 2018	<u>656</u>
	2,645
Weighted average incremental borrowing rate as at 1 January 2019	<u>4.80%</u>
Discounted operating lease commitments as at 1 January 2019	2,238
Add: Commitments relating to leases previously classified as finance leases	<u>797</u>
Lease liabilities as at 1 January 2019	<u><u>3,035</u></u>

- (b) Amendments to IAS 28 clarify that the scope exclusion of IFRS 9 only includes interests in an associate or joint venture to which the equity method is applied and does not include long-term interests that in substance form part of the net investment in the associate or joint venture, to which the equity method has not been applied. Therefore, an entity applies IFRS 9, rather than IAS 28, including the impairment requirements under IFRS 9, in accounting for such long-term interests. IAS 28 is then applied to the net investment, which includes the long-term interests, only in the context of recognising losses of an associate or joint venture and impairment of the net investment in the associate or joint venture. The Group assessed its business model for its long-term interests in associates and joint ventures upon adoption of the amendments on 1 January 2019 and concluded that the long-term interests in associates and joint ventures continue to be measured at amortised cost in accordance with IFRS 9. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.
- (c) IFRIC 23 addresses the accounting for income taxes (current and deferred) when tax treatments involve uncertainty that affects the application of IAS 12 and does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses (i) whether an entity considers uncertain tax treatments separately; (ii) the assumptions an entity makes about the examination of tax treatments by taxation authorities; (iii) how an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; (iv) how an entity considers changes in facts and circumstances. Upon adoption of the interpretation, the Group considered whether it has any uncertain tax positions arising from the transfer pricing on its intergroup sales. Based on the Group's tax compliance and transfer pricing study, the Group determined that it is probable that its transfer pricing policy will be accepted by the tax authorities. Accordingly, the interpretation did not have any impact on the financial position or performance of the Group.

2.3 Issued but not yet effective International Financial Reporting Standards

The Group has not applied the following new and revised IFRSs, which have been issued but are not yet effective in these financial statements.

Amendments to IFRS 3	<i>Definition of a Business¹</i>
Amendments to IFRS 9 IAS39 and IFRS7	<i>Interest Rate Benchmark Reform¹</i>
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture³</i>
IFRS 17	<i>Insurance Contracts²</i>
Amendments to IAS 1 and IAS 8	<i>Definition of Material¹</i>

¹ Effective for annual periods beginning on or after 1 January 2020

² Effective for annual periods beginning on or after 1 January 2021

³ No mandatory effective date yet determined but available for adoption

Further information about those IFRSs that are expected to be applicable to the Group is described below:

Amendments to IFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group expects to adopt the amendments prospectively from 1 January 2020. Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, the Group will not be affected by these amendments on the date of transition.

Amendments to IFRS 9, IAS 39 and IFRS 7 address the effects of interbank offered rate reform on financial reporting. The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments are effective for annual periods beginning on or after 1 January 2020. Early application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IFRS 10 and IAS 28 address an inconsistency between the requirements in IFRS 10 and in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to IFRS 10 and IAS 28 was removed in January 2016 and a new mandatory effective date will be determined after the completion of a broader review of accounting for associates and joint ventures.

Amendments to IAS 1 and IAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. The Group expects to adopt the amendments prospectively from 1 January 2020. The amendments are not expected to have any significant impact on the Group's financial statements.

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 (the “**Construction**”)
- (b) infrastructure design of ports, roads, bridges and railways (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, prepaid land lease payments, 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, cash and cash equivalents. They exclude deferred tax assets, investments in joint ventures and associates, and the assets of headquarter of the Company and the Company’s subsidiary, CCCC Finance.

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

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

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

	Year ended 31 December 2019					
	Construction	Design	Dredging	Others	Eliminations	Total
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
Total gross segment revenue	492,814	38,018	34,578	8,286	(21,154)	552,542
Intersegment sales	(9,289)	(4,287)	(515)	(7,063)	21,154	–
Revenue (note 4)	483,525	33,731	34,063	1,223	–	552,542
Segment results	28,336	3,761	1,761	362	31	34,251
Unallocated income						(180)
Operating profit						34,071
Finance income						8,535
Finance costs, net						(15,229)
Share of profits and losses of joint ventures and associates						85
Profit before tax						27,462
Income tax expense						(5,848)
Profit for the year						21,614
Other segment information						
Depreciation and amortisation	9,918	411	1,473	426	–	12,228
Write-down of inventories	59	–	–	34	–	93
Impairment losses recognised/ in the statement of profit or loss:						
Trade and other receivables	3,504	364	261	(40)	–	4,089
Contract assets	229	11	15	–	–	255
Capital expenditure	44,427	704	1,313	470	–	46,914

The segment results for the year ended 31 December 2018 and other segment information included in the consolidated financial statements are as follows:

