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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 2021**

**FINANCIAL HIGHLIGHTS**<sup>Note</sup>

Revenue of the Group in 2021 amounted to RMB682,599 million, representing an increase of RMB58,104 million or 9.3% from RMB624,495 million in 2020.

Gross profit in 2021 amounted to RMB84,503 million, representing an increase of RMB4,467 million or 5.6% from RMB80,036 million in 2020.

Operating profit in 2021 amounted to RMB34,539 million, representing an increase of RMB134 million or 0.4% from RMB34,405 million in 2020.

Profit before tax in 2021 amounted to RMB29,784 million, representing an increase of RMB2,827 million or 10.5% from RMB26,957 million in 2020.

Profit attributable to owners of the parent in 2021 amounted to RMB18,348 million, representing an increase of RMB1,873 million or 11.4% from RMB16,475 million in 2020.

Earnings per share for the year 2021 amounted to RMB1.04, compared with RMB0.92 for the year 2020.

The value of new contracts of the Group in 2021 amounted to RMB1,267,912 million, representing an increase of 18.9% from RMB1,066,799 million in 2020.

As at 31 December 2021, the backlog for the Group was RMB3,128,254 million.

The Board has proposed a final dividend of RMB0.20371 per share (tax inclusive) for the year ended 31 December 2021, subject to Shareholders' approval.

*Note:* 1. In calculating the amount of basic earnings per share, the interest of perpetual securities with an aggregate amount of approximately RMB1,528 million shall be excluded from profits.

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

## CHAIRMAN'S STATEMENT

Guided by Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, the Company calmly coped with the COVID-19 pandemic and other changes unseen in a century, anchored at the high-quality strategic goal of “two maintains and one strive (兩保一爭)” (maintaining its status as the No. 1 international contractor in Asia, maintaining its A-level assessment results as a central enterprise, and striving to enter the Fortune Global 500 during the “Fourteenth Five-Year Plan” period), and comprehensively advanced its production practice to build itself a world-class enterprise with technology, management and quality in 2021, the opening year of the “Fourteenth Five-Year Plan”. Consequently, the Company has reached its record highs in value of new contracts, revenue and net profit to achieve a good performance in the first battle of high-quality development in the “Fourteenth Five-Year Plan” period.

Revenue of the Group for the year 2021 amounted to RMB682,599 million, representing a year-on-year growth of 9.3%. Net profit attributable to the Shareholders of the Company for the year 2021 amounted to RMB18,348 million, representing a year-on-year growth of 11.4%, which means the impact brought about by the pandemic has diminished. Earnings per share for the year 2021 were RMB1.04 and a cash dividend of approximately RMB2.04 per 10 shares was proposed. The Group's value of new contracts for the year 2021 amounted to RMB1,267,912 million, representing a year-on-year growth of 18.9%. As at 31 December 2021, the backlog of the Group amounted to RMB3,128,254 million with sufficient order backlog in continuously optimised structure, which provided strong support and guarantee for sustained and steady development of the Company.

As a major holding subsidiary of CCCG, the Company played an important role in the business performance of CCCG. The ranking of CCCG in the Fortune Global 500 jumped from 110th in 2016 to 61st in 2021, and has ranked the first among Chinese enterprises in ENR's Top International Contractors for the fifteenth consecutive year and rated Level A in business performance appraisal of state-owned enterprises (organized by the SASAC) for the sixteenth consecutive year. The Company has been persisting in self-reliance and self-improvement in science and technology, deepening reform of the scientific and technological system, and optimising the ecology of scientific and technological innovation. Our chief scientist Lin Ming has been elected as an academician of the Chinese Academy of Engineering. Two of our national engineering research centres have been admitted into the new administration sequence of national scientific and technological innovation bases. We have accumulated fruitful achievements in scientific and technological innovation. For instance, we've successfully solved a number of bottleneck core technology problems, and launched a series of crucial and advanced equipment including the “Beijing Capital” (首創號), a vertical boring machine featuring its super-large diameter, and the “Canal” (運河號), the largest tunnel boring machine made in China.

Based on a comprehensive judgement over the political, economic and market situation in 2022, the Company determines in its business plan to achieve a year-on-year growth of no less than 11.8% in the value of new contracts and a year-on-year growth of no less than 6% in revenue. In order to achieve high-quality development, we anchor at the goal of “two increases, one control and three improvements (兩增一控三提高)” to quantify the indicators step by step, of which, “two increases” means to achieve steady growth in total profit and net profit, “one control” means to control the gearing ratio within 75% and “three improvements” means to steadily improve operating profit margin, overall labour productivity and intensity of investment in R&D. In particular, we shall strive to improve the operating profit margin by more than 0.1 percentage point and the overall labour productivity by 2 percentage points, and shall ensure that the increase in R&D investment matches the increase in revenue. At the same time, the Company, taking into account characteristics and problems of the industry, pays close attention to the matching between cash flows and operating benefits, and strengthens the management and improvement of indicators such as net operating cash flow and surplus cash coverage.

This year, the Company will regard high-quality development as the operation emphasis and solidly carry out the campaign titled “Year for High-quality Development Implementation”, highlighting measures to ensure stable growth, optimise structure and control risks. Meanwhile, it will actively respond to national strategies and give better play to its strategic supporting role as a state-owned enterprise. Prioritising stability, the Company will persevere in its advantageous traditional principal business of “big transportation” as a “red flag”, live up to a “bellwether” of the new force in the “big city” segment, consolidate its “leading position” in international development, and build a solid foundation to seek progress while maintaining stability. Adhering to strategic guidance, the Company will strengthen the management over main responsibilities and principal businesses, promote professional integration, highlight regional layout, accelerate the construction of “six modernisations (六化)” (modernization in terms of economy, society, politics, culture, ecology and human being), and continue to reinforce the Group’s strategic management and control. Strengthening the chassis, the Company will expand its spot foreign exchange business, strengthen its investment business, enhance the innovation of its business model, and consolidate the foundation for high-quality development. Optimising the structure, the Company will revitalise its funds, enhance its assets and optimise its capital to achieve a virtuous circle of “fund-asset-capital (三資)”. Deepening reform, the Company will accomplish the three-year campaign of reform with high quality and consolidate the benefits of deepening reform. Rationalising operation, the Company will strengthen comprehensive budget and standardised management, and will comprehensively improve its management level with the support of informatisation. Improving quality and efficiency, the Company will adhere to the idea of “tightening the belts”, strictly control costs and expenses, and ensure stable operation and good operating benefits while making progress. Promoting scientific and technological innovation, the Company will accelerate the construction of a base of original technologies, speed up the construction of a digital and intelligent CCCC, innovate its systems and mechanisms, and continue to cultivate development drivers. Prioritising overseas development, the Company will promote the formation of an integrated development system, strengthen its global resource allocation capabilities, accelerate

the cultivation of international talents, systematically promote the upgrading development from “business internationalisation” to “enterprise internationalisation”, and facilitate the joint construction of its high-quality development along the “Belt and Road”. Transforming and upgrading, the Company will speed up the implementation of a chain chief mechanism over the modernisation-oriented industrial chain, strengthen the upstream and downstream management of the industrial chain, build up a new industrial chain in the direction of green and low-carbon development, and effectively enhance the resilience and competitiveness of the supply chains of such industrial chain. Holding the bottom line, the Company will resolutely and forcefully prevent and resolve all kinds of business risks.

The new era has bestowed us new missions and new goals to start a new journey. The Company will adhere to the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, overcome difficulties, move forward bravely, and make every effort to build CCCC into a first-class enterprise with “Three Orientations (三型)”. We will strive to repay our Shareholders with ever-improving performance of high-quality development.

## **BUSINESS OVERVIEW**

### **I. MAIN BUSINESS**

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

## **II. BUSINESS MODEL**

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

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

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

At the same time as the above business was carried out, the Company began to develop infrastructure and other investment projects in 2007 to obtain investment profits apart from those from reasonable design and construction. After years of development, in keeping with changes in the market environment, policy situation, and industry demand, the Company has always strictly controlled the key points in the investment process, and continuously promoted the deepening and implementation of the commitment to "value-oriented investments".

### **III. CORE COMPETITIVENESS DURING THE REPORTING PERIOD**

#### **(I) Strong Advantages in the Fields of Principal Businesses**

The Group is the world's largest port, road and bridge design and construction company, and the world's largest dredging company. It is also the largest international contractor and the largest highway investor in China, and owns the largest engineering fleet in the world. The Group has 33 principal wholly-owned or holding subsidiaries, and operates businesses in China's all provinces, cities, autonomous regions, Hong Kong Special Administrative Region and Macau Special Administrative Region and 139 countries and regions across the world.

The Group is the world's largest port design and construction company and has a leading professional ability and a complete industry chain. It undertakes the design and construction of most of medium and large ports in coastal zones since the founding of PRC, and participates in the design and construction of many large ports overseas, fostering a strong competitiveness and brand influence. In China, there are limited market players that can compete with the Group.

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

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

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

## **(II) Advance towards a World's Leading "Sci-Tech" Enterprise**

The Company attaches great importance to technological innovation, continuously improves the technological innovation system and strengthens efforts to achieve breakthrough in core technologies. It is committed to improving the independent innovation capability, continuously deepening the technology system reform, enhancing technological innovation incentive and talent pool construction, taking multiple measures to promote the strategy of innovation-driven development and staying determined to advance towards a world's leading "sci-tech" enterprise by technological innovation.

The Company has established the leading group for technological innovation and core technology breakthrough and puts great efforts to overcome technology bottleneck. It has a “three-level and three-type” platform system that integrates fundamental application research, technology research and development, and engineering and industrialization research. Meanwhile, the Company builds the high-end technology think tank comprised of academicians of Chinese Academy of Engineering, to serve as the exterior brain, brain trust and think tank of the Company and the platform for introducing external high-end technology and promoting technology cooperation. Furthermore, the Company owns 15 post-doctoral research centres and 4 academician research centres and has systematically nurtured a pool of scientific experts and a professional innovation team by leveraging on innovation platforms and the establishment of key scientific research projects and key engineering projects to create a “three-in-one” nurturing model integrating talents, teams and platforms to nurture scientific and technological talents team.

The Company makes significant breakthrough in technologies regarding road construction and maintenance under complicated natural conditions, expressway in high-cold permafrost regions, long-span bridge, long and large mountain tunnel, underwater tunnel, highway-railway bridge, offshore deep-water port, rapid island building in open seas, deep-water submerged tube tunnel, installation and construction of wind power infrastructure, and ranks among the top in the international market. The core technology of super-large diameter tunnel shield machine manufacturing breaks the foreign technology blockade, realizes the domestication and industrialization of the whole machine, and is comparable to top-ranking enterprises of European and American markets. Applied technologies including BIM, Beidou satellite and high-resolution remote sensing witness rapid development and maintain the leading position in the domestic industry.

Over the years, the Company has been accumulatively awarded with 40 National Science and Technology Advancement Awards, 5 National Technological Invention Awards, 108 Luban Awards, 333 National Quality Project Awards (including 40 golden awards), 105 Zhan Tianyou Awards, 2 Chinese Golden Patent Awards and 29 Chinese Outstanding Patent Awards. The Company has accumulatively participated in the compilation of 123 national standards and 448 industry standards that have been promulgated.<sup>1</sup>

<sup>1</sup> Statistics from the awards received by the Company and its subsidiaries.

In the future, the Company's science and technology innovation should closely keep abreast of the trends of global leading science and technology and cross-border technology in relevant areas. The Company should closely integrate with the development trend of science and technology, national strategy and security as well as market and field demand, stress value creation and highlight the mutual synergy between the innovation chain and the industrial chain so as to achieve the target of "focusing on priorities, consolidating advantages, addressing inadequacies and shoring up points of weakness" in science and technology innovation. It will make plans for major research and development directions of different hierarchies and classifications to step up efforts to make breakthroughs in key and core technologies, strive to consolidate and maintain its existing technological advantages, cultivate and enhance its emerging technological capabilities, aiming to solve bottleneck technology problems as soon as possible and moving towards a technology-based and world-class enterprise in an all-out effort.

### **(III) New Achievements in Business Qualification**

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

The Company has obtained a total of 43 extra-grade qualifications, including 10 extra-grade qualifications for general contracting of port and waterway engineering construction, 29 extra-grade qualifications for general contracting of road project construction, 2 extra-grade qualifications for general contracting of architectural engineering construction and 2 extra-grade qualifications for general contracting of municipal utilities project construction. The Company now has obtained more than 740 qualifications for major engineering contracting and nearly 300 qualifications for engineering consulting, survey and design.

In 2021, the Company obtained a total of 16 grade A and extra-grade qualifications, including 1 extra-grade qualification for general contracting of municipal utilities project construction and 5 extra-grade qualifications for general contracting of road project construction. The acquisition of these 6 extra-grade qualifications will further improve the Group's core competitiveness in the municipal engineering industry, consolidate the leading position in the highway industry, provide a strong support to "big city" and "big transportation" businesses and accelerate the market development.

#### IV. BUSINESS OVERVIEW

In 2021, in the face of the complex and severe domestic situation and many risk challenges, the Company implemented the “three majors, two macros and two priorities” business strategy in depth, and achieved a stable but positive development trend. By intensively approaching key projects, important regions and major markets, the Company has returned to the No. 1 in the country in terms of the scale of highway projects, continuously improved the industrial chain and supply chain of urban construction, and enhanced its ability of industry-city integration. The Company’s position as the national team for “big transportation” construction and the main force in the development of “big city” was further strengthened, and its position as a leader in rivers, lakes and seas business continued to be consolidated.

In 2021, the value of new contracts of the Group amounted to RMB1,267,912 million, representing a year-on-year increase of 18.9%, which was mainly due to the increased investment and construction demand from comprehensive urban development, municipal engineering, building construction, roads and bridges, rail transit and other projects. As at 31 December 2021, the backlog of the Group amounted to RMB3,128,254 million.

In 2021, the Company calmly responded to the changes and the pandemic, both unseen in a century, and moved forward to adapt to and seek changes in an active manner, with the value of overseas new contracts increasing against the trend. The value of new contracts of all businesses from overseas markets of the Group amounted RMB215,978 million (equivalent to approximately USD31,299 million), representing a year-on-year increase of 5.4%, accounting for approximately 17% of the Group’s new contracts value. Wherein, 24 new projects were entered into with each contract value of over USD300 million and a total contract value of USD18,526 million, accounting for 59% of total value of all overseas new contracts of the Group. Statistics showed that as at 31 December 2021, the Group operated businesses in 139 countries and regions.

In addition, the total investment in infrastructure and other investment projects newly entered into was estimated to RMB400,196 million, of which RMB218,104 million was recognised in proportion to the Company’s shareholding, and the contract value of construction and installation contracts to be undertaken by the Company in the design and construction sector was estimated to RMB187,155 million.

## **(I) Business Review and Market Strategies**

### **1. Domestic Market**

In 2021, the whole country continued to consolidate and expand the achievements made in the epidemic prevention and control and the economic development, and China's economy sustained a steady recovery. Major indicators stayed within a reasonable range, the economic development witnessed the steady growth momentum consolidated and GDP recorded a year-on-year growth of 8.1%. Fixed asset investment in infrastructure recorded a year-on-year growth of 0.4%. Specifically, investment in water management increased by 1.3% year on year; investment in road transportation business decreased by 1.2% year on year; investment in public facility management decreased by 1.3% year on year; investment in railway transport business decreased by 1.8% year on year and investment in ecological protection and environmental improvement decreased by 2.6% year on year.

In 2021, to maintain necessary support to economic recovery, the country continued to implement proactive fiscal policies and prudent monetary policies and extended tax and fee cuts. However, due to the continued tightening control on real estate, the hidden debt problem of local governments and the pressure on PPI, the downward pressure on the economy has intensified, and the infrastructure development was not significant. In the second and fourth quarters, as the issuance of government special bonds was accelerated, and the Central Economic Work Conference proposed to appropriately implement in-advance infrastructure investment and to coordinate the convergence of macro policies for this year and next, sources of funding such as bonds and green credit are expected to provide incremental funding for infrastructure without significantly increasing leverage, and the expectation of stable infrastructure growth has increased.

In 2021, keeping in mind “what is of vital importance to the nation”, the Company deeply engaged in major regional strategies such as Beijing-Tianjin-Hebei region, the Yangtze River Delta, Guangdong, Hong Kong and Macao, and promoted a large number of major national strategic projects such as the Winter Olympics project, the Sichuan-Tibet Railway and the Shenzhen-Zhongshan Bridge with high quality, highlighting its role as the national team for the construction of a strong transportation country. Focusing on the “3060” dual-carbon target, the Company continued to build China's No. 1 brand in offshore wind power, actively participated in the integrated development and management of the Yangtze River Basin, the ecological protection and high-quality development of the Yellow River Basin, setting an exemplary example in major strategic areas such as the Marine Power and Beautiful China. The Company has been playing an active role in the areas of rural revitalisation and urban renewal for the well-being of the people by fully aligning with the needs of economic and social development as well as the people to successfully implement a number of key projects with strong representative and influential effects, such as the municipal pipe network construction, old town renovation, and living environment and

ecosystem upgrade. In addition, the Company promoted advanced technology to traditional industries and developed independently the largest domestic tunnel boring machine of 16.07 meters in diameter, the “Canal” (運河號), which was deployed successfully in the renovation of the East Sixth Ring Road Renovation Project in Beijing, leading the shield equipment manufacturing of China to a new high end and making great strides on the road of strengthening the country with science and technology.

## **2. Overseas Market**

In 2021, amid increasing changes and recurring pandemic both unseen in a century, the risk of stagnation in major global economies increased, China and the United States entered a new stage in the all-round strategic game, trade protectionism was on the rise, the competition in the international infrastructure market has become more intense, and the pressure on overseas expansion, compliant operation and supply chain stability continued to increase. However, as the countries and regions along the Belt and Road Initiative are the world’s longest spanning economic corridors, there is a constant and rigid demand for infrastructure construction, and “high standards, sustainability and benefit for people’s livelihood” has become the new direction and goal. Greater room for industrial, health, green and digital cooperation, and deepening multilateral and bilateral cooperation mechanisms provided new impetus for industry recovery and transformation. At the same time, global demand for infrastructure will be gradually released as the economy recovers, and the economic stimulus plans of many countries focusing on infrastructure investment have also provided new opportunities for development.

In 2021, the Company continued to consolidate the foundation of interconnection and cooperation and vigorously promoted the smooth implementation of major projects: China-Laos Railway, the flagship project of China-Laos cooperation for mutual benefit, was successfully completed; double-lane access of the Tunnel Project under River Karnaphuli in Bangladesh, the first overseas large diameter underwater shield tunnel project, was completed; and the deck closure of Peljesac Bridge, in Croatia, the largest infrastructure project for the promotion of tripartite cooperation between China and the European Union under the framework of “Belt and Road”, was successfully achieved. A large number of key projects have been implemented to actively help those countries to combat the epidemic, resume work and production, improve people’s livelihood and develop their economies, demonstrating China’s speed, China’s brand and China’s image, and demonstrating CCCC’s role in implementing national strategies and promoting the building of a human community with a shared future.

Under the dual impact of the ongoing global economic downturn and the spreading of COVID-19, the Company adjusted its business strategy in a timely manner to focus on key projects and large-scale projects, combine quality resources and professional strengths, accumulated commercial capability and risk management capacity, and concentrated on self-operated projects and projects in new business areas, achieving a steady increase in the value of new overseas contracts.

### **3. Business Summary**

#### **(1) Infrastructure Construction Business**

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

In 2021, the value of new infrastructure construction contracts entered into by the Group amounted to RMB1,125,368 million, representing a year-on-year increase of 18.3%. Wherein, the value of new contracts from overseas markets amounted to RMB209,359 million (equivalent to approximately USD30,340 million); the confirmed value of contracts from infrastructure and other investment projects amounted to RMB214,895 million, and the value of construction and installation contracts to be undertaken by the Group was estimated to be RMB178,417 million. As at 31 December 2021, the backlog amounted to RMB2,780,828 million.

