



中國建築股份有限公司

CHINA STATE CONSTRUCTION ENGRG. CORP. LTD

2019

ANNUAL REPORT

Stock Code: 601668.SH

Cover Photo: Tianjin Chow Tai Fook Financial Center



**CHINA SECURITIES REGULATORY COMMISSION**  
**SHANGHAI STOCK EXCHANGE**

The Company prepared its 2019 Annual Report in accordance with relevant regulations and guidelines set forth by the China Securities Regulatory Commission and the Shanghai Stock Exchange, including the Publicly Listed Company Information Disclosure Content and Format Guideline No. 2 – Content and Format of the Annual Report, the Shanghai Stock Exchange Listing Rules and other relevant regulations and guidelines. This is a free translation into English of a report issued in China and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and is construed in accordance with, China law and professional auditing standards applicable in China. Should there be any inconsistency between the Chinese version and the English version, the Chinese version shall prevail. Investors can access the Company's 2019 Annual Report on the website of the Shanghai Stock Exchange ([www.sse.com.cn](http://www.sse.com.cn)).

**Stock Code: 601668**

**Abbreviation: CSCEC**



**China State Construction Engineering  
Corporation Limited  
Annual Report 2019**

**April 24, 2020**





# CHAIRMAN'S STATEMENT

## Dear shareholders and investors,

On behalf of the Board of Directors of CSCEC, I would like to present to you the Annual Report 2019 of the Company, and to express my sincere gratitude to all stakeholders who have long been supporting and interested in the reform and development of the Company!

In 2019, confronted with complex situations in which domestic and foreign risks and challenges are mounting, CSCEC adhered to the guidance of Xi Jinping's thought on socialism with Chinese characteristics for the new era, resolutely implemented all major policies and plans made by the Party Central Committee and the State Council, calmly responded to the profound changes in the external environment, and actively took practical actions to work diligently, achieved improvements on quality through steady progress, and obtained new and outstanding results in terms of enterprise reform and development. The value of new contracts for the whole year was RMB2.87 trillion, representing a year-on-year increase of 9.2%; the revenue was RMB1.42 trillion, representing a year-on-year increase of 18.4%; the net profit attributable to shareholders of the Company was RMB41.88 billion, representing a year-on-year increase of 9.5%, and basic earnings per share was RMB0.97, representing a year-on-year increase of 11.5%. For the second year in a row, CSCEC was the only company in the global construction industry with both its value of new contracts and revenue above RMB1 trillion. The Company ranked 21st on the Fortune Global 500 list in 2019, 3rd on the list of Fortune China 500, and 1st on ENR's Top 250 Global Contractors rankings, continuing to maintain the highest credit ratings among the global industry peers.

In 2019, the Company's business management delivered a number of breakthroughs and achievements, which are mainly reflected in the following five aspects: firstly, resolute and powerful integration into the national strategies. The Company was fully committed to implementing the national and regional strategies for coordinated development such as the coordinated development of the Beijing-Tianjin-Hebei Region (Xiong'an New District), the development of the Yangtze River Economic Belt as well as the construction of the

Guangdong-Hong Kong-Macao Greater Bay Area, giving full play to the advantages of the whole industrial chain and national layout, concentrating advantageous resources on key projects to make breakthroughs, promoting the implementation of a number of major projects and having seized the development opportunities brought about by such national strategies. Secondly, we were deeply committed to the Belt and Road Initiative ("BRI"). The Company effectively implemented the guiding principle of "prioritizing overseas markets", fully demonstrated the strength of "Chinese Construction", and increased the number of countries where we operate to 77; the value of new contracts signed and revenue from overseas business increased by 13.9% and 15.2% on a year-on-year basis, respectively. Thirdly, the quality of development continued to enhance. The Company's advantages in the construction business have been further consolidated, the real estate business layout has been continuously optimized, and new businesses such as the industrialization of construction have been vigorously expanded while the industrial structure having been increasingly balanced; a number of measures were adopted to improve the quality of assets, progress was made in reducing leverage and liabilities, and the turnover rate of total assets increased on a year-on-year basis. The asset-liability ratio decreased by 1.6 percentage points to 75.3% on a year-on-year basis at the year end. Fourthly, the reform and innovation were going deeper. The Company promoted the creation of a world-class enterprise and deepened the reform of a state-owned enterprise in an integrated manner, continuously expanded the coverage of equity incentives and carried out the second pilot programs for professional managers; the Company has won another first prize of national scientific and technological progress after four years, and has achieved a number of scientific research results with international leading level. Fifthly, as a socially responsible company, we continued to help win the "Three Critical Battles". The three paired counties with the Company are about to be lifted out of poverty soon. The Company recruited 19,000 fresh graduates of the year, creating about 1.7 million jobs, and making important contribution to ensuring employment.

The year 2019 marked the 10th anniversary of the Company's listing. Over the last decade, with the aid of capital market platforms, the Company has facilitated the modernization of the central enterprise governance system and governance capacity, and achieved a leapfrogging growth in business performance from No. 1 nationally to No. 1 globally in the construction industry and a great jump from No. 292 to No. 21 in the Fortune Global 500 rankings. Over the past decade, the Company has kept a fast and steady growth with its revenue and net profit attributable to ordinary shareholders of the Company growing at a compound annual growth rate (CAGR) of 18.5% and 22.0%, respectively, and return on net assets at a high level of more than 15%. The accumulative cash dividends paid to ordinary shareholders were over RMB43.6 billion. Such results could not be achieved without the strong support from our shareholders and investors, and on behalf of our Board of Directors and senior management, I would like to extend my sincerest gratitude to our shareholders and investors!

In early 2020, in response to the sudden outbreak of COVID-19, the Company conscientiously implemented instructions made by General Secretary Xi Jinping in an important speech on advancing the work on coordinating the prevention and control of the COVID-19 pandemic and economic and social development. The Company took on responsibilities and accomplished the mission. It participated in the construction of 100 emergency engineering projects as represented by the two makeshift hospitals in Wuhan – Huoshenshan Hospital and Leishenshan Hospital, showcasing China's speed and strength, making new contributions to the country and the people, and demonstrating our sense of righteousness amidst such a crippling pandemic. As the pandemic prevention and control continued to improve, the Company insisted on accelerating the full recovery of the production and operation order under regular pandemic prevention and control, and sought to promote the transformation and upgrading in due time and based on the actual situation, stimulating new vitality of the Company.

The year 2020 will mark the accomplishment of a moderately prosperous society in all respects and of the "13th Five-Year Plan". China's economy remains on a steady and long-term upward trend. The reconstruction of old urban areas, the construction of major infrastructure projects and the long-term mechanism for real estate

development of "stabilizing land prices, housing prices and expectations" create new opportunities. As a result, the Company is still in the important period of opportunities for reform and development as well as transformation and upgrading. Given that the global COVID-19 outbreak has posed unprecedented and extremely unusual and severe challenges to economic and social development at home and abroad, the Company must take the initiative to adapt to the new situation, bravely tackle new challenges and seize new opportunities with no efforts spared.

We will seek strategies for development and reform and fulfill our responsibilities as a state-owned enterprise. Guided by Xi Jinping's thought on socialism with Chinese characteristics for the new era, CSCEC will always bear in mind the overall strategy of the great rejuvenation of the Chinese nation as well as the profound changes unseen in the world in a century, thereby maintaining strategic focus and remaining committed to development. The Company will focus on the goal of "one creation and five aspects of strength" in 2020 and beyond, that is, guiding by the principle of creating a world leading enterprise, the Company is committed to building itself into a world leading company with strong value creativity, international competitiveness, industry leadership, brand influence and cultural soft power. In 2020, the Company will further coordinate pandemic prevention and control with production and operation, carry out the arrangements on "six stabilities" and "six protections" of the Party Central Committee, complete the task of "three stabilities, four protections and one strengthening" of the State-owned Assets Supervision and Administration Commission of the State Council (SASAC), adhere to the general principle of pursuing progress while ensuring stability, and insist on new development principles and high-quality development. We will work hard and overcome difficulties to reform and innovate in order to complete the annual goals and tasks, making the Company stronger, better and bigger to help achieve a successful conclusion of the "13th Five-Year Plan". Looking ahead in 2020, we aim to sign new contracts of over RMB3.10 trillion, and earn revenue of over RMB1.52 trillion. As the saying goes, "seize the day and live it to the full", CSCEC will continue to return its shareholders and investors with excellent performance.

*Chairman: Zhou Naixiang*  
24 April 2020

# IMPORTANT NOTES

- I. **The Company's Board of Directors, Board of Supervisors and Directors, Supervisors and Senior Management guarantee that information contained in the Annual Report is true, accurate and complete and does not contain any false representations, misleading statements or material omissions, and severally and jointly accept legal responsibility thereof.**
- II. **This Report was passed at the 37th meeting of the second session of the Board of the Company, at which all the Directors of the Company had attended.**
- III. **PricewaterhouseCoopers Zhong Tian CPAs LLP (Special General Partnership) issued a standard unqualified audit report to the Company.**
- IV. **Zhou Naixiang, Head of the Company (Chairman); Wang Yunlin, Head of Accounting (Chief Financial Officer); and Tian Wei, Head of the Accounting Office (Chief Accounting Officer) guarantee that the financial report set out in the Annual Report is true, accurate and complete.**
- V. **Profit distribution plan or the conversion plan of reserves to share capital for the Reporting Period considered by the Board of Directors**

On the basis of 41,965,071,511 capital shares as of the date of disclosure, the Company proposes to distribute a cash dividend of RMB1.85 (tax inclusive) for every 10 shares, and the ratio of the annual cash dividend payout to net profit attributable to shareholders of the Company is 18.53%. In case of any change in its total share capital prior to the record date of shareholders for profit distribution plan, the Company proposes to maintain the distribution ratio per share unchanged, and to adjust the total distribution amount accordingly. An announcement containing details of the adjustments will be made separately. The profit distribution plan was considered and approved at the 37th meeting of the second session of the Board and is subject to the consideration and approval by the 2019 annual general meeting of the Company.

**VI. Risk statement with respect to forward-looking statements**

☒ Applicable ☐ N/A

This Report contain certain forward-looking statements made on subjective assumptions and judgments on future policies and economic trends, which may differ from the actual results or trends due to a range of variables.

The forward-looking statements regarding future plans, development strategies, etc. contained in this Report do not constitute a material commitment to investors by the Company, and investors are advised to exercise attention.

**VII. Whether there is any non-operating misappropriation of funds of the Company by the controlling shareholder and its related parties**

No

**VIII. Whether the Company has provided any guarantee in favor of external parties in violation of the prescribed decision-making procedures**

No

**IX. Warning on major risks**

☒ Applicable ☐ N/A

During the Reporting Period, the Company is not exposed to major risks.

The Company has described possible related risks in detail in this Report. Please refer to the relevant information set out in "Discussion and analysis of the future development of the Company" under Section IV "DISCUSSION AND ANALYSIS OF BUSINESS OPERATION" hereof.

**X. Miscellaneous**

☒ Applicable ☐ N/A

In addition to the audited financial data, the business data used in this Report comes from the management of the Company.



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## SECTION I DEFINITIONS

In this Report, unless the context otherwise requires, the following words shall have the following meanings:

### Definitions of common words

<b>CSCEC/the Company</b>	China State Construction Engineering Corporation Limited (中国建筑股份有限公司)
<b>China State Construction/the Group</b>	China State Construction Engineering Corporation (中国建筑集团有限公司)
<b>China Construction First Group Corporation to Eighth Engineering Division</b>	China Construction First Group Corporation Limited to China Construction Eighth Engineering Division Corp. Ltd. (中国建筑一局(集团)有限公司至中国建筑第八工程局有限公司)
<b>Xinjiang Construction &amp; Engineering</b>	CSCEC Xinjiang Construction & Engineering (Group) Co., Ltd. (中建新疆建工(集团)有限公司)
<b>COHL</b>	China Overseas Holdings Limited (中国海外集团有限公司)
<b>CSCEC International Operations</b>	China State Construction Engineering Corporation International Operations (中国建筑国际工程公司)
<b>China Overseas</b>	The real estate development brand and business owned by China Overseas Land & Investment Ltd. (中国海外发展有限公司) (00688.HK), a subsidiary of COHL
<b>CSC Land</b>	The real estate brand and businesses other than "China Overseas" that CSCEC is engaged in
<b>China Construction Engineering Design Group</b>	China Construction Engineering Design Group Corporation Limited (中国中建设计集团有限公司)
<b>China Overseas Land &amp; Investment</b>	China Overseas Land & Investment Ltd. (中国海外发展有限公司) (00688.HK)
<b>CSC International</b>	China State Construction International Holdings Limited (中国建筑国际集团有限公司) (03311.HK)
<b>China Overseas Grand Oceans</b>	China Overseas Grand Oceans Group Limited (中国海外宏洋集团有限公司) (00081.HK)
<b>CSC Development</b>	China State Construction Development Holdings Limited (中国建筑兴业集团有限公司) (00830.HK)
<b>China Overseas Property</b>	China Overseas Property Holdings Limited (中海物业集团有限公司) (02669.HK)
<b>West Construction</b>	China West Construction Group Co., Ltd. (中建西部建设股份有限公司) (002302.SZ)
<b>CSC Finance</b>	China State Construction Finance Co., Ltd. (中建财务有限公司)
<b>China Construction Fangcheng</b>	China Construction Fangcheng Investment & Development Group Co., Ltd. (建方投资发展集团有限公司)
<b>China Construction Capital</b>	China Construction Capital Holdings Limited (中建资本控股有限公司)
<b>China State Decoration</b>	China State Decoration Group Co., Ltd. (中国建筑装饰集团有限公司)
<b>China Construction Infrastructure</b>	China Construction Infrastructure Co., Ltd. (中国建设基础设施有限公司)
<b>CSCDC</b>	China State Construction Development Co., Ltd. (中国建筑发展有限公司)
<b>China Construction Science and Industry</b>	China Construction Science and Industry Corporation Ltd. (formerly known as China Construction Steel Structure Co., Ltd. (中建钢构有限公司))
<b>China Construction Communications</b>	China Construction Communications Engineering Group Co., Ltd. (中建交通建设集团有限公司)
<b>China Construction Science &amp; Technology</b>	China Construction Science & Technology Co., Ltd. (中建科技有限公司)
<b>China Construction Harbour and Channel Engineering Bureau</b>	China Construction Harbour and Channel Engineering Bureau Group Co., Ltd. (中建港航局集团有限公司)
<b>Articles of Association</b>	Articles of association of China State Construction Engineering Corporation Limited
<b>Reporting Period</b>	From January 1, 2019 to December 31, 2019

## SECTION II COMPANY PROFILE AND KEY FINANCIAL INDICATORS

### I. Information of the Company

Chinese name	中国建筑股份有限公司
Chinese abbreviation	中国建筑
English name	China State Construction Engineering Corporation Limited
English abbreviation	CSCEC
Legal representative	Zhou Naixiang

### II. Contact Details

	Secretary to the Board of Directors
Name	Xue Keping
Address	CSC Fortune International Center, Building 3, Courtyard 5, Anding Road, Chaoyang District, Beijing
Tel.	010-86498888
Fax	010-86498170
Email	ir@cscec.com

### III. Overview of Basic Information

Registered address	No.15, Sanlihe Road, Haidian District, Beijing
Postal code of the registered address	100037
Office address	CSC Fortune International Center, Building 3, Courtyard 5, Anding Road, Chaoyang District, Beijing
Postal code of the office address	100029
Website	www.cscec.com
Email	ir@cscec.com

### IV. Information Disclosure and Place for Inspection of Annual Report

Name of media designated by the Company for information disclosure	China Securities Journal, Shanghai Securities News, Securities Times and Securities Daily
Website designated by CSRC for publishing annual report	www.sse.com.cn
Place for inspection of annual report	CSCEC Board Office CSC Fortune International Center, Building 3, Courtyard 5, Anding Road, Chaoyang District, Beijing

### V. Overview of Stocks

Overview of stocks				
Type	Stock exchange	Abbreviation	Stock Code	Original ticker
A share	Shanghai Stock Exchange	CSCEC	601668	N/A
Preferred stock	Shanghai Stock Exchange	China Construction Preferred Stock 1	360007	N/A

## VI. Other Relevant Information

Accounting firm engaged by the Company (domestic)	Name	PricewaterhouseCoopers Zhong Tian CPAs LLP (Special General Partnership)
	Office address	11/F., PricewaterhouseCoopers Center, 2 Corporate Avenue, 202 Hu Bin Road, Huangpu District, Shanghai, PRC
	Name of signatory	Huang Mingliu, Hu Wei

## VII. Key Accounting Data and Financial Indicators for the Last Three Years

### (I) Key accounting data

Unit: '000 yuan Currency: RMB

Key accounting data	2019	2018			2017	
		After adjustment	Before adjustment	Change YoY (%)	After adjustment	Before adjustment
Revenue	1,419,836,588	1,199,324,525	1,199,324,525	18.4	1,054,106,503	1,054,106,503
Total profit	81,467,846	71,788,788	71,788,788	13.5	60,399,614	60,399,614
Net profit attributable to shareholders of the Company	41,881,399	38,241,324	38,241,324	9.5	32,941,799	32,941,799
Net profit attributable to shareholders of the Company after deducting non-recurring profit or loss	42,491,547	37,535,578	37,535,578	13.2	31,824,170	31,824,170
Net cash flows from operating activities	-34,220,077	10,311,290	10,311,290	/	-43,456,932	-43,456,932

Key accounting data	At the end of 2019	At the end of 2018			At the end of 2017	
		After adjustment	Before adjustment	Change YoY (%)	After adjustment	Before adjustment
Net assets attributable to shareholders of the Company	277,197,681	243,892,279	243,961,186	13.6	214,755,519	214,755,519
Total assets	2,034,451,929	1,849,004,412	1,861,840,298	9.3	1,550,983,306	1,550,983,306
Total share capital at the end of the period	41,975,630	41,985,174	41,985,174	-0.02	30,000,000	30,000,000

### (II) Key financial indicators

Key financial indicators	2019	2018			2017	
		After adjustment	Before adjustment	Change YoY (%)	After adjustment	Before adjustment
Basic earnings per share (RMB/share)	0.97	0.87	0.87	11.5	0.76	1.07
Diluted earnings per share (RMB/share)	0.96	0.85	0.85	12.9	0.75	1.05
Basic EPS (RMB/share) after deducting non-recurring profit or loss	0.98	0.85	0.85	15.3	0.73	1.03
Weighted average return on net assets (%)	15.60	15.97	15.97	-2.3	15.82	15.82
Weighted average return on net assets after deducting non-recurring profit or loss (%)	15.84	15.66	15.66	1.1	15.27	15.27
Net assets per share attributable to ordinary shareholders (RMB/share)	6.10	5.26	5.26	16.0	6.39	6.39
Dividend amount per 10 shares (RMB)	1.85	1.68	1.68	10.1	1.54	2.15



Explanation on the Company's key accounting data and financial indicators for the three years preceding the end of the Reporting Period

☒ Applicable ☐ N/A

- ① Due to the Company's adoption of new accounting standards during the period, the amounts before and after adjustment represent those at the end of the 2018 Reporting Period and that at the beginning of period after the adoption of new standards on January 1, 2019 respectively.
- ② When calculating earnings per share, the restricted shares that have not yet met the unlocking conditions and become invalid are deducted from the weighted average number of ordinary shares issued by the Company.
- ③ According to relevant accounting requirements, when calculating earnings per share, the dividends or interests of other equity instruments such as preferred stocks and perpetual bonds and restricted shares shall be excluded from the net profit attributable to shareholders of the listed company.
- ④ The net assets per share attributable to ordinary shareholders are the net assets attributable to shareholders of the listed company deducting other equity instruments, and then divided the balance by the total number of issued shares at the end of the Reporting Period.
- ⑤ Dividend amount (tax inclusive).

For details, please refer to Note IV (64) "Share-based payment", Note IV (65) "Earnings per share" to the financial statements under Section XI "FINANCIAL REPORT" hereof, and Supplementary Information from the management from the management II "Return on Net Assets and Earnings Per Share" and other relevant information.

## **VIII. Differences between Accounting Data under Domestic and Foreign Accounting Standards**

### **(I) Differences of net profit and net assets attributable to shareholders of the Company in the financial report disclosed in accordance with the International Accounting Standards and Chinese Accounting Standards**

☐ Applicable ☒ N/A

### **(II) Differences of net profit and net assets attributable to shareholders of the Company in the financial report disclosed in accordance with both foreign accounting standards and Chinese accounting standards**

☐ Applicable ☒ N/A

### **(III) Explanation on differences between domestic and foreign accounting standards**

☐ Applicable ☒ N/A

## IX. Key Financial Data of 2019 by Quarter

Unit: '000 yuan    Currency: RMB

	Q1 (Jan. – Mar.)	Q2 (Apr. – Jun.)	Q3 (Jul. – Sep.)	Q4 (Oct. – Dec.)
Revenue	297,576,769	387,842,546	288,179,804	446,237,469
Net profit attributable to shareholders of the Company	8,857,917	11,450,528	9,671,676	11,901,278
Net profit attributable to shareholders of the Company after deducting non-recurring profit or loss	8,572,289	10,569,337	8,969,138	14,380,783
Net cash flows from operating activities	-98,116,699	15,220,001	-23,777,964	72,454,585

Note: The Company's key quarterly financial data has not been audited.

Explanation on differences between the quarterly data and data contained in regular reports disclosed

☐ Applicable    ☒ N/A

## X. Statement of Non-Recurring Profit or Loss

☒ Applicable    ☐ N/A

Unit: '000 yuan    Currency: RMB

Non-recurring items	Amount of 2019	Note (if applicable)	Amount of 2018	Amount of 2017
Net profit on obsolete of non-current assets	80,472	/	29,931	45,490
Government grants related with non-daily operations	137,067	Non-operating income and expenses	75,848	183,852
Gain/(loss) from stepped acquisition	248,249	Investment income	-238	/
Losses arising from changes in fair value and from disposal/redemption of financial assets at fair value through profit or loss, financial liabilities at fair value through profit or loss, and other debt investment at fair value through other comprehensive income	-436,009	/	-325,733	-587,030
Interest income from providing loan to non-financial corporations	492,765	/	247,830	196,905
Reversal of the provision on receivables and contract assets for impairment on an individual basis	2,291,693	/	849,770	788,772
Income from disposal of long-term equity investment	274,341	/	3,385	404,461
Investment income from disposal of subsidiaries	138,333	/	226,038	/
Losses from non-operating activities or occasional matters	-3,127,374	/	/	/
Net profit from other non-operating activities	77,620	/	87,215	543,043
Effect of non-controlling interests (after tax)	-171,647	/	-103,394	-151,837
Effect of income tax	-615,658	/	-384,906	-306,027
<b>Total</b>	<b>-610,148</b>	<b>/</b>	<b>705,746</b>	<b>1,117,629</b>

## XI. Items Measured at Fair Value

☒ Applicable ☐ N/A

Unit: '000 yuan Currency: RMB

Name of item	Opening balance	Closing balance	Current changes	Effect on current profits
Exchangeable bonds	10,937,880	11,635,832	697,952	-551,426
Financial assets held for trading	5,018,213	902,072	-4,116,141	476,440
Other investment in equity instrument	9,830,639	8,069,043	-1,761,596	270,650
Other non-current financial assets	268,932	50,510	-218,422	-233,422
Accounts receivable financing	3,427,192	3,674,166	246,974	0
Other debt investments	480,926	612,106	131,180	18,025
Other current assets	0	3,557,504	3,557,504	69,108
<b>Total</b>	<b>29,963,782</b>	<b>28,501,233</b>	<b>-1,462,549</b>	<b>49,375</b>

## XII. Miscellaneous

☐ Applicable ☒ N/A



## SECTION III OVERVIEW OF BUSINESS OPERATIONS

### I. Explanation on the Company's Principal Businesses, Business Model and Industry Information during the Reporting Period

#### (I) Principal businesses and business model

As an investment and development conglomerate bestowed with the longest history of specialized and market-oriented operation and the most developed level of integration in the PRC, CSCEC is a market leader in building construction engineering, infrastructure construction and investment, real estate development and investment, prospecting and design etc. CSCEC is the largest engineering contractor in the world, ranking 21st in Fortune Global 500 (2019). The Company ranked among top 3 on the list of Fortune China 500 for seven consecutive years, and topped the list of the 2019 Top 250 Global Contractors published by Engineering News-Record (ENR). CSCEC has been rated as Grade A by the SASAC of the State Council for 14 times. The leading global rating agencies i.e. S&P Global Ratings, Moody's Investors Service and Fitch Ratings affirmed CSCEC's ratings as A/A2/A (respectively) with "Stable" outlook, the highest credit ratings among the global industry peers.

CSCEC stands as one of the most competitive investment companies in China, specializing in real estate, infrastructure and integrated urban construction. Featuring a "four in one" business model integrating planning and design, investment and development, infrastructure construction and building construction engineering, it provides a turnkey solution covering all aspects, processes, elements for urban development projects, with a priority given to the synergy between internal resource integration and business development.

Tapped into more than 100 countries and regions, CSCEC, as the largest engineering contractor in the world, specializes in a broad range of businesses covering all aspects related to urban development and each stage throughout construction projects. The Company is well equipped with the capabilities of comprehensive design, construction and land development, and is well positioned to compete relying on its complete industry chain of construction products ranging from R&D on technology of products, prospecting and design, real estate development, construction contracting and equipment manufacturing to property management. Among most ultra-high-rise buildings with a height of 300 meters or above in China, those technically sophisticated and structurally complicated are built by CSCEC.

Among the 10 model enterprises selected by SASAC for the "World-class Enterprises Campaign", CSCEC is the only company engaged in a "perfectly competitive market". Its affiliate, the Second Construction Co., Ltd. of China Construction First Group Corporation Limited, is officially included in SASAC's "Two-hundred Campaign"; and China State Decoration is accredited as a pilot company for the fourth mixed-ownership reform of the National Development and Reform Commission (NDRC). In 2019, CSCEC made continuous efforts to transform itself into a world-class company, and continued to deepen reform as a state-owned enterprise (SOE); guided by the "Three Leading Positions", "Three Pre-eminences" and "Three Models" standards set by SASAC, as well as the "Decision to Accelerate the Establishment of World-class Enterprises" and the "Implementation Plan of the World-class Model Enterprises Campaign", aiming to achieve "one creation and five aspects of strength"<sup>1</sup> with in-depth reforms and innovation as the driving forces; benchmarked against the world's best enterprises inside and outside the industry and accelerated "Two-hundred Campaign" reform and "mixed-ownership pilot campaign"; pushed forward mixed-ownership reform, optimized its governance structure, and improved relevant incentive and restraint mechanisms, in line with its commitment to establishing CSCEC as a leading global conglomerate with strong value creativity, international competitiveness, industry leadership, brand influence and cultural soft power.

<sup>1</sup> "one creation" refers to the goal of establishing CSCEC as a world-class company with strong global competitiveness. "five aspects of strength" refer to strong capability in value creativity, international competitiveness, industry leadership, brand influence and cultural soft power.