	Year ended 31 December 2018					
	Construction	Design	Dredging	Others	Eliminations	Total
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
Total gross segment revenue	431,817	31,557	32,796	12,402	(19,906)	488,666
Intersegment sales	<u>(7,070)</u>	<u>(3,964)</u>	<u>(310)</u>	<u>(8,562)</u>	<u>19,906</u>	<u>–</u>
Revenue (note 4)	<u>424,747</u>	<u>27,593</u>	<u>32,486</u>	<u>3,840</u>	<u>–</u>	<u>488,666</u>
Segment results	27,726	3,510	1,769	604	(364)	33,245
Unallocated income						<u>76</u>
Operating profit						33,321
Finance income						5,314
Finance costs, net						(12,660)
Share of profits and losses of joint ventures and associates						<u>71</u>
Profit before tax						26,046
Income tax expense						<u>(5,608)</u>
Profit for the year						<u>20,438</u>
Other segment information						
Depreciation and amortisation	8,199	274	1,140	519	–	10,132
Write-down of inventories	(7)	–	–	12	–	5
Impairment losses recognised in the statement of profit or loss:						
Concession assets	35	–	–	–	–	35
Trade and other receivables	1,768	343	314	73	–	2,498
Contract assets	288	–	(33)	(1)	–	254
Capital expenditure	<u>37,835</u>	<u>524</u>	<u>1,503</u>	<u>926</u>	<u>–</u>	<u>40,788</u>

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

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

	As at 31 December 2019					
	Construction	Design	Dredging	Others	Eliminations	Total
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
Segment assets	<u>856,221</u>	<u>46,613</u>	<u>96,232</u>	<u>68,531</u>	<u>(85,349)</u>	982,248
Investments in joint ventures						24,715
Investments in associates						27,343
Other unallocated assets						<u>86,094</u>
Total assets						<u>1,120,400</u>
Segment liabilities	<u>438,166</u>	<u>28,753</u>	<u>40,463</u>	<u>4,409</u>	<u>(52,447)</u>	459,344
Unallocated liabilities						<u>364,677</u>
Total liabilities						<u>824,021</u>

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

	Assets	Liabilities
	<i>RMB million</i>	<i>RMB million</i>
Segment assets/liabilities	982,248	459,344
Investments in joint ventures	24,715	–
Investments in associates	27,343	–
Unallocated:		
Deferred tax assets/liabilities	5,213	6,345
Tax payable	–	5,932
Current borrowings	–	74,372
Non-current borrowings	–	264,415
Other corporate assets/corporate liabilities	<u>80,881</u>	<u>13,613</u>
Total assets/liabilities	<u>1,120,400</u>	<u>824,021</u>

The segment assets and liabilities at 31 December 2018 are as follows:

	As at 31 December 2018					Total <i>RMB million</i>
	Construction <i>RMB million</i>	Design <i>RMB million</i>	Dredging <i>RMB million</i>	Others <i>RMB million</i>	Eliminations <i>RMB million</i>	
Segment assets	<u>698,988</u>	<u>35,470</u>	<u>78,640</u>	<u>47,113</u>	<u>(46,553)</u>	813,658
Investments in joint ventures						18,646
Investments in associates						23,019
Other unallocated assets						<u>105,153</u>
Total assets						<u>960,476</u>
Segment liabilities	<u>381,494</u>	<u>24,439</u>	<u>36,833</u>	<u>5,464</u>	<u>(40,264)</u>	407,966
Unallocated liabilities						<u>312,828</u>
Total liabilities						<u>720,794</u>

Segment assets and liabilities at 31 December 2018 are reconciled to entity assets and liabilities as follows:

	Assets <i>RMB million</i>	Liabilities <i>RMB million</i>
Segment assets/liabilities	813,658	407,966
Investments in joint ventures	18,646	–
Investments in associates	23,019	–
Unallocated:		
Deferred tax assets/liabilities	4,504	5,162
Tax payable	–	4,034
Current borrowings	–	79,243
Non-current borrowings	–	215,384
Equity investments designated at fair value through other comprehensive income	21,257	–
Debt investments at amortised cost	109	–
Financial assets at fair value through profit or loss	6,048	–
Derivative financial instruments	250	2
Other corporate assets/corporate liabilities	<u>72,985</u>	<u>9,003</u>
Total assets/liabilities	<u>960,476</u>	<u>720,794</u>

Geographical information

(a) Revenue from external customers

	2019	2018
	<i>RMB million</i>	<i>RMB million</i>
Mainland China	456,824	393,489
Other regions (primarily including Australia and countries in Africa, Middle East and South East Asia)	<u>95,718</u>	<u>95,177</u>
	<u>552,542</u>	<u>488,666</u>

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

(b) Non-current assets

	2019	2018
	<i>RMB million</i>	<i>RMB million</i>
Mainland China	272,490	241,291
Other regions (primarily including Australia and countries in Africa, Middle East and South East Asia)	<u>26,080</u>	<u>20,751</u>
	<u>298,570</u>	<u>262,042</u>

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

Information about a major customer

No revenue was derived from services or sales to a single customer which accounted for 10% or more of the Group's revenue, including the provision of services or sales to a group of entities which are known to be under common control with any single customer during 2019 and 2018.