Categorized by project type and location, the value of new contracts in terms of port construction, road and bridge construction, railway construction, urban construction and overseas projects amounted to RMB48,143 million, RMB310,877 million, RMB25,006 million, RMB531,983 million and RMB209,359 million, representing 4%, 28%, 2%, 47% and 19% 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 port terminals since the founding of the PRC. With compelling competitive edges, the Group encountered relatively limited substantive competitors.

In 2021, the value of new contracts of the Group for port construction projects in Mainland China amounted to RMB48,143 million, representing a year-on-year increase of 26.9%, and accounting for 4% of that of the infrastructure construction business. Wherein, the confirmed value of contracts from infrastructure and other investment projects amounted to RMB2,233 million.

Data published by the Ministry of Transport showed that fixed asset investment in coastal and inland water transport construction amounted to approximately RMB134,192 million from January to November 2021, representing a year-on-year increase of 13.9%. Investments focused on key coastal container ports, important unloading bases of crude energy materials, upgrading and reconstruction of automated terminals and construction of high-grade inland waterway network. Guided by the strategy of “prioritizing rivers, lakes and seas”, the Company worked on port upgrading and reconstruction and high-grade inland waterways, participated in the construction of national comprehensive transportation corridors, hubs and logistics networks, followed the country’s initiative to promote the expansion and upgrading of high-grade inland waterways, signed a number of projects including Container Berths in South Operation Area of Dalanping District, Qinzhou Port, Guangxi Province, Oil and Chemical Berths of North Breakwater, Dongying Port, Shandong Province and Integrated Passenger Hub of Xinhai Roll-on Roll-off Terminal, Haikou, Hainan Province, and further strengthened its advantages in the traditional water engineering field.

## 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 state-owned infrastructure enterprises.

In 2021, the value of new contracts of the Group for road and bridge construction projects in Mainland China reached RMB310,877 million, representing a year-on-year increase of 12.3%, and accounting for 28% of that of the infrastructure construction business. Wherein, the confirmed value of contracts from infrastructure and other investment projects amounted to RMB87,389 million.

Data published by the Ministry of Transport showed that fixed asset investment in road transport construction amounted to approximately RMB2,392,569 million from January to November 2021, representing a year-on-year increase of 6.0%. During the “Fourteenth Five-Year Plan” period, China will construct its expressways with a target of accelerating the construction of a country with strong transportation network and guided by developing modernized, high-quality, integrated and multi-dimensional transportation networks. China will continue to improve the structure and function of its road network and reasonably guide local expressways to develop in an orderly way, so as to enhance the quality of national expressway networks and develop a modern and integrated transportation system.

In 2021, the Company continued to intensify its efforts on spot exchange and investment projects. The Company seized the opportunities brought by the improvement of weak links in Western China, quality improvement and renovation in Northeast China and the construction of transportation corridors and hubs in Central China to strengthen smart operation and sustainable operation, actively contribute to the target of constructing a country with strong transportation network and continue to expand its leading advantage in big transportation. On the one hand, the Company regained the first place in the highway market through focusing on spot exchange projects, returning to its primary duty and main business and further consolidating the advantageous position in key businesses and key regions. The Company successively secured a number of quality spot exchange projects, including Qinghai-Gansu Boundary Section of Zhangye-Wenchuan National Highway, Phase II of Ring Expressway of Changchun Economic Circle and EPC for G5615 Tianbao-Houqiao Highway in Yunnan Province. In the meantime, the Company leveraged the advantage of full industrial chain in the field of transportation infrastructure investment to invest in BOT Project for Chongqing-Wuhan Highway Expansion, Tongliang-Anyue Highway and Chongqing-Luzhou Highway Expansion in Chongqing, and BOT Project of Quanzhou-Rongxian Highway (Pingle-Zhaoping Section) in Guangxi Province, so as to facilitate businesses to upgrade to high added-value segments.

### 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 gap still exists between the Company and two domestic traditional railway infrastructure enterprises in terms of market shares in China. However, as to the overseas market, the Company has successfully entered into the railway construction markets in Africa, Southeast Asia, etc., and several major railway projects have been completed or operated or are under construction by the Company, showing vital market influence.

In 2021, the value of new contracts of the Group for railway construction projects in Mainland China reached RMB25,006 million, representing a year-on-year increase of 61.8%, and accounting for 2% of that of the infrastructure construction business. Wherein, the confirmed value of contracts from infrastructure and other investment projects amounted to RMB389 million.

In 2021, the railway business focused on improving the construction of the “eight verticals and eight horizontals” high-speed railway network, actively promoting intercity railways, accelerating the development of urban railways, enhancing the road network layout, and implementing a number of major projects such as the Sichuan-Tibet Railway and high-speed railways along the Yangtze River, and projects that strength trunk line corridors and improve the coordination between stations and railway lines to fix weakness. The Company closely followed national layout and development direction and focused advantageous resources on key projects. The Company had won the bid in the Sichuan-Tibet Railway market for five times in a row with a total contract value of RMB20,000 million, and successfully secured the longest railway tunnel project in China, which had fully demonstrated CCCC’s strength in railways. The Company successfully accomplished its annual targets and built the reputation of “CCCC Railway” brand.

#### ④ Urban Construction

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

In 2021, the value of new contracts of the Group for urban construction projects in Mainland China reached RMB531,983 million, representing a year-on-year increase of 27.0%, and accounting for 47% of that of the infrastructure construction business. Wherein, the confirmed value of contracts from infrastructure and other investment projects was RMB124,884 million.

Categorised by project type, the value of new contracts for comprehensive urban development, building construction, municipal engineering, urban rail transit, environmental improvement and other projects accounted for 26%, 25%, 21%, 10%, 6% and 12%, respectively, of the value of new contracts for urban construction projects.

Under the backdrop of accelerating process of urbanization in China, the state and its people put forward higher and more requirements on urban construction. More efforts are put on urban renewal and projects related to the people’s livelihood and environmental protection. As both the Outline of the “Fourteenth Five-Year Plan” and the Report on the Work of the Government have clearly proposed the action of urban renewal and the establishment of urban renewal policy systems by local governments according to local conditions, demands for old town renovation, urban expressways, living environment and ecosystem upgrade gradually increase, which created more growth drivers for the industry.

In 2021, the Company catered to a new round of demands for district development and construction brought by the strategy of new type of urbanization, national land space planning and adjustment and urban renewal actions. The Company won the bid for a group of large-scale comprehensive urban development projects with a contract value of over RMB10,000 million each, including the “Capital of Design” in Haihe Liulin area in Tianjin, the Central Innovation District in Jinhua and Zhenan Science and Technology City in Wenzhou, which contributed to the increasing scale of operation. The Company focused on the needs and desire of the people and provided targeted services to meet the urgent needs of governments. The Company was contracted to construct the resettlement housing projects in Haikou, Shangrao, Luoyang and other cities, which helped to expand in the areas of people’s livelihood and housing construction. The Company developed in segments with high technology contents such as complex urban transportation, the upgrade and renovation of urban expressways and underground engineering. The Company implemented a series of municipal infrastructure projects in Dalian Changxingdao Fine Chemical Industrial Park, Ningde Lithium Electric Car Liwan Park, Xi’an Space Base Data Industrial Park and other parks to enhance regional services and provide important support for urban economic development. The rail transit business has covered 34 cities by capturing the opportunities of “four networks integration” of rail transit and the efficient connection of urban transportation, breakthroughs were made in the markets of Chongqing and Xiong’an for the first time, and continued operations were achieved in 9 cities, including Tianjin, Nanjing, Shenzhen and Harbin. The Company vigorously developed urban utilities such as urban water environment treatment and new energy. The Company implemented the Wastewater Treatment Project across Bazhou City and the Comprehensive Environmental Improvement Project in Yubei District, Chongqing, as well as a large number of quality offshore wind power projects, including Guangdong Yue Dong, Ningbo Xiangshan and Changle Offshore Wind Farms.

#### 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 roads and bridges, ports, railways, airports, subways, buildings, etc., with remarkable competitive edges in the market.

In 2021, the value of new contracts of the Group for overseas projects in the infrastructure construction business amounted to RMB209,359 million (equivalent to approximately USD30,340 million), representing a year-on-year increase of 3.8%, and accounting for 19% of that of the infrastructure construction business.

Categorised by project type, the value of contracts for ports, roads and bridges, railways, environmental protection and urban construction accounted for 10%, 31%, 8%, 14% and 37% of the value of new contracts for overseas projects, respectively.

Categorised by project location, the value of new infrastructure construction contracts for Africa, Southeast Asia, Oceania, Eastern Europe and Southeastern Europe and Hong Kong, Macau, Taiwan and other regions accounted for 23%, 30%, 16%, 14% and 17% of the value of new contracts for overseas projects, respectively.

The Company actively participated in large-scale multilateral and bilateral international activities led and promoted by government ministries, dovetailed mechanisms and platforms in relation to infrastructure, connectivity, financial cooperation, technical innovation in a practical way, and effectively integrated overseas market development into national strategies and the local social and economic development and improvement of people's livelihood in host countries. Intensified efforts were put on the innovative application of established domestic business models, financing models, and industry and finance integration models in overseas markets. The Company launched the Subic-Clark Railway Project in Philippines, laying a foundation for achieving the port-railway-air multimodal transportation in the core region of local economy. The contract for the Wastewater Treatment Project in Serbia had been signed, helping the implementation of "Serbia Vision 2025" and improving the modernization level of Serbia. The Company smoothly promoted Phase I of the International Financial Center Project in Colombo, Sri Lanka, leading the modernization process of developing Colombo into an international metropolis and contributing to the economic recovery and social development of Sri Lanka.

In 2021, the Company was committed to establishing an integrated development system through streamlining domestic and overseas management chains, and comprehensively promoting the system upgrade and mechanism rebuilding of organizational structure, project management and risk prevention and control to achieve integrated management. The Company strengthened its capacity of global resources allocation, carried out pilot separate operations and localization of overseas institutions and the demutualization of companies in different countries in an orderly way, and advanced overseas investments and acquisitions and mergers prudently. The Company speeded up the cultivation of international talents by actively encouraging the communication, job rotation and two-way exchange among talents at home and abroad, so as to accelerate the cultivation of a large group of compound talents who have global vision and good knowledge of international rules and are familiar with local operations, thus providing strong support for the international development of the Company. The Company has done well in the prevention and control of overseas risks, accelerated the improvement of overseas compliance systems, conducted comprehensive checks on overseas operation risks and implemented list management by levels and classification.

## (2) *Infrastructure Design Business*

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

As the largest port design enterprise in China, as well as the world's leading highway, bridge and tunnel design enterprise, the 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 into the market during the “Eleventh Five-Year Plan” period, and its operations mainly involve overseas railway projects and domestic rail transit projects.

In 2021, the value of new contracts of the Group in infrastructure design business reached RMB44,508 million, representing a year-on-year decrease of 6.8%. Wherein, the value of new contracts from overseas markets amounted to RMB1,562 million (equivalent to approximately USD226 million). The confirmed value of contracts from infrastructure and other investment projects was RMB1,636 million, and the value of construction and installation contracts to be undertaken by the Group was estimated to be RMB1,205 million. As at 31 December 2021, the backlog amounted to RMB152,473 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 RMB11,668 million, RMB982 million, RMB25,622 million and RMB6,236 million, representing 26%, 2%, 58% and 14% of the value of new contracts for infrastructure design business, respectively. For the corresponding period of prior year, the value of new contracts of the above items accounted for 30%, 2%, 59% and 9% of the value of new contracts for infrastructure design business, respectively.

In 2021, the Company continued to strengthen the role of ballast stone of traditional infrastructure design business and move forward with determination in the field of big transportation and big city; at the same time, it attached importance to the traction role of high-end planning and consulting in market development and drove the midstream and downstream industry chains through high-quality planning, consulting and design, so as to seize preemptive advantage over competitors and create markets with high-quality technical solutions. In terms of coastal water transportation business, the Company focused on port integration and upgrading, upgrading and renovation of old terminals, and successfully implemented core projects in traditional markets such as Shandong LNG Phase III Terminal Project and EPC Project in Xiasha Comprehensive Operation Area in Qiantang Port, Hangzhou. In terms of inland waterway shipping business, the Company seized strategic opportunities such as the New Western Land-Sea Corridor and the Beibu Gulf International Gateway Port, and won bids for projects such as the Second-line Ship Lock Project at Jinjitan Junction of the You River in Guangxi Province and the Feasibility Study for the Second-line Ship Lock Project at Longtoushan of the Gan River. In terms of road and bridge business, the Company gave full play to its absolute leading edge in highway design and implemented important projects such as the Ningbo section of the Hangzhou-Ningbo Expressway Parallel Line and the Reconstruction and Expansion of Guangzhou-Shenzhen section of the Beijing-Hong Kong-Macao Expressway. In terms of urban business, the Company continued to take root in the city, cultivate business in the city and operate at the city level, and promoted the implementation of several key national investment projects and key company-level projects, including EPC Project for Land Formation and Infrastructure Improvement for Zhoushan Jintang Characteristic Material Base and PPP Project for Mountain Ecology Restoration and Urban Green Improvement in Lixia District, Jinan, Shandong Province.

### *(3) Dredging Business*

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

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

In 2021, the value of new contracts of the Group in dredging business reached RMB87,301 million, representing a year-on-year increase of 48.4%. Wherein, the value of new contracts from overseas markets amounted to RMB4,321 million (equivalent to approximately USD626 million), the confirmed contract value from infrastructure and other investment projects amounted to RMB1,573 million, and the value of construction and installation contracts to be undertaken by the Group was estimated to be RMB7,533 million. As at 31 December 2021, the backlog amounted to RMB185,941 million.

In 2021, the Group continued to optimize its asset structure by eliminating some old and inefficient outdated vessels and putting into production a small number of green, intelligent and efficient advanced vessels. As at 31 December 2021, the Group's dredging capacity amounted to approximately 782 million cubic meters under standard operating conditions.

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

In 2021, the Company dug deep into the stock in coastal areas, consolidated the traditional main business market, guarded its market share and fought for every inch of it, and successfully won bids for key projects in the traditional business such as the Waterway Project of 50,000 DWT of Caofeidian Port in Tangshan, the Fanshi Channel and the Sanjiasha Lane at Nantong Port, thus establishing the Company's leading position in the dredging field. The Company seized the opportunity of the development of national ecological civilization construction needs, and actively put efforts in the large ecological and environmental protection and water resources incremental market, promoting the implementation of a number of target-oriented key projects with global drive, such as the Comprehensive Improvement Project of the Sub-Standard Water Body in Zhongshan City, the Starting Area of Conversion from Old Drivers to New Drivers in Jinan, and the “Beautiful Jiaozhou Bay” in Qingdao.

#### *(4) Other businesses*

In 2021, the value of new contracts of the Group in other businesses amounted to RMB10,735 million, representing a year-on-year increase of 14.8%. As at 31 December 2021, the backlog amounted to RMB9,012 million.

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

##### (1) *Infrastructure Construction Business*

###### **Port Construction**

<b>No.</b>	<b>Contract Name</b>	<b>Contract Value</b>
①	Utilities and Infrastructure Project at the Green Chemical and Hydrogen Energy Industrial Park, Binhai New Area, Maoming, Guangdong Province	2,233
②	No. 1-3 Berths at Sangangchi of Tongzhou Bay Port Area in Nantong Port, Jiangsu Province	1,686
③	2,000-ton Waterway Construction Project of Yuanshui River from Changde to Nianyukou in Hunan Province	1,258
④	No. 1 Berth in Chisha Operation Area of Qisha Port, Fangchenggang, Guangxi Province	1,220
⑤	Container Berths in South Operation Area of Dalanping District, Qinzhou Port, Guangxi Province	1,213

###### **Road and Bridge Construction**

<b>No.</b>	<b>Contract Name</b>	<b>Contract Value</b>
①	Project of Chongqing-Wuhan Highway Expansion, Tongliang-Anyue Highway and Chongqing-Luzhou Highway Expansion in Chongqing	21,686
②	Chengde (Lijiaying)-Pinggu (Hebei and Beijing Conjunction) Section Project of the Capital Region Ring Expressway (G95)	14,316
③	Project of Quanzhou-Rongxian Highway (Pingle-Zhaoping Section) in Guangxi Province	9,192
④	Project of Cross-Border Highway from South to North in Baise (North Ring Line of Baise) in Guangxi Province	7,548
⑤	Project of Xinmi-Xiangcheng Section of Jiaozuo-Pingdingshan Expressway in Henan Province	4,444

### **Railway Construction**

<b>No.</b>	<b>Contract Name</b>	<b>Contract Value</b>
①	Pre-Station Project of Middle Section within Ya'an-Linzhi Section of the New Sichuan-Tibet Railway	5,677
②	Pre-Station Project of Two Sections within Ya'an-Linzhi Section of the New Sichuan-Tibet Railway	4,732
③	Pre-Station Project of Ma'anshan Yangtze River Bridge for Highways and Railways and Connection Lines	3,638

### **Urban Construction**

<b>No.</b>	<b>Contract Name</b>	<b>Contract Value</b>
①	Comprehensive Development Project in Mengyang New Town in Pengzhou, Chengdu	42,396
②	Smart City of Pukou Development Zone, Nanjing	16,930
③	Comprehensive Development Project in Central Innovation Zone (South Area) in Jinhua, Zhejiang Province	16,770
④	Integrated Comprehensive Development Project in Core Area of Yunhe New City in Jining, Shandong Province	13,698
⑤	General Contracting Project of Phase I of Line 30 of Chengdu Rail Transit	12,931

### **Overseas Projects**

<b>No.</b>	<b>Contract Name</b>	<b>Contract Value</b>
①	Wastewater Treatment Project in Serbia	22,561
②	Preliminary Works of West Gate Tunnel in Melbourne	8,248
③	Subic-Clark Railway Project in Philippines	6,478
④	Comprehensive Urban Development Project in the Democratic Republic of the Congo	6,210
⑤	Bus Operation and Maintenance Project in Greater Sydney Region in Australia	4,963

(2) *Infrastructure Design Business*

<b>No.</b>	<b>Contract Name</b>	<b>Contract Value</b>
①	EPC Project for Land Formation and Infrastructure Improvement for Zhoushan Jintang Characteristic Material Base	1,966
②	Roundabout Tourism Highway Project in Hainan Province	1,731
③	Project for Mountain Ecology Restoration and Urban Green Improvement in Lixia District, Jinan, Shandong Province	1,226
④	Supporting Terminal EPC Project for Ethylene and Oil Refining Facility Renovation and Expansion Works, Hainan	1,224
⑤	EPC Project of First Section of Reconstruction Project for Yuhang Town-Wuchang Section of National Highway 235 in Hangzhou	1,095

(3) *Dredging Business*

<b>No.</b>	<b>Contract Name</b>	<b>Contract Value</b>
①	Berths 1 and 2 of Ore Terminal in Cheng'ao Operation Area, Sandu'ao Port Area, Ningde Port, Fujian Province	3,269
②	Section No.1 of Comprehensive Improvement of Substandard Waters in Zhongshan, Guangdong Province	3,158
③	Construction Contract for Dredging of Miaogong Reservoir in Chengde	2,990
④	Land Formation and Ground Improvement Project for Reclamation Project of Dadeng and Xiaodeng in Xiamen, Fujian Province	2,693
⑤	Land Reclamation EPC Works for Ethylene Project, Guangdong Province	1,706