**Building construction engineering:** Positioned as a competitive player in the entire construction industry chain, we are committed to providing domestic and foreign clients with one-stop services from design, construction to implementation of major high, big, professional, cutting-edge, difficult and special construction projects. To this end, we implemented a series of measures, including tapping our potential, strictly controlling over construction quality and costs, and improving client satisfaction. Meanwhile, we adhered to a marketing strategy oriented toward “high-end markets, high-end customers, high-end projects” and an operation strategy prioritizing “low cost competition, high quality management”. We have constructed a large number of extremely challenging landmark projects ranging from skyscrapers, large public buildings, clean plants, hotels, hospitals to schools in the civilian and industrial construction sector, representing the highest standard in the field of building construction in China, which established CSCEC as a leader in the Chinese and global housing construction markets. As a trendsetter in the industry, the Company seeks to enhance the standards of ecological civilization and green development, reduce energy consumption, and create an excellent living environment for the public through industrialized, eco-friendly and intelligent construction, reinforcing people's sense of gain, spiritual well-being and security.

**Infrastructure construction and investment:** Placing equal emphasis on construction and investment operations, we completed many high-profile domestic and international infrastructure projects ranging from urban rail transits, high-speed railways, extra-large bridges, expressways, municipal roads, urban utility tunnels, ports and waterways, electricity, mining, metallurgy, petrochemical, airports to nuclear power plants, leveraging our advantages in technology, talent and management. On the other hand, the Company rapidly grows to be the best Chinese infrastructure financiers and investor in reliance upon solid financial strengths. Recognized as one of the most trusted investors for BT (Build-Transfer), BOT (Build-Operate-Transfer) and PPP (Public-Private Partnership) projects, we invested in numerous key national and regional projects, with long-term strategic partnerships in respect of infrastructure investment and construction established with a number of provincial, autonomous region, and direct controlled municipal governments and dozens of major cities. Furthermore, infrastructure facilities built by us can also be found in dozens of countries and regions worldwide, including North America, Central America, Hong Kong, Macao, Southeast Asia, North Africa, Central and West Africa, South Africa, Middle East, and Central Asia. As an important driver for economic growth and effective implementation of national strategies, the infrastructure industry eliminates “weak links” at the grassroots level to foster the public's well-being, and serves as the main vehicle for driving development along the “Belt and Road” and for strengthening interconnection between China and countries covered by the Belt and Road Initiative. As a strong supporter of national strategies and firmly staying close to needs of people's livelihood, CSCEC will continue to broaden its infrastructure businesses with the aim of improving people's livelihood, eliminating “weak links” to promote the public's well-being, and setting the development direction for emerging industries.

**Property development and investment:** China Overseas Land & Investment Ltd. (“China Overseas”) and China State Construction Land (“CSC Land”) are the two real estate brands owned by CSCEC. The former encompasses all real estate businesses of COHL, and has always ranked among the most valuable property brands in China, with strong business presence in the Guangdong-Hong Kong-Macao Greater Bay Area, the Yangtze River Delta, the Beijing-Tianjin-Hebei Region and dozens of economically dynamic cities across the country. It boasts a well-established and balanced nationwide strategic business network. CSCEC has stepped up synergy between internal resources integration and business development to vertically integrate a wide variety of operations ranging from investment, property development, design and construction to property operation and services; and it has established a sophisticated investment operation and risk management system, and acquired extensive experience in managing investment and financing activities. The Company has actively innovated products and business models, made a series of major breakthroughs focusing on the public's housing needs, and has been closely involved in the “New Urbanization” campaign to make life more joyful for the people and build a more beautiful China. Furthermore, leveraging the comprehensive competitiveness of our branch entities in investment and construction businesses, we achieved an effective synergy between real estate development, engineering and construction, infrastructure investment and integrated urban construction operations, and tapped further into local markets where headquarters of each branch locates and our other major markets with conventional strengths to improve the quality of product design, development and services, demonstrating CSC Land's brand value, which is gradually forming competitive advantages along the industrial value chain.

**Prospecting and design:** The prospecting and design business arm of CSCEC mainly consists of seven top-rated major prospecting and design service providers, with businesses covering architectural design, urban planning, engineering survey, public utility design, etc. The Company has established itself as a market leader in ultra-high-rise buildings, airports, hotels, sports facilities and exhibition venues and ancient architects. We currently have almost 10,000 high-end technical professionals specializing in construction engineering and design, public utility engineering, engineering survey and geotechnical engineering, outranking all other market players, and has made outstanding contributions to development of the sector in terms of design originality, technology innovation and industry standards development.

**Overseas operations:** CSCEC is one of the earliest companies that conducted international engineering contracting business in China, and has always upheld the operating philosophy of “going global”. After continuous overseas market development and operation over the decades, the Company has established strong business presence in the global markets, with foreign engineering contracting businesses covering housing construction, manufacturing, energy, transportation, water conservancy, industry, petrochemical, hazardous substance treatment, telecommunications and sewage/waste treatment projects, while exploring and successfully completing overseas real estate projects. In terms of project operation, apart from the traditional general contracting model, the Company actively explored other project operating models, such as financing and investment channels to give an impetus to such project business models as general contracting, DB (Design-Build), EPC (Engineering-Procurement-Construct), BOT and PPP. Meanwhile, capital operations such as mergers and acquisitions have been accelerated to drive a quantum leap in core businesses overseas. Adhering to the guiding principle of “prioritizing overseas markets”, the Company has strengthened localized business management focusing on integration of resources, and has developed overseas business development strategies from a loftier vantage point and with a strong sense of responsibility to promote business globalization, in line with the objectives of the BRI.

## **(II) Overview of the industry**

In 2019, the growth of China's construction sector decelerated amid an increase in market concentration, and overseas construction project contracting markets started to recover at a moderate pace. Sticking to the proactive fiscal policy, the state government has expanded effective investments, increased investment in strategic emerging industries, stepped up the transformation and upgrading of the construction industry, and promoted information technology (IT) applications in the construction industry on a comprehensive scale, with a shift of the focus to innovation and application of technologies toward the mobile internet, Internet of Things (IoT) applications, artificial intelligence (AI), big data + cloud computing. Driven by IT applications, efforts have been made to push forward the “internet +” initiatives, and branch out into innovative construction businesses and emerging fields. Adhering to the “green development” strategy, the government has worked out a scientific and sound urbanization plan focusing on improving the ecological environment, developed eco-friendly planning, design and construction standards, and is fully committed to building smart cities to promote harmony between people and nature, leveraging digitalized construction, IT and other new technologies.

**The property construction market has great potential for growth.** According to the national urbanization plan, China's urban population will grow to nearly one billion by 2030, implying a total demand for residential properties of eighty billion to ninety billion square meters (including housing properties and public buildings). A considerable gap between supply and demand indicates the promising prospect of the property construction market. Specifically, the government has pushed forward new urbanization initiatives such as affordable housing and shanty town housing projects and medical and healthcare, cultural and entertainment, sports and fitness facilities, opening up new opportunities for construction companies. The government has also promoted prefabricated building development and increased the proportion of prefabricated buildings, which is expected to inject tremendous growth momentum into the construction market. As the BRI deepened and gained traction on the international stage, a growing number of countries have joined the global development initiative, leading to continuous growth of our prospective overseas markets. In general, the property construction business will see solid development going forward. CSCEC has a proven track record

of effective branding, management and technology development in the upscale property construction market, and is well equipped to maintain its leading position in the field. Meanwhile, benchmarked against the leading international standards, CSCEC has actively implemented “prefabrication + internet + IoT” technological innovation and construction practices, aiming to develop eco-friendly investment, industry and technology platforms that promote Smart Buildings and construction industrialization (prefabricated and modular buildings) within the CSCEC system.

**Momentum of infrastructure investment will recover.** In 2019, the central government emphasized the importance of strengthening “weak links” in infrastructure networks and implementing initiatives to stabilize infrastructure investment. The Company supported major national strategies such as the BRI, coordinated development of the Beijing-Tianjin-Hebei Region and development of the Yangtze River Economic Belt, the Guangdong-Hong Kong-Macao Greater Bay Area and the Hainan Free Trade Zone, and bolstered areas of weakness such as railways, motorways, water transportation, airports, water conservancy, energy, agricultural and rural development, ecological and environmental protection, dilapidated housing community renovation and construction of urban parking facilities and cold chain logistics facilities in urban and rural areas. Specifically, rail transport, underground space, eco-environment protection and telecommunication facility are expected to be the fastest growing segments, and the total volume of road and railway projects will remain at a high level. Along with the commercialization of the 5G technology in the future, the focus of infrastructure investment will shift toward the new-generation infrastructure such as AI, the Industrial Internet and IoT.

**Steady and healthy development of the real estate market.** In 2019, adhering to the regulatory policy to contain real estate speculation, the central government stepped up efforts to establish a multi-supplier and multi-channel housing system that places equal emphasis on rental housing and properties for sale. The goal is to meet the housing needs of all Chinese residents, while shifting the public’s perception of housing properties toward their intrinsic function – the space for people to live in. Commercial property sales in the country rose by 6.5% year-on-year to nearly RMB16 trillion, against a 0.1% slip in the gross floor area (GFA) sold. First-and second-tier cities and major city clusters are regaining their position as main drivers for sales growth. Rapid development of high-speed rail and urban rail transit networks is accelerating the movement of population toward larger cities. CSCEC will focus on the first- and second-tier cities with higher safety margin and anti-risk and stronger risk resistance capacity. The central government will ensure steady economic growth in 2020 by continuously ramping up countercyclical market regulation, and the real estate industry will achieve sound and healthy development guided by the market regulation policy of stabilizing land prices, housing prices and expectations. The COVID-19 outbreak has temporarily suppressed the demand for housing properties, but market demand will not disappear. City-specific real estate market policies will become more targeted and flexible, thus bringing opportunities in regional markets as well as “structural opportunities” across the “housing market system” and the “housing security system”.

## II. Explanation on Significant Changes in the Company’s Major Assets during the Reporting Period

☒ Applicable ☐ N/A

During the Reporting Period, there were no significant changes in the Company’s major assets. For details of changes in major operating assets, please refer to the relevant information of “Analysis of assets and liabilities” under Section IV “DISCUSSION AND ANALYSIS OF BUSINESS OPERATION” hereof.

Among them: overseas assets amount to 1,962 (Unit: 100 million yuan, Currency: RMB), accounting for 9.6% of the total assets. The above data of overseas asset has not been audited.

### III. Analysis of the Core Competitiveness during the Reporting Period

√ Applicable    ☐ N/A

#### (I) Market-oriented operating mechanism

As a main body of the market economy, CSCEC will always adhere to the market-oriented operating mechanism, to respect, abide by, adapt to and take advantage of market rules, and gradually enhance its ability to operate in compliance with market rules. Faced with the cut-throat market competition, CSCEC will take innovative approaches to tap into and continuously meet the real and potential needs of customers, and continuously retain and attract customers with high-quality products and value-added services. The Company will always adhere to the concept focused on performance, and pursue excellence in performance by clearly defining objectives, scientifically designing processes and strengthening efficient operations, as well as pursuing the growth at scale supported by profitability. With the efficient utilization and operation of resources, the Company will improve efficiency in turnover of assets, and achieve return on assets higher than that of average level of the industry while vigorously promoting economies of scale, and continue to gain higher market share through steady growth. We always pay close attention to cash flow and take all measures to ensure net operating cash inflow to pursue the sustainable and healthy development of the Company.

Innovation is the eternal focus for enterprises. As uncertainties in the market economy are becoming common, CSCEC will break the market equilibrium with creativity, actively capture profit opportunities, seek to reorganize production elements, continuously enhance quality of products and service, and open up new markets, new businesses and new customer base to make full use of changes to explore innovation, thereby enhancing the Company's market competitiveness. As an economic organization, the Company will always be committed to pursuing economic performance, while believing that an enterprise that truly stands up to market trends and has an ever-growing foundation must be a model for practicing social responsibility. CSCEC will uphold the concept of green development, be dedicated to building quality projects for the society, actively fulfill social responsibilities, and boost the happiness of people.

#### (II) Direction of globalization

CSCEC proactively participates in the international market, accelerates the pace of going global, promotes the high-quality development of its international business, and is committed to becoming a multinational company that allocates resources globally and operates efficiently. To meet the needs of the international market, CSCEC has expanded the scale and accelerated the development through market-based operations, and achieved win-win development with stakeholders through localized operations. In the face of changes in the global construction industry, CSCEC has always been guided by market demand, working out "China Construction Solutions" and contributing "China Construction Intelligence" to provide better solutions and create more value for its clients. The concept of globalization has promoted the Company's transformation from business "going global" to brand "going global". While bringing benefits to itself, the Company has enhanced the level of international management and improved the global talent team, which laid a solid foundation for participating in global competition and cooperation at a higher and deeper level.

#### (III) Relevant and diversified and vertically integrated expansion

Producing or offering products or services that can continue to secure, serve and satisfy customers, is an important guarantee for the long-term development of the Company. In terms of selecting products (or services), the Company has centered on the diversification based on its existing technological advantages and market advantages. The Company will continue to maintain its traditional advantages in prospecting and design, building construction and real estate development, while actively expanding horizontally in other fields such as infrastructure investment and construction business.

CSCEC is committed to the vertically integrated expansion of investment, design, construction, operation and services, and strives to establish a unique market position in the domain of its business, creating competitive advantages that are difficult for its competitors to follow suit.



#### **(IV) Competitive strategy featuring high quality, low cost and differentiation**

Providing products and services with high quality and at low cost to the public has always been the goal of CSCEC. High quality comes from the Company's technological, human resources and organizational advantages; while low cost stems from the Company's integrated business model, benefits of scale as well as economies of speed.

As an outstanding SOE representative in a perfectly competitive industry, CSCEC has always taken "making appropriate and correct decisions and doing right things" as the basic direction of the Company's production, operation and career development. Focusing on implementing the marketing strategy of "high-end markets, high-end customers, high-end projects", the Company continues to carry out "differentiation-oriented" market operations and competition. Through implementing the "differentiation" strategy, different subordinate enterprises within the Company focus on their respective market segments, either differentiating by professional (specialization), or by regional (regionalization), to develop their own "core products, unique services" to reduce internal disorderly competition and strengthen the overall advantage of external competitiveness.

#### **(V) A management and control model with balanced authorization and centralization**

Showing respect to the development history of CSCEC, a competitive group management and control model is explored and formed on the basis of the Group formed by multi-legal carriers. The Company's headquarters is positioned as one that exercises strategic management and control, fulfilling the responsibilities and duties of leadership, service and supervision, and insists on the unification of the second-level subordinate enterprises. The second-level subordinate enterprises operate under the authorization of the Company and enjoy the corresponding authorities based on the extent of the responsibility. For labor-intensive and mature businesses, we increase the authorization and expand market contact to speed up market response and improve service quality. For capital-intensive and less mature businesses, we focus on resources to bring impact to target market segments, and actively seek rapid breakthroughs in target markets on the basis of effectively avoiding risks. Aiming at different market segments, we adopt different strategies for market competition and corresponding management and control models.

#### **(VI) Results-oriented and management system featuring accountability**

Various management efforts of the Company have always been committed to the realization of the Company's mission, vision and goals. The fundamental purpose of management is to improve the efficiency of our work, while making our employees more fulfilling and the Company more prosperous in the future. By way of the organic integration of the management actions in the various functional areas of the Company, a vital, scientific, reasonable, concise and efficient system is formed, which is believed to play an effective role in avoiding the phenomenon of taking isolated and disorderly actions and making excuses, and achieving the unification of responsibilities and rights. We firmly believe that managers are defined by their responsibilities. In order to improve the quality of products and services, the Company is committed to the standardization of management, technology and works. With the help of information technologies and through the "two integrations" of standardization and informatization, work efficiency is improved, and "bottom line management" is implemented to enhance product quality and reduce operating costs.

#### **(VII) "People-oriented" human resource management**

The Company firmly believes that human resource is one of the core competitiveness of the Company. For CSCEC, one of the aspects that can best reflect its competitive advantage is that it has a large group of talents dedicated to the enterprise and their careers, having faith in that the interests of the team are higher than those of the individuals, and who have a good knowledge of technology and management and are good at marketing with merits as self-discipline, self-motivation and self-development.

The Company will always follow the basic human resources management concept of "retaining talents with career development opportunities, emotional connection and rewards" and "caring for individuals", and will embed this concept into the human resources management policies of the Company. Through the full coverage of three aspects, namely career planning, education and training, as well as performance evaluation, the Company intends to establish a salary incentive mechanism that combines individual value creation and ability and shares the solid results of the development of enterprise, while strengthening the attraction and development of talents to better provide strong talent support to the its development.

The Company will always adhere to the employment principle of having both ability and morality while deeming virtue as a priority. The Company believes that, “every individual has his/her shortcomings and strengths”, and does not pursue perfect talents, but instead follows the concept of “employing people with strengths”. The Company adheres to the “performance-based principle”, and “evaluates talents based on performance” through the “horse racing mechanism”.

#### **(VIII) Promote development under the strategy of “integration of industry and finance”**

Under the ever-changing external environment and in response to the diversified needs of its principal businesses, CSCEC gives full play to the role of industrial finance, tapping the potential of its internal financial service institutions and providing financial services for the development of its principal businesses by means of internal credit, credit financing, equity financing and asset revitalization, thus forming an industry-financing integration mode with the characteristics of CSCEC. Leveraging internal professional financial platforms such as CSC Finance and China Construction Capital, and in line with the characteristics of the industry in which the Company engaged, the Company has carried out domestic and overseas capital pooling, loan pooling, bank credit financing, bond financing, equity financing, structured financing, accounts receivable factoring, asset securitization, supply chain financing, financial leasing, insurance pooling and other businesses, thus providing timely, differentiated financial services which are irreplaceable by social finance and playing an active role in driving the development of the principal businesses, broadening financing channels, reducing financing costs, revitalizing stock assets, increasing operating cash inflow and realizing capital reduction and efficiency gains. At the same time, the Company strictly implements relevant national policies, strengthens daily management, strictly controls financial risks, and stops its capital moving from the real economy to the virtual economy.

#### **(IX) Core competitiveness driven by innovation in science and technology**

The Company believes that science and technology are the primary productive force, which is a critical pull for the growth and expansion of the Company. Despite being a player in a traditional industry, our continuous efforts in innovation in science and technology have brought changes in our production and organization models, ensuring our leadership in cost control and providing support for economies of scale and speed to form solid competitiveness in key aspects. During the “13th Five-Year Plan” period, the Company took the lead in undertaking 10 national key R&D projects, ranking first among building construction enterprises, involving green building, intelligent construction, building industrialization, energy conservation and environmental protection, basic engineering software and other fields.

During the “13th Five-Year Plan” period, the Company accelerated the construction of an open and collaborative technological innovation system, further stimulated the innovation drive, intensified efforts to make breakthroughs in key and core technologies, and created strong industrial technology advantages. In terms of deepening the reform of the science and technology system, the Company improved the system of scientific research management, results management, and incentives for R&D talents by granting scientific research personnel the authority to make decisions on the technical route, expanding the authority to adjust the scientific research budget of the undertaking unit, increasing the incentive for R&D talents, and mobilizing the enthusiasm for innovation. In terms of strengthening technical leadership, through continuous innovation, the Company has been engaged in diverse business fields such as super high-rise construction equipment and technology, large-span building construction technology and techniques, intelligent manufacturing of steel structures, high-performance concrete new materials, new-generation nuclear power plant construction technology, architectural design with new Tang style and airport architectural design, which formed strong scientific and technological strength and provided powerful impetus for the development of the Company's housing construction, infrastructure, overseas and new businesses. In terms of reinforcing the building of the science and technology system, investment in science and technology has continued to increase. 65 high-tech enterprises, 5 national-level enterprise technology centers (sub-centers) and 34 high-level innovation platforms have been established and an innovative development mechanism led by independent innovation and combining industry, education and research has been put in place.

## (X) Corporate culture internalized in the heart and externalized in the industry

CSCEC is an enterprise with a glorious history. We are innovating in the course of inheritance, adhering to the mission of “bringing genuine happiness to society”, and committed to becoming the most internationally competitive investment and construction groups. In the process of fulfilling the mission and realizing the vision, the core values of “quality assurance, value creation” and the entrepreneurial spirit of “integrity, innovation, transcendence, and win-win” will be integrated into the rules and management behaviors and become part of the soft power of the Company.

Resources can be exhausted, only culture lasts. Adhering to its creed which is formed against the backdrop of the market economy, the Company has seen a constant integration with its subordinate enterprises in culture development, which provides ongoing internal support for the Company's ever-growing business.

## IV. Brand, Creditability and Honors during the Reporting Period

Based on CSCEC's good performance in brand building and operation development, the brand reputation and industry influence of the Company has been further strengthened.

**Brand value is more prominent.** The Company ranked 21st in the Fortune Global 500 (2019), and ranked 3rd among the top 500 Chinese companies; ranked first in ENR's “Top 250 Global Engineering Contractors”, 9th in “World's Largest 250 International Contractors” and 29th in “Top 150 Global Engineering Design Companies”; ranked first in the UK Brand Finance “2019 Global Brand Value Top 500”. In the 2019 China Brand Value Evaluation Information Release and China Brand Building Summit Forum, it ranked first in the construction industry with a brand strength of 942 and a brand value of RMB96.15 billion; won the 2019 “International Leadership” award granted by China General Chamber of Commerce-U.S.A. China Overseas has been awarded the “China Real Estate Industry Leading Company Brand” for 16 consecutive years, with a brand value of RMB91 billion, ranking first in the industry. China Construction Middle East Co., Ltd. was awarded the “Dubai Chieftain Mohammed Business Award” by the Dubai Chamber of Commerce and Industry.

**Leading the industry in terms of creditability.** In 2019, the leading global rating agencies i.e. S&P Global Ratings, Moody's Investors Service and Fitch Ratings affirmed CSCEC's ratings as A/A2/A (respectively) with “Stable” outlook. CSCEC maintained the highest credit ratings among the global industry peers for the 5th consecutive year; the Company was approved the qualification of Two-way Cross-border RMB Cash Pooling Business by the People's Bank of China; the Company was approved as a high-quality issuer who can use shelf registration to issue bonds by the National Association of Financial Market Institutional Investor (NAFMII) and the SSE; the Company became a partner of the HKMA Infrastructure Financing Facilitation Office (IFFO), and a special member of National Association of Financial Market Institutional Investor (NAFMII) and a member of the Cross-border RMB Business Committee, China Society for Finance & Banking (CBRBC).

**Further success in winning honorary awards.** During the Reporting Period, 28 projects of the Company won the CSCEC Engineering Luban Award, 64 projects won the National Quality Engineering Award; the Company also won 72 National Construction Engineering Decoration Awards, 36 China Installation Engineering Quality Awards, and 106 China Steel Structure Gold Awards. The Company created 125 national safe and civilized and standard sites, accounting for 25% of the total number in the country. 33 projects won the 2019 International Safety Awards, including 4 Excellence Awards and 5 Exceptional Awards. In addition, the Company won the “Best Board of Directors” award at the fifteenth session of Golden Round Table of Chinese Listed Companies. China Construction (South Pacific) Development Co. Pte. Ltd. has won 6 “Architectural Construction Excellence Awards” in Singapore, 1 “Construction Bureau Construction Quality Leadership Platinum Award” and 1 “Million Work Hours with No Work Injury Award”.

**Further remarkable results in scientific and technological innovation.** During the Reporting Period, the Company won 2 national science and technology progress awards, of which “The theory, technology and engineering application of high-rise steel-concrete hybrid structure” won the first prize in National Science and Technology Progress Award, the only award in the field of civil construction of the year, and “Key technology research and application of environment and energy-saving design for green public buildings” won the second prize of National Science and Technology Progress Award. 1 employee won the highest science and technology award for engineering construction, and 2 were awarded the title “national engineering prospecting and design masters”. 6 projects including the construction of the new museum of the Chengdu Museum, Zhuhai Opera House, the new headquarters building of the Central Bank of Kuwait, and the Green Road Project of Wuhan East Lake won the 17th Tien-yow Jeme Civil Engineering Prize; the Company also won 87 excellent prospecting and design awards in terms of engineering prospecting, architectural design and municipal public engineering in 2019. As of the end of the Reporting Period, the Company has received a total of 75 national science and technology awards, 84 Tien-yow Jeme Civil Engineering Prizes, with 244 national-level engineering methods being recognized. The Company played a leading role in developing 88 national/industry standards, and was granted 24,904 patent authorizations (2,670 invention patents). It cultivated 2 academicians of the Chinese Academy of Engineering, 1 winner of the highest science and technology award for engineering construction, 14 national engineering prospecting and design masters, 8 chief experts of CSCEC, and 10 experts, and developed a number of high-level innovation teams such as super high-rise intelligent construction innovation team, civil engineering intelligent measurement and control innovation team, and underground space intelligent construction innovation team, with 267 experts offered special government allowance from the State Council, and 18 professionals were granted “China Skills Awards” or credited as “national technical experts”.

**Evaluation on social responsibility is outstanding.** The Company’s sustainability report has been awarded the highest five-star rating by the Chinese Academy of Social Sciences for 7 consecutive years, and won the “Golden Bee 2018 Excellent Corporate Social Responsibility Report • Evergreen Award”. The Social Value Investment Alliance released the 2019 list of A-share listed companies’ sustainable development value “Yili 99” on which CSCEC ranked second. 2 social responsibility cases were included in the “Research Report on Corporate Social Responsibility of Central Enterprises (2019)” and “Research Report on Overseas Social Responsibility of Central Enterprises (2019)” jointly issued by the Chinese Academy of Social Sciences and the SASAC of the State Council. The Company secured the highest ranking in the central government’s designated poverty alleviation assessment in 2019, and the “Targeted Poverty Alleviation ‘China Construction Model’ Case” was included in the “Corporate Poverty Alleviation Blue Book (2019)”, and was selected as the “Top 50 Cases of Comprehensive Corporate Poverty Alleviation in 2019” and “Top 50 Cases of Volunteer Poverty Alleviation 2019” by the State Council Leading Group Office of Poverty Alleviation and Development. COHL was awarded the “Green Office” logo by the World Green Organization. CCA ranked 53rd in the ENR’s “Top 100 Green Building Contractors 2019”. China Construction (South Pacific) Development Co. Pte. Ltd. won the “Environmental Protection and Elegant Builders Star Award of Construction Bureau” in Singapore.