4. Revenue, other income and other gains, net

An analysis of revenue is as follows:

	2019 <i>RMB million</i>	2018 <i>RMB million</i>
<i>Revenue from contracts with customers</i>		
Construction	492,814	431,817
Design	38,018	31,557
Dredging	34,578	32,796
Others	8,286	12,402
Intersegment eliminations	<u>(21,154)</u>	<u>(19,906)</u>
	<u>552,542</u>	<u>488,666</u>

Revenue from contracts with customers

(i) Disaggregated revenue information

For the year ended 31 December 2019

Segments	Construction <i>RMB million</i>	Design <i>RMB million</i>	Dredging <i>RMB million</i>	Others <i>RMB million</i>	Total <i>RMB million</i>
Type of goods or services					
Infrastructure construction and design services	456,386	33,490	–	93	489,969
Dredging services	–	–	29,739	–	29,739
Others	<u>27,139</u>	<u>241</u>	<u>4,324</u>	<u>1,130</u>	<u>32,834</u>
Total revenue from contracts with customers	<u>483,525</u>	<u>33,731</u>	<u>34,063</u>	<u>1,223</u>	<u>552,542</u>
Geographical markets					
Mainland China	392,628	32,625	30,348	1,223	456,824
Other regions (primarily including Australia and countries in Africa, Middle East and South East Asia)	<u>90,897</u>	<u>1,106</u>	<u>3,715</u>	<u>–</u>	<u>95,718</u>
Total revenue from contracts with customers	<u>483,525</u>	<u>33,731</u>	<u>34,063</u>	<u>1,223</u>	<u>552,542</u>
Timing of revenue recognition					
Services transferred over time	456,218	33,496	29,739	204	519,657
Goods transferred at a point in time	<u>27,307</u>	<u>235</u>	<u>4,324</u>	<u>1,019</u>	<u>32,885</u>
Total revenue from contracts with customers	<u>483,525</u>	<u>33,731</u>	<u>34,063</u>	<u>1,223</u>	<u>552,542</u>

For the year ended 31 December 2019

Segments	Construction <i>RMB million</i>	Design <i>RMB million</i>	Dredging <i>RMB million</i>	Others <i>RMB million</i>	Total <i>RMB million</i>
Revenue from contracts with customers					
External customers	483,525	33,731	34,063	1,223	552,542
Intersegment sales	<u>9,289</u>	<u>4,287</u>	<u>515</u>	<u>7,063</u>	<u>21,154</u>
Intersegment adjustments and eliminations	<u>(9,289)</u>	<u>(4,287)</u>	<u>(515)</u>	<u>(7,063)</u>	<u>(21,154)</u>
Total revenue from contracts with customers	<u><u>483,525</u></u>	<u><u>33,731</u></u>	<u><u>34,063</u></u>	<u><u>1,223</u></u>	<u><u>552,542</u></u>

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.

	2019 <i>RMB million</i>
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:	
Construction	32,271
Design	1,651
Dredging	<u>1,614</u>
	<u><u>35,536</u></u>

(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 180 days from the date of billing. A certain percentage of payment is retained by customers until the end of the retention period as the Group's entitlement to the final payment is conditional on the satisfaction of the service quality by the customers over the certain period as stipulated in the contracts.

Other services

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

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

Other income

	2019	2018
	RMB million	RMB million
Rental income	616	747
Revenue from consulting services	657	481
Dividend income from equity investments designated at fair value through other comprehensive income		
– Listed equity instruments	1,037	632
– Unlisted equity instruments	50	68
Dividend income from financial assets at fair value through profit or loss	119	160
Government grants	817	471
Income from sale of waste and materials	143	79
Income on derivative financial instruments	247	83
Income on debt investments at amortised cost	5	8
Others	1,132	1,322
	4,823	4,051

Other gains, net

	2019	2018
	RMB million	RMB million
Gains on disposal of items of property, plant and equipment and other long-term assets	527	472
Gains on disposal of subsidiaries	741	482
Losses on disposal of joint ventures and associates	(2)	(1)
Fair value gains/(losses), net:		
Financial assets at fair value through profit or loss	614	(12)
Derivative financial instruments – transactions not qualifying as hedges	179	(236)
Gains on disposal of financial assets at fair value through profit or loss	9	109
Losses on derecognition of financial assets measured at amortised cost	(651)	–
Foreign exchange difference, net	763	842
Gains from business combinations achieved in stages	–	236
	2,180	1,892

5. Profit before tax

The Group's profit before tax is arrived at after charging/(crediting):

	<i>Note</i>	2019 RMB million	2018 <i>RMB million</i>
Raw materials and consumables used*		154,473	135,420
Cost of goods sold		15,438	13,405
Subcontracting costs		193,885	164,427
Employee benefit expenses*:			
– Salaries, wages and bonuses		28,781	24,987
– Pension costs – defined contribution plans		3,922	3,587
– Defined benefit plans		119	133
– Housing benefits		1,904	1,709
– Welfare, medical and other expenses		14,968	13,933
		49,694	44,349
Minimum lease payments under operating leases		–	12,957
Lease payments not included in the measurement of lease liabilities		12,929	–
Business tax and other transaction tax		2,057	1,506
Fuel		3,736	4,131
Utilities		1,831	1,833
Repair and maintenance expenses		2,335	2,733
Research and development costs (including raw materials and consumables used, employee benefit expenses, depreciation and amortisation)		12,592	10,014
Depreciation of property, plant and equipment and investment properties*		8,885	8,395
Depreciation of right-of-use assets* (2018: amortisation of prepaid land lease payments)		1,424	125
Amortisation of intangible assets*		1,919	1,612
Auditors' remuneration		24	22
Write-down of inventories to net realisable value		93	5
Impairment of financial and contract assets, net:			
– Impairment of trade and other receivables		4,089	2,498
– Impairment of contract assets		255	254
Reversal of provision for impairment of concession assets		–	35