## (II) Major Production and Operational Data

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

Business segment	October –		Accumulated in 2021		Accumulated	Year-on-year change (%)
	December 2021				in the corresponding period of 2020	
	Number	Value	Number	Value	Value	
<b>Infrastructure construction</b>						
<b>business</b>	755	234,561	2,678	1,125,368	950,883	18.35
Port construction	76	7,584	465	48,143	37,942	26.89
Road and bridge construction	168	65,296	673	310,877	276,907	12.27
Railway construction	17	11,720	26	25,006	15,455	61.80
Urban construction	422	61,179	1,270	531,983	418,912	26.99
Overseas projects	72	88,782	244	209,359	201,667	3.81
<b>Infrastructure design</b>						
<b>business</b>	1,021	8,308	4,700	44,508	47,730	-6.75
<b>Dredging business</b>	108	16,785	619	87,301	58,837	48.38
<b>Other businesses</b>	N/A	1,545	N/A	10,735	9,349	14.83
<b>Total</b>	<b>N/A</b>	<b>261,199</b>	<b>N/A</b>	<b>1,267,912</b>	<b>1,066,799</b>	<b>18.85</b>

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

<b>Region of projects</b>	<b>Number of projects</b>	<b>Total value</b>
Africa	81	47,337
Southeast Asia	57	62,427
Oceania	17	33,920
Eastern Europe and Southeastern Europe	10	28,536
Hong Kong, Macau, Taiwan and other regions	79	37,139
	244	209,359
<b>Total</b>	244	209,359

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

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

<b>Total number of projects</b>			N/A
<b>Total project value</b>			153,547
		<b>Number</b>	<b>Value</b>
Categorised by region	Domestic	N/A	143,060
	Overseas	N/A	10,487
Categorised by business type	Infrastructure construction business	834	133,183
	Infrastructure design business	1,520	8,658
	Dredging business	137	8,473
	Other businesses	N/A	3,233

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

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

<b>Total number of projects</b>	N/A
<b>Total project value</b>	4,449,581

		<b>Number</b>	<b>Value</b>
Categorised by region	Domestic	N/A	3,459,064
	Overseas	N/A	990,517
Categorised by business type	Infrastructure construction business	6,289	3,941,479
	Infrastructure design business	24,158	259,448
	Dredging business	2,457	241,192
	Other businesses	N/A	7,462

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

	<b>Contracted but not yet commenced</b>	<b>Under construction and not yet completed</b>
<b>Total number of projects</b>	N/A	N/A
<b>Total project value</b>	784,496	2,343,758

		<b>Number</b>	<b>Value</b>	<b>Number</b>	<b>Value</b>
Categorised by region	Domestic	N/A	481,063	N/A	1,781,073
	Overseas	N/A	303,433	N/A	562,685
Categorised by business type	Infrastructure construction business	1,195	689,840	4,420	2,090,988
	Infrastructure design business	439	28,949	17,266	123,524
	Dredging business	1,334	57,462	986	128,479
	Other businesses	N/A	8,245	N/A	767

## **5. *Infrastructure and Other Investment Projects***

In 2021, special local government bonds were issued as usual primarily for infrastructure construction purpose, the launch of publicly offered infrastructure REITs pilot programs was steadily promoted, and policy-oriented financial institutions increased their support for PPPs. All these policy-based advantages loosened restrictions on funds of governments and enterprises and revitalized existing assets. In addition, increased investment in project construction across fields of high-quality urbanization development, rural revitalization, addressing inadequacies, equalization of public services, and etc., created new drivers for the expansion of infrastructure investments.

The Company returned to the origin of value investment. On the premise of a full identification of risks, it actively adjusted its market development and business strategies in accordance with macro policies, shifted the focus of market development to major areas where gearing ratio of the local governments was low, fulfilled the requirements of focusing on principal businesses and on specialties, continued to optimize the allocation of investment resources, and promoted market development steadily. For instance, it advanced the second package of projects under the “13445 Project” of Henan Expressway, the Project of Quanzhou-Rongxian Highway (Pingle-Zhaoping Section) in Guangxi Province, etc., to consolidate the Company’s market position in the field of expressway; signed key projects of regional influence including Comprehensive Development Project for Mengyang New Town in Pengzhou, Chengdu and Comprehensive Development Project in Central Innovation Zone (South Area) in Jinhua, Zhejiang Province, to accelerate the development of large-scale projects out of big cities; and reaped several water environment treatment projects in key regions including Guangdong-Hong Kong-Macau Greater Bay Area, Beijing-Tianjin-Hebei region and Chengdu-Chongqing Economic Circle, to implement thoroughly the concept of green, low-carbon, recyclable and sustainable development.

In 2021, the Company strengthened top-level design and coordination to guide all kinds of resources to invest in key businesses and areas, and to prevent industrial, regional and model-related system risks; improved system construction through comprehensively reviewing and upgrading the existing systems and establishing a unified investment system covering the entire process; strengthened lifecycle management by emphasizing on project selection, strict pre-investment review, enhancing intra-investment management and control, proper risk defusion and severe accountability for negligence, in an effort to steadily improve project quality and business structure.

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

In 2021, the Company actively adjusted market development and operation strategies according to macro policies, followed the main direction of “controlling the total, improving the structure, managing the risk and improving the quality and efficiency”, and focused resources on key projects, important regions, major markets and short- and mid-cycle projects. The confirmed value of contracts from infrastructure and other investment projects was RMB218,104 million. The value of construction and installation contracts to be undertaken was estimated to be RMB187,155 million, among which, the confirmed values of contracts from BOT projects, government paid projects and urban comprehensive development projects were RMB56,432 million, RMB56,351 million and RMB105,321 million respectively, accounting for 26%, 26% and 48% of that from infrastructure and other 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 RMB658,269 million, wherein, the accumulative completed investment amounted to RMB324,196 million with cumulatively RMB76,039 million have been recovered.

The total investment value of contracts for urban comprehensive development projects entered into by the Group was estimated to be RMB441,718 million, among which, RMB109,538 million of investment amount had been completed cumulatively and RMB54,982 million had been received by the Group.

(3) *Concession Projects*

As at 31 December 2021, 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 RMB510,449 million, with the accumulative completed investment amounting to RMB223,639 million. 27 concession projects together with 19 share-participation projects had been put into operation, and the operating revenue and net loss in the first half was RMB7,765 million and RMB1,736 million, respectively.

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

No.	Project Name	Project Type	Total Investment Budget Estimate	Contract Value according to Shareholding Ratio of the Company	Expected Construction and Installation Contract Value	Operating Project or Not	Consolidated or Not	Construction Period (Year)	Toll Collection/ Operation Period (Year)
1	Comprehensive Development Project for Mengyang New Town in Pengzhou, Chengdu	Comprehensive urban development	47,107	42,396	24,831	No	Yes	16	20
2	Package of projects for Chongqing-Wuhan Highway Expansion, Tongliang-Anyue Highway and Chongqing-Luzhou Highway Expansion in Chongqing	BOT	27,108	21,686	19,034	Yes	Yes	4	29
3	Concession Project for Municipal Works and Supporting Facilities of Smart City in Nanjing Pukou Development Zone	Comprehensive urban development	16,930	16,930	7,619	Yes	Yes	9	4
4	Comprehensive Development Project in Central Innovation Zone (South Area) in Jinhua, Zhejiang Province	Comprehensive urban development	20,962	16,770	12,653	No	Yes	5	10
5	Chengde (Lijiyang)-Pinggu (Hebei and Beijing Conjunction) Section Project of the Capital Region Ring Expressway (G95)	BOT	14,608	14,316	11,202	Yes	Yes	4	25
6	Integrated Comprehensive Development Project in Core Area of Yunhe New City in Jining, Shandong Province	Comprehensive urban development	13,836	13,698	7,755	Yes	Yes	7	3
7	Project of Quanzhou-Rongxian Highway (Pingle-Zhaoping Section) in Guangxi Province	BOT	9,192	9,192	6,911	Yes	Yes	4	30
8	Project for comprehensive development of the core area of Haihe Liulin themed "City of Design" in Tianjin	PPP	12,500	8,125	7,767	Yes	Yes	5	5
9	Project of Cross-Border Highway from South to North in Baise (North Ring Line of Baise) in Guangxi Province	BOT	7,548	7,548	5,271	Yes	Yes	3	30
10	Comprehensive Development of Xiaoguan Smart Eco City in Yunyan District, Guiyang, Guizhou Province	Comprehensive urban development	5,495	5,440	2,852	No	Yes	5	6
11	Project of Xinmi-Xiangcheng Section of Jiaozuo-Pingdingshan Expressway in Henan Province	PPP	12,100	4,444	5,543	No	No	3	5
12	New Urbanisation Construction Project in Xuchang Urban-Rural Integration Demonstration Zone, Henan Province	Comprehensive urban development	4,567	3,882	2,778	No	Yes	4	10
13	Qinyang-Yichuan Expressway in Henan Province	PPP	13,100	3,740	4,502	No	No	4	5
14	Lushi-Luonan (Henan and Shaanxi Conjunction) Expressway in Henan Province	PPP	9,929	3,623	1,650	No	No	4	4
15	Air pollution rectification and comprehensive environmental treatment project on the North 2nd Ring Rd in Xincheng District, Hohhot, Inner Mongolia	Comprehensive urban development	3,798	3,607	1,914	Yes	Yes	5	0
	Others		181,416	42,707	64,873	-	-	-	-
	Total		<u>400,196</u>	<u>218,104</u>	<u>187,155</u>	-	-	-	-

② Concession Projects under Development<sup>1</sup> (RMB million)

No.	Project Name	Total Investment Budget Estimate	Contract Value according to Shareholding Ratio	Investment Amount in the Period	Accumulated Investment Value
1	Highways including Taihangshan Highway in Hebei Province	47,000	14,570	-	Share participation
2	Chengde (Lijiaying)-Pinggu (Hebei and Beijing Conjunction) Section Project of the Capital Region Ring Expressway (G95)	14,608	14,316	1,414	1,414
3	Phnom Penh-Port of Sihanoukville Expressway in Cambodia	13,643	13,643	3,901	8,104
4	Highways including Urumchi-Yuli Highway in Xinjiang	70,841	10,616	-	Share participation
5	Project of Guiyang-Jinsha-Gulin (between Guizhou and Sichuan) Highway in Guizhou Province	32,493	9,999	-	Share participation
6	Project of Chongqing-Hunan Parallel Line (City Center to Youyang Section) and Wulong-Daozhen (Chongqing Section) Highway in Chongqing	64,577	9,687	-	Share participation
7	Project of Dejiang-Yuqing Highway in Guizhou Province	14,902	9,388	5,781	5,908
8	Project of Quanzhou-Rongxian Highway (Pingle- Zhaoping Section) in Guangxi Province	9,192	9,192	30	30
9	Project of Chongqing-Wuhan Highway Expansion in Chongqing	11,350	9,080	1,782	1,987
10	Guiyang-Huangping Expressway in Guizhou Province	21,974	8,570	-	Share participation
11	Jianglu North Line Expressway in Chongqing	10,622	8,498	2,322	2,684
12	Phase I of Project of Urumchi Rail Transit Line 4	16,249	8,287	-	Share participation

<sup>1</sup> The breakdown of concession projects under development does not include the concession projects acquired overseas.

No.	Project Name	Total Investment Budget Estimate	Contract Value according to Shareholding Ratio	Investment Amount in the Period	Accumulated Investment Value
13	Project of Cross-Border Highway from South to North in Baise (North Ring Line of Baise) in Guangxi Province	7,548	7,548	10	10
14	Tong'an Expressway in Chongqing	7,559	6,047	1,492	1,681
15	G575 Expressway in Xinjiang	6,017	6,017	1,157	3,012
16	Project of Zhanhua-Linzi Expressway in Shandong Province	19,561	5,868	-	Share participation
17	Hechang Section of Sanhuan Expressway in Chongqing	10,077	5,139	-	Share participation
18	BOT Project of Expressway in Nairobi, Kenya	4,658	4,658	2,180	2,605
19	Hefei-Zongyang Section of G3W Dezhou-Shangrao Expressway in Anhui Province	9,228	4,522	-	Share participation
20	Project of Expressway from Pubei to Beiliu in Yulin, Guangxi Province	14,426	4,328	-	Share participation
21	South Section of Ring Expressway in Wanzhou, Chongqing	4,151	4,151	849	2,262
22	Project of Phase I of Expressway from Lingtai to Huating of Line S28 in Gansu Province	10,124	4,050	-	Share participation
23	Jiangyu Expressway in Guizhou Province	11,019	3,824	-	Share participation
24	Project of Mengxi Industrial Park-Sanbei Yangchang Railway in Ordos, Inner Mongolia	5,639	3,383	-	Share participation
25	Project of Naomao Lake-Jiangjun Temple Railway in Xinjiang	9,698	3,313	-	Share participation
26	Shanbei Project of transportation infrastructure facilities in Hami City, Xinjiang	3,346	3,279	1,646	1,810
	Others	<u>147,087</u>	<u>35,299</u>	<u>3,090</u>	<u>6,970</u>
	Total	<u><u>597,589</u></u>	<u><u>227,272</u></u>	<u><u>25,654</u></u>	<u><u>38,477</u></u>

③ Concession Projects in Operation Period (RMB million)

No.	Project Name	Accumulated Investment Value	Operating Revenue During the Period	Toll Collection Rights Period (Year)	Completed Toll Collection Rights Period (Year)
1	New Songming-Kunming Expressway, Xuanwei-Qujing Expressway, and Mengzi-Wenshan-Yanshan Expressway in Yunnan Province	27,346	1,355	30	4.0
2	Daozhen-Weng'an Expressway in Guizhou Province	26,498	863	30	6.0
3	Jiangkou-Weng'an Expressway in Guizhou Province	14,257	778	30	6.0
4	Shiqian-Yuping (Dalong) Expressway in Guizhou Province	10,591	8	30	0.3
5	Guiyang-Qianxi Expressway in Guizhou Province	9,205	477	30	5.0
6	Hubei Jiatong Section Project of Wuhan-Shenzhen Expressway in Hubei Province	8,847	506	30	5.3
7	Zhongxian-Wanzhou Expressway in Chongqing	7,979	101	30	5.0
8	Yanhe-Dejiang Expressway in Guizhou Province	7,524	126	30	6.0
9	Guiyang-Duyun Expressway in Guizhou Province	7,445	619	30	10.8
10	Tongzhou-Daxing Section Project of the Capital Region Ring Expressway	6,175	337	25	3.5
11	Yongchuan-Jiangjin Expressway in Chongqing	6,000	83	30	7.0
12	Fengdu-Fuling Expressway in Chongqing	5,974	244	30	8.0
13	Fengdu-Shizhu Expressway in Chongqing	5,577	121	30	8.0
14	Foshan-Guangming Expressway in Guangdong Province	5,323	633	25	12.5
15	Quanzhou Section of Quanzhou-Xiamen-Zhangzhou City Alliance Expressway in Fujian Province	4,989	80	24	1.0
16	Zhuankou Yangtze River Bridge Project in Wuhan, Hubei Province	4,789	187	30	4.0
17	South-North Highway in Jamaica	4,622	204	50	6.0
18	Xianning-Tongshan Expressway in Hubei Province	3,116	148	30	8.0
19	Qingxi Bridge and Connecting Line in Guangdong Province	2,935	284	25	3.3
20	Jiayu North Section of Wuhan-Shenzhen Expressway in Hubei Province	2,710	223	30	3.0

No.	Project Name	Accumulated Investment Value	Operating Revenue During the Period	Toll Collection Rights Period (Year)	Completed Toll Collection Rights Period (Year)
21	Project of Wenshan-Maguan Expressway in Yunnan Province	2,699	46	30	1.2
22	Tongliang-Hechuan Expressway in Chongqing	2,418	48	30	7.0
23	Yicheng-Houma Expressway in Shanxi Province	2,413	191	30	14.0
24	Malong Connecting Line of Xuanwei-Qujing Expressway in Yunnan Province	1,874	32	30	4.0
25	Project of West Tianjin Section of Tianjin-Shijiazhuang Expressway	1,277	43	25	1.1
26	Project of Cultural Center in Xiaogan, Hubei Province	1,560	–	15	2.0
27	Yumenkou Yellow River Bridge of National Highway 108	1,019	28	28	1.5
28	Guigang-Long'an Highway in Guangxi Province	Share participation	–	30	3.5
29	Yulin-Zhanjiang Expressway in Guangdong Province	Share participation	–	25	1.0
30	Jiulongpo-Yongchuan Highway in Chongqing	Share participation	–	30	3.5
31	Qingshuihe-Dafanpu Section of National Highway G109 in Inner Mongolia Autonomous Region	Share participation	–	26	13.0
32	Fengdu-Zhongxian Expressway in Chongqing	Share participation	–	30	5.0
33	Youyang-Yanhe Expressway in Chongqing	Share participation	–	30	5.5
34	Wangjiang-Qianjiang Expressway in Anhui Province	Share participation	–	25	6.0
35	Tongliang-Yongchuan Expressway in Chongqing	Share participation	–	30	6.7
36	Chongqing Wanzhou-Sichuan Dazhou, Wanzhou-Hubei Lichuan Expressways	Share participation	–	30	7.0
37	Yulin-Jiaxian Expressway in Shaanxi Province	Share participation	–	30	8.0
38	Guiyang-Weng'an Expressway in Guizhou Province	Share participation	–	30	6.0

No.	Project Name	Accumulated Investment Value	Operating Revenue During the Period	Toll Collection Rights Period (Year)	Completed Toll Collection Rights Period (Year)
39	Tongcheng-Jieshang Expressway in Hubei Province	Share participation	-	30	7.3
40	Kaiping-Yangchun Expressway in Guangdong Province	Share participation	-	25	1.0
41	Jianhe-Rongjiang Section of Yanhe-Rongjiang Expressway in Guizhou Province	Share participation	-	30	1.3
42	Libo-Rongjiang Expressway in Guizhou Province	Share participation	-	30	3.0
43	Yulin-Zhanjiang Expressway in Guangxi Province	Share participation	-	30	1.5
44	Tongren-Huaihua Expressway in Guizhou Province (Tongren section)	Share participation	-	30	2.5
45	Weng'an-Machangping Railway Project in Guizhou	Share participation	-	30	0.6
46	Relocation Project of National Highway 107 Guandu Yellow River Bridge	Share participation	-	30	0.5
	Total	<u>185,162</u>	<u>7,765</u>		

*Note:* In 2016, the Company activated assets of four expressways including Chongqing Fengdu-Fuling, Fengdu-Shizhu, Tongliang-Hechuan and Foshan-Guangming through Beijing CCCC Merchant Bank Road & Bridge Fund Partnership LLP (北京中交招銀路橋基金合夥企業 (有限合夥)), and engaged in equity transaction in China Beijing Equity Exchange. In 2021, as agreed among the relevant parties, the Company acquired 85% equity interests in the four expressways through asset acquisition at a consideration of RMB2,827 million. Upon completion of the acquisition, the Company held 100% equity interests in the project companies of the four expressways.

The difference between the accumulated investment value of certain projects and that for the previous period was mainly due to the adjustment on the pricing of sub-contractors.

### **(III) BUSINESS PLAN AND PROSPECT**

In 2021, according to statistics, the value of new contracts of the Group reached RMB1,267,912 million, indicating 108% of the annual target has been realized and meeting expectations. The revenue amounted to RMB682,599 million, indicating 99% of annual target has been realized and meeting expectations.

The Group plans to achieve a year-on-year growth rate of not less than 11.8% in the value of new contracts for the year of 2022, and the planned year-on-year growth rate of revenue is not less than 6.0%.

From a domestic perspective, China's economic is facing triple pressures of shrinking demand, supply shocks, and weakening expectations. However, the favorable long-term fundamentals of China's economy remain unchanged given its strong resilience. Since the fourth quarter of last year, a series of policies to stabilize the macro-economy have been successively launched. In particular, the investment in infrastructure construction will continue to grow as the meeting of the Communist Party of China Central Committee Political Bureau set the tone for "stabilizing growth", combined with the keynote of the Central Economic Working Conference and the Report of Work of the Government for moderately advancing infrastructure investment, reinforcing cross-period and counter-period regulation and intensifying the implementation of prudent monetary policy to provide stronger support for the real economy.