## V. Key Business Data

Item	Unit	2019	2018	Growth YoY (%)
Total value of new contracts	RMB100 million	28,689	26,271	9.2%
<b>I. Construction business</b>				
(I) Accumulative value of new contracts during the period		24,863	23,285	6.8%
By industry 1. Housing construction		19,506	16,801	16.1%
2. Infrastructure	RMB100 million	5,226	6,355	-17.8%
3. Prospecting and design		131	129	1.5%
By region 1. Domestic		23,095	21,727	6.3%
2. Overseas		1,768	1,558	13.5%
(II) Area of housing construction projects		/	/	/
1. Accumulative area under construction		145,671	135,778	7.3%
2. Accumulative area of new construction projects	Ten thousand square meters	38,301	37,145	3.1%
3. Accumulative area of completed construction		23,220	19,013	22.1%
(III) Area of infrastructure projects	/	/	/	/
1. Road (newly signed in China)	Kilometers	4,024	5,258	-23.5%
2. Area (newly signed in China)	Ten thousand square meters	2,923	1,652	76.9%
<b>II. Real estate business</b>				
(I) Contract sales during the period	RMB100 million	3,826	2,986	28.1%
Of which: China Overseas <sup>①</sup>		2,669	2,040	30.8%
(II) Contract sales area during the period	Ten thousand square meters	2,173	2,051	6.0%
Of which: China Overseas		1,290	1,194	8.0%
(III) Subscription sales at the end of the period	RMB100 million	183	319	-42.6%
(IV) Average selling price during the period	RMB/square meter	17,606	14,562	20.9%
(V) Land reserve at the end of the period <sup>②</sup> (Full amount)	Ten thousand square meters	12,166	10,460	16.3%
Of which: China Overseas		6,522	6,237	4.6%
(VI) Purchase of land reserve (Full amount)	Ten thousand square meters	2,259	3,267	-30.9%
Of which: China Overseas		1,146	1,764	-35.1%

Note: ① China Overseas refers to the real estate business that China Overseas Land & Investment and its subsidiaries are engaged in, but does not include China Overseas Grand Oceans;

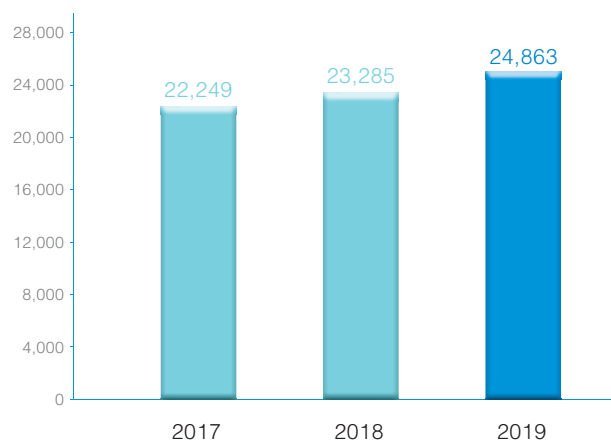
② Land reserve at the end of the period = land reserve at the end of the previous year + newly acquired land reserve – area completed in the current period + (or –) area of projects being adjusted.



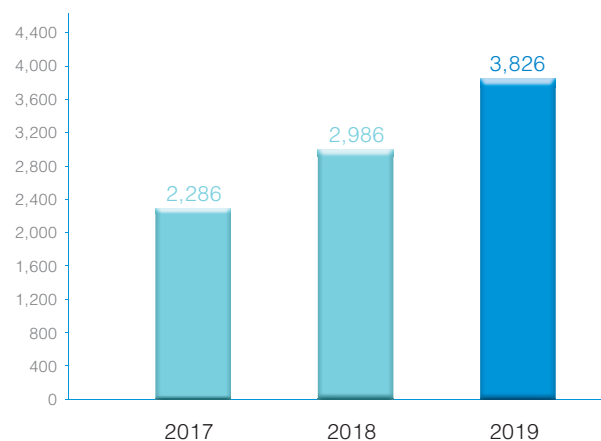
## VI. Key Earnings Results

Unit: 100 million yuan    Currency: RMB

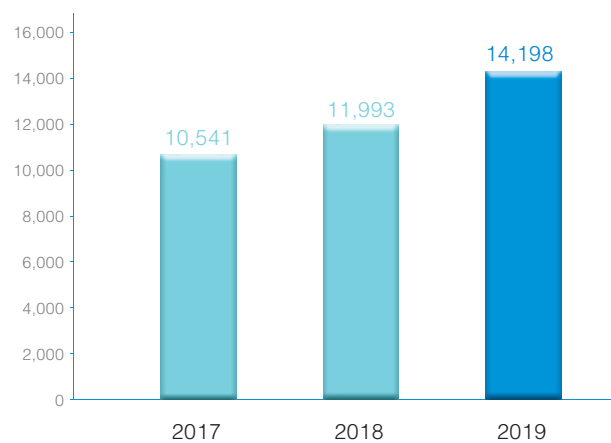
**Value of new contracts  
for construction business**



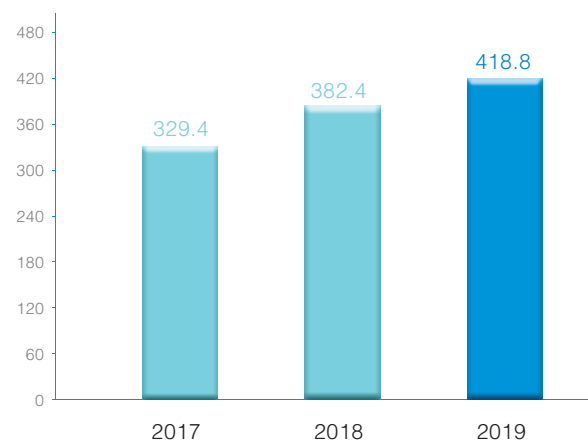
**Contract sales  
of real estate business**



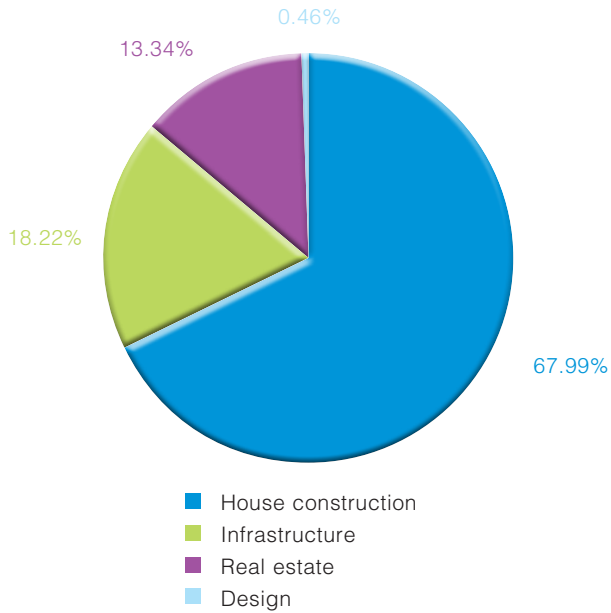
**Revenue**



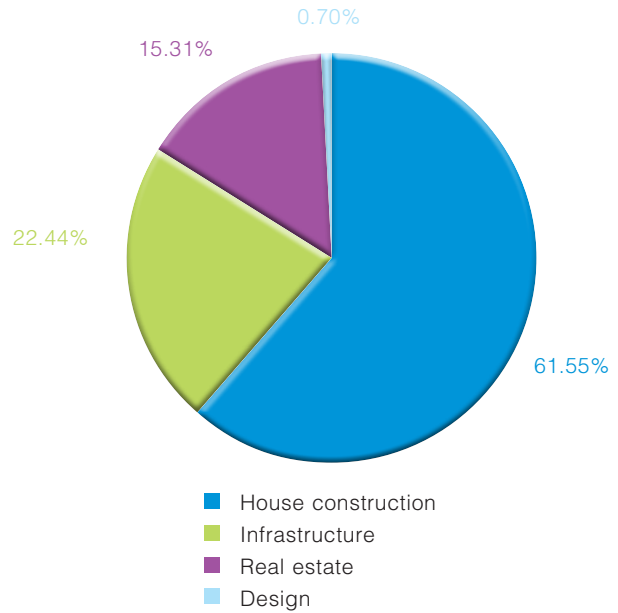
**Net profit attributable  
to shareholders of the Company**



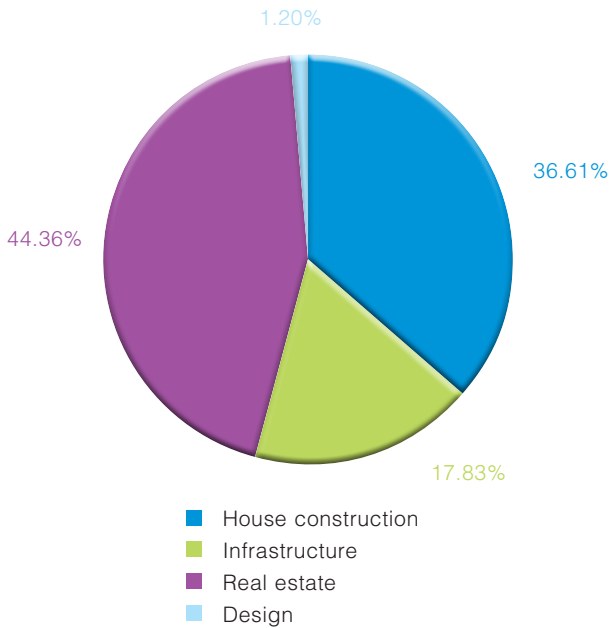
**Proportion of contract value**



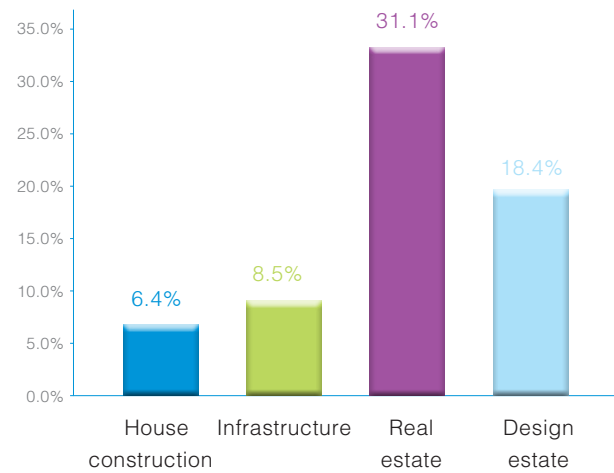
**Proportion of segment revenue <sup>note</sup>**



**Proportion of gross profit by segment <sup>note</sup>**



**Gross profit margin by segment <sup>note</sup>**



Note: The denominator of the segment business is the direct summation of data from the four business segments of the Company (housing construction, infrastructure, real estate and design).

## SECTION IV DISCUSSION AND ANALYSIS OF BUSINESS OPERATION

### I. Discussion and Analysis of Business Operation

In 2019, amid the slowdown in global economic growth and the increasingly heightened anti-globalization trend, the downward pressure on the economy remained huge. In 2019, China's economy has maintained a steady development momentum while delivering progresses as a whole. The GDP exceeded RMB99 trillion, representing a year-on-year increase of 6.1%; the total investment in fixed asset (excluding farmers) in the whole country was RMB55.15 trillion, representing a year-on-year increase of 5.4%; the investment in real estate development was RMB13.22 trillion, representing a year-on-year increase of 9.9%; the sales of commercial houses was RMB15.97 trillion, representing a year-on-year increase of 6.5%; the sales areas of commercial houses were 1,715.58 million square meters, representing a year-on-year decrease of 0.1%; the total output value of the construction industry was RMB24.84 trillion, representing a year-on-year increase of 5.7%.

In 2019, CSCEC effectively responded to the complex challenges of the external environment, took the initiative to seize opportunities, adhered to the general tone of achieving progress in stability, and actively carried out the philosophy of high-quality development. The Company's business as a whole has demonstrated a good momentum of steady enhancement in quality and stable development towards excellence. Throughout the year, the housing construction business enjoyed a solid advantage while the infrastructure business was under pressure; the real estate business was steadily advancing while the design business was developing in stability; the overseas business showed a robust momentum with multiple breakthroughs made in the innovation business. The Company insists on performance-oriented and high-quality development, and has achieved a decent growth in scale and efficiency, laying a solid foundation for striving for a world-class enterprise.

### II. Main Operation Results for the Reporting Period

**Businesses has scaled up steadily.** During the Reporting Period, the value of contracts newly executed by the Company grew by 9.2% year-on-year to RMB2,868.9 billion. That of new construction contracts rose by 6.8% year-on-year to RMB2,486.3 billion; and contract sales of properties soared by 28.1% year-on-year to RMB382.6 billion. The revenue came in at RMB1,419.8 billion, up 18.4% year-on-year. The value of new contracts and revenue have made the Company the only enterprise with both its value of new contracts and operating income above RMB1 trillion" in the global industry for two consecutive years.

**The quality of development has improved consistently.** During the Reporting Period, the Company's value creation capacity has improved further, and its net profit attributable to shareholders of the Company rose sharply by 9.5% year-on-year to RMB41.9 billion. The weighted average return on net assets (WARA) came in at 15.6%, continually outranking most peers; basic earnings per share (EPS) increased by RMB0.1 year-on-year to RMB0.97; the asset-liability ratio fell consistently by 1.6 percentage points year-on-year to 75.3%.

**Unwavering support for macro-level strategic development.** Leveraging its nationwide business networks, and focusing high-quality resources onto high-priority sectors, the Company has effectively implemented national and regional development strategies including the coordinated development of the Beijing-Tianjin-Hebei Region, integrated development of the Yangtze River Delta and the construction of the Guangdong-Hong Kong-Macao Greater Bay Area. The value of new construction contracts acquired in these strategic regions in 2019 accounted

for 65.4% of the total value of new construction contracts in China. The Company has entered into a partnership agreement with the Administration Committee of the Lingang New Area of the Shanghai Free Trade Zone, laying the groundwork for its active involvement in and contribution to the development of Shanghai and the Yangtze River Delta in the future. The Company has effectively implemented the guiding principle of “prioritizing overseas markets” in line with its commitment to supporting the BRI.

**CSCEC has made considerable headway with reform and innovation initiatives.** We pushed forward the transformation of CSCEC into a world-class conglomerate, and deepened the reform as a SOE at the same time. We championed both the SOE mixed-ownership reform and the “Two-hundred Campaign, carried out the second pilot program of professional manager recruitment, granted restricted A-shares in the third phase, and broadened the range of employees covered by the share incentives. We integrated business and financial operations with relevant data and information visualized, through the launch of a finance-business integration system. As regards financial reforms and innovations, CSCEC was one of the first 26 members of the Professional Committee of Cross-border RMB Transactions of the Chinese Finance Society. In an effort to facilitate and support cross-border RMB transactions, we have grown the two-way cross-border RMB pool to over RMB100 billion, and the number of member companies has increased to 74, simplifying the process for settling cross-border RMB transactions and contributing greatly to the internationalization of the Chinese currency.

**The dynamism of technology innovations has been unlocked.** The Company has achieved major breakthroughs in areas such as key equipment R&D and manufacture, R&D in high-performance building materials, and large building rotation and relocation. On the global stage, we won the gold and silver Best Practice Awards at the fourth APEC Energy Smart Communities Initiative (ESCI) program for the “Papua New Guinea School Engineering, Procurement and Construction (EPC)” Project and the “Xintang South New City Community Cultural Center Project of China State Construction” – they are the first ESCI Best Practice Awards ever given to a Chinese company. Two inventions won the gold award at the 47th Geneva International Inventions Exhibition, making us the only construction company that received two or more gold awards at the exhibition. The Company has been actively involved in the development of national standards, including an amendment to International Standard ISO21931-1 “Framework System for Sustainability Evaluation of Construction Projects. We co-authored the world’s first standard for industrialized construction “The AIDC Standardization in Industrial Construction” which was adopted at the ninth meeting of ISO/IEC JTC 1/SC31 Working Group 8.

**A responsible corporate citizen.** The Company has continuously supported the “Three Tough Battles” campaign. The three poverty-stricken counties assigned to us as recipients of poverty alleviation will soon be officially lifted themselves out of poverty, attesting to the original contribution made by CSCEC to the creation of a moderately prosperous society in all aspects. The Company has paid out RMB7.053 billion in cash dividends to ordinary shareholders in 2019, and RMB870 million in dividends to preferred shareholders, in line with its commitment to paying back to shareholders. We recruited some 19,000 graduates, and created 1.7 million jobs, contributing significantly to employment stabilization. We have paid wages in full to migrant workers from rural areas, fueling common development among upstream and downstream enterprises including private companies. Ever since the breakout of COVID-19 pandemic, we completed the construction of Huoshenshan and Leishenshan Hospitals as scheduled in an efficient and effective manner, overcoming difficulties related to staffing, material procurement and equipment allocation. In addition, we have provided the hospitals with a comprehensive range of round-the-clock supports. As of April 17, 2020, CSCEC had undertaken 100 epidemic emergency projects, and provided 12,169 management staff, 55,107 workers and 4,983 sets of construction equipment in total.

For details, please refer to V “Key Business Data” and VI “Key Earnings Results” under Section III “OVERVIEW OF BUSINESS OPERATIONS” hereof.

## (I) Analysis of principal businesses

### Analysis of changes in related items in the income statement and cash flow statement

Unit: '000 yuan    Currency: RMB

Items	Amount in the current period	Amount of the same period last year	Change ratio (%)
Revenue	1,419,836,588	1,199,324,525	18.4
Cost of sales	1,262,226,200	1,056,709,590	19.4
Selling and distribution expenses	4,330,826	3,649,886	18.7
General and administrative expenses	27,685,477	23,351,893	18.6
Research and development expenses	17,289,939	7,620,946	126.9
Financial expenses	7,911,711	15,336,278	-48.4
Net cash flows from operating activities	-34,220,077	10,311,290	/
Net cash flows from investing activities	-19,812,811	-32,813,426	/
Net cash flows from financing activities	26,307,910	64,870,258	-59.4

**Reason for changes in revenue:** In recent years, the value of the Company's new contracts has maintained a relatively high growth rate, and the projects under construction have been smoothly advanced, especially the infrastructure business. The annual revenue increased by RMB41.4 billion, accounting for 18.8% of the increased amount in the Company's revenue.

**Reason for changes in cost of sales:** The expansion of the business scale will lead to the increase in the cost of sales accordingly.

**Reason for changes in selling and distribution expenses:** The Company's real estate business increased advertising investment during the pre-sale period, and the corresponding advertising fees and business promotion fees, business fees and sales commissions grew rapidly.

**Reason for changes in general and administrative expenses:** Such expenses as employee remuneration and office fees increased due to the expansion of business scale as well as the increase in management personnel and business activities.

**Reason for changes in research and development expenses:** The increase in expenses during the Reporting Period was due to the Company's increased investment in R&D.

**Reason for changes in financial expenses:** The decrease in expenses during the Reporting Period was due to the Company's enhanced control of financial expenses, and at the same time, the factoring fees that was derecognized under receivables was adjusted to be presented under the investment income according to the general corporate financial statement format.

**Reason for changes in net cash flow from operating activities:** It was due to the increase in cash payment for goods and receipt of payment of labor services in the current period.

**Reason for changes in net cash flow from investment activities:** It was due to the return of investment in the current period, the increase in cash received from investment income and the decrease in cash paid for investment.



**Reason for changes in net cash flow from financing activities:** It was mainly due to the decrease in the cash flow from absorbing investments and the issuance of bonds, as well as the increase in cash paid for debt repayment.

## 1. Analysis of revenue and cost

√ Applicable    □ N/A

In 2019, the Company realized revenue of RMB1,419.8 billion, an increase of 18.4% year-on-year; with cost of sales at RMB1,262.2 billion, an increase of 19.4% year-on-year. The Company recorded a gross profit of RMB157.6 billion, an increase of 10.5% year-on-year; a gross profit margin of 11.1%, a decrease of 0.8 percentage points as compared to the same period last year.

For details related to income recognition methods and account settlement, please refer to Note II "Summary of Significant Accounting Policies and Accounting Estimates" to the financial statements under Section XI "FINANCIAL REPORT" hereof.

### (1) Principal businesses by industry, product and region

Unit: '000 yuan    Currency: RMB

Principal businesses by industry						
By industry	Revenue	Cost of sales	Gross margin (%)	Change YoY of revenue (%)	Change YoY of cost of sales (%)	Change YoY of gross profit margin (%)
Building construction engineering	872,366,117	-816,661,197	6.4	20.5	20.8	0.3 percentage points decreased
Infrastructure construction and investment	318,105,335	-290,979,462	8.5	15	14.8	0.1 percentage points increased
Real estate development and investment	216,979,828	-149,490,891	31.1	17.9	24.9	3.9 percentage points decreased
Prospecting and design	9,894,280	-8,071,133	18.4	4.9	4.3	0.4 percentage points increased
Others	23,800,895	-16,529,092	30.6	14.7	12.9	1.2 percentage points increased
Elimination	-21,309,867	19,505,575	/	/	/	/

Principal businesses by region						
By region	Revenue	Cost of sales	Gross profit margin (%)	Change YoY of revenue (%)	Change YoY of cost of sales (%)	Change YoY of gross profit margin (%)
China Mainland	1,315,805,861	-1,163,617,999	11.6	18.6	19.1	0.3 percentage points decreased
Overseas <small>Note</small>	104,030,727	-98,608,201	5.2	15.2	23.7	6.5 percentage points decreased
<b>Total</b>	<b>1,419,836,588</b>	<b>-1,262,226,200</b>	<b>11.1</b>	<b>18.4</b>	<b>19.4</b>	<b>0.8 percentage points decreased</b>

Note: "Overseas" refers to regions other than mainland China.

Revenue and its proportion in the last three years						
By industry	2019	Proportion (%)	2018	Proportion (%)	2017	Proportion (%)
Building construction engineering	872,366,117	61.4	724,230,782	60.3	625,084,217	59.3
Infrastructure construction and investment	318,105,335	22.4	276,675,284	23.1	230,920,666	21.9
Real estate development and investment	216,979,828	15.3	184,112,490	15.4	179,203,672	17.0
Prospecting and design	9,894,280	0.7	9,436,215	0.8	8,174,946	0.8
Others	23,800,895	1.7	20,750,371	1.7	22,919,437	2.2
Elimination	-21,309,867	-1.5	-15,880,617	-1.3	-12,196,435	-1.2
<b>Total</b>	<b>1,419,836,588</b>	<b>100</b>	<b>1,199,324,525</b>	<b>100</b>	<b>1,054,106,503</b>	<b>100</b>

Explanation on principal businesses by industry, product and region

√ Applicable    □ N/A

• **Building construction engineering business**

During the Reporting Period, the Company's housing construction business grew steadily and continued to lead the mid- to high-end markets. The total value of new contracts for the whole year was RMB1,950.6 billion, an increase of 16.1% year-on-year with revenue at RMB872.4 billion, an increase of 20.5% year-on-year; gross profit was RMB55.7 billion, with a gross margin of 6.4%, a decrease of 0.3 percentage points year-on-year.

During the Reporting Period, the Company's advantages in the field of high-end housing construction, such as ultra-high-rise and large public buildings, have been solidified, forming a rapid and high-quality construction capacity to ensure the smooth implementation of large and complex projects, such as the world's largest convention and exhibition center – Shenzhen International Convention and Exhibition Center, and the renovation of the National Aquatics Center of the Winter Olympics. The world's eighth tallest high-rise (530m) – Tianjin Chow Tai Fook Financial Center unveiled, creating a new construction speed of "one storey in two days" for shaped super high-rise structures in China; and the permanent office building of the head office of the Asian Infrastructure Investment Bank (AIIB) in Beijing was completed and delivered, building a financial bridge connecting the "Belt and Road" for China. With the rapid growth of the industrial plant and education construction business, new contracts for industrial plants are worth of RMB108.45 billion, representing a year-on-year increase of 128.7%. The Company had secured a large number of high quality projects, including the general contracting project for the construction of the Zhengzhou Huarui optoelectronic fifth-generation thin-film transistor liquid crystal display device, and the general contracting project of the sixth-generation AMOLED (flexible) production line of BOE Chongqing. New contracts for education facilities amounted to RMB72.26 billion, an increase of 20.83% year-on-year, and the Company won the bidding for the general contracting project of entrepreneurial talent security program in Haitang District, Sanya, and the general contracting project of the Third Senior High School in Xiong County, Xiong'an New District. In the field of conference and exhibition services, the Company has achieved

remarkable results, by winning the bid for the “No. 1 Project” of the 2019 Shenzhen Qianhai International Conference Center in Shenzhen Qianhai Cooperation Zone, and the construction project of Qinghai International Conference and Exhibition Center, the largest international conference and exhibition center in terms of volume in the domestic plateau region. In terms of the commercial complex field, the Company continued to adhere to the marketing strategy of “high-end markets, high-end customers, high-end projects” and won the bidding for Alibaba’s Beijing headquarters project, COFCO Joy City project in Yubei District, Chongqing, and a large number of other high-end projects. We actively fulfilled our responsibilities as a central enterprise, participated in the construction of livelihood projects, and won the tender for general contracting projects of make-shift houses in zone 3 and 4 in Cuizai, Jinan New Old Dynamic Energy Conversion Pilot Zone.

- **Infrastructure construction and investment operations**

During the Reporting Period, the Company achieved stable growth in the revenue scale of its infrastructure business and continued to optimize the adjustment of its business structure. In order to promote the high-quality development of infrastructure business, effectively prevent and control the risks of PPP projects, and maintain a reasonable asset-liability ratio, the Company has implemented stricter pre-control of infrastructure projects, with new infrastructure contracts worth RMB522.6 billion for the whole year, a decrease of 17.8% year-on-year. It achieved revenue of RMB318.1 billion, an increase of 15.0% year-on-year; and the gross profit amounted to RMB27.1 billion with a gross profit margin of 8.5%, an increase of 0.1 percentage points year-on-year.

During the Reporting Period, the Company steadily carried out infrastructure construction investment business, concentrated on advantageous resources, and won the bidding for a number of major infrastructure projects. The airport segment continued to thriving, and the Company won the bidding for the key construction project of infrastructure construction and the PPP project (section A) of reconstruction and expansion in the northern area of Urumqi International Airport, the airport reconstruction and expansion project (section 1) of a key transportation hub in Guangdong-Hong Kong-Macao Greater Bay Area – Zhuhai Airport. With continued focus in the segment of rail transit, it won the bidding for PPP and general contracting projects such as Tianjin Metro Line 7 PPP project and Changchun Urban Rail Transit Line project 03. By making ongoing efforts in the railway sector, it won the bidding for the Zhengzhou-Jinan railway Shandong section fore-station project (section 2) of the comprehensive transportation channel Zhengji high-speed railway as planned by the national “13th Five-Year” transportation plan. Centering on key projects in the segment of municipal highways, it won the bidding for the general contracting project of the North Road and the east-west extension section of Second Expressway in Shaoxing, and the highway project of G322/358 Nanning-Binyang-Litang highway project in Guangxi. There have been new breakthroughs in emerging areas such as leisure ecology, sports facilities, environmental governance, and smart parking.

During the Reporting Period, the Company closely followed the national development strategies and policies and continued to contribute “China Construction Power” to the “tackling areas of weakness” in the field of national infrastructure construction. The projects that the Company participated in were successfully delivered: a number of the projects of Beijing Daxing International Airport were completed and delivered smoothly; the World Military Games venues such as Wuhan Wuhuan Sports Center were completed and put into operation as scheduled; the First Tranche of PPP national demonstration projects of the Ministry of Finance, Xuzhou Metro Line 1, was officially opened for operation.

- **Real estate development and investment business**

During the Reporting Period, the real estate business achieved contract sales of RMB382.6 billion throughout the year, representing a year-on-year increase of 28.1%, and contracted sales area of 21.73 million square meters, a year-on-year increase of 5.96%; revenue of RMB217.0 billion, representing a year-on-year increase of 17.9%; and gross profit of RMB67.5 billion with a gross profit margin of 31.1%, representing a year-on-year decrease of 3.9 percentage points.

During the Reporting Period, the Company realized a new construction area of 37.87 million square meters, representing a year-on-year increase of 2.6%; a completed area of 22.83 million square meters, representing a year-on-year increase of 47.1%; and an area under construction of 65.07 million square meters, representing a year-on-year increase of 28.6%. During the year, the newly acquired land bank was 22.59 million square meters, and the land bank at the end of the period was approximately 121.66 million square meters. Over 60% of the Company's real estate inventory is concentrated in first-line and provincial capital cities.