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

6. Finance income

	2019 <i>RMB million</i>	2018 <i>RMB million</i>
Interest income from:		
– Bank deposits	831	811
– Deposit in the Central Bank and interbank placement	335	301
– Receivables from Public-Private-Partnership (“PPP”) contracts	3,016	1,418
– Loan receivables	1,262	849
– Others	3,091	1,935
	<u>8,535</u>	<u>5,314</u>

7. Finance costs, net

An analysis of finance costs is as follows:

	2019 <i>RMB million</i>	2018 <i>RMB million</i>
Interest expense incurred	15,818	13,235
Less: Interest capitalised	<u>(1,984)</u>	<u>(2,556)</u>
Net interest expense	<u>13,834</u>	<u>10,679</u>
Representing:		
– Bank borrowings	11,749	8,199
– Other borrowings	172	152
– Corporate bonds	1,047	1,266
– Debentures	155	190
– Non-public debts instruments	497	571
– Lease liabilities	160	–
– Finance lease liability	–	212
– Others	54	89
	<u>13,834</u>	<u>10,679</u>
Foreign exchange difference on borrowings, net	186	249
Others	<u>1,209</u>	<u>1,732</u>
	<u>15,229</u>	<u>12,660</u>

Borrowing costs directly attributable to the construction and acquisition of qualifying assets were capitalised as part of the costs of those assets. A weighted average capitalisation rate of 4.34% (2018: 5.64%) per annum was used, representing the costs of the borrowings used to finance the qualifying assets. Interest capitalised during the year was as follows:

	2019 <i>RMB million</i>	2018 <i>RMB million</i>
Inventories	336	1,251
Concession assets	1,594	1,217
Construction-in-progress	54	88
	<u>1,984</u>	<u>2,556</u>

8. Income tax

Most of the companies of the Group are subject to PRC enterprise income tax, which has been provided based on the statutory income tax rate of 25% (2018: 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 exempted from tax or taxed at a preferential rate of 15% (2018: 15%).

Certain of the companies of the Group are subject to Hong Kong profits tax, which has been provided at the rate of 16.5% (2018: 16.5%) on the estimated assessable profits for the year.

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

	2019 <i>RMB million</i>	2018 <i>RMB million</i>
Current		
– PRC enterprise income tax	5,606	5,150
– Others	904	350
	6,510	5,500
Deferred	(662)	108
Total tax charge for the year	<u>5,848</u>	<u>5,608</u>

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

	2019		2018	
	<i>RMB million</i>	<i>%</i>	<i>RMB million</i>	<i>%</i>
Profit before tax	<u>27,462</u>		<u>26,046</u>	
Tax at PRC statutory tax rate of 25% (2018: 25%)	6,866	25.0	6,512	25.0
Tax for the appreciation of land in the PRC	566	2.1	340	1.3
Profits and losses attributable to joint ventures and associates	(21)	(0.1)	(18)	(0.1)
Income not subject to tax	(319)	(1.2)	(368)	(1.4)
Additional tax concession on research and development costs	(609)	(2.2)	(484)	(1.9)
Expenses not deductible for tax	170	0.6	135	0.5
Temporary differences utilised from previous periods	–	–	(175)	(0.7)
Temporary differences not recognised	103	0.4	48	0.2
Tax losses utilised from previous periods	(564)	(2.1)	(130)	(0.5)
Tax losses not recognised	1,591	5.8	1,330	5.1
Effect of differences in tax rates applicable to certain domestic and foreign subsidiaries	<u>(1,935)</u>	<u>(7.0)</u>	<u>(1,582)</u>	<u>(6.1)</u>
Tax charge at the Group's effective rate	<u>5,848</u>	<u>21.3</u>	<u>5,608</u>	<u>21.4</u>

9. Dividends

	2019	2018
	<i>RMB million</i>	<i>RMB million</i>
Proposed final dividend of RMB0.23276 per ordinary share (2018: RMB0.23077)	<u>3,765</u>	<u>3,733</u>

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

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

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 16,174,735,425 (2018: 16,174,735,425) in issue during the year.

The calculation of basic earnings per share is based on:

	2019	2018
Profit attributable to ordinary equity holders of the parent (RMB million)	20,094	19,819
Less: Interest on perpetual medium-term notes (RMB million) (i)	(566)	(300)
Dividend on preference shares (RMB million) (ii)	(718)	(718)
	<u>18,810</u>	<u>18,801</u>
Weighted average number of ordinary shares in issue (million)	<u>16,175</u>	<u>16,175</u>
Basic earnings per share	<u>1.16</u>	<u>1.16</u>

(i) The perpetual medium-term notes (the “MTN”) issued by the Company were classified as equity instruments with deferrable accumulative interest distribution and payment. Interest of RMB566 million on the MTN which has been generated during the year was deducted from earnings when calculating the earnings per share amount for the year ended 31 December 2019.