From an overseas perspective, the global epidemic is still developing. There is insufficient drive for recovery of global economy. The price of bulk commodities fluctuated in high level amid a complicated and changing external situation. However, the demand for infrastructure construction in overseas developing countries continued to grow with a huge demand for roads, railways, ports and airports.

In 2022, the Company will hold high the banner of “big transportation” of the main business with traditional advantages, emerge as a standard enterprise focusing on “big city”, and become a leader of international development. It seeks to expand international influence by further expanding domestic and foreign markets and adjusting the business layout.

Firstly, the Company will strengthen and upgrade its big transportation business. The Company will firmly withhold its position as the main force and leader of national transportation infrastructure industry by focusing on construction and its principal business. The port and waterway business will be enhanced by virtue of the construction of high-capacity port hubs, high-level waterways and intelligent water transport. In terms of road business, the Company will emphasize on the reconstruction and expansion of the integrated transportation corridors, the comprehensive three-dimensional transportation network, the urban cluster liaison routes and highway projects, and offer operation, maintenance and repair from the major road networks to lower-grade national and provincial roads, border roads. In terms of the railway and rail transit business, thanks to opportunities presented by the improvement of the major high-speed rail networks, the connectivity of railways in the central and western regions, as well as the construction of rail transit in mega and extra cities and express rail transportation networks in metropolis, the Company will spare no efforts to explore new markets and enhance its presence in existing markets. In order to achieve full industry coverage and eradicate defects in our business, the Company will pay attention to strategic projects such as the New Western Land-Sea Corridor, main channels in Central and Western China, the expansion project of the eastern corridor with heavy traffic, speed up the implementation of major projects such as the new Dalian Airport, the Jiangsu-Zhanggao Cross-river Channel Project, the Shenzhen Bao’an International Airport Expressway, the Xining-Chaka Railway, the Guangzhou Intercity Railway and the Qingdao Subway, thus maintain its leading position in the industry and the unique CCCC mode in the long run.

Secondly, the Company will upgrade capability for the big city business. By entering the urban market with greater efforts, strengthening its cash flow, expanding the incremental markets and building its brand, the Company is committed to increasing market participation and forging core technologies and core teams, so as to seek greater development. The Company will implement projects at different phases under the guidance of preliminary planning, stress city upgrading and integration of industry and city, focus on old community renovation, urban renewal, affordable house, public services, environmental improvement, urban-rural integration and other livelihood projects. By concentrating on new fields such as green construction, smart construction, and prefabricated construction under the dual-carbon target, accelerating the development of high-quality urban integrated development projects in core cities and central cities, the Company is committed to building the brands of “CCCC Municipal”, “CCCC Construction” and “CCCC Pipeline” to promote its brands.

Thirdly, the Company will attach importance to cultivation of strengths in rivers, lakes and seas business. With the in-depth implementation of Beautiful China, Village Revitalization, Yangtze River Protection, Yellow River Basin Ecological Protection and High-Quality Development, and “3060” Double Carbon Action, the Company will actively explore the direction of the integration of port, industry and city, construction of port and waterway and environmental management, and construction of canal economic belts by assuring the fundamental market demand of water conservancy and ecological environment protection. The Company will pay close attention to the core business of CCCC, such as the main part of Ningbo Zhoushan Base, the northern area of Yangshan and the port, industry and city of Nantong Tongzhou Bay, and propel the construction of the second phase of the East Line of the national South-to-North Water Diversion Project, other important urban water resources allocation and conservancy projects such as Jinning Yellow River Diversion Project as well as the implementation of ecological treatment projects such as ecological mangrove road, reservoir dredging and lake treatment. The Company will seize the opportunity from offshore wind power construction to expand upstream and downstream of the industry chain, so as to further enhance the market space and development capability.

Fourthly, the Company will give priority to the development of overseas business. Following the latest development of the international political situation and the general trend of the international infrastructure construction market, the Company will seize the opportunities along with the “Belt and Road”, Guangdong-Hong Kong-Macau Greater Bay Area, the construction of the Northern Metropolis of Hong Kong and the Regional Comprehensive Economic Partnership. The Company will continue to deepen overseas market presence, enhance global resource allocation capability, optimize overseas business structure, and strengthen overseas investment and acquisition business.

## V. TECHNOLOGY INNOVATION

In performing its primary duty and conducting its main business, the Company attached great importance to the key and core technologies as well as bottleneck problems and followed the guidance of pilot project to build national strength in transportation and the national strategy for promoting new urbanization so as to achieve the goal of self-development, safe development and core competitiveness enhancement while increasing the coordination and integration of technology and digitalization, with an aim to build itself into a technology-based and world-class enterprise.

In 2021, the Company's research and development cost was RMB22,821 million, accounting for 3.3% of the operating income, representing an increase of 0.1 percentage point from last year. During the year, under the guidance of scientific and technological innovation and digital development and the fundamental driving force of reform and innovation, the Company fully promoted the innovation of science and technology and the development of digitalization, completed the preparation of technology and digital development plan with high quality under the "Fourteenth Five-Year Plan", and explicitly defined the development goals, major directions and main tasks for the Company's technological innovation. The Company deepened reform of the scientific and technological system, intensified efforts on the assessment of innovation achievements, and enhanced the potential of scientific and technological innovation with the impetus from incentive mechanism, thus delivered positive research and development achievements:

Lin Ming (林鳴), the Company's chief scientist, was elected as an academician of Chinese Academy of Engineering and an expert in construction technology and engineering management in the bridge and tunnel. He successfully applied for six original technologies regarding long bridge and tunnel, expressway in high-cold permafrost regions and offshore islands. Two national engineering research centers were newly added to the national science and technology innovation bases. The independently developed OSIS calculation and analysis software for bridge and tunnel made a major breakthrough to overcome the technology bottleneck in the core engineering design software. The launch of independent researched and developed automated terminal TOS system achieved one-stop service covering terminal independent planning, automatic operation and intelligent management with full lifecycle. The official promulgation of three highway engineering industry BIM standards has filled the gap left in the industry. The largest-diameter 16.07m mud-water balance shield machine "The Canal" that was independently researched and developed, designed, manufactured has successfully launched, embarking on a new journey to support the development of China's shield equipment.

In 2021, the Company was awarded with 1 second-class prize of the National Science and Technology Advancement Award, 1 second-class prize of the National Technology Invention Award, 8 Luban Awards, 38 National Quality Project Awards (including 9 golden awards), 12 Zhan Tianyou Awards, 5 Chinese Outstanding Patent Awards and 290 provincial and ministerial technology awards. The Company has participated in the compilation of 12 national standards, 42 industry standards and 32 local standards that have been promulgated, engaged in the translation and compilation of 2 industry standards and promulgated 5 enterprise technological standards. The Company has been awarded with 6,838 patents, 497 software copyrights and 136 provincial and ministerial construction methods.

Over the years, the Company has been accumulatively awarded with 40 National Science and Technology Advancement Awards, 5 National Technological Invention Awards, 108 Luban Awards, 333 National Quality Project Awards (including 40 golden awards), 105 Zhan Tianyou Awards, 2 Chinese Golden Patent Awards and 29 Chinese Outstanding Patent Awards. The Company has accumulatively participated in the compilation of 123 national standards and 448 industry standards that have been promulgated, and has a total of 20,566 authorized patents.<sup>3</sup>

In the future, the Company's science and technology innovation should closely keep abreast of the trends of global leading science and technology and cross-border technology in relevant areas. The Company should closely integrate with the development trend of science and technology, bear the national strategy & security as well as market and field demand in mind, stress value creation and highlight the mutual synergy between the innovation chain and the industrial chain so as to achieve the target of "focusing on priorities, consolidating advantages, addressing inadequacies and shoring up points of weakness" in science and technology innovation. It will make plan for major research and development directions of different hierarchies and classifications to step up efforts to make breakthroughs in key and core technologies, strive to consolidate and maintain its existing technological advantages, cultivate and enhance its emerging technological capabilities, aiming to solve bottleneck technology problems as soon as possible and moving towards a technology-based and world-class enterprise in an all-out effort.

<sup>3</sup> Statistic from the awards received by the Company and its subsidiaries.

## **VI. FINANCIAL INNOVATION**

In 2021, the Company insisted on optimizing capital, carried out diversified innovative businesses and continuously optimized asset structure to strongly support the development of the main business.

The first was to actively explore equity financing channels, coordinate subsidiaries at all levels to introduce external investors for capital contribution with a total scale of RMB12,300 million, enhance the Company's capital strength, reduce leverage and liabilities, and improve the governance structure of subject enterprise, thus enhance its risk resistance capability and confidence in investment.

The second was to vigorously grasp the capital cost window on the market, innovate various types of asset-backed securitization business models, and carry out different types of financial businesses, such as off-balance-sheet quasi-REITs and long-term accounts receivable ABS of PPP projects. The Company completed their first order in respective markets, and made good use of the existing infrastructure assets at lower costs.

The third was to actively expand diversified fund business and accelerate the layout of fund business. It established CCCC's first actively managed PE fund, and simultaneously promoted the establishment of various types of funds to facilitate the development of infrastructure industries and the transformation and upgrading of emerging industries.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Overview

For the year 2021, revenue of the Group increased by 9.3% to RMB682,599 million, among which revenue from external customers attributed to the regions other than PRC amounted to RMB94,375 million, representing 13.8% of the total revenue. Infrastructure construction business, infrastructure design business, dredging business and other businesses accounted for 85.3%, 6.7%, 6.0% and 2.0% of the total revenue in 2021 (all before elimination of inter-segment transactions), respectively.

Gross profit in 2021 amounted to RMB84,503 million, representing an increase of 5.6% from RMB80,036 million in 2020. Gross profit from infrastructure construction business, infrastructure design business and other businesses increased by 4.3%, 18.1%, and 3.7%, while dredging business decreased by 1.5%, respectively from 2020. Gross profit margin for infrastructure construction business, infrastructure design business, dredging business and other businesses in 2021 were 11.3%, 17.8%, 13.6% and 7.2%, respectively, as compared with 11.7%, 18.0%, 15.4% and 8.9% in 2020.

Mainly as a result of the growth in gross profit, operating profit in 2021 amounted to RMB34,539 million, representing an increase of 0.4%, from RMB34,405 million in 2020. Operating profit from infrastructure construction business and dredging business decreased by 4.8% and 9.4%, respectively from 2020, while operating profit from infrastructure design business and other businesses increased by 24.0% and 24.5% from 2020.

For the year 2021, profit attributable to owners of the parent amounted to RMB18,348 million, representing an increase of 11.4%, compared with RMB16,475 million in 2020. For the year 2021, earnings per share of the Group were RMB1.04, compared with RMB0.92 in 2020.

The following is a comparison of financial results between the years ended 31 December 2021 and 2020.

## **Consolidated Results of Operations**

### ***Revenue***

Revenue in 2021 increased by 9.3% to RMB682,599 million from RMB624,495 million in 2020. Revenue from infrastructure construction business, infrastructure design business, dredging business and other businesses amounted to RMB608,407 million, RMB47,595 million, RMB42,973 million and RMB14,601 million (all before elimination of inter-segment transactions and unallocated cost), respectively representing a year-on-year increase of 8.5%, 19.0%, 11.9% and 28.0%. Revenue from external customers attributed to the regions other than PRC amounted to RMB94,375 million, representing 13.8% of total revenue.

### ***Cost of Sales and Gross Profit***

Cost of sales in 2021 amounted to RMB598,096 million, representing an increase of 9.9%, from RMB544,459 million in 2020. Cost of sales from infrastructure construction business, infrastructure design business, dredging business and other businesses amounted to RMB539,722 million, RMB39,107 million, RMB37,148 million and RMB13,546 million (all before elimination of inter-segment transactions) respectively, representing an increase of 9.0%, 19.2%, 14.3% and 30.4% from 2020.

Cost of sales consisted mainly of subcontracting costs, cost of raw materials and consumables used and employee benefit expenses. For the year 2021, subcontracting costs, cost of raw materials and consumables used and employee benefit expenses increased by 13.4%, 15.4%, and 4.6%.

As a result of the increase in both revenue and cost of sales, gross profit in 2021 amounted to RMB84,503 million, representing an increase of 5.6% from RMB80,036 million in 2020. Gross profit from infrastructure construction business, infrastructure design business and other businesses increased by 4.3%, 18.1% and 3.7%, while dredging business decreased by 1.5% respectively, from the corresponding period of 2020. Gross profit margin decreased to 12.4% in 2021 from 12.8% in 2020. Gross profit margin for the infrastructure construction business, infrastructure design business, dredging business and other businesses were 11.3%, 17.8%, 13.6% and 7.2% respectively, as compared with 11.7%, 18.0%, 15.4% and 8.9% in the corresponding period of 2020.

### ***Administrative Expenses***

Administrative expenses in 2021 amounted to RMB42,835 million, representing an increase of 5.6% from RMB40,580 million in 2020. This growth was primarily attributable to the increase in research and development costs.

### ***Operating Profit***

Operating profit in 2021 amounted to RMB34,539 million, representing an increase of 0.4% from RMB34,405 million in 2020. The increase was mainly due to the increase in gross profit.

For the year 2021, operating profit from infrastructure construction business and dredging business decreased by 4.8% and 9.4% (all before elimination of inter-segment transactions and unallocated cost), respectively from 2020; operating profit from infrastructure design businesses and other businesses increased by 24.0% and 24.5% (before elimination of inter-segment transactions and unallocated cost) from 2020. Operating profit margin decreased to 5.1% in 2021 from 5.5% in 2020.

### ***Finance Income***

Finance income in 2021 amounted to RMB14,608 million, representing an increase of 41.8% from RMB10,305 million in 2020. Finance costs in 2021 amounted to RMB19,539 million, representing an increase of 14.0% from RMB17,140 million in 2020, mainly due to increased interest income from PPP projects.

### ***Finance Costs, net***

Net finance costs in 2021 amounted to RMB4,931 million, representing a decrease of 27.9% from RMB6,835 million in 2020. The decrease was mainly due to the increase of interest income.

### ***Share of Loss of Joint Ventures***

Share of loss of joint ventures in 2021 amounted to RMB614 million, as compared with a loss of RMB786 million in 2020.

### ***Share of Profit of Associates***

Share of profit of associates in 2021 amounted to RMB790 million, as compared with a profit of RMB173 million in 2020. The increase was mainly due to the increased profit from some projects.

### ***Profit before Income Tax***

Profit before income tax in 2021 amounted to RMB29,784 million, representing an increase of 10.5% from RMB26,957 million in 2020.

### ***Income Tax Expense***

Income tax expense in 2021 amounted to RMB5,926 million, representing a decrease of 19.1% from RMB7,328 million in 2020. Effective tax rate for the Group in 2021 decreased to 19.9% from 27.2% in 2020, mainly due to the decrease in losses on concession projects with deferred income tax assets unrecognized and the decrease in share of losses from joint ventures and associates.

### ***Profit Attributable to Non-Controlling Interests***

Profit attributable to non-controlling interests in 2021 amounted to RMB5,510 million compared to RMB3,154 million in 2020. The increase was mainly due to the increasing interest from perpetual securities.

### ***Profit Attributable to Owners of the Parent***

Profit attributable to owners of the parent in 2021 amounted to RMB18,348 million, representing an increase of 11.4% from RMB16,475 million in 2020. The increase was mainly due to the increased profit for the year.

Profit margin with respect to profit attributable to owners of the parent increased to 2.7% in 2021 from 2.6% in 2020.

## 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 2021 and 2020.

Business	Revenue		Gross Profit		Gross Profit Margin		Operating Profit <sup>(1)</sup>		Operating Profit Margin	
	Year ended		Year ended		Year ended		Year ended		Year ended	
	31 December		31 December		31 December		31 December		31 December	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	(RMB	(RMB	(RMB	(RMB			(RMB	(RMB		
	million)	million)	million)	million)	(%)	(%)	million)	million)	(%)	(%)
Infrastructure Construction	608,407	560,987	68,685	65,823	11.3	11.7	27,635	29,030	4.5	5.2
% of total	85.3	86.2	81.7	82.3	-	-	81.4	83.8	-	-
Infrastructure Design	47,595	40,005	8,488	7,188	17.8	18.0	4,258	3,433	8.9	8.6
% of total	6.7	6.1	10.1	9.0	-	-	12.5	9.9	-	-
Dredging	42,973	38,414	5,825	5,913	13.6	15.4	1,758	1,940	4.1	5.1
% of total	6.0	5.9	6.9	7.4	-	-	5.2	5.6	-	-
Other businesses	14,601	11,407	1,055	1,017	7.2	8.9	320	257	2.2	2.3
% of total	2.0	1.8	1.3	1.3	-	-	0.9	0.7	-	-
Subtotal	<u>713,576</u>	<u>650,813</u>	<u>84,053</u>	<u>79,941</u>	<u>-</u>	<u>-</u>	<u>33,971</u>	<u>34,660</u>	<u>-</u>	<u>-</u>
Intersegment elimination and unallocated profit/(costs)	<u>30,977</u>	<u>(26,318)</u>	<u>450</u>	<u>95</u>	<u>11.8</u>	<u>-</u>	<u>60</u>	<u>175</u>	<u>4.8</u>	<u>-</u>
							<u>508</u>	<u>(430)</u>		
Total	<u>682,599</u>	<u>624,495</u>	<u>84,503</u>	<u>80,036</u>	<u>12.4</u>	<u>12.8</u>	<u>34,539</u>	<u>34,405</u>	<u>5.1</u>	<u>5.5</u>

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

## ***Infrastructure Construction Business***

The financial information for the infrastructure construction business presented in this section is before elimination of inter-segment transactions and unallocated costs. The following table sets out the principal profit and loss information for the infrastructure construction business for the years ended 31 December 2021 and 2020.

	<b>2021</b>	2020
	<b>(RMB million)</b>	(RMB million)
Revenue	<b>608,407</b>	560,987
Cost of sales	<u><b>(539,722)</b></u>	<u>(495,164)</u>
Gross profit	<b>68,685</b>	65,823
Selling and marketing expenses	<b>(609)</b>	(458)
Administrative expenses	<b>(35,158)</b>	(32,536)
Impairment losses on financial and contract assets	<b>(5,633)</b>	(4,095)
Other income/(expense), net and Other gain/(loss), net	<u><b>350</b></u>	<u>296</u>
Segment result	<u><b>27,635</b></u>	<u>29,030</u>
Depreciation and amortization	<u><b>10,031</b></u>	<u>10,277</u>

**Revenue.** Revenue from the infrastructure construction business in 2021 was RMB608,407 million, representing an increase of 8.5% from RMB560,987 million in 2020. The increase was mainly due to the increase in revenue generated from domestic construction projects.

**Cost of sales and gross profit.** Cost of sales for the infrastructure construction business in 2021 was RMB539,722 million, representing an increase of 9.0% from RMB495,164 million in 2020. Cost of sales as a percentage of revenue slightly increased to 88.7% in 2021 from 88.3% in 2020.

Gross profit from the infrastructure construction business in 2021 increased by 4.3% to RMB68,685 million from RMB65,823 million in 2020. Gross profit margin decreased to 11.3% in 2021 from 11.7% in 2020, primarily due to increased proportion of revenue generated from housing construction projects with lower gross profit margin and the increase in cost of raw materials.

**Selling and marketing expenses.** Selling and marketing expenses for the infrastructure construction business in 2021 were RMB609 million, as compared with RMB458 million in 2020.

**Administrative expenses.** Administrative expenses for the infrastructure construction business were RMB35,158 million in 2021, representing an increase of 8.1% from RMB32,536 million in 2020. The increase was mainly attributable to the increase in research and development cost. Administrative expenses as a percentage of revenue remained 5.8% in 2021.

**Impairment losses on financial and contract assets.** Impairment losses on financial and contract assets for the infrastructure construction business were RMB5,633 million in 2021, representing an increase of 37.6% from RMB4,095 million in 2020. The increase was primarily due to more impairment loss from some projects and the impact of macro economy.