After years of development, the Company currently owns 10.63 million square meters of investment properties encompassing office buildings, hotels, apartments, commercial real estate and others, with a net book value of RMB83.08 billion, accounting for 4.1% of the Company's total assets. During the Reporting Period, the investment property realized revenue of RMB5.36 billion and profit of RMB2.09 billion. The Company accelerated the upgrading of industry, expanded business areas such as commerce, pension, education, and logistics, continuously enhancing the operation and management and profitability of investment properties. The above holding property data has not been audited.

During the Reporting Period, China Overseas continued to maintain steady growth, with sales growth far exceeding the average 7% sales growth rate of the TOP100 housing companies during the same period. During the Reporting Period, China Overseas owns more than 80% of its land reserves in first- and second-tier cities. In terms of commercial properties, China Overseas, as the largest single-title office developer in China, owns and operates 45 A-grade office buildings, 13 shopping centers, 12 star-hotels, 2 long-term rental apartments, and 12 joint office projects.

For details, please refer to (b) "Real estate development costs" (c) "Real estate development products" in Note IV (6) "Inventories" Note IV (29) "Advances from customers", and (a) "Pre-sale deposits" in Note IV (30) "Contract liabilities" to the financial statements under Section XI "FINANCIAL REPORT" hereof.

- **Prospecting and design business**

During the Reporting Period, the Company's prospecting and design business was developing in a healthy and smooth manner. During the year, the new contracts amounted to RMB13.1 billion, an increase of 1.5% year-on-year; revenue amounted to RMB9.9 billion, an increase of 4.9% year-on-year; gross profit amounted to RMB1.82 billion, with a gross profit margin of 18.4%, an increase of 0.4 percentage points year-on-year.

The Company ranked 29th on the ENR "Top 150 Global Engineering Designs" in 2019, and was listed in the top 30 for the first time, with the competitiveness of the industry continuing to be enhanced. During the Reporting Period, the Company continued to promote the design-centered industrial chain, actively expanded its engineering consulting business and strengthened and optimized prospecting and design business by building a design industry system with full-field coverage, full-process services, full-value chain and full-element growth. Original design capabilities continued to be improved. The architecture featuring new Tang Dynasty style was pioneered to realize the perfect combination of Chinese architectural culture and Western modern architectural technology, to construct a number of exemplary buildings in the ancient capital Xi'an. It has achieved a breakthrough in the

original airport design capacity and designed many large airports such as Qingdao Liuting and Chongqing Jiangbei, breaking the foreign monopoly on airport design. The Company won the bidding for the design of the east terminal building and integrated traffic center of the third phase project of Xi'an Xianyang International Airport, which is a major infrastructure project jointly headed by the National Development and Reform Commission, the Ministry of Transport, and the Civil Aviation Administration under the "13th Five-Year Plan".

At the same time, for giving full play to the business level of medical, leisure, super high-level and other advantageous sectors, the Company won the bidding for the First Affiliated Hospital of Sun Yat-sen University project, the largest and highest-level public medical service project in the Guangdong-Hong Kong-Macao Greater Bay Area, and won the bidding for the general contracting project of the 448.2 meter high Yinchuan City Silk Road Pearl Tower Design, which is the world's tallest tower-style building with membrane structure as decoration. China State Construction Northwest Design Institute was accredited the Company's only A-grade national engineering design, which is the highest-grade qualification in the industry. The Company was awarded 87 outstanding prospecting and design awards in the industry, and the award-winning projects cover all relevant award categories.

- **Overseas business**

During the Reporting Period, the Company remained a good momentum in overseas business. The value of new contracts for overseas business was RMB187.2 billion, representing a year-on-year increase of 13.9%, with revenue of RMB104 billion, representing a year-on-year increase of 15.2%; gross profit amounted to RMB5.42 billion with a gross profit margin of 5.2%.

Remarkable achievements have been made in the development of overseas market. During the Reporting Period, the Company entered six new markets such as Bosnia and Herzegovina, Georgia and Lebanon through project contracting, further improving its market layout in several regions such as Europe and West Asia. The number of substantive operating markets reached 77, and there are 10 markets with a new contracts value of over RMB5 billion throughout the year.

The development of overseas business features diversification. During the Reporting Period, the Company and Wengfu Group formed a joint venture to win the bidding for the Egyptian Abu Phosphoric Acid Plant project, making major breakthroughs in overseas industrial fields. It has signed the Tel Aviv Green Line subway project in Israel, another success in entering the subway construction field in developed countries. In addition, the Company has also signed the Singapore General Hospital Emergency Center Project, further demonstrating its leading edge in high-end housing construction.

The cooperation model is constantly innovating. During the Reporting Period, it actively promoted the cooperation with companies in developed countries. For example, it has formed a joint venture with South Korean SK Group E&C Company to sign the second phase of the Etihad Railway Network Project in the UAE and a strategic cooperation memorandum of understanding with the Airport Consulting Vienna GmbH to jointly promote the airport projects along the "Belt and Road".

High-quality performance was delivered for major projects. During the Reporting Period, Pakistan's PKM project (Sukur-Multan section), the largest transportation infrastructure project of the China-Pakistan Economic Corridor undertaken by the Company, was completed ahead of schedule. The new airport project in Algiers, an important aviation hub in North Africa, was officially put into operation. The construction of the central business district of the new administrative capital of Egypt was well underway, and the standard layers of the main structure of most single buildings has been started.

Meanwhile, the Company also actively participated in international exchanges and cooperation regarding the construction of the “Belt and Road”, attended the 2nd Belt and Road Forum for International Cooperation, the 1st China-Italy Third-party Market Cooperation Forum, the 1st China-Africa Economic and Trade Expo, the 16th China-ASEAN Expo and other major multilateral and bilateral activities. The Company will continue deepening the strategy of “prioritizing overseas markets”, strengthening localized operation, focusing on resource integration, deeply implementing the BRI and actively exploring overseas strategic M&A and operational investment projects, to improve the Company's business areas, and further enhance the international competitiveness.

- **Other businesses**

Other businesses of the Company mainly include the income from primary land development and sales of construction materials such as steels. During the Reporting Period, revenue was RMB23.8 billion, an increase of 14.7% year-on-year; gross profit amounted to RMB7.3 billion, with a gross profit margin of 30.6%, an increase of 1.2 percentage points year-on-year.

For details, please refer to Note IV (50) “Revenue and cost of sales” Note IV (56) “Expenses by nature” and Note VIII “Segment Information” to the financial statements under Section XI “FINANCIAL REPORT” hereof.

## (2) Analytical statement on production and sales

☐ Applicable ☒ N/A

## (3) Analytical statement on costs

Unit: '000 yuan Currency: RMB

By industry						
By industry	Components of operating cost	Amount in the current period	Percentage of total cost in the current period (%)	Amount of the same period of last year	Percentage of total cost in the same period last year (%)	Changes in the amount of the current period over the same period last year (%)
Building construction engineering	Raw materials, subcontract costs, labor costs, etc.	816,661,197	64.7	675,859,196	64	20.8
Infrastructure construction and investment	Raw materials, subcontracting cost, labor costs, etc.	290,979,462	23.1	253,366,234	24	14.8
Real estate development and investment	Construction and installation costs, land costs, labor costs, etc.	149,490,891	11.8	119,674,084	11.3	24.9
Prospecting and design	Labor costs, rental of equipment	8,071,133	0.6	7,739,985	0.7	4.3
Others	Labor costs, rental of equipment	16,529,092	1.3	14,644,604	1.4	12.9
Elimination	/	-19,505,575	-1.5	-14,574,513	-1.4	/
<b>Total</b>	/	<b>1,262,226,200</b>	<b>100</b>	<b>1,056,709,590</b>	<b>100</b>	<b>19.4</b>



By industry	Components of operating costs	Main cost components					
		2019	Proportion (%)	2018	Proportion (%)	2017	Proportion (%)
Building construction engineering	Cost of sales from products	19,855,211	1.6	17,010,696	1.6	13,405,863	1.4
	Subcontracting cost	257,717,240	20.4	233,507,557	22.1	213,849,338	22.7
	Raw materials	277,250,496	22.0	234,397,731	22.2	198,944,486	21.1
	Employee benefits	27,718,240	2.2	25,908,266	2.5	24,130,511	2.6
	Other expenses	234,120,010	18.5	165,034,946	15.7	139,857,832	14.8
	<b>Sub-total</b>	<b>816,661,197</b>	<b>64.7</b>	<b>675,859,196</b>	<b>64.0</b>	<b>590,188,030</b>	<b>62.6</b>
Infrastructure construction and investment	Cost of sales from products	—	—	—	—	—	—
	Subcontracting cost	126,131,695	10.0	114,807,022	10.8	97,312,828	10.2
	Raw materials	87,967,301	7.0	79,415,185	7.5	65,648,771	7.0
	Staff cost	36,660,547	2.9	26,299,140	2.5	22,280,875	2.4
	Other expenses	40,219,919	3.2	32,844,887	3.2	27,944,166	3.0
	<b>Sub-total</b>	<b>290,979,462</b>	<b>23.1</b>	<b>253,366,234</b>	<b>24.0</b>	<b>213,186,640</b>	<b>22.6</b>
Real estate development and investment	Carry-over of real estate development products	142,772,220	11.4	113,717,202	10.8	124,015,915	13.2
	Other expenses	6,718,671	0.4	5,956,882	0.5	3,087,012	0.3
	<b>Sub-total</b>	<b>149,490,891</b>	<b>11.8</b>	<b>119,674,084</b>	<b>11.3</b>	<b>127,102,927</b>	<b>13.5</b>
Prospecting and design	<b>Sub-total</b>	<b>8,071,133</b>	<b>0.6</b>	<b>7,739,985</b>	<b>0.7</b>	<b>6,994,009</b>	<b>0.7</b>
Others	<b>Sub-total</b>	<b>16,529,092</b>	<b>1.3</b>	<b>14,644,604</b>	<b>1.4</b>	<b>17,282,366</b>	<b>1.8</b>
Elimination	/	-19,505,575	-1.5	-14,574,513	-1.4	-11,214,851	-1.2
<b>Total</b>		<b>1,262,226,200</b>	<b>100.0</b>	<b>1,056,709,590</b>	<b>100</b>	<b>943,539,121</b>	<b>100.0</b>

Explanation on other information of cost analysis

☐ Applicable ☒ N/A

#### (4) Major customers and major suppliers

☒ Applicable ☐ N/A

In 2019, the revenue generated from/sales to the top 5 customers of the Company was RMB18.9 billion, accounting for 1.3% of the total revenue/sales of the year. Among the sales to the top five customers, the sales to related parties amounted to RMB7.1 billion, accounting for 0.5% of the total sales for the year.

During the Reporting Period, the amount of procurement from the top 5 suppliers was RMB19.28 billion, accounting for less than 1.5% of cost of sales. Among the amount of procurement from the top 5 suppliers, the amount of procurement from related parties amounted to RMB0, accounting for 0% of the total amount of procurement for the year.

The Company's business scale and its diversified business structure determine that the Company's suppliers are more extensive and less concentrated, and the public bidding with minimum restrictions is used for the procurement of bulk materials, which ensures the supply of resources and avoids the Company's reliance on a single supplier.

Other explanation

☐ Applicable ☒ N/A

## 2. Expenses

☒ Applicable ☐ N/A

In 2019, the Company's selling and distribution expenses, general and administrative expenses and financial expenses totaled RMB39.93 billion, a year-on-year decrease of 5.69%. The three items of expenses accounted for 2.81% of revenue, a year-on-year decrease of 0.72 percentage points.

During the Reporting Period, the Company's selling and distribution expenses were RMB4.33 billion, an increase of 18.66% year-on-year, mainly due to the increase in advertising and promotion fees as a result of the expansion of the real estate business.

During the Reporting Period, the Company's general and administrative expenses were RMB27.69 billion, an increase of 18.56% year-on-year, mainly due to the expansion in scale of business, and the increase in the salary of management personnel given that the completion of the project in the current period reached a satisfactory level. The Company's general and administrative expenses accounted for 1.95% of the revenue, that is, the general and administrative fee was RMB1.95 for each RMB100 of income. The Company's cost management and control delivered remarkable result, and it continued to maintain a leading position in the industry.

During the Reporting Period, the Company's financial expenses were RMB7.91 billion, a year-on-year decrease of 48.41%. The was mainly due to the fact that the Company strengthened management and control over financial cost, and factoring fees that was derecognized under receivables was adjusted to be presented under the investment income according to the general corporate financial statement format.

For details, please refer to relevant information as set out in Note IV (52) "Selling expenses" Note IV (53) "General and administrative expenses" and Note IV (55) "Financial expenses" to the financial statements under Section XI "FINANCIAL REPORT" hereof.

## 3. Investments in research and development

### Table of investment in research and development

☒ Applicable ☐ N/A

Unit: '000 yuan Currency: RMB

Investment in research and development expensed during the period	21,871,783
Investment in research and development capitalized during the period	/
Total investment in research and development	21,871,783
Total investment in research and development as a percentage of total revenue (%)	1.5
Number of research and development personnel	15,780
Number of research and development personnel as a percentage of total employees (%)	4.7
Percentage of investment in research and development capitalized (%)	/

Explanation

☒ Applicable ☐ N/A

The main reason for the increased investment in research and development is that the Company is committed to high-quality development, and continues to increase investment in science and technologies, and based on the focus on the major business of construction activities, undertakes a large number of research projects at the national, provincial, ministerial, and prefecture levels in various high-end fields such as super-high-rise buildings, underground comprehensive pipes and corridors, tunnel excavation under complex geological conditions, large-span bridges, construction of nuclear power facilities, and building of information facilities, while raising funds through state investment and self-raising, thus laying a solid foundation for the Company's high-quality development.

During the Reporting Period, the Company increased its research and development and application in frontier fields such as green buildings, BIM technology, construction robots and new materials. The Company played a leading role in carrying out the "large-scale BIM design and construction software" project under the "Industrial Internet Innovation Development Project" initiated by the Ministry of Industry and Information Technology, being devoted to solving the "bottleneck" issue in three-dimensional basic graphics software in the industry, and integrated a series of technological systems for green buildings in respect of various kinds of projects, such as public buildings, residential buildings, airports and subways. The Company has built intelligent manufacturing production lines for steel structures, green concrete, intelligent and concrete components, took the lead in developing and applying 5G smart home, and built the first domestic 5G smart construction site in the country.

The Company has made solid efforts in promoting major national scientific research projects. It led in winning the bid for the national key research and development plan project "technology of industrial solid waste large-volume mixture preparation of prefabricated components" and carried out research on the technology on the industrialization of industrial solid waste material preparation of prefabricated components. At the same time, it has organized and promoted 9 national research and development key research projects, achieving a number of technical milestones.

The Company continues to leverage on its leading edge in technology, actively cultivates and promotes scientific and technological achievements, and improves relevant technical standard systems. In 2019, the Company was granted 4,446 patents, including 414 invention patents, and 506 new technologies for the construction industry were promoted within the Company. The Company took a leading role in developing 6 full-text mandatory national standards, compiled and issued 1 national standard, and 1,335 of its engineering methods were accredited at province and ministry levels.

#### **4. Cash flows**

☒ Applicable   ☐ N/A

During the Reporting Period, the Company's net cash outflow was RMB27.1 billion, an increase of net outflow RMB72.1 billion from the net inflow of RMB45 billion last year.

The Company's net cash outflow from operating activities was RMB34.2 billion, mainly due to the increase in the payment of project expenses and the decrease in the amount of the deposits recovered. The Company received cash from sales activities at a rate of 105.9%, a year-on-year increase of 2.2 percentage points, and the cash recovery capacity of operating activities continued to strengthen.

The Company's net cash outflow from investment activities was RMB19.8 billion, a year-on-year decrease in net outflow of RMB13 billion. This was mainly due to the increase in cash received from investment recovery and cash received from investment income and the decrease in cash expenses in investment.

The Company's net cash inflow from financing activities was RMB26.3 billion, a year-on-year decrease in net inflow of RMB38.6 billion, mainly due to the decrease in cash received from investment and the increase in cash paid for debt repayment.

For details, please refer to relevant information as set out in Note IV (66) “Notes to the consolidated cash flow statement” and Note IV (67) “Supplementary information to the consolidated cash flow statement” to the financial statements under Section XI “FINANCIAL REPORT” hereof.

## 5. Financing

During the Reporting Period, the face value of the Company's newly issued bonds totaled approximately RMB15.131 billion, which satisfied the need for funding arising from the rapid development of business as well as industrial restructuring. The financing structure has been further optimized.

In order to actively implement the decision-making of the Central Committee of the Communist Party of China and the State Council on deepening the reform of SOEs, and respond to the guidance of the SASAC of the State Council on market-oriented legalization of debt-to-equity swaps, the Company organized part of its three-tier subsidiaries, in cooperation with China Construction Bank, and Industrial and Commercial Bank of China, Bank of China, Bank of Communications, Agricultural Bank of China and other investment institutions, to cooperate in market-oriented debt-to-equity conversion business. The market-oriented debt-to-equity conversion funds effectively supplemented equity capital for related subsidiaries, and were directly used to swap external debt, which strongly supported the development of the principal business, while optimizing the subsidiaries' governance structure and enhancing its governance capabilities. The successful implementation of the debt-to-equity conversion business has made positive contributions to CSCEC's efforts to reduce leverage, reduce liabilities, and prevent risks. It has also provided useful practices for CSCEC to actively promote the reform of mixed ownership of SOEs.

As of the end of the Reporting Period, the Company's total interest-bearing liabilities were RMB463.1 billion, an increase of RMB43.1 billion from the beginning of the year, and a year-on-year increase of 10.3%. This was mainly due to the increase in the Company's business volume, the corresponding increase in long-term borrowings, and the increase in interest expenses.

During the Reporting Period, the interest payment/redemption of corporate bonds and debt financing instruments are listed as follows:

Unit: 100 million yuan Currency: RMB

Category	Abbreviation	Issue date	Maturity date	Amount	Whether to pay interest/redeem normally
Medium-term note	14 China Construction MTN001	2014-04-22	2019-04-22	30	Redemption and interest payment
Medium-term note	14 China Construction MTN002	2014-09-04	2019-09-04	20	Redemption and interest payment
Medium-term note	15 China Construction MTN001	2015-04-24	2020-04-28	30	Interest payment
Medium-term note	15 China Construction MTN002	2015-11-05	2020-11-09	20	Interest payment
Medium-term note	16 China Construction MTN001	2016-04-11	2021-04-13	30	Interest payment
Medium-term note	16 China Construction MTN002	2016-06-22	2019-06-24	20	Redemption and interest payment
Medium-term note	17 China Construction MTN001	2017-04-18	2020-04-20	50	Interest payment
Medium-term note	18 China Construction MTN001	2018-08-15	2023-08-17	50	Interest payment
Medium-term note	18 China Construction MTN002	2018-08-15	2023-08-17	50	Interest payment

During the Reporting Period, the bonds issued by the Company's subsidiaries are as follows:

Unit: 100 million yuan Currency: RMB/HKD/USD

Name of bond	Issue date	Term	Amount	Amount of principal at the end of period	Issuer
19 China Overseas 01	2019-01-23	6	20 (RMB)	20 (RMB)	China Overseas Property Group Co., Ltd.
19 China Overseas 02	2019-01-23	7	15 (RMB)	15 (RMB)	China Overseas Property Group Co., Ltd.
19 China Construction Communications MTN001	2019-04-10	5	3 (RMB)	3 (RMB)	China Construction Communications Engineering Group Co., Ltd.
19 CSCEC Xinjiang MTN001	2019-06-20	3+N	8 (RMB)	8 (RMB)	CSCEC Xinjiang Construction & Engineering (Group) Co., Ltd.
CHINA OVS N2501	2019-07-15	5.5	20 (HKD)	20 (HKD)	China Overseas Finance (Cayman) VIII Limited
CHINA OVS N2907	2019-07-15	10	4.5 (USD)	4.5 (USD)	China Overseas Finance (Cayman) VIII Limited
CHINA OVS N2911	2019-11-27	10	2.94 (USD)	2.94 (USD)	China Overseas Finance (Cayman) VIII Limited
19 Shiyuan 01	2019-12-20	3.082	0.88 (RMB)	0.88 (RMB)	CSCEC Shiyuan Urban Pipes and Corridors Construction, Operation and Management Co., Ltd.
19 Shiyuan 02	2019-12-20	6.088	1.29 (RMB)	1.29 (RMB)	CSCEC Shiyuan Urban Pipes and Corridors Construction, Operation and Management Co., Ltd.
19 Shiyuan 03	2019-12-20	9.085	1.49 (RMB)	1.49 (RMB)	CSCEC Shiyuan Urban Pipes and Corridors Construction, Operation and Management Co., Ltd.
19 Shiyuan 04	2019-12-20	12.090	1.74 (RMB)	1.74 (RMB)	CSCEC Shiyuan Urban Pipes and Corridors Construction, Operation and Management Co., Ltd.
19 Shiyuan 05	2019-12-20	15.088	2.01 (RMB)	2.01 (RMB)	CSCEC Shiyuan Urban Pipes and Corridors Construction, Operation and Management Co., Ltd.
19 Shiyuan 06	2019-12-20	18.096	2.34 (RMB)	2.34 (RMB)	CSCEC Shiyuan Urban Pipes and Corridors Construction, Operation and Management Co., Ltd.
19 Shiyuan 07	2019-12-20	21.093	2.71 (RMB)	2.71 (RMB)	CSCEC Shiyuan Urban Pipes and Corridors Construction, Operation and Management Co., Ltd.
19 Shiyuan 08	2019-12-20	24.099	3.15 (RMB)	3.15 (RMB)	CSCEC Shiyuan Urban Pipes and Corridors Construction, Operation and Management Co., Ltd.

Name of bond	Issue date	Term	Amount	Amount of principal at the end of period	Issuer
19 Shiyao 09	2019-12-20	27.096	3.65 (RMB)	3.65 (RMB)	CSCEC Shiyao Urban Pipes and Corridors Construction, Operation and Management Co., Ltd.
19 Shiyao 10	2019-12-20	29.104	2.74 (RMB)	2.74 (RMB)	CSCEC Shiyao Urban Pipes and Corridors Construction, Operation and Management Co., Ltd.
19 CSCEC Dongfu ABN001 Preferred	2019-4-11	3 (1+1+1)	15.2 (RMB)	0	Shanghai CSCEC Dongfu Investment Development Co., Ltd.

For details, please refer to relevant information as set out in Note IV (37) "Bonds payables" to the financial statements under "FINANCIAL REPORT" hereof.

## (II) Operating investment business

During the Reporting Period, the Company completed an investment of RMB406 billion, an increase of 3.9% year-on-year, and the investment business maintained a steady development trend.

Unit: 100 million yuan Currency: RMB

Classification of projects	Amount of investment during the Reporting Period	Proportion (%)	YoY increase (%)
<b>By categories of projects</b>			
Real estate development	2,780	68	5
Investment in infrastructure and housing construction	1,096	27	10
Comprehensive urban development	151	4	-27
Fixed assets and other investments	33	1	-31
<b>By continuity of projects</b>			
Continued investment projects	2,737	67	2
New projects in 2019	1,323	33	8
<b>Total</b>	<b>4,060</b>	<b>100</b>	<b>4</b>

Note: The above classification of projects is designed in accordance with industry practices and the Company's internal management needs. The classification attributes of some projects will be adjusted according to the actual circumstances of the project. The year-on-year growth rate in the table will be adjusted retrospectively to the changed projects accordingly.

### 1. Real estate development business

During the Reporting Period, the investment amount of the Company's real estate development business reached RMB278 billion, a year-on-year increase of 5%; payback of investment return was RMB283 billion, a year-on-year increase of 9%; and ratio of investment to income was 102%, a year-on-year increase of 4 percentage points.

### 2. Business of investment in infrastructure and housing construction

During the Reporting Period, the amount of investment in infrastructure and housing construction of the Company's real estate development business reached RMB109.6 billion, a year-on-year increase of 10%; payback of investment return was RMB44.3 billion, a year-on-year increase of 16%; and the income to expenses ratio of investment was 40%, a year-on-year increase of 2 percentage points.

### **3. Comprehensive urban construction business**

During the Reporting Period, due to changes in relevant policies of renovation of shanty residence issued by the government, the amount of investment of the Company's comprehensive urban construction business reached RMB15.1 billion, a year-on-year decrease of 27%; payback of investment return was RMB9.6 billion, a year-on-year decrease of 31%; and the income to expenses ratio of investment was 64%, a year-on-year decrease of 4 percentage points.

### **4. Investment and construction in key regions**

The Company resolutely implements the major decision-making and deployment of the Central Committee of the Communist Party of China and the State Council, takes the responsibility as a central enterprise around major national strategic planning and deployment, actively practices regional coordinated development strategies, and is deeply involved in the coordinated development of the Beijing-Tianjin-Hebei Region, the development of the Yangtze River Economic Belt, the construction of the Guangdong-Hong Kong-Macao Greater Bay Area, investment and construction in key national areas such as the integrated development of the Yangtze River Delta, ecological protection and high-quality development of the Yellow River Basin. During the Reporting Period, the amount of investment of the Company in the Beijing-Tianjin-Hebei Region, Yangtze River Economic Belt, Guangdong-Hong Kong-Macao Greater Bay Area, the Yangtze River Delta, and the Yellow River Basin reached RMB347.6 billion, representing 86% of the Company's overall investment.

### **5. Development of PPP business**

In accordance with the relevant national requirements for the standardized development of PPP business, the Company closely followed the national policy guidance, comprehensively cleared up and rectified existing PPP projects, maintained reasonable control of the scale of PPP, and adhered to the high-quality development of PPP business.

As of the end of 2019, the Company has 373 PPP projects under implementation, with a planned investment of RMB582 billion. The Company has invested in and constructed a number of major landmark projects related to national economy and people's livelihood through PPP business. The fields involved include municipal engineering, transportation, comprehensive development of towns and industrial parks, ecological construction and environmental protection, which strongly promoted the Company's steady growth and structural adjustment. The goal is to help the Company develop from a company which is solely engaged in housing construction business to the world's largest investment and construction conglomerate, and enhance the brand influence of CSCEC.

As of the end of 2019, a total of 50 PPP projects of the Company has entered the operating phase. The Company attaches great importance to the operation and management of PPP, upholds the core concept of "operation-centered and performance-oriented" and focuses on project operation management in the life-cycle management of the Company's PPP business. During the Reporting Period, the Company's PPP operation management system was further improved. On the basis of the published five types of operation guidelines, the Company further prepared operation guidelines for three types of PPP projects, including cultural and sports venues, bridges and public parking space projects, thus realizing full coverage of operation guidelines for all types of the Company's PPP projects. As part of efforts to strengthen the supervision and guidance of the implementation of PPP projects, the Company has included PPP projects that have been in operation for two years into the intermediate evaluation plan, to verify the planning and organization of the early stage of operation, analyze and refine the experience and deficiencies of various types of project operation management, and strengthen prevention and control of operational risks to improve the level of operation management. As of the end of the Reporting Period, the operational performance evaluation of the Company's PPP projects which has entered the operating phase delivered satisfactory result, providing a solid guarantee for investment returns. The Company has also successfully explored asset securitization and other methods to revitalize project assets, accelerating payback on investment and increasing efficiency of investment.