(ii) The preference shares issued by the Company were classified as equity instruments with deferrable and non-cumulative dividend distribution and payment. As the conditions of mandatory distribution were triggered, a dividend of RMB718 million on the preference shares was deducted from earnings when calculating the earnings per share amount for the year ended 31 December 2019.

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2019 and 2018.

11. Trade and other receivables

	2019 RMB million	2018 RMB million
Trade and bills receivables (<i>note a</i>)	113,088	100,176
Impairment	(13,872)	(12,380)
	<u>99,216</u>	<u>87,796</u>
Long-term receivables	217,812	152,384
Impairment	(2,788)	(1,474)
	<u>215,024</u>	<u>150,910</u>
Other receivables:		
Prepayments	26,348	18,431
Deposits	23,078	19,494
Others	40,629	40,237
	<u>90,055</u>	<u>78,162</u>
Impairment	(2,455)	(2,014)
	<u>87,600</u>	<u>76,148</u>
	<u>401,840</u>	<u>314,854</u>
Portion classified as non-current		
Long-term receivables	172,224	113,090
Other receivables:		
Prepayments	4,290	4,161
Deposits	1,446	1,716
Others	48	–
	<u>178,008</u>	<u>118,967</u>
Current portion	<u>223,832</u>	<u>195,887</u>

- (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. The Group does not hold any collateral or other credit enhancements over its trade receivable balances.

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

	2019 <i>RMB million</i>	2018 <i>RMB million</i>
Within 6 months	67,432	61,140
6 months to 1 year	8,379	9,417
1 year to 2 years	13,855	9,218
2 years to 3 years	5,416	3,950
Over 3 years	4,134	4,071
	<u>99,216</u>	<u>87,796</u>

12. Trade and other payables

	2019 <i>RMB million</i>	2018 <i>RMB million</i>
Trade and bills payables (<i>note a</i>)	277,763	242,167
Deposits from suppliers	27,979	25,020
Retentions	28,077	19,110
Deposits in CCCC Finance	5,429	9,283
Other taxes	22,633	17,256
Payroll and social security	2,625	2,247
Accrued expenses and others	22,045	16,598
	386,551	331,681
Portion classified as non-current		
Retentions	20,051	13,192
Other taxes	153	144
Others	3,574	3,849
	<u>23,778</u>	<u>17,185</u>
Current portion	<u>362,773</u>	<u>314,496</u>

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

	2019 <i>RMB million</i>	2018 <i>RMB million</i>
Within 1 year	241,519	214,046
1 year to 2 years	20,836	19,779
2 years to 3 years	9,903	4,943
Over 3 years	5,505	3,399
	<u>277,763</u>	<u>242,167</u>

13. Pledge of assets

- (a) At 31 December 2019, the restricted deposits were RMB4,305 million (31 December 2018: RMB4,633 million).
- (b) Details of the Group's interest-bearing bank and other borrowings, which are secured by the assets of the Group, are as follows:

	2019 <i>RMB million</i>	2018 <i>RMB million</i>
Property, plant and equipment	110	–
Investment properties	1,079	1,117
Right-of-use assets/prepaid land lease payments	6,040	5,028
Intangible assets	164,790	141,261
Inventories	2,408	3,597
Trade and other receivables	34,435	27,261
	<u>208,862</u>	<u>178,264</u>

14. Commitments

The Group had the following capital commitments at the end of the reporting period:

	2019 <i>RMB million</i>	2018 <i>RMB million</i>
Intangible assets – concession assets	100,846	122,293
Property, plant and equipment	<u>1,231</u>	<u>1,387</u>
	<u>102,077</u>	<u>123,680</u>

15. Events after the reporting period

On 30 March 2020, the board of directors of the Company resolved that a final dividend of RMB0.23276 per share, totalling approximately RMB3,765 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.

On 21 February 2020, CCCI Treasure Limited, a subsidiary of the Company, completed the issue of subordinated perpetual securities guaranteed by the Company with principal amount of US\$1,000 million (with original interest rate of 3.425% per annum) and US\$500 million (with original interest rate of 3.650% per annum), respectively.

On 21 April 2015, CCCI Treasure Limited issued unsubordinated guaranteed perpetual securities with principal amount of US\$1,100 million (with original interest rate of 3.500% per annum). As of 31 December 2019, the outstanding principal amount of the securities was US\$1,100 million. On 19 March 2020, CCCI Treasure Limited announced that it will fully redeem the securities on 21 April 2020 (the “Redemption Date”) at the principal amount together with the amount of interest accrued but unpaid up to the Redemption Date.

Since the outbreak of the COVID-19 epidemic (the “**Epidemic**”) in January 2020, Mainland China and other countries and regions have adopted measures to prevent and control the Epidemic. The impact of the Epidemic on the Group’s operations was mainly reflected in the slowdown of project progress as a result of the delay in project resumption caused by the Epidemic. The extent of the impact will depend on factors such as the situation of the Epidemic, macro policies and the progress of work and production resumption of enterprises, etc.