**Other income/(expense), net and Other gains/(losses), net.** Other income/(expense), net and Other gains/(losses), net for the infrastructure construction business increased to RMB350 million in 2021 from RMB296 million in 2020. The increase was mainly attributable to the increase in proceeds from disposal of assets.

**Segment result.** As a result of the above, segment result for the infrastructure construction business in 2021 was RMB27,635 million, representing a decrease of 4.8% from RMB29,030 million in 2020. Segment result margin decreased to 4.5% in 2021 from 5.2% in 2020.

### ***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 2021 and 2020.

	<b>Years ended 31 December</b>	
	<b>2021</b>	2020
	<b>(RMB million)</b>	<i>(RMB million)</i>
Revenue	<b>47,595</b>	40,005
Cost of sales	<u><b>(39,107)</b></u>	<u>(32,817)</u>
Gross profit	<b>8,488</b>	7,188
Selling and marketing expenses	<b>(409)</b>	(365)
Administrative expenses	<b>(3,436)</b>	(3,182)
Impairment losses on financial and contract assets	<b>(536)</b>	(270)
Other income/(expense), net and Other gain/(loss), net	<u><b>151</b></u>	<u>62</u>
Segment result	<u><b>4,258</b></u>	<u>3,433</u>
Depreciation and amortization	<u><b>487</b></u>	<u>434</u>

**Revenue.** Revenue from the infrastructure design business in 2021 was RMB47,595 million, representing an increase of 19.0% from RMB40,005 million in 2020, mainly due to the growing scale of comprehensive projects.

**Cost of sales and gross profit.** Cost of sales for the infrastructure design business in 2021 was RMB39,107 million, representing an increase of 19.2% from RMB32,817 million in 2020. Cost of sales as a percentage of revenue slightly increased to 82.2% in 2021 from 82.0% in 2020.

Gross profit from the infrastructure design business in 2021 was RMB8,488 million, representing an increase of 18.1% as compared with RMB7,188 million in 2020. Gross profit margin decreased to 17.8% in 2021 from 18.0% in 2020, mainly attributable to the increased proportion of revenue generated from comprehensive contracts with lower gross profit margin.

**Selling and marketing expenses.** Selling and marketing expenses for the infrastructure design business in 2021 increased to RMB409 million from RMB365 million in 2020.

**Administrative expenses.** Administrative expenses for the infrastructure design business in 2021 were RMB3,436 million, representing an increase of 8.0% from RMB3,182 million in 2020. Administrative expenses as a percentage of revenue decreased to 7.2% in 2021 from 8.0% in 2020.

**Impairment losses on financial and contract assets.** Impairment losses on financial and contract assets for the infrastructure design business were RMB536 million in 2021, representing an increase of 98.5% from RMB270 million in 2020, mainly due to the decrease of account receivables turnover.

**Other income/(expense), net and Other gain/(loss), net.** Other income/(expense), net and Other gain/(loss), net for the infrastructure design business in 2021 was RMB151 million, as compared with RMB62 million in 2020, which mainly attributes to the foreign exchange losses.

**Segment result.** As a result of the above, segment result for the infrastructure design business in 2021 was RMB4,258 million, representing an increase of 24.0% from RMB3,433 million in 2020. Segment result margin increased to 8.9% in 2021 from 8.6% in 2020.

## ***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 2021 and 2020.

	<b>Years ended 31 December</b>	
	<b>2021</b>	<b>2020</b>
	<b>(RMB million)</b>	<b>(RMB million)</b>
Revenue	<b>42,973</b>	38,414
Cost of sales	<b>(37,148)</b>	(32,501)
Gross profit	<b>5,825</b>	5,913
Selling and marketing expenses	<b>(173)</b>	(131)
Administrative expenses	<b>(3,422)</b>	(3,386)
Impairment losses on financial and contract assets	<b>(705)</b>	(949)
Other income/(expense), net and Other gain/(loss), net	<b>233</b>	493
Segment result	<b>1,758</b>	1,940
Depreciation and amortization	<b>1,219</b>	1,260

**Revenue.** Revenue from the dredging business in 2021 was RMB42,973 million, representing an increase of 11.9% from RMB38,414 million in 2020. The increase was mainly due to the growing scale of dredging projects.

**Cost of sales and gross profit.** Cost of sales for the dredging business in 2021 was RMB37,148 million, representing an increase of 14.3% as compared with RMB32,501 million in 2020. Cost of sales as a percentage of revenue for the dredging business in 2021 increased to 86.4% from 84.6% in 2020.

Gross profit from the dredging business in 2021 was RMB5,825 million, representing a decrease of 1.5% from RMB5,913 million in 2020. Gross profit margin for the dredging business decreased to 13.6% in 2021 from 15.4% in 2020, mainly attributable to the business transformation, the decrease in revenue generated from higher gross profit margin projects, and the increase in cost of raw materials.

**Selling and marketing expenses.** Selling and marketing expenses for the dredging business in 2021 were RMB173 million, as compared with RMB131 million in 2020.

**Administrative expenses.** Administrative expenses for the dredging business in 2021 were RMB3,422 million, representing an increase of 1.1% from RMB3,386 million in 2020. Administrative expenses as a percentage of revenue decreased to 8.0% in 2021 from 8.8% in 2020.

**Impairment losses on financial and contract assets.** Impairment losses on financial and contract assets for the dredging business were RMB705 million in 2021, representing a decrease of 25.7% from RMB949 million in 2020, mainly due to the increase in turnover of account receivables.

**Other income/(expense), net and Other gain/(loss), net.** Other income/(expense), net and Other gain/(loss), net in 2021 decreased to RMB233 million from RMB493 million in 2020, which mainly attribute to the decrease of proceeds from disposal of investment properties in 2020.

**Segment result.** As a result of the above, segment result for the dredging business in 2021 was RMB1,758 million, representing a decrease of 9.4% from RMB1,940 million in 2020. Segment result margin was 4.1% in 2021 comparing with 5.1% in 2020.

### ***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 2021 and 2020.

	<b>Years ended 31 December</b>	
	<b>2021</b>	<b>2020</b>
	<b>(RMB million)</b>	<b>(RMB million)</b>
Revenue	<b>14,601</b>	11,407
Cost of sales	<u><b>(13,546)</b></u>	<u>(10,390)</u>
Gross profit	<u><b>1,055</b></u>	<u>1,017</u>

**Revenue.** Revenue from the other businesses in 2021 was RMB14,601 million, representing an increase of 28.0% from RMB11,407 million in 2020.

**Cost of sales and gross profit.** Cost of sales for the other businesses in 2021 was RMB13,546 million, representing an increase of 30.4% from RMB10,390 million in 2020. Cost of sales as a percentage of revenue increased to 92.8% in 2021 from 91.1% in 2020.

Gross profit from the other businesses in 2021 was RMB1,055 million, representing an increase of 3.7% from RMB1,017 million in 2020. Gross profit margin decreased to 7.2% in 2021 from 8.9% in 2020 and the decrease attributed to the diluted profit resulting from the growing scale of business.

## 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 2021, the Group had unutilized credit facilities in the amount of RMB1,371,408 million. The Group's access to financial markets since its public offering in Hong Kong Stock Exchange and Shanghai Stock Exchange has provided additional financing flexibility.

### Cash Flow Data

The following table presents selected cash flow data from the Group's consolidated cash flow statements for the years ended 31 December 2021 and 2020.

	<b>Years ended 31 December</b>	
	<b>2021</b>	2020
	<i>(RMB million)</i>	<i>(RMB million)</i>
		Restated
Net cash used in operating activities <sup>(1)</sup>	<b>(12,643)</b>	(31,074)
Net cash used in investing activities <sup>(1)</sup>	<b>(52,816)</b>	(60,762)
Net cash generated from financing activities	<b>42,204</b>	93,687
Net increase/(decrease) in cash and cash equivalents	<b>(23,255)</b>	1,851
Cash and cash equivalents at beginning of year	<b>119,511</b>	118,908
Effect of foreign exchange rate changes, net	<b>(453)</b>	(1,248)
Cash and cash equivalents at end of year	<b>95,803</b>	119,511

- (1) To provide reliable and more relevant information on cash flows in the financial statements, the Group has voluntarily changed the accounting policies of cash flows classification for service concession arrangements under the financial asset model. After the voluntary changes in accounting policy, both the cash outflows during construction phase and the cash inflows during the operating phase were classified as cash flows in operating activities. Comparative information were restated retrospectively.

### *Cash flow from operating activities*

During the year 2021, net cash used in operating activities decreased to RMB12,643 million from RMB31,074 million in 2020. The decrease of 59.3% was primarily due to the increase in turnover of contract assets, trade and other receivables and inventories.

### *Cash flow from investing activities*

Net cash used in investing activities in 2021 decreased to RMB52,816 million from RMB60,762 million in 2020. The decrease of 13.1% was primarily attributable to the disposals of financial assets, subsidiaries, and joint ventures and associates.

### *Cash flow from financing activities*

Net cash generated from financing activities in 2021 was RMB42,204 million, representing a decrease of 55.0% from RMB93,687 million in 2020. The decrease was primarily attributable to the decrease in new capital requirement during the reporting period as a result of the optimized structure of infrastructure and other investment projects and the increase in account receivables turnover.

### ***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 2021 and 2020.

	Years ended 31 December	
	2021	2020
	(RMB million)	(RMB million)
Infrastructure Construction Business	43,182	45,514
– BOT projects	33,171	33,290
Infrastructure Design Business	1,268	649
Dredging Business	981	2,245
Other	872	408
Total	<u>46,303</u>	<u>48,816</u>

Capital expenditure in 2021 was RMB46,303 million, as compared with RMB48,816 million in 2020.

## **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 2021 and 2020.

	<b>Years ended 31 December</b>	
	<b>2021</b>	2020
	<b>(Number of days)</b>	<b>(Number of days)</b>
Turnover of average trade and bills receivables <sup>(1)</sup>	<b>56</b>	60
Turnover of average trade and bills payables <sup>(2)</sup>	<b>188</b>	<b>194</b>

(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 2021 and 2020.

	<b>Years ended 31 December</b>	
	<b>2021</b>	2020
	<b>(RMB million)</b>	<b>(RMB million)</b>
Less than 6 months	<b>65,551</b>	73,279
6 months to 1 year	<b>11,087</b>	7,706
1 year to 2 years	<b>11,412</b>	12,599
2 years to 3 years	<b>6,052</b>	7,379
Over 3 years	<b>7,775</b>	5,938
Total	<b>101,877</b>	<b>106,901</b>

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 2021, the Group had a provision for impairment of RMB17,578 million, as compared with RMB16,129 million as at 31 December 2020.

The following table sets forth an ageing analysis of trade and bills payables as at 31 December 2021 and 2020.

	<b>Years ended 31 December</b>	
	<b>2021</b>	2020
	<i>(RMB million)</i>	<i>(RMB million)</i>
Within 1 year	<b>286,153</b>	263,688
1 year to 2 years	<b>17,116</b>	23,392
2 years to 3 years	<b>7,270</b>	6,067
Over 3 years	<b>6,717</b>	6,856
	<u>          </u>	<u>          </u>
Total	<b><u>317,256</u></b>	<b><u>300,003</u></b>

The Group's credit terms with its suppliers for the year ended 31 December 2021 remained the same as that for the year ended 31 December 2020. Payments to suppliers and subcontractors may be delayed as a result of delays in settlement from the Group's customers. Nevertheless, there have been no material disputes arising from the non-timely payment of outstanding balances under the Group's supplier contracts or contracts with subcontractors.

### ***Retentions***

The following table sets forth the carrying amount of the retentions as at 31 December 2021 and 2020.

	<b>Years ended 31 December</b>	
	<b>2021</b>	2020
	<i>(RMB million)</i>	<i>(RMB million)</i>
Current	<b>17,922</b>	16,369
Non-current	<b>38,242</b>	30,520
	<u>          </u>	<u>          </u>
Total	<b><u>56,164</u></b>	<b><u>46,889</u></b>

## Indebtedness

### *Borrowings*

The following table sets out the maturities of the Group's total borrowings as at 31 December 2021 and 2020.

	Years ended 31 December	
	2021	2020
	(RMB million)	(RMB million)
Within 1 year	76,292	82,490
1 year to 2 years	56,299	50,026
2 years to 5 years	89,614	74,825
Over 5 years	<u>205,931</u>	<u>198,037</u>
Total borrowings	<u><u>428,136</u></u>	<u><u>405,378</u></u>

The Group's borrowings are primarily denominated in Renminbi, U.S. dollars, and to a lesser extent, Euro, Japanese Yen and Hong Kong dollar. The following table sets out the carrying amounts of the Group's borrowings by currencies as at 31 December 2021 and 2020.

	Years ended 31 December	
	2021	2020
	(RMB million)	(RMB million)
Renminbi	406,482	385,713
U.S. dollar	15,074	12,851
Euro	2,783	2,186
Japanese Yen	2,417	3,378
Hong Kong dollar	264	414
Others	<u>1,116</u>	<u>836</u>
Total borrowings	<u><u>428,136</u></u>	<u><u>405,378</u></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 2021 was 45.9%, as compared with 44.4% as at 31 December 2020.

## ***Contingent Liabilities and Financial Guarantee Commitment***

### ***(i) Claims***

The Group has been named defendants in a number of lawsuits arising in the ordinary course of business. Provision has been made for the probable losses to the Group on those claims when management can reasonably estimate the outcome of the lawsuits taking into account the legal advice. No provision has been made for those pending lawsuits with a maximum compensation amount of RMB2,631 million (31 December 2020: RMB1,672 million) related mainly to disputes with customers and subcontractors, when the outcome of the lawsuits cannot be reasonably estimated or management believes the outflow of resources is not probable. Pending lawsuits of which the probability of loss is remote or the claim amount is insignificant to the Group were not included in the above.

### ***(ii) Loan Guarantees***

- (a) The Group has acted as the guarantor for several borrowings of RMB3,940 million (31 December 2020: RMB3,310 million) made by certain joint ventures and associates of the Group. The above amount represents the maximum exposure to default risk under the loan guarantee.
- (b) The Group provides guarantees to banks for the mortgage loans of the property buyers in certain real estate projects. As at 31 December 2021, the outstanding balance of guarantees provided by the Group was approximately RMB4,623 million (31 December 2020: RMB3,456 million).

### ***(iii) Liquidity Support***

- (a) Beijing North Huade Neoplan Bus., Ltd., a subsidiary of the Company, provides liquidity support to Changchun Public Transportation (Group) Co., Ltd. for sale-leaseback rent payable to Huaxia Financial Leasing Co., Ltd. As at 31 December 2021, the outstanding balance of rent payable by Changchun Public Transportation (Group) Co., Ltd. to Huaxia Financial Leasing Co., Ltd. was RMB138 million (31 December 2020: RMB230 million).
- (b) The Group has entered into certain agreements with financial institutions to set up asset-backed securities (ABS) and asset-backed notes (ABN) arrangements. As at 31 December 2021, out of the ABS and ABN in issue with an aggregate amount of RMB27,662 million (31 December 2020: RMB14,969 million), RMB26,132 million (31 December 2020: RMB12,226 million) had been issued to preferential investors. Under the clauses of the agreements, the Group is subject to the obligations of liquidity supplementary payments to preferential investors when the cash available for distribution of the principal and return to preferential investors at the due date is not sufficient.

## ***Market Risks***

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

### ***Macroeconomic volatility risk***

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

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

### ***Internationalisation risk***

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

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

### ***Investment risk***

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

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

### ***Raw material risk***

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

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

### ***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. In 2021 and 2020, the Group's borrowings at variable rates were mainly denominated in RMB, USD, Euro and Hong Kong dollar. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk. Increases in interest rates will increase the cost of new borrowings and the interest expense with respect to the Group's outstanding floating rate borrowings, and therefore could have an adverse effect on the Group's financial position.

As at 31 December 2021, the Group's borrowings of approximately RMB242,810 million (2020: RMB221,299 million) were at variable rates. As at 31 December 2021, if interest rates on borrowings had been 1% higher/lower with all other variables held constant, profit before tax for the year would have been decreased/increased by RMB2,428 million (2020: RMB2,213 million), mainly as a result of higher/lower interest expense on floating rate borrowings.

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

### ***Exchange rate risk***

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

As at 31 December 2021, the Group's aggregate net assets of RMB7,174 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 uses derivative financial instruments to hedge when necessary. As at 31 December 2021, 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 RMB13 million (2020: RMB420 million), mainly as a result of foreign exchange losses/gains on translation of USD-denominated trade and other receivables, cash and cash equivalents.

### ***Production safety risk***

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

### ***Risk of price fluctuation in the securities markets***

The Group's investments in equity instruments are classified as financial assets held for trading, investments in other equity instruments and other non-current financial assets. As these financial assets are required to be stated at fair value, the Group is exposed to the risk of price fluctuation in the securities markets.

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

### ***Force Majeure Risks***

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

### ***Network risk and security***

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

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

## **Material Disposal of Equity Interests**

### ***Introduction of Third-Party Investors for Capital Contribution to Certain Subsidiaries***

On 6 December 2021, 7 December 2021 and 9 December 2021, the Target Subsidiaries (including CCCC First Harbour Engineering Co., Ltd., CCCC Second Harbour Engineering Co., Ltd., CCCC Second Highway Engineering Co., Ltd. and Road & Bridge International Co., Ltd., subject to specific investment agreement and capital contribution agreement), the original shareholders of the Target Subsidiaries and the Investors (including ICBC Financial Asset Investment Co., Ltd., BoCom Financial Asset Investment Co., Ltd., CCB Financial Asset Investment Company Limited and China Life Asset Management Company Limited, subject to specific investment agreement and capital contribution agreement) entered into the investment agreements and capital contribution agreements, pursuant to which, the Investors agreed to make capital contribution to the Target Subsidiaries pursuant to the terms and conditions of each of the investment agreements and capital contribution agreements, and an aggregate amount of RMB7,500 million was introduced. Upon completion of the capital contribution, the Target Subsidiaries will continue to be the subsidiaries of the Company and the Company will continue to hold the actual control over the Target Subsidiaries.

For details of the aforesaid transaction, please refer to the announcement of the Company dated 9 December 2021.