### (III) Operating status of the professional sectors

The Company splits its principal businesses into 11 professional sub-sectors, which continued to maintain satisfactory overall development momentum. The total value of new contracts was RMB434.2 billion, a year-on-year decrease of 27.5%; revenue was RMB337.46 billion, a year-on-year increase of 17.2%; gross profit was RMB27.41 billion, a year-on-year increase of 7.1%; and operating profit was RMB14.64 billion, a year-on-year increase of 10.0%.

Since the implementation of the Company's "specialization" strategy, it has created and nurtured a number of specialized companies with sound management mechanisms, innovative capabilities and core competitiveness in their respective sub-specialized fields. During the Reporting Period, the Company's internal division of specialization and layout became more rational, the synergetic and coordination mechanism was more refined, and the overall competitive advantage became more prominent. Various specialized sectors and related subsidiaries provide solid support for the Company's development in the full business area, full life cycle, and full industry chain capabilities. The construction scale of China Construction Science and Industry has been ranked first in the steel structure industry since 2012; the construction scale of glass curtain wall business of China State Decoration remains its leading position in the industry; the market share of CSCEC's installation business of propane dehydrogenation core equipment is about 39%, ranking first in the industry; China Construction Science & Technology has an advanced fully automatic intelligent prefabricated factory in China with a total designed assembly capacity of 4 million cubic meters per year, which can support nearly 50 million square meters of buildings; The world-leading "China Construction Cloud Tunnel Intelligence" control system of China Construction Intelligence (中建智能) is a typical application of the Internet of Things technology in the process of control of tunnel underground excavation construction; and West Construction continues to maintain the leading position in the industry in terms of the concrete output for commercial use.

Unit: 100 million yuan Currency: RMB

Item	Name of sector	Amount of new contracts	Revenue for 2019	YoY Increase (%)	Gross profit for 2019	YoY Increase (%)	Operating profit for 2019	YoY increase (%)
Cross-section	Installation	494	543.4	25.8	32.8	16.7	21.3	45.9
	Steel structure	316	195.2	26.8	13.9	12.8	5.5	5.0
	Commercial concrete	426	224.0	21.9	23.0	12.2	8.0	64.6
Housing construction	Decoration	436	299.6	1.6	22.6	3.9	8.4	4.6
	Gardening	146	36.0	13.2	2.1	2.3	1.0	9.4
Infrastructure	Municipal projects	1,135	678.1	28.0	95.5	29.7	54.2	19.6
	Railways	74	94.2	-13.9	-5.6	-	-6.0	-
	Rail transit	304	304.2	17.2	9.8	-45.1	5.6	-40.1
	Roads and bridges	854	899.7	18.1	76.6	2.4	50.5	9.0
	Electricity	73	35.1	-19.8	1.4	34.5	-0.1	-
	Port engineering	85	65.1	-16.7	2.0	-53.0	-1.9	-
Total		4,342	3,374.6	17.2	274.1	7.1	146.4	10.0

Item	Names of sector	Gross profit margin (%)			Operating profit margin (%)		
		2019	2018	YoY change (Percentage points)	2019	2018	YoY change (Percentage points)
<b>Cross-section</b>	Installation	6.0	6.5	-0.5	3.9	3.4	0.5
	Steel structure	7.1	8.0	-0.9	2.8	3.4	-0.6
	Commercial concrete	10.3	11.1	-0.8	3.5	2.7	0.8
<b>Housing construction</b>	Decoration	7.5	7.4	0.1	2.8	2.7	0.1
	Gardening	5.9	6.6	-0.7	2.7	2.8	-0.1
<b>Infrastructure</b>	Municipal projects	14.1	13.9	0.2	8.0	8.5	-0.5
	Railways	-5.9	-0.3	-5.6	-6.4	-1.7	-4.7
	Rail transit	3.2	6.9	-3.7	1.8	3.6	-1.8
	Roads and bridges	8.5	9.8	-1.3	5.6	6.1	-0.5
	Electricity	3.9	2.3	1.6	-0.3	0.05	-0.4
	Port engineering	3.0	5.4	-2.4	-2.9	0.1	-3.0
Total		8.1	8.9	-0.8	4.3	4.6	-0.3

**(IV) Explanation on significant changes in profit arising from non-major business**

☐ Applicable    ☒ N/A

**(V) Analysis of assets and liabilities**

☒ Applicable    ☐ N/A

## 1. Assets and liabilities

Unit: '000 yuan      Currency: RMB

Name of item	Amount as at the end of the current period	Amount as at the end of the current period as a percentage of total assets (%)	Amount as at the end of last period as a percentage of total assets (%)	Change between amounts as at the end of the current period and last period (%)	Remarks
<b>Total assets</b>	2,034,451,929	100	1,861,840,298	100	9.3 The total assets of this period increased by RMB172.6 billion, mainly due to the increase in contract assets, and the increase accounted for 82.2% of the increase in total assets.
Cash at bank and on hand	292,441,419	14.4	317,500,675	17.1	-7.9 The decrease in cash at bank and on hand in the current period was RMB25.1 billion, mainly due to the decrease in bank deposits as a result of an increase in the net cash outflow from operating activities and investment activities.
Advances to suppliers	55,084,548	2.7	48,611,609	2.6	13.3 The advances to suppliers in this period increased by RMB6.5 billion, mainly due to the increase in land prepayments.
Inventories	578,917,620	28.5	634,967,094	34.1	-8.8 Inventories decreased by RMB56 billion this year, mainly because the completed but unsettled item is transferred from inventories to contract asset accounts under new standard of revenue.
Contract assets	150,975,326	7.4	9,078,328	0.5	1,563.0 This account is a new account item under the new standard of income in 2019, and the balance at the end of 2018 was due to the early implementation of the new standard of income by the Hong Kong subsidiary COHL. At the end of the year, the amount was RMB151 billion, mainly due to completed but unsettled item.
Other current assets	87,980,288	4.3	48,230,077	2.6	82.4 Other current assets in the current period increased by RMB39.8 billion compared with the end of 2018. On the one hand, it was mainly based on the accounting requirements of the new financial instrument standards, and on the other hand, it was because the deductible input tax and prepaid tax increased along with the business development.
Long-term receivables	164,825,662	8.1	281,480,771	15.1	-41.4 The decrease in long-term receivables was RMB116.7 billion, mainly due to the impact of the new standard and the reclassification of long-term receivables, such as warranty funds, to other non-current assets.
Investment properties	76,301,157	3.8	68,650,183	3.7	11.1 Investment properties increased by approximately RMB7.6 billion, mainly due to inventory, transfer of construction in progress and new acquisitions this year.
Notes receivable	26,918,443	1.3	21,438,282	1.2	25.6 The notes receivable increased by about RMB5.5 billion over last year, mainly due to the increase in business activities and the increase in the amount of settlement handled by the property owners. In order to ease the pressure on cash flow and increase the turnover rate of funds, the property owner tends to use notes to pay for the projects.
<b>Total liabilities</b>	1,532,616,609	75.3	1,432,576,042	76.9	7 Total liabilities increased by RMB100 billion year-on-year, mainly due to the increase in short-term borrowings, tax payables, other current liabilities, and long-term borrowings. The increase in the four items accounted for 81.6% of the increase in total liabilities.

Name of item	Amount as at the end of the current period	Amount as at the end of the current period as a percentage of total assets (%)	Amount as at the end of the last period	Amount as at the end of last period as a percentage of total assets (%)	Change between amounts as at the end of the current period and last period (%)	Remarks
Notes payable	7,030,414	0.3	13,412,795	0.7	-47.6	The notes payable decreased by RMB6.4 billion in this period, which was mainly due to the reduction of notes payment by its subsidiaries.
Short-term borrowings	28,498,331	1.4	19,158,639	1	49.7	The net increase in short-term borrowings was RMB9.3 billion, accounting for approximately 9% of the increase in total liabilities, mainly due to borrowing funds to meet the daily funding needs of projects.
Contract liabilities	281,789,584	13.9	90,007,393	4.8	/	Contract liabilities increased by RMB191.8 billion, mainly due to the accounting requirements of the new revenue standard, which adjusted the presentation of the settled but uncompleted items, funds from pre-sales of real estate, receipt in advance of project funds and other amounts that were originally presented under receipts in advance to this account items.
Long-term borrowings	247,800,428	12.2	214,675,614	11.5	15.4	The net increase in long-term borrowings was RMB33.1 billion, mainly due to the continued growth in the demand for long-term funds to support the capital operation of projects along with the growth of business and the continued development of PPP projects.
Other payables	114,030,641	5.6	112,008,484	6	1.8	Mainly due to business growth.
Other current liabilities	64,654,827	3.2	37,837,320	2.0	70.9	Other current liabilities increased by RMB26.8 billion, mainly due to the increase in the number of projects undertaken in the current period and the increase in settlement with the property owners, which led to an increase of about RMB25.8 billion in taxes to be written off.
Taxes payable	59,368,941	2.9	47,046,860	2.5	26.2	Tax payables increased by RMB12.3 billion, mainly due to the increase of RMB5.975 billion in land value-added tax payable as compared with the beginning of the year, and the increase in provision of land value-added tax along with the significant increase in COHL's revenue from real estate business.
Other explanation						
None						

## 2. Restriction on major assets as at the end of the Reporting Period

☐ Applicable ☒ N/A

## 3. Other explanation

☐ Applicable ☒ N/A

## (VI) Analysis of operating information in the construction industry

### 1. Projects completed and accepted after verification during the Reporting Period

☒ Applicable ☐ N/A

Unit: 100 million yuan Currency: RMB

Segment of industry	Housing construction	Infrastructure construction	Specialized engineering	Construction and decoration	Others	Total
Number of projects	6,756	1,602	/	/	/	8,358
Total amount	10,345	5,307	/	/	/	15,652

☒ Applicable ☐ N/A

Unit: 100 million yuan Currency: RMB

Locations of projects	Domestic	Overseas	Total
Number of projects	8,094	264	8,358
Total amount	14,561	1,091	15,652

Other explanation

☒ Applicable ☐ N/A

With reference to the relevant national standards, combined with its own operating characteristics and structural development needs, the Company's housing construction projects include engineering general contracting and specialized contracting projects (foundation, steel structure, construction and installation, renovation and decoration, etc.); infrastructure projects include transportation engineering (roads, municipal roads, railways, urban rail transit, airports, ports and docks, parking lots, tunnels, bridges, waterways, etc.), energy engineering, petrochemical engineering, water supply and treatment engineering, environmental protection engineering, post and telecommunications engineering, health crisis and disaster prevention engineering, hydraulic engineering and other projects (outdoor stadiums, outdoor recreational facilities, reclamation, artificial islands, underground comprehensive pipe corridors, pipe networks, etc.), which is also applicable to the items below.

### 2. Projects under construction during the Reporting Period

☒ Applicable ☐ N/A

Unit: 100 million yuan Currency: RMB

Segment of industry	Housing construction	Infrastructure construction	Specialized engineering	Construction and decoration	Others	Total
Number of projects	21,060	5,565	/	/	/	26,625
Total amount	51,972	24,344	/	/	/	76,316

☒ Applicable ☐ N/A

Unit: 100 million yuan Currency: RMB

Locations of projects	Domestic	Overseas	Total
Number of projects	25,624	1001	26,625
Total amount	70,369	5,947	76,316

### 3. Material projects under construction

☐ Applicable ☒ N/A

Other explanation

☐ Applicable ☒ N/A

### 4. Overseas projects during the Reporting Period

☒ Applicable ☐ N/A

Unit: 100 million yuan Currency: RMB

Locations of projects	Number of projects	Total amount
Hong Kong and Macao SARs	243	1,918
Southeast Asia	405	2,423
Middle East	138	1,008
North Africa	286	1,350
Central and Southern Africa	240	732
America	160	827
Europe	19	30
Other regions	125	616
<b>Total</b>	<b>1,616</b>	<b>8,904</b>

Other explanation

☒ Applicable ☐ N/A

The above project status includes completed and settled, completed and unsettled, under construction and other.

The amount of overseas projects set out in the contract was translated in the exchange rate of foreign currencies against RMB as agreed in the contract or the spot exchange rate at the time of entering of the contract.

### 5. Total number of new projects signed during the Reporting Period

☒ Applicable ☐ N/A

The total number of new projects signed during the Reporting Period was 6,493 with an amount of RMB2,486.3 billion (amount of construction contracts).

### 6. Summary of completed and unsettled inventories

☐ Applicable ☒ N/A

## 7. Other explanation

☒ Applicable ☐ N/A

- **The Company's qualifications in the construction industry**

As of the end of the Reporting Period, the Company had a total of 39 enterprises with special qualifications, 1 enterprise with comprehensive engineering grade-A qualification, and 65 special-grade qualifications, including 33 special-grade qualifications in general contracting of construction projects, 19 special-grade qualifications in general contracting of municipal utilities works, and 10 special-grade qualifications in general contracting of highway projects, 2 special-grade qualifications in general contracting of petrochemical projects, 1 special-grade qualification in general contracting of port and waterway projects, and 1 grade-A qualification in design-related comprehensive business.

- **The Company's quality control system, implementation standards, control measures and overall evaluation**

Based on the ISO9001 quality system, the Company continuously improves the multi-level and comprehensive quality management system such as quality organization system, regimes and supervision system, and maintains their effective operation. Before the commencement of work, it clearly specifies quality responsibilities and objective of quality management of projects, compiles project quality planning documents, and makes preparations for construction; during the process of construction, it refines technical communication, adopts strict approaches to engineering technology review, strict raw material field acceptance, management of inspection, and inspection on process quality, taking a strict approach to project quality acceptance. After the completion of the project, it signs project quality warranty, compiles the construction manual, and distributes it to the users. It attaches great importance to quality assurance services, creates customer files, and conducts regular and irregular quality review visits.

- **Operation of the Company's safe production system**

In 2019, the Company had no major or above-grade production safety accidents. A total of 125 national safe and civilized standardized sites were built up, accounting for 25% of the total, ranking first among the central enterprise peers and across the country.

During the Reporting Period, the Company organized special meetings on safe production, meetings of the safety committees, emergency video meetings on safe production, etc. to promote and implement General Secretary Xi Jinping's important expositions and instructions on safe production, and to implement the safe production and initiatives of the Central Committee of the Communist Party of China and the State Council. The Company issued the "Work Rules of the Safe Production Committee of China State Construction Engineering Corporation Limited" and "Code of Safety Conduct of Three Strict Regulations and Six Disciplines for Workers of CSCEC (2019)", and formulated the list of leadership posts of the headquarters and list of safe production measures of various functional departments. The Company also took a stringent approach to implementing the requirements of the safe production system, focusing on building of systems, performance of responsibilities, guidance by cultural values, special assessment, inspection and identification of potential hazards and regulatory innovation, and promoted the full implementation of the responsibilities of enterprises as the subject exercising safe production in a systematical manner, effectively prevented various production safety accidents, occupational health incidents and incidents with damage to reputation, thus ensuring the safe development of CSCEC.



## (VII) Analysis of investment

### 1. General analysis of external equity investment

☒ Applicable ☐ N/A

The Company's external equity investment mainly includes stocks purchased from the secondary market for trading purposes, and equities held in other listed or unlisted companies for non-trading purposes. Accounting items include financial assets held for trading, available-for-sale financial assets and long-term equity investments.

#### (1) Major equity investment

☐ Applicable ☒ N/A

#### (2) Major non-equity investment

☐ Applicable ☒ N/A

#### (3) Financial assets measured at fair value

☒ Applicable ☐ N/A

Unit: '000 yuan Currency: RMB

Stock code	Stock name	Investment cost at the beginning of the period	Changes in investment cost during the period	Cost of investment at the end of the period	Carrying value at the end of the period	Gains or losses during the Reporting Period	Changes in fair value in the Reporting Period	Accounting items	Source of stocks
600015.SH	HUAXIA BANK	5,558	0	5,558	10,235	606	374	Financial assets held for trading	Purchase
600723.SH	BCRG	4,406	0	4,406	3,668	48	-54	Financial assets held for trading	Purchase
/	SPH	1,898	63	1,961	959	-22	-105	Financial assets held for trading	Purchase
/	PACIFIC CENTURY	9,615	322	9,937	2,036	23	-441	Financial assets held for trading	Purchase
000628.SZ	CHENGDU HI-TECH DEVELOPMENT CO LTD.	440	0	440	3,079	0	0	Financial assets held for trading	Purchase
601328.SH	BANKCOMM	16,830	-14,170	2,660	14,196	453	-304	Financial assets held for trading	Purchase
601838.SH	BANK OF CHENGDU	255	0	255	3,505	529	394	Financial assets held for trading	Purchase
600688.SH	SPC	601	0	601	1,161	-336	-336	Financial assets held for trading	Purchase
600620.SH	SHSTC	16	0	16	97	16	16	Financial assets held for trading	Purchase
601288.SH	AGRICULTURAL BANK OF CHINA	796,467	0	796,467	1,096,627	51,681	26,747	Other investment in equity instrument	Purchase

Stock code	Stock name	Investment cost at the beginning of the period	Changes in investment cost during the period	Cost of investment at the end of the period	Carrying value at the end of the period	Gains or losses during the Reporting Period	Changes in fair value in the Reporting Period	Accounting items	Source of stocks
600015.SH	HUAXIA BANK	241,479	0	241,479	444,634	10,087	16,232	Other investment in equity instrument	Purchase
601328.SH	BANKCOMM	2,574	0	2,574	10,029	430	-264	Other investment in equity instrument	Purchase
00687.HK	TYSAN HOLDINGS	199,904	0	199,904	51,059	113,850	-69,483	Other investment in equity instrument	Purchase
000421.SZ	NANJING PUBLIC UTILITIES DEVELOPMENT CO., LTD.	2,240	-2,240	0	0	201	323	Other investment in equity instrument	Purchase
000605.SZ	BHWI	1,320	-1,320	0	0	8	-37	Other investment in equity instrument	Purchase
600778.SH	YOUHAO GROUP	720	0	720	2,670	0	476	Other investment in equity instrument	Purchase
601229.SH	BANK OF SHANGHAI	1,641	0	1,641	11,447	418	1,064	Other investment in equity instrument	Purchase
000617.SZ	CNPCCCL	1,900,000	0	1,900,000	2,115,409	42,359	215,409	Other current assets	Purchase
600390.SH	MINMETALS CAPITAL	1,500,000	0	1,500,000	1,442,095	26,749	-57,905	Other current assets	Purchase
06066.HK	CSC	61,900	-17,531	44,369	43,394	1,177	20,835	Other investment in equity instrument	Purchase
Other investment in securities		34,071	-32,525	1,546	831	4,097	-12,124	Financial assets held for trading/other investment in equity instrument	Purchase
<b>Total</b>		<b>4,781,935</b>	<b>-67,401</b>	<b>4,714,534</b>	<b>5,257,131</b>	<b>252,374</b>	<b>140,817</b>	<b>/</b>	<b>/</b>

Notes:

- (1) This table sets out the Company's investment in stock securities including as financial assets held for trading, other current assets, and other investment in equity instrument.
- (2) Profit and loss for the Reporting Period, with respect to financial assets held for trading, includes the investment income and changes in fair value during holding period; with respect to other investment in equity instrument and other current assets, includes investment gains during the period.
- (3) Other securities investment refers to investment in stock securities accounted for as financial assets held for trading, other investment in equity instrument other than those listed above.
- (4) In addition to the table above, for other items included in financial assets held for trading and other investment in equity instrument, please refer to the relevant information as set out in Note IV (2) "Financial assets held for trading" and Note IV (17) "Other investment in equity instrument" under Section XI "FINANCIAL REPORT" hereof.

## (VIII) Major disposal of assets and equity interests

☐ Applicable ☒ N/A

## (IX) Analysis of major controlling companies or companies with shareholding

√ Applicable    □ N/A

### 1. Major subsidiaries acquired through incorporation or investment

Unit: '000 yuan    Currency: RMB

Name	Nature of business	Registration capital ratio (%)	Shareholding (%)	Total assets	Net assets	Net profit
COHL	Investment holding	31,032,258	100.00	820,401,634	263,572,513	38,341,990
China Overseas Land & Investment	Real estate development and operation	HKD1,096,000,000	55.99	668,414,956	246,004,303	33,945,880
CSC International	Construction and installation	HKD1,500,000,000	64.66	140,525,271	41,644,070	5,035,112
China Overseas Property	Property management	HKD30,000,000	61.18	3,847,693	1,374,756	479,169
China Construction First Group Corporation	Construction and installation	7,000,000	100.00	88,863,952	19,376,006	1,776,439
China Construction Second Engineering Division	Construction and installation	5,000,000	100.00	117,992,008	25,503,005	2,789,199
China Construction Third Engineering Division	Construction and installation	5,039,865	100.00	211,949,928	49,453,773	7,034,283
China Construction Fourth Engineering Division	Construction and installation	5,100,000	100.00	86,855,272	17,041,671	786,949
China Construction Fifth Engineering Division	Construction and installation	6,018,000	100.00	149,405,392	28,612,733	2,791,507
China Construction Sixth Engineering Division	Construction and installation	4,277,946	100.00	64,115,853	10,975,143	295,013
China Construction Seventh Engineering Division	Construction and installation	6,000,000	100.00	103,444,077	22,569,204	1,538,771
China Construction Eighth Engineering Division	Construction and installation	9,500,000	100.00	203,890,177	44,151,213	6,698,598
China Construction Engineering Design Group	Engineering prospecting and design	510,000	100.00	2,709,872	1,020,202	104,005
China State Decoration	Industrial renovation and decoration	1,000,000	100.00	16,877,057	2,349,841	245,345
China Construction Fangcheng	Business of infrastructure construction	5,000,000	100.00	62,842,802	15,594,015	625,945

### 2. Major subsidiaries acquired through business combination under common control

Unit: '000 yuan    Currency: RMB

Name	Nature of business	Registered capital	Shareholding (%)	Total assets	Net assets	Net profit
CSCEC Xinjiang Construction & Engineering	Construction and installation	3,500,000	85.00	42,290,531	11,864,840	616,977
West Construction	Construction materials	1,262,354	57.79	22,434,644	9,222,998	733,573
Shenzhen China Overseas Investment (深圳中海投资)	Real estate development and operation	2,650,000	100.00	4,252,882	4,179,927	227,794
CSC Finance	Financing	6,000,000	80.00	95,935,203	8,015,103	457,279

### 3. Major subsidiaries acquired through business combination not under common control

Unit: '000 yuan Currency: RMB

Name	Nature of business	Registered capital	Shareholding (%)	Total assets	Net assets	Net profit
CSC Development	Construction and installation	HKD100,000,000	47.89	6,318,827	948,195	147,712
China Construction Harbour and Channel Engineering Bureau	Infrastructure construction	1,333,333	70.00	10,792,958	1,906,475	-163,661

For details, please refer to relevant information as set out in “1. Interests in subsidiaries” under Note VI “Interest in other entities” to the financial statements under Section XI “FINANCIAL REPORT” hereof.

#### (X) Structured entities under the control of the Company

☒ Applicable ☐ N/A

For details, please refer to relevant information as set out in “3. Consolidated special purpose vehicle” under Note VI “Interest in other entities” to the financial statements under Section XI “FINANCIAL REPORT” hereof.

## III. Discussion and Analysis of the Future Development of the Company

### (I) Industrial development and trends

☒ Applicable ☐ N/A

For details, please refer to relevant information as set out in Section III “OVERVIEW OF BUSINESS OPERATIONS” hereof on the situations of the industry.

### (II) Development strategy of the Company

☒ Applicable ☐ N/A

In 2020, the Company will continue to implement the corporate mission of “expanding the space of happiness”, adhere to the guidance of inheritance and innovation, as well as the basic principle of “enhancing quality and efficiency, promoting transformation and upgrading” for overall development, and strive to transform and tap into the field of infrastructure and expand to overseas markets. The Company will continue to consolidate and deepen the competitive position of the Company in businesses with established advantages, such as prospecting and design, housing construction and real estate development, and actively cultivate potential businesses such as energy efficiency of buildings. In line with market changes and by continuously improving the professional capabilities throughout the life cycle in the field of construction and investment, the Company will make proactive contribution to various national strategic missions, such as the coordinated development of the Beijing-Tianjin-Hebei Region, the Yangtze River Economic Belt, the Guangdong-Hong Kong-Macao Greater Bay Area, and the BRI, and contribute to building a moderately prosperous society in an all respects, while striving to realize the vision of “becoming the most internationally competitive investment and construction group”.

1. Prospecting and design business. The Company will continue to expand the prospecting and design business in the field of housing construction, gradually step up efforts to expand the prospecting and design business in the field of infrastructure (such as municipal utilities, highway, water conservancy and power), and explore and investigate prospecting and design in the industrial field in due time, while driving the development of EPC business building on the design capabilities.

2. Construction business. The Company will continue to maintain and continuously increase the scale and market share of its business in housing construction, and continue to maintain an absolute leading position in the industry. The Company will actively improve its competitive strength in the high-end house construction business such as super high-rise and large-span buildings, and fully master the core technologies of “high, large, precise and sophisticated” buildings in the field of housing construction. In addition, the Company will further strengthen the construction business in the field of infrastructure, in particular, achieving key breakthroughs in essential market segments such as rail transit, intercity railways, urban integrated pipes and corridors, bridges, municipal roads, highways, railways, petrochemicals, hydraulics and water conservancy, while optimizing the Company’s business structure and enhancing its ability to address the risks arising from cyclical economic fluctuations.
3. Investment and development business. Following the strategy of vertical integration, the Company will continue to stabilize and expand the scale and benefits of the real estate development business, and carry out the transformation of the real estate business actively, with a focus on exploring new areas of real estate business in the context of demographic changes, upgrade of residents’ consumption and “new type of urbanization”. At the same time, the Company intends to promote the internationalization of its real estate business, strengthen and deepen its infrastructure investment business, drive construction business with investment, and make active efforts to explore, guide, and implement the infrastructure holding business model in key areas. Under the “four-in-one” development model, the Company will further adopt a focused strategy and focus on the exploration of old city transformation, construction of new cities and towns, as well as new industrial zones to make breakthroughs in its comprehensive urban construction business.
4. New business. The Company adopts the business model of “Investment + Incubation” with a focus on new-type building industrialization, green building, energy saving of buildings, new energy, modular integrated mobile homes (standardization of provisional constructions). The Company will actively promote the development of financial services for the principal business, accelerate the obtaining of financial licenses, and build the financial business segment of CSCEC.
5. Overseas business. The Company will focus on the goal of creating a world-class enterprise and continue capitalizing opportunities brought by the BRI. It will attach importance to integration of domestic and foreign resources and localized operations, and strengthen cooperation with financial institutions, upstream and downstream enterprises and multinational companies to jointly build industrial chains, supply chains, as well as services chain and value chain. Meanwhile, it will keep maintaining the advantages of overseas traditional housing business, expand participation in the infrastructure sector, accelerate the innovation of overseas business models, and enhance the scale and quality of international operations.

### (III) Business plans

☒ Applicable   ☐ N/A

The Company intends to achieve new contract value of RMB3.10 trillion and revenue of RMB1.52 trillion in 2020. The Company will adhere to the general principle of making progress while maintaining stability, follow the new development concept and pursue high-quality development, strengthen the Party’s leadership and Party building. With the goal of achieving “one creation and five aspects of strength”, the Company will drive development by deepening reform and innovation, promote enhancement by continuous inspection and rectification, coordinate and promote stable growth, structural adjustment, enhance reform and innovation, and strengthen risk prevention, thus achieving continuous development in terms of strength, quality and scale, and contributing to the successful completion of the “13th Five-Year Plan”.