The Group has strengthened its efforts on the prevention and control of the Epidemic through implementing various policies and arrangements of the central government, and mean while steadily promoted the resumption of the projects. The Company will closely monitor the situation of the Epidemic and continuously assess its impact on the financial positions and operating results of the Group in the future.

16. Approval of the financial statements

The financial statements were approved and authorised for issue by the Board on 31 March 2020.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any securities of the Company during the year ended 31 December 2019.

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

The Company has adopted the Model Code contained in Appendix 10 to the Hong Kong Listing Rules. The Company has made specific inquiry with all of its Directors and Supervisors. Each of the Directors and Supervisors has confirmed his compliance with the requirements set out in the Model Code for the year ended 31 December 2019.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company is committed to high standards of corporate governance. The Board believes that the Company complied with all code provisions as set out in the Corporate Governance Code in Appendix 14 to the Hong Kong Listing Rules for the year ended 31 December 2019.

DISTRIBUTIONS AND DIVIDENDS

For the year of 2019, net distributable profit to owners of the Company was approximately RMB18,824 million which is determined based on the financial statements prepared in accordance with China Accounting Standards for Business Enterprises and IFRS, whichever is lower. The Board has proposed a final dividend of RMB0.23276 (including tax) per share (totaling approximately RMB3,765 million which represents approximately 20% of the above-mentioned distributable net profit attributable to owners of the Company), which is subject to approval by the Shareholders at the forthcoming AGM. The proposed dividend distribution will be expected to distribute to all Shareholders on 7 August 2020, subject to the provisions of the Articles of Association, on the basis of total issued share capital of the Company of 16,174,735,425 shares.

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

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

ESTIMATED CAP FOR THE INTERNAL GUARANTEES OF THE GROUP IN 2020

According to the Shanghai Listing Rules, a listed company, with the amount of guarantees aggregated over a period of twelve consecutive months exceeding 50% of its latest audited net assets and with the absolute amount exceeding RMB50 million, or when providing guarantees to enterprises with asset-to-liability ratio exceeding 70%, shall submit the transaction of granting guarantees to the shareholders' general meeting for consideration and approval, as well as make a timely disclosure.

The Company estimated that the cap for the internal guarantees of the Company in 2020 will amount to RMB69,000 million, among which, RMB15,200 million will be provided by the Company to its wholly-owned subsidiaries, RMB44,800 million will be provided by the Company to its non wholly-owned subsidiaries, and RMB9,000 million will be provided by the Company's wholly-owned subsidiaries to their respective subsidiaries. The resolution in relation to the estimated cap for the internal guarantees of the Group in 2020 will be valid from the date of passing the resolution at the AGM until the conclusion date of the next annual general meeting of the Company. To the best knowledge and belief of the Company, none of those companies receiving guarantees is a connected person of the Company.

The aforementioned resolution, which has been resolved at the thirty-third meeting of the fourth session of the Board held on 31 March 2020, is subject to approval by the Shareholders by way of an ordinary resolution at the AGM. The Board also proposed to the Shareholders to authorise the management of the Company to carry out relevant formalities when providing internal guarantees within the approved amount.

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 2020 will not exceed RMB25,321 million. The Company will closely monitor the respective related party transactions. If any related party transaction constitutes a connected transaction (as defined under the Hong Kong Listing Rules), and is subject to reporting, announcement or independent Shareholders' approval requirements (as applicable), the Company will, as soon as possible after the terms of the respective connected transaction have been agreed, take immediate steps to ensure compliance with the Hong Kong Listing Rules.

Pursuant to Rule 10.2.5 of the Shanghai Listing Rules, any related party transaction conducted by a listed issuer with the transaction amount exceeding RMB30 million as well as accounting for more than 5% of the absolute value of a listed issuer's latest audited net assets, shall be approved by its shareholders. As the transaction amount for the provision of construction services by the Group to CCCG Group in 2020 under the mutual project contracting framework agreement entered between the Company and CCCG will exceed RMB30 million and be higher than 5% of the absolute value of the Company's latest audited net assets, such related party transaction will be submitted at the AGM for the independent Shareholders' approval by way of an ordinary resolution. Apart from the aforementioned, the estimated total amount of other day-to-day related party transactions is exempted from the requirements of independent Shareholders' approval by way of an ordinary resolution at the AGM.

CONTINUING CONNECTED TRANSACTIONS

For the year ended 31 December 2019, the Group carried out continuing connected transactions with CCCG and CCCC Leasing. CCCG is the controlling Shareholder of the Company holding approximately 57.96% interests in the issued ordinary shares of the Company, and is therefore a connected person of the Company under the Hong Kong Listing Rules. CCCC Leasing is a subsidiary of the Company and is held as to 30% interests by ZPMC, which is a connected person of the Company by virtue of being a subsidiary of CCCG. Thus, CCCC Leasing is a connected subsidiary of the Company under Rule 14A.16 of the Hong Kong Listing Rules.

With CCCG

During 2019, according to the five agreements on continuing connected transactions entered into by the Group with CCCG, the Group and CCCG carried out the following continuing connected transactions:

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

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

On 2 January 2019, the Company and CCCG entered into the supplemental agreement to the mutual project contracting framework agreement to revise the existing annual cap for the labour and subcontracting service fees to be received by CCCG Group from the Group thereunder for the year ended 31 December 2019 from RMB115 million to RMB255 million.