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	<i>Notes</i>	<b>2021</b> <i>RMB million</i>	2020 <i>RMB million</i>
Revenue	3,4	<b>682,599</b>	624,495
Cost of sales		<u>(598,096)</u>	<u>(544,459)</u>
<b>Gross profit</b>		<b>84,503</b>	80,036
Other income	4	<b>5,428</b>	5,124
Other gains/(losses), net	4	<b>(1,438)</b>	(1,129)
Selling and marketing expenses		<b>(1,450)</b>	(1,180)
Administrative expenses		<b>(42,835)</b>	(40,580)
Impairment losses on financial and contract assets, net		<b>(6,944)</b>	(5,449)
Other expenses		<u>(2,725)</u>	<u>(2,417)</u>
<b>Operating profit</b>		<b>34,539</b>	34,405
Finance income	6	<b>14,608</b>	10,305
Finance costs, net	7	<b>(19,539)</b>	(17,140)
Share of profits and losses of:			
– Joint ventures		<b>(614)</b>	(786)
– Associates		<u>790</u>	<u>173</u>
<b>Profit before tax</b>	5	<b>29,784</b>	26,957
Income tax expense	8	<u>(5,926)</u>	<u>(7,328)</u>
<b>Profit for the year</b>		<u><b>23,858</b></u>	<u>19,629</u>
<b>Attributable to:</b>			
– Owners of the parent		<b>18,348</b>	16,475
– Non-controlling interests		<u>5,510</u>	<u>3,154</u>
		<u><b>23,858</b></u>	<u>19,629</u>
<b>Earnings per share attributable to ordinary equity holders of the parent</b>	<i>10</i>		
Basic		<u><b>RMB1.04</b></u>	<u>RMB0.92</u>
Diluted		<u><b>RMB1.04</b></u>	<u>RMB0.92</u>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2021 <i>RMB million</i>	2020 <i>RMB million</i>
<b>Profit for the year</b>	<b><u>23,858</u></b>	<b><u>19,629</u></b>
<b>Other comprehensive income/(loss)</b>		
<i>Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods, net of tax:</i>		
Actuarial (losses)/gains on retirement benefit obligations	(22)	41
Changes in fair value of equity investments designated at fair value through other comprehensive income	<u>68</u>	<u>3,624</u>
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	<u>46</u>	<u>3,665</u>
<i>Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods, net of tax:</i>		
Cash flow hedges	1	7
Share of other comprehensive loss of joint ventures and associates	(39)	(43)
Exchange differences on translation of foreign operations	<u>(1,521)</u>	<u>(3,070)</u>
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods	<u>(1,559)</u>	<u>(3,106)</u>
<b>Other comprehensive (loss)/income for the year, net of tax</b>	<b><u>(1,513)</u></b>	<b><u>559</u></b>
<b>Total comprehensive income for the year</b>	<b><u>22,345</u></b>	<b><u>20,188</u></b>
<b>Attributable to:</b>		
– Owners of the parent	16,874	17,227
– Non-controlling interests	<u>5,471</u>	<u>2,961</u>
	<b><u>22,345</u></b>	<b><u>20,188</u></b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		2021	2020
	<i>Notes</i>	<b>RMB million</b>	<i>RMB million</i>
<b>Non-current assets</b>			
Property, plant and equipment		61,218	61,040
Investment properties		6,697	4,523
Right-of-use assets		17,319	15,788
Intangible assets		229,094	229,482
Investments in joint ventures		44,569	33,534
Investments in associates		40,757	34,068
Financial assets at fair value through profit or loss		14,249	10,513
Debt investments at amortised cost		530	124
Equity investments designated at fair value through other comprehensive income		30,095	30,736
Contract assets, trade and other receivables	11	371,774	293,218
Deferred tax assets		7,190	6,646
		<u>823,492</u>	<u>719,672</u>
<b>Total non-current assets</b>			
<b>Current assets</b>			
Inventories		73,064	72,877
Contract assets, trade and other receivables	11	387,760	382,802
Financial assets at fair value through profit or loss		1,319	124
Debt instruments at amortised cost		20	–
Derivative financial instruments		606	640
Restricted bank deposits and time deposits with an initial term of over three months		8,773	8,543
Cash and cash equivalents		95,803	119,511
		<u>567,345</u>	<u>584,497</u>
<b>Total current assets</b>			
<b>Current liabilities</b>			
Trade and other payables	12	435,778	404,230
Contract liabilities		80,027	88,558
Derivative financial instruments		1	11
Tax payable		6,949	7,303
Interest-bearing bank and other borrowings		76,292	82,490
Retirement benefit obligations		109	116
		<u>599,156</u>	<u>582,708</u>
<b>Total current liabilities</b>			
<b>Net current (liabilities)/assets</b>		<u>(31,811)</u>	<u>1,789</u>
<b>Total assets less current liabilities</b>		<u>791,681</u>	<u>721,461</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

	<i>Notes</i>	<b>2021</b> <i>RMB million</i>	2020 <i>RMB million</i>
<b>Total assets less current liabilities</b>		<u><b>791,681</b></u>	<u>721,461</u>
<b>Non-current liabilities</b>			
Trade and other payables	<i>12</i>	<b>34,982</b>	27,917
Interest-bearing bank and other borrowings		<b>351,844</b>	322,888
Deferred income		<b>1,592</b>	1,078
Deferred tax liabilities		<b>7,438</b>	7,721
Retirement benefit obligations		<b>785</b>	844
Provisions		<u><b>3,686</b></u>	<u>3,209</u>
<b>Total non-current liabilities</b>		<u><b>400,327</b></u>	<u>363,657</u>
<b>Net assets</b>		<u><b>391,354</b></u>	<u>357,804</u>
<b>Equity</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital		<b>16,166</b>	16,166
Share premium		<b>19,625</b>	19,625
Financial instruments classified as equity		<b>33,959</b>	33,938
Reserves		<u><b>190,600</b></u>	<u>175,342</u>
		<b>260,350</b>	245,071
<b>Non-controlling interests</b>		<u><b>131,004</b></u>	<u>112,733</u>
<b>Total equity</b>		<u><b>391,354</b></u>	<u>357,804</u>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the parent							
	Note	Financial instruments					Non-controlling interests	Total equity
		Share capital	Share premium	classified as equity	Other reserves	Retained earnings		
		RMB million	RMB million	RMB million	RMB million	RMB million		
<b>At 31 December 2020</b>	<b>16,166</b>	<b>19,625</b>	<b>33,938</b>	<b>37,661*</b>	<b>137,681*</b>	<b>245,071</b>	<b>112,733</b>	<b>357,804</b>
Profit for the year	-	-	-	-	18,348	18,348	5,510	23,858
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	-	-	-	68	-	68	-	68
Cash flow hedges, net of tax	-	-	-	1	-	1	-	1
Share of other comprehensive loss of joint ventures and associates	-	-	-	(39)	-	(39)	-	(39)
Actuarial loss on retirement benefit obligations, net of tax	-	-	-	(22)	-	(22)	-	(22)
Exchange differences on translation of foreign operations	-	-	-	(1,482)	-	(1,482)	(39)	(1,521)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,474)</b>	<b>18,348</b>	<b>16,874</b>	<b>5,471</b>	<b>22,345</b>
Final 2020 dividend declared	9	-	-	-	(2,924)	(2,924)	-	(2,924)
Interest on perpetual securities (i)	-	-	-	-	(1,699)	(1,699)	(3,390)	(5,089)
Dividends to non-controlling shareholders	-	-	-	-	-	-	(1,640)	(1,640)
Shares repurchased	-	-	-	-	-	-	(1,316)	(1,316)
Capital contribution from non-controlling shareholders	-	-	-	3,216	-	3,216	15,487	18,703
Acquisition of subsidiaries	-	-	-	-	-	-	50	50
Disposal of subsidiaries	-	-	-	-	-	-	(1,506)	(1,506)
Issuance of perpetual securities	-	-	4,999	-	-	4,999	22,890	27,889
Redemption of perpetual securities	-	-	(4,978)	(20)	-	(4,998)	(16,018)	(21,016)
Transaction with non-controlling interests	-	-	-	(207)	-	(207)	(1,757)	(1,964)
Transfer to statutory surplus reserve	-	-	-	643	(643)	-	-	-
Transfer from general reserve	-	-	-	(72)	72	-	-	-
Transfer to safety production reserve	-	-	-	355	(355)	-	-	-
Transfer of fair value reserve upon the disposal of equity investments designated at fair value through other comprehensive income	-	-	-	(5)	5	-	-	-
Others	-	-	-	18	-	18	-	18
<b>At 31 December 2021</b>	<b>16,166</b>	<b>19,625</b>	<b>33,959</b>	<b>40,115*</b>	<b>150,485*</b>	<b>260,350</b>	<b>131,004</b>	<b>391,354</b>

\* As at 31 December 2021 these reserve accounts comprise the consolidated reserves of RMB190,600 million (2020: RMB175,342 million) in the consolidated statement of financial position.

(i) The Company accrued interest on perpetual securities totalling RMB1,737 million, of which RMB38 million was distributed to CCCC Finance Company Limited (“**CCCC Finance**”), a subsidiary of the company.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

	Attributable to owners of the parent							Total equity <i>RMB</i> <i>million</i>
	Share capital <i>RMB</i> <i>million</i>	Share premium <i>RMB</i> <i>million</i>	Financial instruments		Other reserves <i>RMB</i> <i>million</i>	Retained earnings <i>RMB</i> <i>million</i>	Non- controlling interests <i>RMB</i> <i>million</i>	
			classified as equity <i>RMB</i> <i>million</i>	Total				
			Total	Total				
<b>At 31 December 2019</b>	16,175	19,656	30,423	35,316	128,583	230,153	66,226	296,379
Business combination under common control	-	-	-	(49)	(188)	(237)	268	31
<b>At 31 December 2019</b>	16,175	19,656	30,423	35,267*	128,395*	229,916	66,494	296,410
Profit for the year	-	-	-	-	16,475	16,475	3,154	19,629
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	-	-	-	3,624	-	3,624	-	3,624
Cash flow hedges, net of tax	-	-	-	7	-	7	-	7
Share of other comprehensive loss of joint ventures and associates	-	-	-	(43)	-	(43)	-	(43)
Actuarial gains on retirement benefit obligations, net of tax	-	-	-	41	-	41	-	41
Exchange differences on translation of foreign operations	-	-	-	(2,877)	-	(2,877)	(193)	(3,070)
<b>Total comprehensive income for the year</b>	-	-	-	752	16,475	17,227	2,961	20,188
Final 2019 dividend declared	-	-	-	-	(3,765)	(3,765)	-	(3,765)
Interest on perpetual securities	-	-	-	-	(721)	(721)	(1,780)	(2,501)
Dividends on preference shares	-	-	-	-	(718)	(718)	-	(718)
Dividends to non-controlling shareholders	-	-	-	-	-	-	(1,155)	(1,155)
Shares repurchased	(9)	(31)	-	-	-	(40)	(1,140)	(1,180)
Share of other reserves of joint ventures and associates	-	-	-	12	-	12	-	12
Capital contribution from non-controlling shareholders	-	-	-	-	-	-	5,148	5,148
Acquisition of subsidiaries	-	-	-	-	-	-	1,761	1,761
Issuance of perpetual securities	-	-	17,983	-	-	17,983	51,868	69,851
Redemption of perpetual securities	-	-	(14,468)	(32)	-	(14,500)	(11,514)	(26,014)
Transaction with non-controlling interests	-	-	-	(44)	-	(44)	90	46
Transfer to statutory surplus reserve	-	-	-	1,694	(1,694)	-	-	-
Transfer from general reserve	-	-	-	(248)	248	-	-	-
Transfer to safety production reserve	-	-	-	269	(269)	-	-	-
Transfer of fair value reserve upon the disposal of equity investments designated at fair value through other comprehensive income	-	-	-	(9)	9	-	-	-
Others	-	-	-	-	(279)	(279)	-	(279)
<b>At 31 December 2020</b>	16,166	19,625	33,938	37,661*	137,681*	245,071	112,733	357,804

## CONSOLIDATED STATEMENT OF CASH FLOWS

	<i>Notes</i>	<b>2021</b> <i>RMB million</i>	2020 <i>RMB million</i> Restated
<b>Cash flows from operating activities</b>			
Profit before tax		<b>29,784</b>	26,957
Adjustments for:			
– Depreciation of property, plant and equipment, investment properties and right-of-use assets	5	<b>9,444</b>	10,130
– Amortisation of intangible assets	5	<b>2,697</b>	2,212
– Gains on disposal of items of property, plant and equipment, intangible assets and other long-term assets	4	<b>(771)</b>	(427)
– Gains on disposal of joint ventures and associates	4	<b>(136)</b>	(62)
– Fair value gains on financial assets at fair value through profit or loss	4	<b>(173)</b>	(347)
– Fair value (gains)/losses on derivative financial instruments	4	<b>(6)</b>	132
– Gains on disposal of financial assets at fair value through profit or loss	4	<b>(48)</b>	(81)
– Gains on disposal of subsidiaries	4	<b>(26)</b>	(147)
– Dividend income from financial assets at fair value through profit or loss	4	<b>(196)</b>	(125)
– Dividend income from equity investments designated at fair value through other comprehensive income	4	<b>(847)</b>	(778)
– Dividend income on derivative financial instruments	4	<b>(193)</b>	(206)
– Other income from investing activities		<b>177</b>	19
– Share of profits of joint ventures and associates, net		<b>(176)</b>	613
– Write-down of inventories	5	<b>196</b>	198
– Provision for impairment of financial and contract assets, net	5	<b>6,944</b>	5,449
– Provision for impairment of property, plant and equipment		<b>–</b>	3
– Interest income	6	<b>(14,608)</b>	(10,305)
– Interest expenses	7	<b>18,429</b>	15,961
– Net foreign exchange gains on borrowings	7	<b>(113)</b>	(75)
		<b>50,378</b>	49,121

## CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

	2021 <i>RMB million</i>	2020 <i>RMB million</i> Restated
Increase in inventories	(2,674)	(15,719)
Increase in contract assets, trade and other receivables	(97,876)	(123,945)
Increase in restricted bank deposits	(56)	(967)
Increase in trade and other payables	38,342	52,204
(Decrease)/increase in contract liabilities	(8,614)	5,468
Decrease in retirement benefit obligations	(59)	(159)
Increase in provisions	477	1,784
(Decrease)/increase in deferred income	514	(33)
 Cash used in operations	 <b>(19,568)</b>	 <b>(32,246)</b>
 Interest income from operating activities	 13,674	 8,232
Income tax paid	(6,749)	(7,060)
 Net cash flows used in operating activities	 <b>(12,643)</b>	 <b>(31,074)</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

	2021 <i>RMB million</i>	2020 <i>RMB million</i> Restated
<b>Cash flows from investing activities</b>		
Purchases of items of property, plant and equipment	(8,018)	(10,485)
Purchases of investment properties	(19)	(175)
Additions to right-of-use assets	(1,388)	(2,220)
Purchases of intangible assets and contract assets related to PPP projects	(27,536)	(29,156)
Proceeds from disposal of items of property, plant and equipment	1,136	1,383
Proceeds from disposal of right-of-use assets	119	58
Proceeds from disposal of investment properties	5	–
Proceeds from disposal of intangible assets	76	4,907
Business combination	212	(329)
Asset acquisition	(2,422)	–
Investment in associates	(7,128)	(8,508)
Investment in joint ventures	(9,227)	(7,776)
Disposal of subsidiaries	3,409	221
Disposal of joint ventures and associates	1,406	46
Withdrawal from joint ventures and associates	–	660
Purchases of equity investments designated at fair value through other comprehensive income	(399)	(1,063)
Purchases of financial assets at fair value through profit or loss	(16,374)	(7,359)
Proceeds from disposal of equity investments designated at fair value through other comprehensive income	1,098	70
Proceeds from disposal of financial assets at fair value through profit or loss	9,537	4,093
Proceeds from disposal of other debt instruments	33	–
Loans to joint ventures, associates and third parties	(13,848)	(14,244)
Repayment of loans from joint ventures, associates and third parties	12,888	4,586
Interest received	307	953
Changes in time deposits with an initial term of over three months	(173)	(946)
Cash consideration received of concession assets	1,539	2,862
Dividends received	1,951	1,660
	(52,816)	(60,762)
Net cash flows used in investing activities	(52,816)	(60,762)

## CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

	2021	2020
	<i>RMB million</i>	<i>RMB million</i> Restated
<b>Cash flows from financing activities</b>		
Capital contribution from non-controlling shareholders	18,703	5,148
Withdrawal of capital contribution to non-controlling interests	(1,316)	(1,140)
Dividends paid to non-controlling shareholders	(1,615)	(1,079)
Dividends paid to equity holders of the parent	(2,924)	(3,765)
Proceeds from perpetual securities	27,889	69,851
Interest paid for perpetual securities	(4,618)	(3,079)
Redemption of perpetual securities	(20,016)	(26,046)
Proceeds from bank and other borrowings	289,732	278,519
Repayments of bank and other borrowings	(240,172)	(206,807)
Interest paid for bank and other borrowings	(20,070)	(17,834)
Loans from joint ventures, associates and fellow subsidiaries	-	2,868
Repayments of joint ventures, associates and fellow subsidiaries borrowings	-	(1,325)
Transaction with non-controlling interests	(1,964)	90
H share repurchase	-	(40)
Lease payments	(1,425)	(1,674)
	<hr/>	<hr/>
Net cash flows generated from financing activities	42,204	93,687
	<hr/>	<hr/>
<b>Net (decrease)/increase in cash and cash equivalents</b>	(23,255)	1,851
Cash and cash equivalents at beginning of year	119,511	118,908
Effect of foreign exchange rate changes, net	(453)	(1,248)
	<hr/>	<hr/>
<b>Cash and cash equivalents at end of year</b>	<u>95,803</u>	<u>119,511</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 (Limited) (“**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.

#### 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	
<b>Unlisted</b>						
China Harbour Engineering Co., Ltd.	PRC and other regions	Limited liability company	RMB6,000	50.10%	49.90%	Infrastructure construction
China Road and Bridge Corporation	PRC and other regions	Limited liability company	RMB6,000	96.37%	3.63%	Infrastructure construction
CCCC First Harbour Engineering Co., Ltd.	PRC	Limited liability company	RMB6,983	86.06%	–	Infrastructure construction
CCCC Second Harbour Engineering Co., Ltd.	PRC	Limited liability company	RMB4,970	76.66%	–	Infrastructure construction
CCCC Third Harbour Engineering Co., Ltd.	PRC	Limited liability company	RMB6,021	89.31%	–	Infrastructure construction
CCCC Fourth Harbour Engineering Co., Ltd.	PRC	Limited liability company	RMB4,966	86.23%	–	Infrastructure construction
CCCC First Highway Engineering Group Co., Ltd.	PRC	Limited liability company	RMB6,077	87.25%	–	Infrastructure construction
CCCC Second Highway Engineering Co., Ltd.	PRC	Limited liability company	RMB3,942	74.76%	–	Infrastructure construction
Road & Bridge International Co., Ltd.	PRC	Limited liability company	RMB3,802	74.28%	–	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	RMB2,094	74.02%	–	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	RMB774	92.24%	7.76%	Infrastructure design
CCCC Dredging (Group) Co., Ltd.	PRC	Limited liability company	RMB11,775	99.9%	0.1%	Dredging
CCCC Investment Co., Ltd.	PRC	Limited liability company	RMB12,500	100%	–	Investment holding
CCCC Xi'an Road Construction Machinery Co., Ltd.	PRC	Limited liability company	RMB433	54.31%	45.69%	Manufacture of road construction machinery
China Highway Vehicle & Machinery Co., Ltd.	PRC	Limited liability company	RMB168	100%	–	Trading of motor vehicle spare parts
Chuwa Bussan Co., Ltd.	Japan	Limited liability company	JPY100	99.82%	–	Trading of machinery
CCCC Shanghai Equipment Engineering Co., Ltd.	PRC	Limited liability company	RMB10	55%	–	Maintenance and design of port machinery
CCCC Mechanical & Electrical Engineering Co., Ltd.	PRC	Limited liability company	RMB833	60%	40%	Infrastructure construction

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	
China Communications Materials & Equipment Co., Ltd.	PRC	Limited liability company	<i>RMB1,734</i>	100%	–	Trading of construction materials and equipment
CCCC Finance	PRC	Limited liability company	<i>RMB7,000</i>	95%	–	Financial services
CCCC International Holding Limited	Hong Kong	Limited liability company	<i>HK\$2,372</i>	50.98%	49.02%	Investment holding
CCCC Capital Holdings Limited	PRC	Limited liability company	<i>RMB8,064</i>	100%	–	Fund management and financial leasing
CCCC Asset Management Co., Ltd.	PRC	Limited liability company	<i>RMB18,062</i>	21.04%	78.96%	Investment holding
CCCC Urban Investment Co., Ltd.	PRC	Limited liability company	<i>RMB4,100</i>	90.49%	–	Investment holding
CCCC Beijing-Tianjin-Hebei Investment Development Co., Ltd.	PRC	Limited liability company	<i>RMB300</i>	100%	–	Investment holding
CCCC Tianhe Machinery and Equipment Manufacturing Co., Ltd.	PRC	Limited liability company	<i>RMB1,341</i>	77.63%	22.36%	Machinery and equipment manufacturing

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

## 2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRSs”) and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for certain financial assets and financial liabilities (including derivative financial instruments) 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 2021. 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.