In 2020, CSCEC’s work throughout the year should focus on the goal of “one creation and five aspects of strength”. The Company will focus on the “five prominent aspects”, that is, highlighting the general principle of pursuing progress while maintaining stability, emphasizing the implementation of new development concepts, the implementation of requirements for high-quality development, and the innovation-driven development strategy, highlighting the strengthening of risk prevention and control, and constantly creating new conditions of high-quality development. Efforts will be focused on the following three aspects:

**(I) Adhere to the general principle of pursuing progress while maintaining stability, and achieve high-quality and sustainable development**

Steady growth is a political task entrusted to central enterprises by the central government. It is also a political requirement for CSCEC, and a physical guarantee for the Company to achieve high-quality development. The Company must shoulder its responsibilities and make best efforts to play the role of “stabilizer” and “ballast stone” for the national economy. Amidst the current environment with growing uncertain and unstable factors, which gives increased downward pressure on the economy, the central enterprises must withstand the pressure and pursue steady growth, and this is of great significance to prevent significant fluctuations. To properly address the relationship between speed and quality as well as growth and risk, it is necessary to achieve reasonable growth in quantity and stable enhancement in quality, maintaining the steady development of the enterprise, while at the same time stabilizing and deepening reform and innovation with courage to be a pioneer, expanding into new fields and building new advantages, thus accumulating new momentum for the stable and sustainable development of the enterprise.

**(II) Accelerating the deployment of innovative business, promoting industrial upgrading with the new engine featuring reform and innovation**

The development of new business and new momentum is the core elements and the requirements for CSCEC to further promote corporate reform, achieve high-quality development, and develop into world-class business, and it is necessary to coordinate, design, and implement this “strategic path”. The first step is to enhance awareness and the top-level design. In the near and medium term, the Company will focus on the development of industries with potential, cultivate and incubate strategic emerging industries, design specific policies and incentive mechanisms for innovation, and improve the system supporting innovation. The second step is to enrich approaches to development and broaden channels for innovation. The Company will step up efforts in independent innovation, and supplement with introduction from external parties. For the Company’s advantageous principal businesses, by way of independent innovation, the Company will make deployment for digitized and intelligent new technologies, processes and models that are powering and leading the transformation of the construction industry. For brand-new businesses other than the principal businesses, the Company will actively promote capital operations, such as reorganization, mergers and acquisitions, and mixed structure reforms, with a view to achieve leapfrog development of new business. The third step is to optimize the environment for innovation and increase support for scientific research. The culture and philosophy that encourages innovation and entrepreneurship should be established, and an environment and atmosphere conducive to innovation and entrepreneurship created. The investment in scientific research should be enhanced and more efforts should be made to solve critical issues, make up for shortcomings, fill gaps, and effectively realize the effectiveness of innovation, thus achieving alignment between scientific and technological influence with its position in the industry.

**(III) Accelerating the pace of internationalization and promote the implementation of the guidance of “prioritizing overseas markets”**

The BRI is not only a bright spot in the diplomacy of great powers with Chinese characteristics, but also the focus of the new pattern of China’s comprehensive opening-up in the future. Not only has it been widely recognized and actively participated by more countries, it has also brought new opportunities for CSCEC to develop international operations. Firstly, we must deepen the strategic deployment of “prioritizing overseas markets”, further improve the design of overseas policy system, formulate and implement the rules on the implementation of “prioritizing overseas markets”, stimulate business vitality, enhance execution, and give full play to the “prioritizing overseas markets” policy. Secondly, we must focus on integration of overseas resource, give full play to the role of the headquarters and coordinate all parties, strengthen cooperation with financial institutions, upstream and downstream enterprises, and multinational companies, build industrial chains, supply chains, service chains and value chains, integrate resources to jointly operate large and complex projects, and share risks and pursue growth in the process of cooperation. Thirdly, we must recruit overseas talents. The Company will strive to be a

leader worldwide in terms of technology, management and internationalization, and to build leadership and power of voice in the development of the industry at global level. Fourthly, we must be vigilant against overseas risks. The Company should fully understand the complexity and sensitivity of overseas business. Risk assessment should be conducted and planning as well as preparation should be made in advance based on the political and economic situations of specific countries and the actual situations of relevant projects to ensure that no major risk event affecting the development of the enterprise will occur.

The business plan does not constitute the commitment to investors in terms of the Company's performance. Investors are advised to maintain sufficient risk awareness, and should understand the difference between the business plan and commitments of performance.

#### **(IV) Potential risks**

√ Applicable    ☐ N/A

##### **1. Risks arising from COVID-19 outbreak**

CSCEC is engaged in a labor-intensive industry. The operation of the enterprise will be affected by the suspension of projects and measures to quarantine people in response to the pandemic. The pandemic will exert great pressure on the Company's main economic indicators in 2020. With the rapid spread of the pandemic in foreign countries, the Company's overseas entities is facing a more complicated environment, and greater difficulties to guarantee the supply of pandemic prevention materials. Due to the impact of pandemic management and control measures in foreign countries, such as lockdown at city or even country level, and suspension of transportation by air or by sea, overseas projects are subject to restriction in terms of raw materials, personnel and logistics, which has adversely affected the normal operation of relevant projects. As the pandemic in China is gradually contained, companies are accelerating the resumption of production and work and trying their best to reduce the impact of the pandemic. However, the current situations of the pandemic are still severe and complicated. While resuming production and operation, we must be vigilant and ensure coordination between domestic and overseas operations, strictly implement responsibilities of various parties, and continue to take concrete action in pandemic prevention and control.

##### **2. Macroeconomic risks**

Due to the COVID-19 pandemic, the global economic outlook has further deteriorated, and the domestic and international macro-political and economic situations have become more challenging and complicated. Despite the steady growth in performance delivered by the Company through unrelenting efforts, due to external international trade frictions and changes in international financial situations as well as the impact of the pandemic, the risks of the global economic downturn continue to rise going forward. The Company must continue to strengthen in-depth research on the macro economy, closely follow national and local investment and construction hotspots, deepen supply-side structural reforms, accelerate business transformation and upgrading, and promote radiation and extension of its business. The Company should strengthen monitoring in the course of the implementation of strategic planning, revise corporate strategy in a timely manner in line with changes in external economic environment; adopt targeted measures to strengthen the scale and strength of the enterprise through integration of resource, external mergers and acquisitions and other measures, and enhance the ability to counter risks. It is required to improve the sensitivity and predictability of the enterprise to changes in the economic environment, comprehensively assess the Company's ability to address macroeconomic risks, identify weakness and provide targeted prevention and control. The linkages and interaction among different regions should be strengthened to enhance synergies, and give play to the Group's advantages in integration of resources, so as to reduce exposure to macroeconomic risks.



### **3. International business risks**

As the Company's overseas operations span many countries and regions, in which the political system, economic situations, legal environment as well as cultures and customs are quite different, the maturity of each market is obviously different, and the investment environment is complicated. In particular, as COVID-19 hit some host countries and threatened the lives of employees, it has become even more difficult to operate in overseas markets. International operation also exposes the Company to risks of rising financing costs and losses in currency exchanges due to changes in interest or exchange rates. Confronting such complex and ever-changing international situation, the Company has been consolidating its ability to identify and respond to international business risks and strengthening the Company's control and dynamic adjustment of organizational structure. Besides, it has been improving the comprehensive risk management system of the entire business chain of overseas business, adhering to compliant operations, and improving the risk assessment and monitoring mechanism of overseas projects. It has also paid attention to the effective operation of overseas safe production supervision mechanisms, and properly identified, prevented and resolved risks of international operations. The Company has closely followed up the development of the epidemic in host countries and regions, provided materials for protection and prevention and established and improved emergency mechanisms to ensure safety of managerial staff and labor workers while promoting high-quality development of overseas business.

### **4. Production safety risks**

The Company's engineering contracting business accounts for a large proportion of its business portfolio and covers a wide range of sectors. Due to the characteristics of the industry and the external environment, in the course of construction, it may be exposed to natural disasters such as floods, rainstorms, earthquakes, typhoons, and fires and risks such as unexpected public events. The Company's production safety is exposed to certain risks. The Company regards production safety as the lifeline of the enterprise and attaches great importance to project management and safety management. Over the years, the Company has been adhering to the concept of "life first, safety operation foremost", giving safe production the highest priority, and trying its best to avoid unclear division of safety supervision responsibilities, chaotic on-site safety management and inadequate safety measures, and will strictly follow the CSCEC 1132 safe production supervision model to improve the safety supervision system of the business at all levels down to the production unit, while establishing and improving safe production supervision agencies in accordance with the law. The Company also appoints adequate number of full-time safety supervisors, strengthens the quality and capability of the safety supervision team, adheres to the problem-oriented approach, defends the bottom line of safety, innovates management methods, lays a solid foundation for safety, and effectively prevents all kinds of production safety accidents.

## 5. Investment risks

Due to the domestic economic downturn and financial pressure, some investment projects may be difficult to be implemented in a normal and smooth manner as planned, leading to increased risk of recovery of investment funds, increasing corporate financing costs and reducing investment income. The Company will strengthen the research on national policies, regulations and industry policies, strictly follow the requirements in the SASAC Circular No.192, MOF Circular No.92, and MOF Circular No.10 and other relevant documents, improve standards on management and control of investment business, and maintain the scale of investment at reasonable level. The Company will strictly implement the investment budget, abide by the principle of “no investment will be carried out without budgeting” and require that subsidiaries are not allowed to invest in new projects when no further budget is available. A “dual control” mechanism for investment budget and asset-liability ratio has been established. The Company will strictly regulate the expansion of PPP projects, strictly implement the requirements of investment business management and control, further clarify the legal compliance requirements of PPP projects, make concrete efforts in project feasibility studies, prevent decision-making risks through scientific pre-planning and discussions, and take a “zero tolerance” approach in terms of risks in compliance defects of projects, while effectively improving the quality of new investment projects. Meanwhile, the Company will strengthen the management and control of the process of investment projects, comprehensively improve operating capabilities, and issue early warning on and resolve the risks that may arise during the implementation of the investment projects.

Various financial risks faced by the Company's operating activities include market risks (mainly foreign exchange risk, interest rate risk and other price risks), credit risk and liquidity risk. The overall risk management plan of the Company will focus on the unpredictability of the financial market, and reducing the potential adverse impact on the financial performance. For details, please refer to relevant information as set out in Note 15 to the financial statements “Financial instrument and relevant risk” under Section XI “FINANCIAL REPORT” hereof.

For details of the Company's goodwill and its impairment, please refer to relevant information as set out in Note IV (17) “Goodwill” to the financial statements under Section XI “FINANCIAL REPORT” hereof.

### (V) Others

☐ Applicable    ☒ N/A

## IV. Explanation on the Circumstances and Reasons for not Disclosing in Accordance with the Standards due to Non-applicability of the Standards or Special Reasons such as State Secrets and Trade Secrets

☐ Applicable    ☒ N/A

## SECTION V IMPORTANT MATTERS

### I. Profit Distribution Plan of Ordinary Shares or Reserve Capitalization Plan

#### (I) Formulation, execution, or adjustment of cash dividend policy

☒ Applicable ☐ N/A

According to the Articles of Association: The Company may distribute dividends in cash, stock, a combination of both and other means permitted by laws and regulations; the Company shall preferentially make profit distribution in the form of cash dividends. In the event that the Company is operating well and the Board of Directors believes that the Company's share price does not match the size of its share capital, and the distribution of dividends in stock is in the interests of shareholders of the Company as a whole, the Company may propose stock dividend and other distribution proposals when the conditions for distribution in the form of cash dividends are satisfied. Except for special circumstances as determined by the Board of Directors of the Company, the Company shall distribute dividends in cash when the Company records a profit in current year and the accumulated undistributed profits are positive. The profits distributed in cash each year shall, in principle, be not less than 15% of the distributable profits of that year.

On May 7, 2019, the Profit Distribution Plan of the Company for 2018 was considered and approved at the 2018 annual general meeting of the Company through a combination of on-site open ballot and internet voting; on June 5, 2019, the Company released the Announcement on Interests Distribution of CSCEC for 2018; on June 14, 2019, the Company distributed cash dividends to all shareholders, marking the full implementation of the profit distribution plan in 2018. The Company distributed profits in strict compliance with relevant provisions of the Articles of Association and the resolutions passed at the general meetings.

#### (II) Plans or proposals for profit distribution or reserve capitalization of the Company in last three years (including the Reporting Period)

Unit: '000 yuan Currency: RMB

Year of dividend distribution	Number of bonus shares per 10 shares (shares)	Amount of dividends distributed per 10 shares (RMB) (tax inclusive)	Number of shares transferred per 10 shares (shares)	Amount of cash dividends (tax inclusive)	Net profit attributable to ordinary shareholders of the listed company in the consolidated financial statements for the year of dividend distribution	Percentage of the net profit attributable to ordinary shareholders of the listed company in the consolidated financial statements (%)
2019	0	1.85	0	7,763,538	41,881,399	18.53
2018	0	1.68	0	7,052,853	38,241,324	18.44
2017	0	2.15	4	6,447,723	32,941,799	19.57

Note: After retrospective adjustment to the amount of cash dividends for the previous years based on the 41,965,074,511 shares of the Company as of the date of disclosure, the cash dividends distributed per 10 shares (tax inclusive) for 2019 increased to RMB1.85 from RMB1.68 in 2018, representing an increase of 10.12%.

The Company realized a net profit of RMB16.404 billion during the Reporting Period. After allocating 10% of the net profit for statutory reserve, and setting aside RMB1.303 billion for paying dividends on preferred shares and interest on perpetual bonds, and adding RMB6.241 billion carried forward to 2019 after the profit distribution for 2018, the profit available for distribution to ordinary shareholders for 2019 was RMB19.702 billion, and the capital surplus of the Company was RMB30.538 billion.

In accordance with relevant provisions of the Company Law and the Articles of Association, the profit distribution plan for 2019 has been formulated on the basis of the Profit Distribution Plan of China State Construction Engineering Corporation Limited for 2019 as considered and approved at the 37th meeting of the second session of the Board of the Company by taking into account shareholder returns, the Company's capital demand for business development and other factors.

The profit distribution will be made in the form of cash dividend. A total of RMB7,763,538,200 of cash dividend will be distributed to all ordinary shareholders at RMB1.85 (tax inclusive) per 10 shares based on the 41,965,071,511 shares of the Company as of the date of disclosure. In case of any change in the total share capital of the Company prior to the record date of shareholders for profit distribution, the Company proposes to maintain the distribution ratio per share unchanged, and to adjust the total distribution amount accordingly. An announcement containing details of the adjustments will be made separately.

The remaining RMB11.938 billion after the distribution of cash dividends will be carried forward to the undistributed profits.

The independent directors of the Company have expressed opinions on this plan, which is still subject to the approval by the 2019 annual general meeting of the Company. A combination of on-site open ballot and internet voting will be adopted at the 2019 annual general meeting of the Company so as to ensure minority shareholders have adequate opportunities to express their opinions and appeals, thereby fully safeguarding their legal interests.

The cash dividend to be distributed by the Company for the current year represents less than 30% of the net profit attributable to the shareholders of the Company for the current year, explanation on which are as follows:

### **1. Industry where the Company operates and its characteristics**

The Company operates in the construction industry, a perfectly competitive sector which is undergoing a transformation from labor-intensive to technology- and knowledge-intensive. As traditional construction business witnesses lowering profit margin, green construction, prefabricated construction and intelligent construction are becoming new development trends for the industry. To mitigate the economic impact from the pandemic, more flexible fiscal and financial policies and greater efforts in counter-cyclical regulation have created a favorable environment for the development of the construction industry. Meanwhile, the rapid advancement of 5G network, data centers and other new infrastructures has generated new development momentum for the construction industry.

### **2. Development stage of the Company and its own business model**

In 2019, the Company hit a new record high in terms of the value of new contracts and revenue, bringing with it stronger global competitiveness and brand influence. The Company actively incorporated itself into the major national strategies, such as the coordinated development of Beijing-Tianjin-Hebei Region, development along the Yangtze River Economic Belt, and the construction of Guangdong-Hong Kong-Macao Greater Bay Area. The Company also made concrete efforts to carry out the BRI, and effectively followed the guiding principle of "prioritizing overseas markets" with a view to building a world leading enterprise group with global competitiveness.

### **3. Profitability and capital needs of the Company**

Since its listing, CSCEC has maintained its return on net assets at above 14%, delivering stable investment returns to its shareholders. To ensure the production resumption of projects in progress and smooth performance of new contracts undertaken, the Company needs to reserve more cash assets than in the previous years. In addition, with greater efforts made to promote reform and innovation, more investments are needed for innovative business and new technologies.

#### **4. Why the Company keeps part of the undistributed profit**

Currently, as COVID-19 is rapidly ravaging the globe, the world economy is facing greater downward pressure. To enhance its resilience against risks, objectively, the Company needs to keep a certain amount of retained earnings. The retained earnings accumulated by the Company over the years are attributable to all investors. With quicker transformation from high-speed development to high-quality development, the profitability of the Company will be improved gradually, thus enabling the Company to offer better returns to investors in the future.

#### **5. Purpose of the undistributed profit retained by the Company and its estimated income**

The retained undistributed profit will be used to support the Company in capturing strategic development opportunities and meeting capital needs for daily operations, etc. The Company is committed to continuously improving the overall value and providing stable and sustained returns to shareholders. CSCEC has maintained a stable cash dividend policy for years. The 10.05% increase in cash dividend to be distributed per share in 2019 over last year demonstrates the ability of CSCEC to maintain stable development and sustained dividend distribution. In 2020, the Company strives to improve its value-creation capacity under the development goals of "one creation and five aspects of strength" and reward shareholders with excellent operating results.

This profit distribution plan complies with the provisions of relevant laws, regulations and the Articles of Association with compliant and transparent profit distribution procedures. CSCEC has maintained a stable cash dividend policy with an increase in the cash dividend to be distributed per share for the current year over last year. Upon completion of dividend distribution for the current year, the accumulative dividends distributed in the last three years will amount to RMB21.26 billion, representing 56.54% of the annual average distributable profit realized in the last three years. This demonstrates the ability of CSCEC to maintain stable development and sustained dividend distribution, as well as its determination to reward shareholders with excellent operating results.

#### **(III) Inclusion of shares repurchased by way of cash into cash dividend**

☐ Applicable    ☒ N/A

#### **(IV) If the Company records a profit during the Reporting Period and the profit distributable to the ordinary shareholders of the parent is positive but there is no proposal for distribution in the form of cash dividends, the Company shall disclose in detail the reasons therefor, and the purpose and usage plan of the undistributed profits**

☐ Applicable    ☒ N/A

## II. Fulfillment of Commitments

### (I) Commitments of the Company's de facto controller, shareholders, related parties, acquirer, the Company, and other related parties during or subsisted in the Reporting Period

✓ Applicable ☐ N/A

Background of commitment	Type of commitment	Commitment party	Content of commitment	Time and term of commitment	Time limit for performance or not	Strict and timely performance or not	Alternative plan if failed to fulfill commitment	Alternative plan if failed to fulfill commitment
Commitments in relation to initial public offering	To resolve horizontal competition	China State Construction	The Agreement on Avoidance of Horizontal Competition with the Company was signed. Please refer to relevant contents of the Prospectus in Relation to the Initial Public Offering of Shares by China State Construction Engineering Corporation Limited published by the Company on July 13, 2009.	No term	No	Yes	In the process of performance	N/A
	To resolve defects in land and other property ownership	China State Construction	For the land use rights and properties injected as contributions into the Company and included in the scope of assets valuation report, at request of and with the cooperation from the Company, relevant procedures for registration of the said land use rights and properties under the existing name of the Company or its relevant subsidiaries shall be completed.	No term	No	Yes	In the process of performance	N/A
	To resolve defects in land and other property ownership	China State Construction	For the real property projects injected as contributions into the Company, whose revenue had been recognized before the establishment of the Company, the land value-added tax, subject to supplementary payment in future final settlement thereof, shall be borne by China State Construction.	No term	No	Yes	In the process of performance	N/A
	To resolve horizontal competition	CSCEC	Issued a non-competition commitment, with the same content as those set out in the Entrusted Management Agreement, to China Overseas Land & Investment, a holding subsidiary listed in Hong Kong. Please refer to relevant content of Announcement on the Signing of Entrusted Management Agreement between CSCEC and Its Holding Subsidiary China Overseas Land & Investment published by the Company on February 11, 2014.	During the commitment term	Yes	Yes	In the process of performance	N/A
Other commitments made to minority shareholders of the Company	To resolve horizontal competition	CSCEC	Issued a non-competition deed to China Overseas Property, a holding subsidiary listed in Hong Kong, and please refer to relevant content of the Listing Documents – Listing by Way of Introduction of the Entire Issued Share Capital of the Company on the Main Board of The Stock Exchange of Hong Kong Limited published by China Overseas Property Holdings on October 14, 2015.	During the commitment term	Yes	Yes	In the process of performance	N/A
	Others	Members of senior management who also hold positions in China State Construction Engineering Corporation	Undertook to fulfill his/her duties diligently during his/her term of office as a member of senior management of the Company, properly handle the relationship between the Company and its controlling shareholder, live up to the trust of the Board of Directors and all shareholders of the Company, defend the interests of the Company and shareholders, and not to do anything that may jeopardize the interests of the Company and its minority shareholders due to serving the two entities concurrently.	During the commitment term	Yes	Yes	In the process of performance	N/A

**(II) Where the Company has profit forecasts on assets or projects, and the Reporting Period is within the term of profit forecasts, the Company has to state whether such profit forecasts on assets or projects are fulfilled and the reasons therefor**

☐ Fulfilled ☐ Not Fulfilled ☒ N/A

**(III) Completion of performance commitment and its effect on goodwill impairment test**

☐ Applicable ☒ N/A

**III. Occupation of Funds and Progress of Repayment during the Reporting Period**

☐ Applicable ☒ N/A

**IV. Company's Explanation on the "Audit Report with Modified Opinion" of the Accounting Firm**

☐ Applicable ☒ N/A

**V. The Company's Analysis of and Explanation on the Causes and Impacts of Changes in Accounting Policies and Estimates or Corrections of Material Accounting Errors**

**(I) The Company's analysis of and explanation on the causes and impacts of changes in accounting policies and estimates**

☒ Applicable ☐ N/A

The Ministry of Finance issued the revised Accounting Standards for Business Enterprises No. 14 – Revenue (hereinafter the "new revenue standard") and the revised Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments, Accounting Standards for Business Enterprises No. 23 – Transfer of Financial Assets, Accounting Standards for Business Enterprises No. 24 – Hedge Accounting and Accounting Standards for Business Enterprises No. 37 – Presentation of Financial Instruments (hereinafter collectively the "new financial instruments standards") in 2017, and released the Circular on the Amendment to the Formats of Corporate Financial Statements for the Year of 2019 (Cai Kuai [2019] No. 6) and the revised Accounting Standards for Business Enterprises No. 7 – Exchange of Non-monetary Assets (hereinafter the "new accounting standard for exchange of non-monetary assets") and Accounting Standards for Business Enterprises No. 12 – Debt Restructuring (hereinafter the "new debt restructuring standard") in 2019. The Company has adopted the above standards and notice in the preparation of its financial statements for 2019. For the impacts on the Company's financial statements, please refer to relevant contents of Note II (32) to the Financial Statements "Changes in significant accounting policies" under Section XI "FINANCIAL REPORT" hereof.

☐ Applicable ☒ N/A

**(II) Communications with the former accounting firm**

☐ Applicable ☒ N/A

**(III) Other explanation**

☐ Applicable ☒ N/A



## VI. Appointment and Dismissal of the Accounting Firm

Unit: '0,000 yuan Currency: RMB

Currently appointed	
Name of domestic accounting firm	PricewaterhouseCoopers Zhong Tian CPAs LLP (Special General Partnership)
Remuneration of domestic accounting firm	3,670
Audit service years of domestic accounting firm	8

	Name	Remuneration
Accounting firm for internal control audit	PricewaterhouseCoopers Zhong Tian CPAs LLP (Special General Partnership)	330
Financial adviser	/	/
Sponsor	/	/

Explanation on appointment and dismissal of accounting firm

☒ Applicable ☐ N/A

On May 7, 2019, as considered and approved at the 2018 annual general meeting of the Company, PricewaterhouseCoopers Zhong Tian CPAs LLP (Special General Partnership) was reappointed as the auditor for the financial report and internal control of the Company for 2019, for a term of one year. For details, please refer to the Announcement on Reappointment of Accounting Firm of CSCEC published by the Company on April 12, 2019.