On 27 December 2019, the Company and CCCG entered into the supplemental agreement II to the mutual project contracting framework agreement to revise the existing annual caps for project contracting services fees to be received by the Group from CCCG Group and the labour and subcontracting services fees to be received by CCCG Group from the Group thereunder for the year ended 31 December 2019 from RMB3,000 million to RMB6,000 million and from RMB255 million to RMB6,000 million, respectively. The revised annual caps were determined mainly with reference to the following factors: (i) the new business development of CCCG Group in the infrastructure construction and its demand for project contracting services, which exceed the estimation when determining the existing annual cap by the Company; (ii) the Group's demand for labour services from No. 4 Engineering Company and CCCC-AIDI. On 3 June 2019, the Group sold 67% equity interest of No. 4 Engineering Company and 100% equity interest of CCCC-AIDI to the subsidiary of CCCG, China Airport Construction Group Company Limited (中國民航機場建設集團有限公司). Upon completion of the disposals, No. 4 Engineering Company and CCCC-AIDI become subsidiaries of CCCG, and are therefore the connected persons of the Company under

Hong Kong Listing Rules; and (iii) the Company reserves some buffer against unforeseen circumstances for all continuing connected transactions under the mutual project contracting framework agreement. For the year ended 31 December 2019, the actual project contracting service fees receivable by the Group from CCCG Group amounted to RMB4,552 million and the actual labour and subcontracting service fees payable by the Group to CCCG Group amounted to RMB2,936 million.

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

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

3. *Property Leasing Framework Agreement Entered into by the Company and CCCG*

On 2 January 2019, the Company and CCCG entered into the property leasing framework agreement, pursuant to which CCCG Group agreed to lease certain properties and auxiliary facilities owned by it to the Group for a period from 2 January 2019 to 31 December 2019.

On 23 December 2019, the Company and CCCG entered into the supplemental agreement to the property leasing framework agreement to revise the existing annual cap for the total value of right-of-use assets involved in the leasing thereunder for the year ended 31 December 2019 from RMB200 million to RMB230 million.

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

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

CCCC Group's demand for the loan services provided by CCCC Finance under the financial services agreement increased due to its normal business needs. On 27 December 2019, CCCC Finance entered into the supplemental agreement to the financial services agreement with CCCC Group to revise the existing maximum daily loan balance (including the interests accrued thereon) under the financial services agreement for the year ended 31 December 2019 from RMB1,200 million to RMB1,940 million. For the year ended 31 December 2019, the actual maximum daily balance of loans provided by CCCC Finance to CCCC Group (including the interests accrued thereon) was RMB1,101 million.

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

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

With CCCC Leasing

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

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

For details of the above continuing connected transactions, please refer to the announcements of the Company dated 29 August 2018, 2 January 2019, 23 December 2019 and 27 December 2019 as well as the circulars of the Company dated 28 September 2018 and 19 October 2018.

The annual caps for the continuing connected transactions described above as compared with the actual transaction amounts for the year ended 31 December 2019 are set out as follows:

	Annual cap for 2019 <i>(RMB million)</i>	Actual amount for 2019 <i>(RMB million)</i>
1. Mutual Project Contracting Framework Agreement		
Project contracting service fees receivable by the Group from CCCG Group	6,000	4,552
Labour and subcontracting service fees payable by the Group to CCCG Group	6,000	2,936
2. Mutual Product Sales and Purchase Agreement		
Aggregate amount for the fees receivable by the Group from CCCG Group	330	297
Aggregate amount for the fees payable by the Group to CCCG Group	3,000	481
3. Property Leasing Framework Agreement		
Leasing of the properties and auxiliary facilities by CCCG Group to the Group	230	171
4. Financial Services Agreement		
Maximum daily loan balance (including the interests accrued thereon) provided by CCCC Finance to CCCG Group	1,940	1,101
5. Finance Lease and Commercial Factoring Agreement		
Aggregate amount of the finance lease services provided by CCCC Leasing to CCCG Group	3,750	524
Aggregate amount of the commercial factoring services provided by CCCC Leasing to CCCG Group	3,750	83
6. Finance Lease and Commercial Factoring Framework Agreement		
Aggregate amount of the finance lease services provided by CCCC Leasing to the Group	17,500	6,188
Aggregate amount of the commercial factoring services provided by CCCC Leasing to the Group	17,500	13,369