## **Going concern**

The Group had net current liabilities of RMB31,811 million as at 31 December 2021. Having considered the Group’s cash flow projections for the year ending 31 December 2022, including the Group’s cash positions, cash flows from operating, investing and financing activities, and the unutilized bank facilities as at the date of this report, the directors of the Company are satisfied that the Group is able to meet in full its financial obligations as they fall due for the coming 12 months. Accordingly, these financial statements had been prepared on a going concern basis.

## 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	<i>Interest Rate Benchmark Reform – Phase 2</i>
Amendment to IFRS 16	<i>Covid-19-Related Rent Concessions beyond 30 June 2021 (early adopted)</i>

The nature and the impact of the revised IFRSs are described below:

- (a) Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate (“**RFR**”). The amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of IFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy.

The Group had certain interest-bearing bank and other borrowings denominated in RMB and foreign currencies based on various Interbank Offered Rates as at 31 December 2021. Since the interest rates of these instruments were not replaced by RFRs during the year, the amendments did not have any impact on the financial position and performance of the Group. If the interest rates of these borrowings are replaced by RFRs in a future period, the Group will apply the above-mentioned practical expedient upon the modification of these instruments provided that the “economically equivalent” criterion is met.

- (b) Amendment to IFRS 16 issued in March 2021 extends the availability of the practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic by 12 months. Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The amendment is effective retrospectively for annual periods beginning on or after 1 April 2021 with any cumulative effect of initially applying the amendment recognised as an adjustment to the opening balance of retained profits at the beginning of the current accounting period. Earlier application is permitted.

The Group has early adopted the amendment on 1 January 2021 and applied the practical expedient during the year ended 31 December 2021 to all rent concessions granted by the lessors that affected only payments originally due on or before 30 June 2022 as a direct consequence of the covid-19 pandemic. The amount of reduction in the lease payments arising from the rent concessions was not material. The amendment did not have a significant impact on the Group's consolidated financial statements.

The nature and impact of voluntary changes in accounting policy are described below:

- (c) Voluntary changes in accounting policy. Starting from 1 January 2021, the Group made the below changes in accounting policy voluntarily. The changed accounting policy is a widely recognised and prevalent practice under IFRSs and is also consistent with the Group's changed accounting policy under Chinese Accounting Standards for Business Enterprises for the current period. Management is of the view that the changes in accounting policy provide consistent, reliable and more relevant information about the effects of Public-Private-Partnership (“PPP”) transactions on the entity's cash flows to the users of financial statements of both domestic and oversea capital markets.

Under the Group's accounting policy for the periods ended on or before 31 December 2020, for PPP projects applying intangible asset model, and PPP projects applying financial asset model, when having significant financing components, cash outflows during the construction phase were classified as investing cash flows. Cash flows under PPP projects other than the above were all classified as operating cash flows.

Starting from 1 January 2021 after the Group changed its accounting policy, only for PPP projects applying intangible asset model, cash outflows during the construction phase were classified as investing cash flows. Cash flows under PPP projects other than the above were all classified as operating cash flows.

The table below shows the adjustments recognized for each individual line item arising from the above accounting policy changes for the year ended 31 December 2021 and 2020.

<b>For the year ended 31 December 2021</b>	<b>Under previous accounting policy RMB million</b>	<b>Effect of changes in accounting policy RMB million</b>	<b>As presented RMB million</b>
Consolidated statement of cash flows (extract)			
Increase in contract assets, trade and other receivables	(59,720)	(38,156)	(97,876)
Interest income from operating activities	6,764	6,910	13,674
Net cash flows generated from/(used in) operating activities	18,603	(31,246)	(12,643)
Purchases of other long-term assets	(36,444)	36,444	–
Loans to joint ventures, associates and third parties	(10,450)	(3,398)	(13,848)
Repayment of loans from joint ventures, associates and third parties	14,688	(1,800)	12,888
Net cash flows used in investing activities	(84,062)	31,246	(52,816)
		Effect of changes in accounting policy	
For the year ended 31 December 2020	As originally presented RMB million	RMB million	Restated RMB million
Consolidated statement of cash flows (extract)			
Increase in contract assets, trade and other receivables	(74,382)	(49,563)	(123,945)
Interest income from operating activities	3,594	4,638	8,232
Net cash flows generated from/(used in) operating activities	13,851	(44,925)	(31,074)
Purchases of other long-term assets	(50,149)	50,149	–
Loans to joint ventures, associates and third parties	(10,037)	(4,207)	(14,244)
Repayment of loans from joint ventures, associates and third parties	5,603	(1,017)	4,586
Net cash flows used in investing activities	(105,687)	44,925	(60,762)

### 3. OPERATING SEGMENT INFORMATION

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

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

- (a) infrastructure construction of ports, roads, bridges and railways, municipal and environmental engineering and others (the “**Construction**”)
- (b) infrastructure design of ports, roads, bridges, railways and others (the “**Design**”)
- (c) dredging (the “**Dredging**”)
- (d) others

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

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

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

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

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

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

The segment results for the year ended 31 December 2021 and other segment information included in the consolidated financial statements are as follows:

	Year ended 31 December 2021					
	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>	Total <i>RMB million</i>
Total gross segment revenue	608,407	47,595	42,973	14,601	(30,977)	682,599
Intersegment sales	(8,374)	(10,653)	(678)	(11,272)	30,977	–
<b>Revenue (note 4)</b>	<b>600,033</b>	<b>36,942</b>	<b>42,295</b>	<b>3,329</b>	<b>–</b>	<b>682,599</b>
Segment results	27,635	4,258	1,758	320	60	34,031
Unallocated income						508
Operating profit						34,539
Finance income						14,608
Finance costs, net						(19,539)
Share of profits and losses of joint ventures and associates						176
<b>Profit before tax</b>						<b>29,784</b>
Income tax expense						(5,926)
<b>Profit for the year</b>						<b>23,858</b>
<b>Other segment information</b>						
Depreciation	7,470	421	1,174	379	–	9,444
Amortisation	2,561	66	45	25	–	2,697
Write-down of inventories	196	–	–	–	–	196
Impairment losses on financial and contract assets, net	5,184	539	698	523	–	6,944
Capital expenditure	43,182	1,268	981	872	–	46,303

The segment results for the year ended 31 December 2020 and other segment information included in the consolidated financial statements are as follows:

	Year ended 31 December 2020					
	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>	Total <i>RMB million</i>
Total gross segment revenue	560,987	40,005	38,414	11,407	(26,318)	624,495
Intersegment sales	<u>(8,277)</u>	<u>(8,879)</u>	<u>(234)</u>	<u>(8,928)</u>	<u>26,318</u>	<u>–</u>
<b>Revenue (note 4)</b>	<b><u>552,710</u></b>	<b><u>31,126</u></b>	<b><u>38,180</u></b>	<b><u>2,479</u></b>	<b><u>–</u></b>	<b><u>624,495</u></b>
Segment results	29,030	3,433	1,940	257	175	34,835
Unallocated income						<u>(430)</u>
Operating profit						34,405
Finance income						10,305
Finance costs, net						(17,140)
Share of profits and losses of joint ventures and associates						<u>(613)</u>
<b>Profit before tax</b>						26,957
Income tax expense						<u>(7,328)</u>
<b>Profit for the year</b>						<b><u>19,629</u></b>
<b>Other segment information</b>						
Depreciation	8,114	383	1,262	371	–	10,130
Amortisation	2,161	51	–	–	–	2,212
Write-down of inventories	174	–	–	24	–	198
Impairment losses on financial and contract assets, net	4,083	277	949	140	–	5,449
Capital expenditure	<u>45,514</u>	<u>649</u>	<u>2,245</u>	<u>408</u>	<u>–</u>	<u>48,816</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 2021 are as follows:

	As at 31 December 2021					
	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>1,070,159</u>	<u>54,490</u>	<u>110,002</u>	<u>91,416</u>	<u>(80,120)</u>	1,245,947
Investments in joint ventures						44,569
Investments in associates						40,757
Other unallocated assets						<u>59,564</u>
<b>Total assets</b>						<u><b>1,390,837</b></u>
Segment liabilities	<u>461,946</u>	<u>28,710</u>	<u>47,571</u>	<u>9,304</u>	<u>(45,719)</u>	501,812
Unallocated liabilities						<u>497,671</u>
<b>Total liabilities</b>						<u><b>999,483</b></u>

The segment assets and liabilities as at 31 December 2020 are as follows:

	As at 31 December 2020					
	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>992,901</u>	<u>52,898</u>	<u>101,115</u>	<u>83,218</u>	<u>(82,295)</u>	1,147,837
Investments in joint ventures						33,534
Investments in associates						34,068
Other unallocated assets						<u>88,730</u>
<b>Total assets</b>						<u><b>1,304,169</b></u>
Segment liabilities	<u>481,716</u>	<u>29,658</u>	<u>44,570</u>	<u>5,536</u>	<u>(43,986)</u>	517,494
Unallocated liabilities						<u>428,871</u>
<b>Total liabilities</b>						<u><b>946,365</b></u>

## Geographical information

### (a) Revenue from external customers

	2021 <i>RMB million</i>	2020 <i>RMB million</i>
Mainland China	588,224	525,963
Other regions (primarily including Australia, Hong Kong, and countries in Africa, Middle East and South East Asia)	<u>94,375</u>	<u>98,532</u>
	<u><b>682,599</b></u>	<u><b>624,495</b></u>

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

### (b) Non-current assets

	2021 <i>RMB million</i>	2020 <i>RMB million</i>
Mainland China	290,240	287,694
Other regions (primarily including Australia, Hong Kong, and countries in Africa, Middle East and South East Asia)	<u>36,144</u>	<u>32,384</u>
	<u><b>326,384</b></u>	<u><b>320,078</b></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 derived from services or sales to a single customer accounted for 10% or more of the Group's revenue during 2021 and 2020.

#### 4. REVENUE, OTHER INCOME AND OTHER GAINS, NET

An analysis of revenue is as follows:

	2021 <i>RMB million</i>	2020 <i>RMB million</i>
Revenue from contracts with customers		
Construction	608,407	560,987
Design	47,595	40,005
Dredging	42,973	38,414
Others	14,601	11,407
Intersegment eliminations	<u>(30,977)</u>	<u>(26,318)</u>
	<u><b>682,599</b></u>	<u><b>624,495</b></u>

#### Revenue from contracts with customers

##### (i) *Disaggregated revenue information*

##### For the year ended 31 December 2021

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>
<b>Type of goods or services</b>					
Infrastructure construction services	564,541	23,015	1,854	34	589,444
Infrastructure design services	623	13,833	551	-	15,007
Dredging and filling	-	-	37,782	-	37,782
Others	<u>34,869</u>	<u>94</u>	<u>2,108</u>	<u>3,295</u>	<u>40,366</u>
Total revenue from contracts with customers	<u><b>600,033</b></u>	<u><b>36,942</b></u>	<u><b>42,295</b></u>	<u><b>3,329</b></u>	<u><b>682,599</b></u>
<b>Geographical markets</b>					
Mainland China	509,571	35,897	39,898	2,858	588,224
Other regions (primarily including Australia, Hong Kong, and countries in Africa, Middle East and South East Asia)	<u>90,462</u>	<u>1,045</u>	<u>2,397</u>	<u>471</u>	<u>94,375</u>
Total revenue from contracts with customers	<u><b>600,033</b></u>	<u><b>36,942</b></u>	<u><b>42,295</b></u>	<u><b>3,329</b></u>	<u><b>682,599</b></u>
<b>Timing of revenue recognition</b>					
Services transferred over time	565,775	36,848	40,188	18	642,829
Services transferred at a point in time	4,438	-	-	-	4,438
Merchandise transferred at a point in time	<u>29,830</u>	<u>94</u>	<u>2,107</u>	<u>3,311</u>	<u>35,332</u>
Total revenue from contracts with customers	<u><b>600,033</b></u>	<u><b>36,942</b></u>	<u><b>42,295</b></u>	<u><b>3,329</b></u>	<u><b>682,599</b></u>

**For the year ended 31 December 2020**

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>
<b>Type of goods or services</b>					
Infrastructure construction services	521,835	18,781	2,718	77	543,411
Infrastructure design services	1,320	11,859	734	10	13,923
Dredging and filling services	–	–	32,275	–	32,275
Others	<u>29,555</u>	<u>486</u>	<u>2,453</u>	<u>2,392</u>	<u>34,886</u>
Total revenue from contracts with customers	<u><u>552,710</u></u>	<u><u>31,126</u></u>	<u><u>38,180</u></u>	<u><u>2,479</u></u>	<u><u>624,495</u></u>
<b>Geographical markets</b>					
Mainland China	457,755	30,305	35,424	2,479	525,963
Other regions (primarily including Australia, Hong Kong, and countries in Africa, Middle East and South East Asia)	<u>94,955</u>	<u>821</u>	<u>2,756</u>	<u>–</u>	<u>98,532</u>
Total revenue from contracts with customers	<u><u>552,710</u></u>	<u><u>31,126</u></u>	<u><u>38,180</u></u>	<u><u>2,479</u></u>	<u><u>624,495</u></u>
<b>Timing of revenue recognition</b>					
Services transferred over time	522,689	30,609	35,179	199	588,676
Services transferred at a point in time	7,417	–	–	–	7,417
Merchandise transferred at a point in time	<u>22,604</u>	<u>517</u>	<u>3,001</u>	<u>2,280</u>	<u>28,402</u>
Total revenue from contracts with customers	<u><u>552,710</u></u>	<u><u>31,126</u></u>	<u><u>38,180</u></u>	<u><u>2,479</u></u>	<u><u>624,495</u></u>

Set out below is the reconciliation of the revenue from contracts with customers to the amounts disclosed in the segment information:

**For the year ended 31 December 2021**

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>
<b>Revenue from contracts with customers</b>					
External customers	600,033	36,942	42,295	3,329	682,599
Intersegment sales	<u>8,374</u>	<u>10,653</u>	<u>678</u>	<u>11,272</u>	<u>30,977</u>
Intersegment adjustments and eliminations	<u>(8,374)</u>	<u>(10,653)</u>	<u>(678)</u>	<u>(11,272)</u>	<u>(30,977)</u>
Total revenue from contracts with customers	<u><u>600,033</u></u>	<u><u>36,942</u></u>	<u><u>42,295</u></u>	<u><u>3,329</u></u>	<u><u>682,599</u></u>

**For the year ended 31 December 2020**

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>
<b>Revenue from contracts with customers</b>					
External customers	552,710	31,126	38,180	2,479	624,495
Intersegment sales	<u>8,277</u>	<u>8,879</u>	<u>234</u>	<u>8,928</u>	<u>26,318</u>
Intersegment adjustments and eliminations	<u>(8,277)</u>	<u>(8,879)</u>	<u>(234)</u>	<u>(8,928)</u>	<u>(26,318)</u>
Total revenue from contracts with customers	<u><u>552,710</u></u>	<u><u>31,126</u></u>	<u><u>38,180</u></u>	<u><u>2,479</u></u>	<u><u>624,495</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.

	<b>2021</b> <i>RMB million</i>	2020 <i>RMB million</i>
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Construction	<b>37,564</b>	36,413
Design	<b>2,185</b>	1,151
Dredging	<b>917</b>	1,908
Others	<b>481</b>	223
	<b><u>41,147</u></b>	<u>39,695</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 90 days from the date of billing. A certain percentage of payment is retained by customers until the end of the retention period as the Group's entitlement to the final payment is conditional on the satisfaction of the service quality by the customers over the certain period as stipulated in the contracts.

*Other services*

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

The remaining performance obligations expected to be recognised relate to construction, design, dredging and other services that are to be satisfied within 1 to 5 years.

**Other income**

	2021 <i>RMB million</i>	2020 <i>RMB million</i>
Rental income	854	660
Revenue from consulting services	364	522
Dividend income from equity investments designated at fair value through other comprehensive income		
– Listed equity instruments	717	728
– Unlisted equity instruments	130	50
Government grants	623	738
Dividend income from financial assets at fair value through profit or loss	196	125
Income from sale of scraps	358	147
Dividend income on derivative financial instruments	193	206
Income on debt investments at amortised cost	1	11
Others	<u>1,992</u>	<u>1,937</u>
	<u><u>5,428</u></u>	<u><u>5,124</u></u>

**Other gains/(losses), net**

	2021 <i>RMB million</i>	2020 <i>RMB million</i>
Gains on disposal of items of property, plant and equipment	94	231
Gains on disposal of items of intangible assets and other long-term assets	677	196
Gains on disposal of subsidiaries	26	147
Gains on disposal of joint ventures and associates	136	62
Fair value gains/(losses), net:		
– Financial assets at fair value through profit or loss	173	347
– Derivative financial instruments – transactions not qualifying as hedges	6	(132)
Foreign exchange difference, net	(1,213)	(1,420)
Gains on disposal of financial assets at fair value through profit or loss	48	81
Losses on derecognition of financial assets at amortised cost	(1,241)	(641)
Losses on derecognition of contract assets	<u>(144)</u>	<u>–</u>
	<u><u>(1,438)</u></u>	<u><u>(1,129)</u></u>

## 5. Profit before tax

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

	<b>2021</b>	2020
	<b>RMB million</b>	<i>RMB million</i>
Raw materials and consumables used*	<b>210,386</b>	182,249
Cost of goods sold	<b>19,066</b>	16,431
Subcontracting costs	<b>265,877</b>	234,534
Employee benefit expenses*:		
– Salaries, wages and bonuses	<b>31,500</b>	31,109
– Pension costs – defined contribution plans	<b>4,711</b>	3,194
– defined benefit plans	<b>36</b>	35
– Housing benefits	<b>2,423</b>	2,268
– Welfare, medical and other expenses	<b>18,457</b>	18,024
	<b>57,127</b>	54,630
Equipment and plant usage costs	<b>16,373</b>	14,434
Business tax and other taxes	<b>1,599</b>	1,568
Fuel	<b>3,887</b>	3,157
Utilities	<b>1,748</b>	1,753
Maintenance costs	<b>1,779</b>	1,422
Research and development costs (including raw materials and consumables used, employee benefit expenses, depreciation and amortisation)	<b>22,587</b>	20,094
Depreciation of property, plant and equipment, investment properties and right-of-use assets*	<b>9,444</b>	10,130
Amortisation of intangible assets*	<b>2,697</b>	2,212
Auditors' remuneration	<b>28</b>	26
Write-down of inventories to net realisable value	<b>196</b>	198
Impairment losses on financial and contract assets, net	<b>6,944</b>	5,449

\* Those amounts of the raw materials and consumables used, employee benefit expenses, depreciation and amortisation related to research and development activities, are also summarised in the item of "Research and development costs".

## 6. Finance income

	2021 <i>RMB million</i>	2020 <i>RMB million</i>
Interest income from:		
– Bank deposits	854	702
– Deposits in the PBOC and interbank placement	278	344
– Contract assets and receivables from PPP contracts	6,910	4,638
– Loan receivables	3,182	1,887
– Others	3,384	2,734
	<u>14,608</u>	<u>10,305</u>

## 7. Finance costs, net

An analysis of finance costs is as follows:

	2021 <i>RMB million</i>	2020 <i>RMB million</i>
Interests on:		
– Bank borrowings	18,309	15,899
– Other borrowings	244	200
– Corporate bonds	1,003	979
– Debentures	301	364
– Non-public debt instruments	423	379
– Lease liabilities	182	145
– Others	–	96
	<u>20,462</u>	<u>18,062</u>
Less: Interest capitalised	(2,033)	(2,101)
Net interest expense	<u>18,429</u>	<u>15,961</u>
Foreign exchange difference on borrowings, net	(113)	(75)
Others	<u>1,223</u>	<u>1,254</u>
	<u>19,539</u>	<u>17,140</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 4.76% (2020: 4.54%) per annum was used, representing the costs of the borrowings used to finance the qualifying assets.