Explanation on change of accounting firm during the audit period

☐ Applicable ☒ N/A

## VII. Risks of Suspension of Listing

### (I) Causes of suspension of listing

☐ Applicable ☒ N/A

### (II) Measures to be taken by the Company

☐ Applicable ☒ N/A

## VIII. Circumstances of and Reasons for Delisting

☐ Applicable ☒ N/A

## IX. Matters Related to Insolvency Reorganization

☐ Applicable ☒ N/A

## **X. Matters Related to Significant Litigation and Arbitration**

☐ There were significant litigations and arbitrations during the year

√ There was no significant litigation or arbitration during the year

### **(I) Litigations and arbitrations disclosed in provisional announcements without subsequent progress**

☐ Applicable    √ N/A

### **(II) Litigations and arbitrations not disclosed in provisional announcements or with subsequent progress**

☐ Applicable    √ N/A

## **XI. Penalty and Rectification for Listed Companies and Their Directors, Supervisors, Senior Management, Controlling Shareholders, De Facto Controller and Acquirers**

☐ Applicable    √ N/A

## **XII. Explanation on the Integrity of the Company and Its Controlling Shareholder and De Facto Controller during the Reporting Period**

☐ Applicable    √ N/A

## **XIII. Equity Incentive Plan, Employee Stock Ownership Plan or Other Employee Incentive Measures of the Company and Their Implications**

### **(I) Relevant incentive matters disclosed in provisional announcements without further progress or changes in subsequent implementation**

√ Applicable    ☐ N/A

Summary of matter	Index for details
On December 29, 2018, the Proposal on the First Tranche of Unlocking in 2018 in Respect of Phase II Restricted A Share Incentive Scheme of China State Construction Engineering Corporation Limited was considered and approved at the 16th meeting of the second session of the Board of CSCEC, approving the first tranche of unlocking of a total of 116,600,400 restricted shares in 2018, eligible for such unlocking, held by 1,521 participants of phase II restricted A share incentive scheme and completing the procedures for the listing and circulation of such shares.	Announcement on the Resolutions of the 16th Meeting of the Second Session of the Board published on January 3, 2019
It was considered and approved by the Company to repurchase a total of 4,711,000 (3,365,000 before ex-rights) restricted shares, which were held and shall not be unlocked by the 20 participants of phase II restricted A share incentive scheme, at an adjusted grant price of RMB3.47571 per share (RMB4.866 per share before ex-rights), totaling RMB16,374,090. After repurchase and cancellation of the restricted shares, which were held and shall not be unlocked by the 20 participants of phase II restricted A share incentive scheme, the registered capital of the Company would be decreased by RMB4,711,000 to RMB41,980,463,455.	Announcement on Decrease in Registered Capital of the Company after Repurchase and Cancellation of Part of Restricted Shares and Notice to the Creditors published on January 10, 2019
The 599,910,000 restricted shares, granted by the Company to the participants of phase III restricted A share incentive scheme, were changed from circulating shares not subject to trading moratorium to circulating shares subject to trading moratorium on January 11, 2019.	Announcement on Progress of the Grant under Phase III Restricted A Share Incentive Scheme published on January 11, 2019

Summary of matter	Index for details
<p>On January 15, 2019, the Proposal on the Repurchase of the Shares Held by the Participants of Phase II Restricted A Share Incentive Scheme of China State Construction Engineering Corporation Limited was considered and approved at the 17th meeting of the second session of the Board and the 10th meeting of the second session of the Board of Supervisors of CSCEC, respectively, approving the repurchase of 5,150,600 restricted shares held by 51 participants of phase II restricted A share incentive scheme at a price of RMB3.47571 per share.</p>	<p>Announcement on Repurchase of the Shares Held by Part of Participants of Phase II Restricted A Share Incentive Scheme published on January 16, 2019</p>
<p>599,910,000 shares were granted under phase III restricted A share incentive scheme on January 18, 2019.</p>	<p>Announcement on Results of the Grant under Phase III Restricted A Share Incentive Scheme published on January 22, 2019</p>
<p>The number of shares subject to the first tranche of unlocking in 2018 in respect of phase II restricted A share incentive scheme was 116,600,400, which were listed and circulated on February 14, 2019.</p>	<p>Announcement on the First Tranche of Unlocking in 2018 in Respect of Phase II Restricted A Share Incentive Scheme and Listing of Shares published on January 31, 2019</p>
<p>Upon repurchase and cancellation of a total of 3,908,803 restricted shares not eligible for unlocking and held by 20 participants, the total share capital of the Company was changed from 41,985,174,455 shares to 41,981,265,652 shares.</p>	<p>Announcement on Completion of Repurchase and Cancellation of Part of Restricted Shares published on March 28, 2019</p>
<p>It was considered and approved by the Company to repurchase a total of 5,150,600 (3,679,000 before ex-rights) restricted shares, which were held and shall not be unlocked by the 51 participants of phase II restricted A share incentive scheme, at an adjusted grant price of RMB3.47571 per share (RMB4.866 per share before ex-rights), totaling RMB17,902,014. After cancellation of the shares repurchased, the registered capital of the Company would be decreased by RMB5,150,600 to RMB41,976,115,052.</p>	<p>Announcement on Decrease in Registered Capital of the Company after Repurchase and Cancellation of Part of Phase II Restricted Shares and Notice to the Creditors published on May 8, 2019</p>
<p>The Company repurchased and canceled a total of 5,635,941 restricted shares held by 60 participants in aggregate of phase I restricted A share incentive scheme and phase II restricted A share incentive scheme (including one as participant of both). Upon completion of the repurchase and cancellation, the registered capital (and share capital) of the Company would be decreased by RMB5,635,941 (and 5,635,941 shares) to RMB41,975,629,711 (and 41,975,629,711 shares).</p>	<p>Announcement on Implementation of Repurchase and Cancellation of Part of Restricted Shares under the Equity Incentive Scheme published on November 15, 2019</p>
<p>On December 30, 2019, the Proposal on the Second Tranche of Unlocking in 2019 in Respect of Phase II Restricted A Share Incentive Scheme of China State Construction Engineering Corporation Limited was considered and approved at the 33rd meeting of the second session of the Board of CSCEC, approving the second tranche of unlocking of a total of 112,527,800 restricted shares in 2019, eligible for such unlocking, held by 1,474 participants of phase II restricted A share incentive scheme and completing the procedures for the listing and circulation of such shares.</p>	<p>Announcement on the Resolutions of the 33rd Meeting of the Second Session of the Board published on December 31, 2019</p>

Summary of matter	Index for details
<p>On December 30, 2019, the Proposal on the Repurchase of Shares Held by the Participants of Phase II and III Restricted A Share Incentive Schemes of China State Construction Engineering Corporation Limited was considered and approved at the 33rd meeting of the second session of the Board and 17th meeting of the second session of the Board of Supervisors of CSCEC, respectively, approving the repurchase of 10,604,200 restricted shares held by 106 participants at a price of RMB3.47571 per share for phase II and RMB3.468 per share for phase III, respectively, according to the provisions of phase II and III restricted A share incentive schemes. This repurchase was funded by the own capital of the Company amounting to RMB36,831,018.</p>	<p>Announcement on Repurchase of the Shares Held by Part of Participants of Phase II and III Restricted A Share Incentive Schemes published on December 31, 2019</p>
<p>The number of shares subject to the second tranche of unlocking in 2019 in respect of phase II restricted A share incentive scheme was 112,527,800, which were listed for circulation on February 14, 2020.</p>	<p>Announcement on the Second Tranche of Unlocking in 2019 in Respect of Phase II Restricted A Share Incentive Scheme and Listing of Shares published on February 5, 2020</p>
<p>The Company intended to repurchase and cancel a total of 10,558,200 restricted shares (including 210,000 phase I restricted shares, 7,438,200 phase II restricted shares and 2,910,000 phase III restricted shares) held by 108 participants in aggregate of phase I, II and III restricted A share incentive schemes (including 7 as participants of both phase II and III restricted A share incentive schemes). Upon completion of this repurchase and cancellation, the number of restricted shares to be repurchased by the Company amounts to 2,094,667 in total, including 788,667 phase I restricted shares, 826,000 phase II restricted shares and 480,000 phase III restricted shares to be repurchased. Upon completion of this repurchase and cancellation, the remaining restricted shares under the equity incentive scheme are 711,468,667 shares. Upon completion of the repurchase and cancellation, the registered capital (and share capital) of the Company will be decreased by RMB10,558,200 (and 10,558,200 shares) to RMB41,965,071,511 (and 41,965,071,511 shares).</p>	<p>Announcement on Implementation of Repurchase and Cancellation of Part of Restricted Shares under the Equity Incentive Scheme published on April 13, 2020</p>

## (II) Incentive not disclosed in provisional announcements or with subsequent progress

Information of equity incentives

☐ Applicable ☒ N/A

Other explanation

☒ Applicable ☐ N/A

For implications of the restricted shares of the Company on its financial position and operating results, please refer to the related information of Note IV (64) "Shares-based payment" to the financial statements under Section XI "FINANCIAL REPORT" hereof.

Information of employee stock ownership plan

☐ Applicable ☒ N/A

Other incentives

☐ Applicable ☒ N/A

## XIV. Material Related Party Transactions

### (I) Related party transactions relating to ordinary course of business

#### 1. Matters disclosed in provisional announcements without further progress or changes in subsequent implementation

√ Applicable    ☐ N/A

Summary of transaction	Index for details
<p>The Proposal in Respect of Daily Related Party Transactions of China State Construction Engineering Corporation Limited for 2019 was considered and approved at the 23rd meeting of the second session of the Board and the 2018 annual general meeting of the Company on April 11, 2019 and May 7, 2019, respectively. In 2019, the estimated amount of the daily related party transactions conducted between the Company and its related parties was RMB5.50 billion. The related parties of the Company are mainly its controlling shareholder, China State Construction Engineering Corporation, and the subsidiaries under its control other than CSCEC and its subsidiaries. The daily related party transactions conducted by the Company mainly involved the revenue, costs and expenses incurred from the sale, procurement and property lease between the Company and its related parties; interest income and expenses incurred from the lending and borrowing between the Company and its related parties; grant of trademark license by the Company to its related parties, charge of custodian fees, and etc. In 2019, the actual amount of the daily related party transactions conducted by the Company was RMB2.36 billion, which was within the scope of budget.</p>	<p>Announcement on Contemplated Daily Related Party Transactions for 2019 and Explanatory Announcement on Expected Daily Related Party Transactions in 2019 published on April 12, 2019 and April 25, 2019, respectively</p>
<p>The Proposal on Execution of the Financial Services Framework Agreement between China State Construction Engineering Corporation and China State Construction Finance Co., Ltd. was considered and approved at the 23rd meeting of the second session of the Board, the 12th meeting of the second session of the Board of Supervisors and the 2018 annual general meeting of the Company on April 11, 2019 and May 7, 2019, respectively. During the term of the agreement, the daily balance cap of the deposits (inclusive of accrued interests thereon) to be placed by the controlling shareholder of the Company, China State Construction Engineering Corporation, and its non-listed subordinate enterprises with the holding subsidiary of the Company, China State Construction Finance Co., Ltd., shall not exceed RMB20.0 billion, with the daily balance of loans (inclusive of accrued interests thereon) not exceeding RMB10.0 billion. The fees to be charged by China State Construction Finance Co., Ltd. in respect of the other financial services provided by it to China State Construction Engineering Corporation and its non-listed subordinate enterprises shall not exceed RMB0.3 billion.</p>	<p>Announcement on Daily Related Party Transactions under the Financial Services Framework Agreement between China State Construction Engineering Corporation and China State Construction Finance Co., Ltd. published on April 12, 2019</p>

The Proposal on Execution of Supplementary Agreement to the Financial Services Framework Agreement between China State Construction Finance Co., Ltd. (a subsidiary of China State Construction Engineering Corporation Limited) and China State Construction Engineering Corporation was considered and approved at the 27th meeting of the second session of the Board, the 14th meeting of the second session of the Board of Supervisors and the first extraordinary general meeting in 2019 of the Company on August 28, 2019 and October 9, 2019, respectively.

The estimates made by the Company on the amount of each related party transaction under the Financial Services Framework Agreement and its Supplementary Agreement are as follows:

1. Deposit services: During the term of the agreement, the daily balance cap of the deposits (inclusive of accrued interests thereon) to be placed by China State Construction Engineering Corporation and its subsidiaries other than the Company and its subsidiaries (hereinafter the "China State Construction Engineering Corporation and its Subsidiaries") with CSC Finance shall not exceed RMB20.0 billion;
2. Loan services: During the term of the agreement, the daily balance of the loans (inclusive of accrued interests thereon) to be obtained by China State Construction Engineering Corporation and its Subsidiaries from CSC Finance shall not exceed RMB20.0 billion;
3. Other financial services: During the term of the agreement, the fees to be charged by CSC Finance in respect of the other financial services provided by it to China State Construction Engineering Corporation and its Subsidiaries shall not exceed RMB0.3 billion.

In 2019, the daily balance cap of the deposits (inclusive of accrued interests thereon) actually placed by China State Construction Engineering Corporation and its Subsidiaries with CSC Finance was RMB4.32 billion; the actual daily balance of the loans (inclusive of accrued interests thereon) was RMB3.8 billion; and no fees were charged by CSC Finance in respect of the other financial services provided by it to China State Construction Engineering Corporation and its Subsidiaries.

The Proposal on the Company's Application for Entrusted Loans from Controlling Shareholder and the Related Party Transaction was considered and approved at the 32nd meeting of the second session of the Board and the 16th meeting of the second session of the Board of Supervisors of the Company on December 23, 2019.

From 2013 to 2015, the national funds of RMB2.0 billion cumulatively obtained by the controlling shareholder of the Company, China State Construction Engineering Corporation, were used for the project of internal resources integration for commercial concrete of West Construction, the project of industry structural reform for steel structure of China Construction Science and Industry (formerly known as CSCEC Steel), and the task of SOE reform and extrication undertaken by six subsidiaries including China Construction First Group Corporation. As China State Construction Engineering Corporation temporarily had no capital increase plan, the national funds were invested in the Company by way of entrusted loan. To further exercise unified management of the national funds, the Company intended to, after repayment of RMB1.4 billion of the existing entrusted loan of national funds to China State Construction Engineering Corporation, enter into the Entrusted Loan Contract with China State Construction Engineering Corporation and CSC Finance, pursuant to which RMB2.0 billion of national funds will be invested by way of entrusted loan in the Company by China State Construction Engineering Corporation through CSC Finance on a unified basis. If China State Construction Engineering Corporation has a capital increase plan, the RMB2.0 billion of entrusted loan will then be converted into capital increase amount.

On December 30, 2019, the Company entered into the Entrusted Loan Contract with China State Construction Engineering Corporation and CSC Finance, pursuant to which the Company received RMB2.0 billion of state-owned capital operation budget funds for central enterprises by way of entrusted loan, for a loan term of five years and with an interest rate of 3.8% per annum.

As at December 31, 2019, the national funds of RMB2.0 billion had been used for the designated projects.

Announcement on Daily Related Party Transaction under the Supplementary Agreement to the Financial Services Framework Agreement between China State Construction Finance Co., Ltd. (a subsidiary of China State Construction Engineering Corporation Limited) and China State Construction Engineering Corporation published on August 29, 2019

Announcement on Provision of Entrusted Loan to the Company by Its Controlling Shareholder and the Related Party Transaction published on December 24, 2019

2. **Matters disclosed in provisional announcements but with further progress or changes in subsequent implementation**

☐ Applicable    ☒ N/A

3. **Matters not disclosed in provisional announcements**

☐ Applicable    ☒ N/A

**(II) Related party transactions as a result of acquisition or disposal of assets or equity**

1. **Matters disclosed in provisional announcements without further progress or changes in subsequent implementation**

☐ Applicable    ☒ N/A

2. **Matters disclosed in provisional announcements but with further progress or changes in subsequent implementation**

☐ Applicable    ☒ N/A

3. **Matters not disclosed in provisional announcements**

☐ Applicable    ☒ N/A

4. **Disclosure of performance achieved for the Reporting Period if with agreed-upon performance targets**

☐ Applicable    ☒ N/A

**(III) Material related party transactions in joint external investment**

1. **Matters disclosed in provisional announcements without further progress or changes in subsequent implementation**

☐ Applicable    ☒ N/A

2. **Matters disclosed in provisional announcements but with further progress or changes in subsequent implementation**

☐ Applicable    ☒ N/A

3. **Matters not disclosed in provisional announcements**

☐ Applicable    ☒ N/A

**(IV) Creditor's rights and debts with related parties**

1. **Matters disclosed in provisional announcements without further progress or changes in subsequent implementation**

☐ Applicable    ☒ N/A



**2. Matters disclosed in provisional announcements but with further progress or changes in subsequent implementation**

☐ Applicable    ☒ N/A

**3. Matters not disclosed in provisional announcements**

☐ Applicable    ☒ N/A

**(V) Others**

☒ Applicable    ☐ N/A

For related party transactions of the Company, please refer to the related information of Note IX "Related Parties and Related Party Transactions" to the financial statements under Section XI "FINANCIAL REPORT" hereof.

**XV. Material Contracts and Fulfillment Thereof**

**(I) Custody, contracting, and leasing**

**1. Custody**

☐ Applicable    ☒ N/A

**2. Contracting**

☐ Applicable    ☒ N/A

**3. Leasing**

☐ Applicable    ☒ N/A

## (II) Guarantees

✓ Applicable ☐ N/A

Unit: '000 yuan Currency: RMB

Guarantees provided to external parties by the Company (excluding guarantees provided to subsidiaries)												
Guarantor	Relationship between guarantor and the listed company	Guaranteed party	Guaranteed amount	Commencement date of guarantee (execution date of agreement)	Commencement date of guarantee	Expiry date of guarantee	Type of guarantee	Fulfillment completed or not	Overdue or not	Overdue amount	Counter guaranteed or not	Guarantee provided to the related party or not
China State Construction Engineering Corporation Limited	Within the Company	Wuhan Communications Investment Group Limited Company	3,500,000	December 24, 2014	April 21, 2015	May 23, 2027	Joint and several liability guarantee	No	No	0	Yes	No Others
China Overseas Land & Investment Ltd.	Holding subsidiary	Empire Land Investments Limited	28,150	January 3, 2017	January 3, 2017	October 13, 2021	Joint and several liability guarantee	No	No	0	No	Yes Joint venture
China Overseas Land & Investment Ltd.	Holding subsidiary	Empire Land Investments Limited	78,500	January 20, 2017	January 20, 2017	October 13, 2021	Joint and several liability guarantee	No	No	0	No	Yes Joint venture
China Overseas Land & Investment Ltd.	Holding subsidiary	Empire Land Investments Limited	52,500	March 16, 2017	March 16, 2017	March 15, 2022	Joint and several liability guarantee	No	No	0	No	Yes Joint venture
China Overseas Land & Investment Ltd.	Holding subsidiary	Empire Land Investments Limited	39,850	March 21, 2017	March 21, 2017	March 15, 2022	Joint and several liability guarantee	No	No	0	No	Yes Joint venture
China Overseas Land & Investment Ltd.	Holding subsidiary	Empire Land Investments Limited	135,150	April 14, 2017	April 14, 2017	March 15, 2022	Joint and several liability guarantee	No	No	0	No	Yes Joint venture
China Overseas Land & Investment Ltd.	Holding subsidiary	Empire Land Investments Limited	175,000	July 5, 2017	July 5, 2017	March 15, 2022	Joint and several liability guarantee	No	No	0	No	Yes Joint venture
China Overseas Land & Investment Ltd.	Holding subsidiary	Guangzhou Lihe Property Development Company Limited (广州利合房地产开发有限公司)	575,460	July 13, 2018	July 13, 2018	May 21, 2021	Joint and several liability guarantee	No	No	0	No	Yes Associate
China Overseas Land & Investment Ltd.	Holding subsidiary	Guangzhou Lvrong Property Development Company Limited (广州绿融房地产开发有限公司)	233,240	November 13, 2018	November 13, 2018	November 29, 2021	Joint and several liability guarantee	No	No	0	No	Yes Associate
China Overseas Land & Investment Ltd.	Holding subsidiary	Guangzhou Lvrong Property Development Company Limited (广州绿融房地产开发有限公司)	59,976	March 1, 2019	March 1, 2019	November 29, 2021	Joint and several liability guarantee	No	No	0	No	Yes Associate
China Overseas Land & Investment Ltd.	Holding subsidiary	Guangzhou Lvrong Property Development Company Limited (广州绿融房地产开发有限公司)	49,980	April 11, 2019	April 11, 2019	April 10, 2022	Joint and several liability guarantee	No	No	0	No	Yes Associate
China Overseas Land & Investment Ltd.	Holding subsidiary	Guangzhou Lvrong Property Development Company Limited (广州绿融房地产开发有限公司)	16,660	June 28, 2019	June 28, 2019	April 10, 2022	Joint and several liability guarantee	No	No	0	No	Yes Associate

Guarantees provided to external parties by the Company (excluding guarantees provided to subsidiaries)													
Guarantor	Relationship between guarantor and the listed company	Guaranteed party	Guaranteed amount	Commencement date of guarantee (execution date of agreement)	Commencement date of guarantee	Expiry date of guarantee	Type of guarantee	Fulfillment		Guarantee provided to the			
								completed or not	Overdue or not	Overdue amount	Counter guaranteed or not	related party or not	relationship
China Overseas Land & Investment Ltd.	Holding subsidiary	Guangzhou Lvrong Property Development Company Limited (广州绿嵘房地产开发有限公司)	99,960	September 30, 2019	September 30, 2019	September 29, 2022	Joint and several liability guarantee	No	No	0	No	Yes	Associate
China Overseas Land & Investment Ltd.	Holding subsidiary	Guangzhou Pk Sum Real Estate Development Company Limited (广州碧森房地产开发有限公司)	108,528	December 11, 2018	December 11, 2018	February 1, 2021	Joint and several liability guarantee	No	No	0	No	Yes	Associate
China Overseas Land & Investment Ltd.	Holding subsidiary	Guangzhou Pk Sum Real Estate Development Company Limited (广州碧森房地产开发有限公司)	21,420	December 26, 2018	December 26, 2018	December 2, 2020	Joint and several liability guarantee	No	No	0	No	Yes	Associate
China Overseas Land & Investment Ltd.	Holding subsidiary	Guangzhou Pk Sum Real Estate Development Company Limited (广州碧森房地产开发有限公司)	62,832	January 2, 2019	January 2, 2019	January 1, 2021	Joint and several liability guarantee	No	No	0	No	Yes	Associate
China Overseas Land & Investment Ltd.	Holding subsidiary	Guangzhou Pk Sum Real Estate Development Company Limited (广州碧森房地产开发有限公司)	49,980	January 22, 2019	January 22, 2019	December 2, 2020	Joint and several liability guarantee	No	No	0	No	Yes	Associate
China Overseas Land & Investment Ltd.	Holding subsidiary	Guangzhou Pk Sum Real Estate Development Company Limited (广州碧森房地产开发有限公司)	32,815	February 2, 2019	February 2, 2019	February 1, 2021	Joint and several liability guarantee	No	No	0	No	Yes	Associate
China Overseas Land & Investment Ltd.	Holding subsidiary	Guangzhou Pk Sum Real Estate Development Company Limited (广州碧森房地产开发有限公司)	71,393	July 23, 2019	July 23, 2019	December 2, 2020	Joint and several liability guarantee	No	No	0	No	Yes	Associate
China Overseas Land & Investment Ltd.	Holding subsidiary	Changsha Xirong Real Estate Co., Ltd. (长沙禧荣置业有限公司)	150,713	January 16, 2019	January 16, 2019	December 12, 2024	Joint and several liability guarantee	No	No	0	No	Yes	Associate
Total amount of guarantees provided during the Reporting Period (excluding guarantees provided to subsidiaries)												594,309	
Total balance of guarantees as at the end of the Reporting Period (A) (excluding guarantees provided to subsidiaries)												5,542,107	
Guarantees provided by the Company and its subsidiaries to its subsidiaries													
Total amount of guarantees provided to subsidiaries during the Reporting Period												1,800,000	
Total balance of guarantees provided to subsidiaries as at the end of the Reporting Period (B)												33,372,892	

Guarantees provided to external parties by the Company (excluding guarantees provided to subsidiaries)									
Guarantor	Relationship between guarantor and the listed company	Guaranteed party	Guaranteed amount	Commencement date of guarantee (execution date of agreement)	Commencement date of guarantee	Expiry date of guarantee	Type of guarantee	Fulfillment completed or not	Guarantee provided to the related party or not
Total amount of guarantees provided by the Company (including guarantees provided to subsidiaries)									
Total amount of guarantees (A+B)									38,914,999
Total amount of guarantees as a percentage of the net assets of the Company (%)									14.04%
Of which:									
Amount of guarantees provided to shareholders, de facto controller and their related parties (C)									0
Amount of debt guarantees provided directly or indirectly to guaranteed parties with an asset-liability ratio of over 70% (D)									33,372,892
Total amount of guarantees exceeding 50% of net assets (E)									0
Total of the above three classes of guarantees (C+D+E)									33,372,892
Explanation on contingent joint and several liability for undue guarantees									N/A
As at the end of the Reporting Period, the balance of the guarantees provided by the Company to external parties (excluding the guarantees and mortgages provided to its holding subsidiaries) amounted to RMB5.542 billion, excluding the mortgages provided by the Company to purchasers of property without advance-notice registration in its real estate operations, the balance of the guarantees provided by the Company to such purchasers for their mortgage amounted to RMB67,602 billion, which were the guarantees provided by the Company to banks for the secured loans of the purchasers of commodity houses which will be offered as collaterals by such purchasers. During the Reporting Period, there was no default on the part of the purchasers and the relevant risks arising from provision of such guarantees the Company was exposed to remained relatively low.									
As at the end of the Reporting Period, the balance of the guarantees provided by the Company to its holding subsidiaries amounted to RMB33,373 billion, which had all gone through approval procedures in strict accordance with relevant rules.									

### (III) Cash asset management entrusted to others

#### 1. Entrusted wealth management

##### (1) Overall wealth management

☐ Applicable ☒ N/A

##### (2) Single entrusted wealth management

☐ Applicable ☒ N/A

##### (3) Impairment provision for entrusted wealth management

☐ Applicable ☒ N/A

#### 2. Entrusted loans

##### (1) Overall entrusted loans

☒ Applicable ☐ N/A

Unit: '000 yuan Currency: RMB

Type	Source of funds	Amount incurred	Outstanding balance	Amount due but not recovered
General entrusted loan	Self-owned funds	-1,677,453	1,557,389	0

*Others*

☒ Applicable ☐ N/A

As at the end of the Reporting Period, the total external entrusted loan of the Company amounted to approximately RMB1.557 billion, which was mainly incurred from the financing and investing activities conducted by the Company to drive its general contracting projects. Please refer to the related contents of Note IV (13) "Debt investments" to the financial statements under Section XI "FINANCIAL REPORT" hereof.