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

- (i) leveraging historical experience and operation plans, the Company enters into continuing connected transaction framework agreements for a term of three years and set annual caps on the basis of the assessment on necessity and fairness of potential connected transactions. These agreements and proposed annual caps are subject to necessary decision-making and approval procedures, including but not limited to review and consideration by independent directors, the Audit and Internal Control Committee under the Board, the Board, the Supervisory Committee and the Shareholders' general meeting of the Company pursuant to their respective authorisation. Implementation will be organized upon approval after review and consideration;
- (ii) the Company carries out daily supervision on the overall implementation and actual transaction amounts of continuing connected transactions. For financial services agreement and finance lease and commercial factoring agreement, CCCC Finance and CCCC Leasing (subsidiaries of the Company), as non-bank financial institutions, report actual maximum daily loan balance (including the interests accrued thereon) and actual aggregate amount of finance lease services and commercial factoring services provided on a monthly basis, and predict the transaction amount of the outstanding period of the relevant year on a quarterly basis. For other continuing connected transaction agreements, the subsidiaries of the Company report actual transaction amount (including the actual transaction amount of the relevant quarter and accumulated actual transaction amount) and predict the transaction amount of the outstanding period of the relevant year on a quarterly basis. Meanwhile, the Company will allocate the caps of continuing connected transactions for the next year to the implementers of relevant transactions at the end of every year;
- (iii) the implementers shall bring forward the need for increasing the caps of continuing connected transactions in time when it occurs during implementation based on changes in business development. The Company will start decision-making procedures for revising caps in due course after assessing necessity and fairness of the continuing connected transactions;
- (iv) whenever the actual transaction amount of relevant continuing connected transaction reaches 80% of the existing annual caps, the transaction implementers shall make a new prediction on whether the transaction amount of the outstanding period of the relevant year will satisfy operation needs and shall provide the Company with relevant transaction information so that the Company can realize better supervision and start decision-making procedures for revising caps in time after assessing necessity and fairness; and

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

AUDIT AND INTERNAL CONTROL COMMITTEE

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

AUDITORS

Ernst & Young and Ernst & Young Hua Ming LLP were appointed as the international and domestic auditors of the Company for the year ended 31 December 2019, respectively. The financial figures in this announcement extracted from the Group's consolidated Financial Statements for the year ended 31 December 2019 have been agreed by the Company's international auditor, Ernst & Young, to the amounts set out in the Group's consolidated financial statements for the year ended 31 December 2019. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with International Standards on Auditing, International Standards on Review Engagements or International Standards on Assurance Engagements and consequently no assurance has been expressed by Ernst & Young on this announcement.

PUBLICATION OF ANNUAL REPORT

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

The annual report of the Company for the year ended 31 December 2019 which contains all the information required by the Hong Kong Listing Rules including audited financial statements will be despatched to Shareholders on or before Friday, 24 April 2020 and will be published on the website of the Hong Kong Stock Exchange (www.hkexnews.hk) and on the website of the Company (www.ccccltd.cn).

DEFINITIONS

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

“AGM”	the annual general meeting of the Company for the year 2019 to be held in 2020
“Articles of Association”	the articles of associations of the Company, approved on 8 October 2006, and as amended thereafter
“Board”	the board of directors of the Company
“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
“CCCC-AIDI”	CCCC Airport Investigation and Design Institute Co., Ltd. (中交機場勘察設計院有限公司), a wholly-owned subsidiary of CCCG upon completion of the disposal
“CCCC Finance”	CCCC Finance Company Limited (中交財務有限公司), a subsidiary of the Company
“CCCC Leasing”	CCCC Financial Leasing Co., Ltd. (中交建融租賃有限公司), a subsidiary of the Company
“CCCG”	China Communications Construction Group (Limited), a wholly state-owned company incorporated on 8 December 2005 in the PRC which currently holds approximately 57.96% equity interest in the Company
“CCCG Group”	CCCG and its subsidiaries, excluding the Company and its subsidiaries
“Director(s)”	the director(s) of the Company

“experts in five areas”	the strategy of being “experts in five areas” proposed by CCCG, is the optimisation and re-building of CCCG based on its existing businesses, markets and resources. That is, to build CCCG to be a world-famous engineering contractor, an urban complex developer and operator, a distinctive real estate developer, an integrated infrastructure investor and a general contractor of offshore heavy equipment and port machinery manufacturing and system integration. As an important holding subsidiary of CCCG, CCCC is the significant implementor of such strategy
“Group”	the Company itself and all of its subsidiaries
“HKD”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers
“No. 4 Engineering Company”	No. 4 Engineering Co., Ltd. of CCCC First Harbor Engineering Co., Ltd. (中交一航局第四工程有限公司), a non-wholly-owned subsidiary of CCCG upon completion of disposal
“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
“three roles”	the positioning of playing “three roles” proposed by CCCG, including being responsible for government and economic and social development, taking deep participation in regional economic development and serving as a quality provider of government procurement of public services
“two reserves”	funds reserved for accounts receivable and inventory
“USD”	United States dollars, the lawful currency of the United States of America
“ZPMC”	Shanghai Zhenhua Heavy Industries Co., Ltd. (上海振華重工（集團）股份有限公司), a company incorporated on 14 February 1992 in the PRC and listed on the Shanghai Stock Exchange, and a non-wholly owned subsidiary of CCCG
““334” program”	pay close attention to “three basic aspects” (including basic level construction, basic work and basic skills), strengthen “three comprehensive managements” (including comprehensive budget management, comprehensive cost accounting management and comprehensive performance assessment management) and promote “four constructions” (including specialization construction, standardization construction, digitization construction and refinement construction)
“%”	percent

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

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

Beijing, the PRC
31 March 2020

As at the date of this announcement, the Directors are LIU Qitao, SONG Hailiang, LIU Maoxun, HUANG Long[#], ZHENG Changhong[#] and NGAI Wai Fung[#].

[#] *Independent non-executive Directors*