Interest capitalised during the year was as follows:

	<b>2021</b>	2020
	<b><i>RMB million</i></b>	<i>RMB million</i>
Inventories	444	548
Concession assets	1,493	1,507
Construction in progress	<u>96</u>	<u>46</u>
	<b><u>2,033</u></b>	<b><u>2,101</u></b>

## 8. Income tax

Most of the companies of the Group are subject to PRC enterprise income tax, which was provided based on the statutory income tax rate of 25% (2020: 25%) of the assessable income of each of these companies during the year as determined in accordance with the relevant PRC income tax rules and regulations, except for certain PRC subsidiaries of the Company which were taxed at a preferential rate of 15% (2020: 15%).

Certain of the companies of the Group are subject to Hong Kong profits tax, which was provided at the rate of 16.5% (2020: 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.

	<b>2021</b>	2020
	<b><i>RMB million</i></b>	<i>RMB million</i>
Current		
– PRC enterprise income tax	5,243	7,319
– Others	<u>1,151</u>	<u>1,115</u>
	<b>6,394</b>	8,434
Deferred	<u>(468)</u>	<u>(1,106)</u>
Total tax charge for the year	<b><u>5,926</u></b>	<b><u>7,328</u></b>

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

	2021		2020	
	<i>RMB million</i>	%	<i>RMB million</i>	%
Profit before tax	<u>29,784</u>		<u>26,957</u>	
Tax at PRC statutory tax rate of 25%	7,446	25.0	6,739	25.0
Land appreciation tax in the PRC	509	1.7	920	3.4
Profits and losses attributable to joint ventures and associates	(44)	(0.1)	153	0.6
Income not subject to tax	(252)	(0.8)	(301)	(1.1)
Additional tax concession on research and development costs	(857)	(2.9)	(890)	(3.3)
Expenses not deductible for tax	194	0.7	94	0.4
Temporary differences utilised from previous periods	(3)	(0.1)	(20)	(0.1)
Temporary differences not recognised	606	2.0	600	2.2
Tax losses utilised from previous periods	(574)	(1.9)	(220)	(0.8)
Tax losses not recognised	719	2.4	1,888	7.0
Effect of differences in tax rates applicable to certain domestic and foreign subsidiaries	(1,820)	(6.1)	(1,850)	(6.9)
Adjustments in respect of current income tax of previous years	24	0.1	242	0.9
Others	<u>(22)</u>	<u>(0.1)</u>	<u>(27)</u>	<u>(0.1)</u>
Tax charge at the Group's effective rate	<u>5,926</u>	<u>19.9</u>	<u>7,328</u>	<u>27.2</u>

## 9. Dividends

	2021	2020
	<i>RMB million</i>	<i>RMB million</i>
Proposed final dividend of RMB0.20371 per ordinary share (2020: RMB0.18088)	<u>3,293</u>	<u>2,924</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 16,165,711,425 (2020: 16,169,656,343) in issue during the year.

The calculation of basic earnings per share is based on:

	2021	2020
Profit attributable to ordinary equity holders of the parent (RMB million)	18,348	16,475
Less: Interest on perpetual securities (RMB million) (i)	1,528	868
Dividend relating to preference shares (RMB million)	—	718
	<u>16,820</u>	<u>14,889</u>
Weighted average number of ordinary shares in issue (million) (ii)	<u>16,166</u>	<u>16,170</u>
Basic earnings per share	<u>RMB1.04</u>	<u>RMB0.92</u>

(i) The perpetual securities issued by the Company were classified as equity instruments with deferrable accumulative interest distribution and payment. Interest of RMB1,528 million on the perpetual securities which has been generated during the year was deducted from earnings when calculating the earnings per share amount for the year ended 31 December 2021.

(ii) The weighted average number of shares takes into account the weighted average effect of changes in treasury shares for the year ended 31 December 2020.

The Company had no potentially dilutive ordinary shares in issue during the years ended 31 December 2021.

## 11. Contract assets, trade and other receivables

	2021 <i>RMB million</i>	2020 <i>RMB million</i>
Trade and bills receivables ( <i>note a</i> )	<b>119,455</b>	123,030
Impairment	<u>(17,578)</u>	<u>(16,129)</u>
	<b>101,877</b>	106,901
Contract assets and long-term receivables	<b>557,663</b>	478,991
Impairment	<u>(8,859)</u>	<u>(5,800)</u>
	<b>548,804</b>	473,191
Other receivables:		
Prepayments	<b>25,637</b>	21,262
Deposits	<b>30,108</b>	23,559
Others	<u>56,910</u>	<u>54,085</u>
	<b>112,655</b>	98,906
Impairment	<u>(3,802)</u>	<u>(2,978)</u>
	<b>108,853</b>	95,928
	<b>759,534</b>	676,020
Portion classified as non-current		
Contract asset and long-term receivables	<b>358,879</b>	282,634
Other receivables:		
Prepayments	<b>4,051</b>	2,759
Deposits	<b>1,389</b>	1,375
Others	<u>7,455</u>	<u>6,450</u>
	<b>371,774</b>	293,218
Current portion	<u><b>387,760</b></u>	<u>382,802</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.

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

	2021 <i>RMB million</i>	2020 <i>RMB million</i>
Within 6 months	65,551	73,279
6 months to 1 year	11,087	7,706
1 year to 2 years	11,412	12,599
2 years to 3 years	6,052	7,379
Over 3 years	7,775	5,938
	<u>101,877</u>	<u>106,901</u>

## 12. Trade and other payables

	2021 <i>RMB million</i>	2020 <i>RMB million</i>
Trade and bills payables ( <i>note a</i> )	317,256	300,003
Deposits from suppliers	41,916	33,752
Retentions	42,163	34,754
Deposits in CCCC Finance	11,758	6,178
Other taxes	28,457	28,329
Payroll and social security	2,135	2,115
Accrued expenses and others	27,075	27,016
	<u>470,760</u>	432,147
Portion classified as non-current		
Retentions	33,294	23,894
Other taxes	391	173
Others	1,297	3,850
	<u>34,982</u>	<u>27,917</u>
Current portion	<u>435,778</u>	<u>404,230</u>

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

	<b>2021</b>	2020
	<b><i>RMB million</i></b>	<i>RMB million</i>
Within 1 year	<b>286,153</b>	263,688
1 year to 2 years	<b>17,116</b>	23,392
2 years to 3 years	<b>7,270</b>	6,067
Over 3 years	<b>6,717</b>	6,856
	<b><u>317,256</u></b>	<u>300,003</u>

### 13. Pledge of assets

- (a) At 31 December 2021, the restricted deposits were RMB5,331 million (2020: RMB5,275 million).
- (b) Details of the Group's assets secured for interest-bearing bank and other borrowings are as follows:

	<b>2021</b>	2020
	<b><i>RMB million</i></b>	<i>RMB million</i>
Property, plant and equipment	–	5
Right-of-use assets	<b>6,342</b>	6,435
Concession assets and trade receivables from PPP projects	<b>302,288</b>	254,432
Inventories	<b>6,995</b>	6,543
Contract assets and trade and other receivables (excluding PPP projects)	<b>29,814</b>	13,342
	<b><u>345,439</u></b>	<u>280,757</u>

## 14. Commitments

### (i) Capital expenditure commitments

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

	<b>2021</b>	2020
	<i>RMB million</i>	<i>RMB million</i>
Intangible assets – concession assets	<b>90,119</b>	92,611
Property, plant and equipment	<u><b>1,889</b></u>	<u>2,385</u>
	<u><b>92,008</b></u>	<u>94,996</u>

The Group has lease contracts that have not yet commenced as at 31 December 2021. The future lease payments for these not commenced lease contracts are RMB10 million (2020: RMB1 million).

### (ii) Other commitment

In accordance with the Framework Agreement to the Financial Services Agreement dated 30 March 2021 between CCCC Finance and CCCG, the daily maximum balance of credit services provided by CCCC Finance to CCCG for the year ended 31 December 2021 should not exceed RMB3,965 million.

## 15. Event after the reporting period

On 30 March 2022, the board of directors of the Company resolved that a final dividend of RMB0.20371 per share, totalling approximately RMB3,293 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.

## 16. Comparative amounts

As stated in note 2.2(c) to the consolidated financial statements, the comparative statements of cash flows have been restated to reflect the prior year adjustments relating to the voluntary changes in accounting policy during the current year.

## 17. Approval of the financial statements

The financial statements were approved and authorised for issue by the Board on 30 March 2022.

## **PURCHASE, SALE OR REDEMPTION OF SECURITIES**

Neither the Company nor any of its subsidiaries have purchased, sold or redeemed any listed securities of the Company during the year ended 31 December 2021.

## **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 2021.

## **COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE**

The Company is committed to high standards of corporate governance. The Board believes that, save as disclosed below, the Company complied with all code provisions as set out in the Corporate Governance Code in Appendix 14 to the Hong Kong Listing Rules (“**Corporate Governance Code**”) for the year ended 31 December 2021.

Pursuant to Code Provision C.2.1 of the Corporate Governance Code, the roles of chairman of the board of directors and the chief executive should be separate and should not be performed by the same individual. A deviation from Code Provision C.2.1 occurred during the period from 1 January 2021 to 7 April 2021 as the roles of the chairman of the Board and the president of the Company were concurrently performed by Mr. Wang Tongzhou temporarily due to the resignation of Mr. Liu Qitao as the chairman of the Board and the resignation of Mr. Song Hailiang as the president of the Company. Notwithstanding, the Board believes that the balance of power and authority during abovementioned period was adequately ensured by the operation of the Board, which comprises experienced talents with a sufficient number thereof being independent non-executive Directors. As a commitment to retain high level of corporate governance and continuous efforts to comply with the Hong Kong Listing Rules, on 7 April 2021, Mr. Wang Tongzhou resigned as the president of the Company and Mr. Wang Haihuai was appointed as the president of the Company. Since then, the roles of chairman of the Board and the chief executive of the Company have been separate in compliance with Code Provision C.2.1.

## **DISTRIBUTIONS AND DIVIDENDS**

For the year of 2021, net distributable profit to owners of the Company was approximately RMB16,465 million which is determined based on the financial statements prepared in accordance with China Accounting Standards for Business Enterprises and International Financial Reporting Standards, whichever is lower. The Board has proposed a final dividend of RMB0.20371 (equivalent to approximately HKD0.25082, including tax) per share (totaling approximately RMB3,293 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 15 August 2022, subject to the provisions of the Articles of Association, on the basis of total issued share capital of the Company of 16,165,711,425 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 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 2022 will not exceed RMB81,325 million. The Company will closely monitor the respective related party transactions. If any related party transaction constitutes a connected transaction (as defined under the Hong Kong Listing Rules), and is subject to reporting, announcement or independent Shareholders' approval requirements (as applicable), the Company will, as soon as possible after the terms of the respective connected transaction have been agreed, take immediate steps to ensure compliance with the Hong Kong Listing Rules.

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

## **CONTINUING CONNECTED TRANSACTIONS**

For the year ended 31 December 2021, the Group carried out continuing connected transactions with CCCG, CCCC Leasing, CCCC Tianhe and CCCC Intelligence Transportation.

As at the date of this announcement, CCCG is the controlling Shareholder of the Company holding approximately 58.70% 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 Intelligence Transportation is a subsidiary of the Company and owned as to over 10% by CCCG. Thus, it is a connected subsidiary of the Company under Rule 14A.16 of the Hong Kong Listing Rules.

On 1 January 2021, CCCC Leasing and CCCC Tianhe were both subsidiaries of the Company and were owned as to over 10% by Shanghai Zhenhua Heavy Industries Co., Ltd. (上海振華重工(集團)股份有限公司), "ZPMC", a subsidiary of CCCG. Thus, CCCC Leasing and CCCC Tianhe were connected subsidiaries of the Company under Rule 14A.16 of the Hong Kong Listing Rules. On 12 November 2021 and 22 December 2021, the Company acquired 16.52% equity interests in CCCC Tianhe and 21% equity interests in CCCC Leasing from ZPMC, respectively. Upon completion of such acquisitions, CCCC Leasing and CCCC Tianhe ceased to be connected subsidiaries of the Company under Rule 14A.16 of the Hong Kong Listing Rules. The calculation of the amounts of continuing connected transactions between the Company and CCCC Leasing or CCCC Tianhe only covered the period from 1 January 2021 to the completion date of the above acquisitions.

The annual caps for the continuing connected transactions of the Company as compared with the actual transaction amounts for the year ended 31 December 2021 are set out as follows:

	<b>Annual Cap for 2021 (RMB million)</b>	Actual amount for 2021 (RMB million)
<b>1. Mutual Project Contracting Framework Agreement</b>		
Project contracting service fees receivable by the Group from CCCG Group	<b>19,200</b>	11,695
Labour and subcontracting service fees payable by the Group to CCCG Group	<b>6,500</b>	2,407
<b>2. Mutual Product Sales and Purchase Agreement</b>		
Aggregate amount for the fees receivable by the Group from CCCG Group	<b>2,000</b>	1,227
Aggregate amount for the fees payable by the Group to CCCG Group	<b>4,000</b>	1,479
<b>3. Leasing and Asset Management Services Framework Agreement</b>		
Leasing of certain buildings and plants, auxiliary facilities and equipment for production and operation and other products by CCCG Group to the Group	<b>320</b>	306
<b>4. Financial Services Agreement</b>		
Maximum daily balance (including the interests accrued thereon) of credit services provided by CCC Finance to CCCG Group	<b>3,965</b>	3,958
Fees to be charged by CCC Finance to CCCG Group for provision of other financial services	<b>1</b>	–
<b>5. Finance Lease and Commercial Factoring Agreement</b>		
Aggregate amount of the finance lease services provided by CCC Leasing to CCCG Group	<b>6,000</b>	1,442
Aggregate amount of the commercial factoring services provided by CCC Leasing to CCCG Group	<b>6,000</b>	3,290

	<b>Annual Cap for 2021 (RMB million)</b>	Actual amount for 2021 (RMB million)
<b>6. Finance Lease and Commercial Factoring Framework Agreement</b>		
Aggregate amount of the finance lease services provided by CCCC Leasing to the Group	<b>26,000</b>	3,470
Aggregate amount of the commercial factoring services provided by CCCC Leasing to the Group	<b>26,000</b>	6,606
<b>7. Product Purchase Framework Agreement</b>		
Purchase of engineering products by the Group from CCCC Tianhe and its subsidiaries	<b>500</b>	172
<b>8. Product Leasing Framework Agreement</b>		
Leasing of engineering products by CCCC Tianhe and its subsidiaries to the Group	<b>1,000</b>	398
<b>9. Project Contracting Framework Agreement</b>		
Project contracting service fees receivable by the Group from CCCC Intelligence Transportation	<b>200</b>	–
<b>10. Financial Services Framework Agreement</b>		
Maximum daily loan balance (including the interests accrued thereon) provided by CCCC Finance to CCCC Intelligence Transportation and its subsidiaries	<b>460</b>	–

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 sets annual caps on the basis of the assessment on necessity and fairness of potential connected transactions. These agreements and proposed annual caps are subject to necessary decision-making and approval procedures, including but not limited to review and consideration by independent directors, the audit and internal control committee under the Board, the Board, the supervisory committee and the Shareholders' general meeting of the Company pursuant to their respective authorisation. Implementation will be organized upon approval after review and consideration;

- (ii) the Company carries out daily supervision on the overall implementation and actual transaction amounts of continuing connected transactions. For financial services agreement and finance lease and commercial factoring agreement, CCCC Finance and CCCC Leasing (subsidiaries of the Company), as non-bank financial institutions, report actual maximum daily balance of credit services and actual amount of finance lease services and commercial factoring services provided on a monthly basis, and predict the transaction amount of the outstanding period of the relevant year on a quarterly basis. For other continuing connected transaction agreements, the subsidiaries of the Company report actual transaction amount (including the actual transaction amount of the relevant month and accumulated actual transaction amount) and predict the transaction amount of the outstanding period of the relevant year on a monthly basis. Meanwhile, the Company will allocate the caps of continuing connected transactions for the next year to the implementers of relevant transactions at the end of every year;
- (iii) the implementers shall bring forward the need for increasing the caps of continuing connected transactions in time when it occurs during implementation based on changes in business development. The Company will start decision-making procedures for revising caps in due course after assessing necessity and fairness of the continuing connected transactions;
- (iv) whenever the actual transaction amount of relevant continuing connected transaction reaches 80% of the existing annual caps, the transaction implementers shall make a new prediction on whether the transaction amount of the outstanding period of the relevant year will satisfy operation needs and shall provide the Company with relevant transaction information so that the Company can realize better supervision and start decision-making procedures for revising caps in time after assessing necessity and fairness; and
- (v) by the end of every year, the Company will make a new prediction about the proposed caps of continuing connected transaction for the next year based on the latest actual situation of the relevant transaction of the current year, and re-assess the plan for the continuing connected transaction for next year after evaluating the necessity and fairness. If the reassessment is consistent with the existing annual caps, the transactions shall be implemented following above procedures, and if it is expected to exceed the caps, the decision-making procedure for revising caps shall be started.

## **AUDIT AND INTERNAL CONTROL COMMITTEE**

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

## AUDITORS

Ernst & Young and Ernst & Young Hua Ming LLP were appointed as the international and domestic auditors of the Company for the year ended 31 December 2021, respectively. The financial figures in this announcement extracted from the Group's consolidated Financial Statements for the year ended 31 December 2021 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 2021. 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](http://www.hkexnews.hk)) and on the website of the Company ([www.ccccltd.cn](http://www.ccccltd.cn)).

The annual report of the Company for the year ended 31 December 2021 which contains all the information required by the Hong Kong Listing Rules including audited financial statements will be despatched to Shareholders on or before Thursday, 28 April 2022 and will be published on the website of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and on the website of the Company ([www.ccccltd.cn](http://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 2021 to be held in 2022
“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
“CCCC Finance”	CCCC Finance Company Limited* (中交財務有限公司), a subsidiary of the Company as at the date of this announcement
“CCCC Intelligence Transportation”	CCCC Intelligence Transportation Company Limited* (中交智運有限公司), a connected subsidiary of the Company as at the date of this announcement

“CCCC Leasing”	CCCC Financial Leasing Co., Ltd.* (中交融資租賃有限公司), a subsidiary of the Company as at the date of this announcement
“CCCC Tianhe	CCCC Tianhe Machinery and Equipment Manufacturing Co., Ltd.* (中交天和機械設備製造有限公司), a subsidiary of the Company as at the date of this announcement
“CCCCG”	China Communications Construction Group (Limited), a wholly state-owned company incorporated on 8 December 2005 in the PRC which currently holds approximately 58.70% equity interest in the Company
“CCCCG Group”	CCCCG and its subsidiaries, excluding the Company and its subsidiaries
“Company” or “CCCC”	China Communications Construction Company Limited, a joint stock limited company with limited liability incorporated under the laws of the PRC on 8 October 2006, and except where the context requires otherwise, all of its subsidiaries
“Director(s)”	the director(s) of the Company
“Group”	the Company itself and all of its subsidiaries
“HKD”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers
“PRC”	the People’s Republic of China, for the purposes of this announcement, excluding the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan
“RMB” or “Renminbi”	the lawful currency of the PRC

“SASAC”	State-owned Assets Supervisor and Administration Commission of the State Council
“Shanghai Listing Rules”	the Rules Governing the Listing of Stocks on Shanghai Stock Exchange
“Shareholder(s)”	the shareholder(s) of the Company
“Supervisor(s)”	the supervisor(s) of the Company
“USD”	United States dollars, the lawful currency of the United States of America
“%”	Percent

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

Beijing, the PRC  
30 March 2022

*As at the date of this announcement, the Directors of the Company are WANG Tongzhou, WANG Haihuai, LIU Xiang, SUN Ziyu, MI Shuhua, LIU Hui<sup>#</sup>, CHAN Wing Tak Kevin<sup>#</sup>, WU Guangqi<sup>#</sup> and ZHOU Xiaowen<sup>#</sup>.*

<sup>#</sup> *Independent non-executive Directors*

<sup>\*</sup> *For identification purpose only*