##### (2) Single entrusted loans

☐ Applicable ☒ N/A

*Others*

☐ Applicable ☒ N/A

##### (3) Impairment provision for entrusted loans

☐ Applicable ☒ N/A

#### 3. Other investments and wealth management and derivative investments

☐ Applicable ☒ N/A

#### (IV) Other material contracts

√ Applicable    □ N/A

##### 1. Major domestic business contracts during the Reporting Period

Unit: 100 million yuan    Currency: RMB

No.	Name of contract	Signing party	Value of contract	Signing date
1	Engineering, procurement and construction (EPC) general contracting contract in respect of the Luoyang High-tech District Comprehensive Bonded Area and its supporting construction engineering, supporting infrastructure and resettlement housing project, and the renovation and industry-city integration of the cities along Luoyang (洛阳市高新区综合保税区及其配套建设工程、基础设施配套、安置房、洛河沿线城市改造及产城融合设计、采购、施工(EPC)工程总承包项目合同)	China Construction Fifth Engineering Division Corp. Ltd.	123.00	June 27, 2019
2	General contracting construction contract in respect of the PPP project of Leishan-Rongjiang Highway in Guizhou Province (贵州省雷山至榕江高速公路工程PPP项目施工总承包合同)	China State Construction Engineering Corporation Limited	100.90	June 14, 2019
3	General contracting construction contract (section I) in respect of the newly-built terminal and the land side transportation center main works of phase III of the Hangzhou Xiaoshan International Airport project (杭州萧山国际机场三期项目新建航站楼及陆侧交通中心工程主体施工总承包I标段合同)	China Construction Eighth Engineering Division Corp. Ltd.	82.58	June 14, 2019
4	General contracting construction contract in respect of the public private partnership (PPP) project of Jinggu-Ninger Highway (景谷至宁洱高速公路政府和社会资本合作(PPP)项目施工总承包合同)	China Construction Third Engineering Bureau Co., Ltd.	79.17	October 1, 2019
5	General contracting construction contract in respect of CSCEC · Ecological and Smart Town project (中建·生态智能城项目施工总承包工程合同书)	China Construction Fifth Engineering Division Corp. Ltd.	75.00	January 1, 2019
6	General contracting construction contract in respect of the public private partnership (PPP) project of Beijing-Qinhuangdao Highway Zunhua-Qinhuangdao Section of the Taihang Mountains and other highway project package (I) in Hebei Province (河北省太行山等高速公路项目包(一)政府与社会资本合作(PPP)项目北京至秦皇岛高速公路遵化至秦皇岛段工程施工总承包合同)	China State Construction Engineering Corporation Limited	69.37	December 10, 2019
7	General contracting construction contract in respect of Qujing Sanbao-Kunming Qingshui Highway (Qujing Section) (曲靖三宝至昆明清水高速公路(曲靖段)施工总承包合同)	China State Construction Engineering Corporation Limited	67.00	September 4, 2019
8	Prospecting-design-construction general contracting (EPC) contract in respect of Section I of Hengqin Science City (phase II) (横琴科学城(二期)标段一勘察设计施工总承包EPC合同)	China Construction Third Bureau First Engineering Co., Ltd.	66.24	March 28, 2019
9	General contracting contract in respect of Yitian Royal No. 1 project (益田御龙壹号项目总承包工程合同)	China Construction First Group Corporation Limited	66.09	December 23, 2019

No.	Name of contract	Signing party	Value of contract	Signing date
10	General contracting construction contract (section I) in respect of Xi'an Metro Line No. 8 project undertaken by CSCEC (中建股份西安市地铁八号线工程施工总承包项目1标段合同书)	China State Construction Engineering Corporation Limited	65.68	October 30, 2019
11	EPC (engineering, procurement and construction) general contracting contract in respect of the project of construction of Maojiawan resettlement area for poverty alleviation in Ludian County (鲁甸县卯家湾易地扶贫搬迁安置区建设项目EPC (设计+采购+施工) 工程总承包合同)	China State Construction Engineering Corporation Limited	61.40	January 10, 2019
12	General contracting contract in respect of the project of construction of new commercial facilities and square (Wuhan Dream Times Square) (新建商业设施和广场项目 (武汉梦时代广场项目) 总承包合同)	China Construction Third Engineering Bureau Co., Ltd.	58.62	December 1, 2019
13	General contracting construction contract (section A) in respect of the sixth generation of AMOLED (flexible) production line project in Chongqing undertaken by BOE (京东方重庆第6代AMOLED (柔性) 生产线项目总包工程施工合同(A标段))	China Construction Third Engineering Bureau Co., Ltd.	58.46	November 11, 2019
14	General contracting construction contract (section II) in respect of the newly-built terminal and the land side transportation center main works of phase III of the Hangzhou Xiaoshan International Airport project (杭州萧山国际机场三期项目新建航站楼及陆侧交通中心工程主体施工总承包II标段施工合同)	China Construction Third Engineering Bureau Co., Ltd.	58.00	June 18, 2019
15	General contracting contract in respect of the PPP project of improvement and renovation of right bank of Bahe River in Xi'an Chanba Ecological District (西安浐灞生态区灞河右岸提升改造PPP总承包合同)	China Construction Third Engineering Bureau Co., Ltd.	57.56	June 30, 2019
16	General contracting (EPC) contract in respect of the project of construction of Jing'an resettlement area for poverty alleviation in Zhaoyang District, Zhaotong City (昭通市昭阳区靖安易地扶贫搬迁安置区建设项目工程总承包(EPC)合同)	China State Construction Engineering Corporation Limited	57.53	January 15, 2019
17	General contracting construction contract in respect of the project of north extension of Chongqing Metro Line No. 5 (重庆轨道交通五号线北延伸段工程施工总承包合同)	China State Construction Engineering Corporation Limited	53.89	August 17, 2019
18	Construction contract in respect of the project of "Auto+" industry-city integration pilot area in Wuhan Economic & Technological Development Zone (Hannan District) (武汉经济技术开发区 (汉南区) "汽车+" 产城融合示范区项目建设工程施工合同)	China Construction Second Engineering Division Corp. Ltd.	53.76	June 21, 2019
19	General contracting construction contract in respect of Kowloon-Excellent South Area (卓越·九珑南区总承包工程施工总承包合同)	China Construction Third Bureau First Engineering Co., Ltd.	52.00	January 24, 2019
20	Construction contract in respect of 400,000 tons per year CTEG project of Inner Mongolia Kailuan Chemicals Co., Ltd. (内蒙古开滦化工有限公司40万吨/年煤制乙二醇项目施工合同)	China Construction Eighth Engineering Division Corp. Ltd.	51.89	June 24, 2019
21	General contracting construction contract in respect of Xining Beichuan Wanda project (西宁北川万达项目施工总承包合同)	China Construction Eighth Engineering Division Corp. Ltd.	51.00	November 14, 2019



No.	Name of contract	Signing party	Value of contract	Signing date
22	General contracting (EPC) contract in respect of the west resettlement area project for large shanty town reformation in Suiyang District, Shangqiu City (A-1-2, A-5-2, A-8-2, A-4-2, B-3-3 and B-4-1 plots) (商丘市睢阳区大棚户区改造西部安置区项目 (A-1-2, A-5-2, A-8-2, A-4-2, B-3-3, B-4-1地块) EPC总承包合同)	China Construction Fifth Engineering Division Corp. Ltd.	50.00	January 8, 2019
23	Contract in respect of the project of investment in the Industrial Park, Guotong Square, Foshan, Guangdong (广东佛山市国通广场产业园投资项目合同)	China State Construction International Holdings Limited	48.78	December 15, 2019
24	Construction-prospecting-design general contracting section contract in respect of the Mount Phoenix Sports Center project in Dujianian Area, Jinniu District, Chengdu (成都市金牛区杜家碾片区凤凰山体育中心项目施工-勘察-设计施工总承包标段合同)	China Construction Eighth Engineering Division Corp. Ltd.	44.37	March 29, 2019
25	General contracting (EPC) contract in respect of the exhibition area and energy station of phase I of the National Convention & Exhibition Center (Tianjin) (天津国家会展中心一期项目展馆区及能源站EPC工程总承包合同)	China Construction Eighth Engineering Division Corp. Ltd.	39.63	April 20, 2019
26	General contracting construction contract in respect of Wanfeng Coastal Building and Wanfeng Coastal City Zhen Yuan (万丰海岸大厦、万丰海岸城臻园总承包工程施工合同)	China Construction Fifth Engineering Division Corp. Ltd.	38.90	August 1, 2019
27	Design-construction-general contracting (EPC) construction contract in respect of the Haikou International Duty-free City project (海口市国际免税城项目设计施工总承包(EPC)工程建设施工合同)	China Construction First Group Corporation Limited	38.80	May 31, 2019
28	General contracting construction contract in respect of the Yangtze River International Convention Center construction project (扬子江国际会议中心建设项目施工总承包合同)	China Construction Eighth Engineering Division Corp. Ltd.	38.46	September 23, 2019
29	General contracting construction contract in respect of the PPP project of the smart express road (Jingshui Road to Yuexing Road) of the North Second Ring Road and its east and west extensions (Jingshui Road – Yuexing Road) in Shaoxing, Zhejiang (浙江省绍兴市二环北路及东西延伸段(镜水路-越兴路)智能快速路(镜水路至越兴路) PPP项目工程施工总承包合同)	China Construction Eighth Engineering Division Corp. Ltd.	37.99	May 23, 2019
30	General contracting construction contract in respect of the Mingsheng Bridge project (明昇大桥项目总承包施工合同)	The Fifth Construction CC of China Construction First Group Corporation Limited	37.67	December 25, 2019
31	General contracting construction contract in respect of the project of capacity enlargement and renovation of Dalailong Railway (改建铁路大莱龙铁路扩能改造工程施工总价承包合同)	China State Construction Engineering Corporation Limited	36.63	March 8, 2019
32	Construction contract in respect of Mingsheng Kong Que Tai project (明昇孔雀台项目建设工程施工合同)	The Fifth Construction CC of China Construction First Group Corporation Limited	36.23	June 26, 2019
33	General contracting contract in respect of the sites 3 and 4 of resettlement housing project in Cuizhai Subarea of Jinan Pioneer Area for Replacing Old Growth Drivers with New Ones (济南新旧动能转换先行区崔寨片区安置房三区、四区总承包工程合同)	The First Company of China Construction Eighth Engineering Division Corp. Ltd.	36.07	May 8, 2019

No.	Name of contract	Signing party	Value of contract	Signing date
34	General contracting contract in respect of plot K2 of Wuhan Central Cultural District (武汉中央文化区K2地块总承包合同)	China Construction Eighth Engineering Division Corp. Ltd.	36.02	December 27, 2019
35	Contract on the business and commercial building (Hangzhou International Center) of Hang Zheng Chu (2016) No. 20 plot (杭政储出(2016)20号地块商业商务用房(杭州国际中心)合同)	China Construction Third Engineering Bureau Co., Ltd.	35.64	January 3, 2019
36	General contracting construction contract DS6-TA02 in respect of Nanjing-Jurong inter-city railway project (南京至句容城际轨道交通工程施工总承包合同DS6-TA02)	China State Construction Engineering Corporation Limited China Construction Eighth Engineering Division Corp. Ltd.	34.96	February 26, 2019
37	Prospecting-design-construction general contracting contract in respect of Section II of Hengqin Science City (phase II) (横琴科学城(二期)标段二勘察设计施工总承包合同)	China Construction Eighth Engineering Division Corp. Ltd.	34.12	April 10, 2019
38	General contracting construction (EPC) contract in respect of Mixc Manor project (万象府施工总承包工程EPC合同)	The Second Construction Co., Ltd. of China Construction Third Engineering Bureau	33.62	June 30, 2019
39	General contracting construction contract in respect of Lu Jia Zhai and Rong Jia Zhai project in Yanta District, Xi'an (西安市雁塔区陆荣两寨项目施工总承包合同)	China Construction Eighth Engineering Division Corp. Ltd.	33.50	December 31, 2019
40	Supplemental agreement to the general contracting contract in respect of the main exhibition halls and industrial remains, boutique garden architectures, etc. of the Jiangsu Garden Expo Park (phase I) project (江苏园博园(一期)项目主展馆及工业遗存区、精品园林建筑等工程总承包合同补充协议)	China Construction Eighth Engineering Division Corp. Ltd.	33.39	December 4, 2019
41	General contracting contract in respect of the infrastructure construction and site formation of the Jiangsu Garden Expo Park (phase I) project (江苏园博园(一期)项目基础设施建设、场地平整工程总承包合同)	China Construction Eighth Engineering Division Corp. Ltd.	33.08	March 29, 2019
42	General contracting (EPC+F) contract in respect of the resettlement housing project for shanty town renovation in Ruijin City in 2018 (瑞金市2018年棚改安置房项目工程总承包(EPC+F)合同)	China Construction Seventh Engineering Division Corp. Ltd.	32.22	May 22, 2019
43	Prospecting-design-construction general contracting contract in respect of the infrastructure engineering and supporting project in High-tech District, Heyuan City (河源市高新区基础设施工程及配套项目勘察设计施工总承包合同)	China Construction Eighth Engineering Division Corp. Ltd.	32.10	June 26, 2019
44	General contracting construction contract in respect of the Landmark Commercial Center project (地标商务中心项目施工总承包工程合同)	China Construction Fifth Engineering Division Corp. Ltd.	32.00	January 18, 2019
45	General contracting construction contract in respect of Dechang-Huili Highway project (德昌至会理高速公路项目施工总承包合同)	China Construction Eighth Engineering Division Corp. Ltd.	32.00	December 10, 2019
46	General contracting construction contract in respect of East Lake Central Park project (东湖中央花园工程施工总承包合同)	China Construction First Group Corporation Limited	32.00	February 1, 2019

No.	Name of contract	Signing party	Value of contract	Signing date
47	General contracting construction contract in respect of the Landmark Commercial Center project in Zhanjiang, Guangdong (广东湛江地标商务中心项目施工总承包合同)	China Construction Fifth Engineering Division	32.00	January 18, 2019
48	General contracting construction contract (section A) in respect of the 11th generation of new UHD display production line project (第11代超高清新型显示器件生产线项目A标段施工总承包合同)	China Construction Third Engineering Bureau Co., Ltd.	31.86	January 25, 2019
49	Construction contract in respect of the project of development of land plots owned by Huangbian Village in "Guangzhou City of Design" project (广州设计之都黄边村村属权益地块开发项目施工合同)	China Construction Third Engineering Bureau Co., Ltd.	31.71	November 8, 2019
50	Construction contract in respect of section 03 of Changchun Metro Line No. 6 (长春市城市轨道交通6号线03标段施工合同)	China State Construction Engineering Corporation Limited	31.49	October 16, 2019
51	General contracting construction contract in respect of Nanjing Financial City Phase II East Area buildings (南京金融城二期东区建筑总承包等施工合同)	China Construction Fourth Engineering Division Corp. Ltd.	31.27	June 19, 2019
52	Construction contract in respect of the pulp and paper project of Nanping Taisheng Paper Co., Ltd. (南平市泰盛纸业有限公司浆纸项目建设工程施工合同)	China Construction Seventh Engineering Division Corp. Ltd.	30.95	December 19, 2019
53	General contracting construction contract in respect of civil engineering works of the Joy City project in Yubei District, Chongqing (重庆渝北大悦城项目土建施工总承包工程合同)	China Construction Third Engineering Division Corp. Ltd.	30.88	October 25, 2019
54	Contract in respect of the construction and installation engineering project of Ningbang Square in Chenzhou (郴州宁邦广场建安工程项目合同)	China Construction Fifth Engineering Division Corp. Ltd.	30.69	September 30, 2019
55	General contracting construction contract in respect of Huizhou Mingfa-Gaobang New City project (惠州明发·高榜新城项目工程施工总承包合同)	China Construction Third Engineering Bureau Co., Ltd.	30.38	June 27, 2019
56	General contracting construction contract in respect of Tianjin Kanghui Hospital project (天津康汇医院项目施工总承包合同)	China Construction Eighth Engineering Division Corp. Ltd.	30.15	October 11, 2019
57	Construction contract in respect of Xixia New Town Longcheng Community engineering construction project (西峡新城龙成小区工程建设项目建设工程施工合同)	China Construction Fifth Engineering Division Corp. Ltd.	30.00	June 15, 2019
58	Construction contract in respect of the construction project of Henan Lantian Real Estate (河南蓝天置业建设项目建设工程施工合同)	China Construction Fifth Engineering Division Corp. Ltd.	30.00	June 28, 2019
59	Design, construction and general contracting contract (for the second time) in respect of Huaibei Science and Innovation Center project (淮北科创中心项目设计施工总承包(二次)工程合同)	China Construction Third Engineering Bureau Co., Ltd.	30.00	March 20, 2019
60	General contracting construction contract in respect of Dimeng Spring Town (phase I) project (迪梦温泉小镇(一期)项目施工总承包合同)	China Construction Third Engineering Bureau Co., Ltd.	30.00	May 9, 2019

Note: The contracts listed above are mainly sourced from the statistics of the contracts actually signed by the Company as at the end of the Reporting Period.

## 2. Major overseas business contracts during the Reporting Period

Unit: 100 million dollars Currency: USD

No.	Name of contract	Signing party	Value of contract	Signing date
1	Contract in respect of maintenance of the concession rights for the National Highway No. 1 (Pointe Noire-Brazzaville) and National Highway No. 2 (Brazzaville-Ouesso) (1号国道(黑角-布拉柴维尔)与2号国道(布拉柴维尔-韦索)的特许经营权养护和维护合同)	CSCEC Overseas Congo (Brazzaville) Co., Ltd.	25.93	February 22, 2019
2	Contract in respect of the project package including housing, education, medical facilities, tourism service center, etc. in Iraq (伊拉克住房、教育、医疗设施、旅客服务中心等一揽子项目合同)	China Construction Third Engineering Division Corp. Ltd. – Headquarters	13.95	August 7, 2019
3	Contract in respect of the topside development project of Makati Metro Station No. 3 in Philippines (菲律宾马卡蒂地铁3号站上盖物业项目合同)	China Construction First Group Corporation Limited China Construction UCF Group (Philippines) Co., Ltd. (中国建筑先锋集团(菲律宾)有限公司)	12.56	December 13, 2019
4	Contract in respect of the offshore hospital complex main works construction project (离岛医院综合体主体建造工程合同)	China State Construction International Holdings Limited	9.13	June 24, 2019
5	Engineering, procurement and construction general contracting contract in respect of the residence community project in Alma-Ata, Kazakhstan (哈萨克斯坦斯坦阿拉木图住宅小区项目设计、采购、施工总承包合同)	China Construction Kazakhstan Branch	8.00	June 20, 2019
6	Contract in respect of the topside engineering works for Kwong Wah Hospital rebuilding project (phase I) (广华医院重建项目第一期上盖工程合同)	China State Construction International Holdings Limited	7.28	May 9, 2019
7	General contracting construction contract in respect of the national residence project in Riyadh City, Abu Dhabi (阿布扎比利雅得城国民住宅项目施工总承包合同)	China Construction Middle East Co., Ltd.	5.77	December 25, 2019
8	Contract in respect of the green line G3-2 light rail project in Tel Aviv, Israel (以色列特拉维夫绿线G3-2轻轨项目合同)	China State Construction Engineering Corporation Limited	5.17	September 26, 2019
9	Contract in respect of the topside engineering works for Hopewell Centre II (合和中心二期上盖工程合同)	China State Construction International Holdings Limited	5.13	June 1, 2019
10	General contracting contract in respect of the superstructure main works of IOI city mall phase II in Malaysia (马来西亚IOI city mall phase II上部主体结构项目总承包合同)	China Construction Third Engineering Bureau Malaysia Company	4.34	June 5, 2019
11	Contracting contract in respect of section C0303 of the design and construction project of Etihad railway network phase II (伊提哈德铁路网二期C0303合同段设计与建造项目承包合同)	China State Construction Engineering Corporation Limited	4.18	March 12, 2019
12	General contracting contract in respect of Wulin Square (武林广场总承包合同)	Fengsheng Construction Co., Ltd. (丰盛建筑有限公司)	4.11	May 30, 2019

No.	Name of contract	Signing party	Value of contract	Signing date
13	Contract in respect of Singapore Institute of Technology (新加坡理工大学合同)	China Construction (South Pacific) Development Co. Pte Ltd.	3.94	July 12, 2019
14	CMI Data Centre Development Project	Plaza Construction California LLC	3.49	June 21, 2019
15	Contract in respect of the TPTL221 residence project at Shan Tong Road, Lai Chi Shan, Tai Po of BHW (BHW-大埔荔枝山山塘TPTL221住宅项目合同)	China State Construction International Holdings Limited	3.33	January 4, 2019
16	Contract in respect of Tuen Mun Area 54 Sites 3 & 4 (屯门54区3 & 4期合同)	China State Construction International Holdings Limited	3.30	June 13, 2019
17	Contract in respect of the topside development project at Wong Chuk Hang MTR station in Hong Kong (香港黄竹坑站地铁上盖发展项目合同)	China State Construction International Holdings Limited	3.26	February 13, 2019
18	EPC contract in respect of the National Petroleum Building project in Papua New Guinea (巴布亚新几内亚国家石油大厦项目EPC合同)	China Construction Papua New Guinea Co., Ltd.	3.09	April 25, 2019
19	Contract in respect of 688 Kai Tak 6575 residence development project (688启德6575住宅发展项目合同)	China State Construction International Holdings Limited	3.03	August 1, 2019
20	Contract in respect of the Hong Kong Palace Museum project in West Kowloon Cultural District (西九龙文化区香港故宫文化博物馆项目合同)	China State Construction International Holdings Limited	2.76	March 27, 2019
21	Procurement contract in respect of the university town project of Thompson Education Center in New York, U.S. (美国纽约汤普森教育中心大学城项目采购合同)	China Construction Steel Structure Co., Ltd. (中建钢结构有限公司)	2.66	May 29, 2019
22	General contracting contract in respect of Guoco Midtown (国浩时代城总承包合同)	China Construction (South Pacific) Development Co. Pte Ltd.	2.60	June 6, 2019
23	Royal Caribbean Headquarters	China Construction America Holdings Inc.	2.50	June 30, 2019
24	Contract in respect of Singapore General Hospital Emergency Center (新加坡中央医院急救中心合同)	China Construction (South Pacific) Development Co. Pte Ltd.	2.31	July 8, 2019
25	Contract in respect of the public housing project at Tsing Hung Road, Tsing Yi (青衣青鸿路公屋项目合同)	China State Construction International Holdings Limited	2.19	April 16, 2019
26	ASEC Road Connectivity Project-II	China Construction Seventh Engineering Division Corp. Ltd.	2.17	April 4, 2019
27	EPC contract in respect of the 261.4km of highway from Shine Jinst to Shivee Khuren Border Crossing in Mongolia (蒙古国新金斯特到西伯库伦口岸261.4km公路EPC项目合同)	China State Construction Engineering Corporation Limited	2.15	April 25, 2019
28	Contract in respect of Dubai Opera plot B4 project (迪拜歌剧院B4地块项目合同)	China Construction Middle East Co., Ltd.	2.06	April 2, 2019

No.	Name of contract	Signing party	Value of contract	Signing date
29	General contracting construction contract in respect of the construction and installation engineering works for the Prince Tian Xi Wan project (太子天玺湾项目建筑与安装工程施工总承包合同)	China Construction Fourth Engineering Division (Cambodia) Corp., Ltd.	2.02	July 5, 2019
30	Regina Reclamation Project	China Construction (S.E.A) Corporation Ltd.	1.94	June 1, 2019
31	Contract in respect of the double-deck bridge project at Corniche, Shindagha District (Shindagha区海滨大道双层桥项目合同)	China Construction Middle East Co., Ltd.	1.92	April 1, 2019
32	General contracting construction in respect of the HDB flat C2 in Tengah (登加新镇政府组屋C2总承包合同)	Fengsheng Construction Co., Ltd. (丰盛建筑有限公司)	1.75	April 30, 2019
33	General contracting construction contract in respect of the fine decoration of Jeju Dream Tower Integrated Casino Resort (济州梦想大厦赌场综合度假村精装修施工总承包合同)	China State Construction Engineering Corporation Limited	1.63	June 8, 2019
34	Construction contract in respect of the Sino-Myanmar Science Park project in Yangon, Myanmar (缅甸仰光华缅科学园项目施工合同)	China Construction Eighth Engineering Division Southern Construction Co., Ltd.	1.61	December 11, 2019
35	SASEC Roads Improvement Project (SIRP) Narayanghat-Butwal Road	China State Construction Engineering Corporation Limited	1.57	December 19, 2018
36	General contracting construction contract in respect of Genting Sky Mingxuan Hotel in Malaysia (马来西亚云顶九霄明轩酒店施工总承包合同)	China State Construction Engineering Corporation Limited	1.51	April 1, 2019
37	Contract in respect of the smart city project in Nalayh (那勒亥智能城市工程合同)	China Construction Mongolia Co., Ltd.	1.50	December 24, 2019
38	Contract in respect of the Organic Waste Treatment Facilities Phase II (有机资源回收中心第2期合同)	China State Construction International Holdings Limited	1.47	August 12, 2019
39	Contract in respect of the PLOT V01 MAKERS DISTRICT engineering project in Abu Dhabi (阿布扎比PLOT V01 MAKERS DISTRICT创客街区工程项目合同)	The Second Construction Co., Ltd. of China Construction Third Engineering Bureau	1.47	December 2, 2019
40	Contract in respect of the main works project for Barra Station, Macao LRT (澳门轻轨妈阁站主体建造工程项目合同)	China State Construction International Holdings Limited	1.46	February 23, 2019
41	PROJECT OF WONDER KIDS	China Construction Fourth Engineering Division Representative Office in Indonesia	1.44	December 30, 2019
42	General contracting construction in respect of the First Food Center (第一家食品中心总承包合同)	China Construction (South Pacific) Development Co. Pte Ltd.	1.40	March 26, 2019
43	Contract in respect of Agile Bukit Bintang (雅居乐天汇合同)	China Construction South Pacific (Malaysia) Co., Ltd.	1.40	September 3, 2019
44	Contract in respect of Kai Tak East project of the Central Kowloon Route (中九龙干线启德东工程合同)	China State Construction International Holdings Limited	1.39	May 21, 2019



No.	Name of contract	Signing party	Value of contract	Signing date
45	Subcontracting construction contract (housing construction) in respect of the power grids improvement and upgrade in Dhaka, Bangladesh (孟加拉国达喀尔地区电网扩容和升级项目施工分包合同(房建))	China State Construction Engineering Corporation Limited	1.30	December 19, 2019
46	Contract in respect of the commercial residence development project at Tonkin Street (东京街商业住宅发展项目合同)	China State Construction International Holdings Limited	1.24	January 7, 2019
47	Contract in respect of the upgrade and renovation project for Chumateleti-Haiwei Section of the Highway E60 in Georgia (格鲁吉亚E60高速路楚马特了提-海威段升级改造项目合同)	China State Construction Engineering Corporation Limited	1.23	August 21, 2019
48	Construction contract in respect of Xihu Garden in Cambodia (柬埔寨西湖名苑建设合同)	China Construction Yantze (Cambodia) Co., Ltd.	1.19	May 10, 2019
49	Contract in respect of the Marina Vista project (玛丽娜维斯塔项目合同)	China Construction Middle East Co., Ltd.	1.17	November 15, 2019
50	General contracting construction contract in respect of OPPO manufacturing center project phase II in India (OPPO印度制造中心项目二期总承包工程施工合同)	China Construction Sausum (India) Private Limited	1.17	February 16, 2019
51	Contract in respect of Deira Corniche complex phase I plots No. 9 and 10 project (德拉海滨综合体一期9号、10号地块项目合同)	China Construction Middle East Co., Ltd.	1.15	June 1, 2019
52	380 National Housing at Al Seyouh 16, Sharjah	China Construction Middle East Co., Ltd.	1.10	October 15, 2019
53	Contract in respect of the Mak Tower and supporting complex building project in Mongolia (蒙古国马克塔及附属综合楼项目合同)	China Construction Mongolia Co., Ltd.	1.10	December 9, 2019
54	Contract in respect of the joint inspection building and linkway for the New Guangdong-Macao Channel (Qingmao Checkpoint) project, and the electrical and mechanical engineering works for Guangdong-Macao Brand Quality Products Expo Center complex (粤澳新通道(青茂口岸)项目联检大楼及连接通道、粤澳名优产品博览中心综合体机电工程合同)	China Construction Third Bureau First Engineering Co., Ltd.	1.08	March 11, 2019
55	Contract in respect of the relocation of Sha Tin Sewage Treatment Works to cavern – site reclamation and tunnel connection project (搬迁沙田污水处理厂往岩洞 – 工地开拓及连接隧道工程合同)	China State Construction International Holdings Limited	1.04	February 18, 2019
56	15 West 44th Street Hotel	China Construction America Holdings Inc.	1.04	June 1, 2019
57	Contract in respect of Tri-Zen apartment building project in Sri Lanka (斯里兰卡Tri-Zen公寓楼项目合同)	China State Construction Engineering Corporation Limited Sri Lanka Branch	1.03	January 9, 2019
58	Cooperation agreement in respect of the infrastructure project of the Industrial Park in Kuwait (科威特工业园基础设施项目合作协议)	China Construction Sixth Engineering Division Corp. Ltd.	1.01	December 19, 2019

Note: The contracts listed above are mainly sourced from the statistics of the contracts actually signed by the Company as at the end of the Reporting Period.

### 3. Newly-signed comprehensive credit facility contracts

Unit: 100 million yuan Currency: RMB

No.	Name of comprehensive credit facility contract	Credit grantor	Accredited party	Comprehensive credit facility limit	Credit period
1	Credit facility agreement	China Merchants Bank Co., Ltd. Beijing Branch	China State Construction Engineering Corporation Limited	60	September 5, 2019-September 4, 2021
2	Comprehensive credit facility contract	Bank of Beijing Co., Ltd. Zhongguancun Branch	China State Construction Engineering Corporation Limited	60	September 5, 2019-September 4, 2021
3	Credit facility agreement	Bank of China Limited	China State Construction Engineering Corporation Limited	403	September 26, 2019-September 5, 2020
4	Comprehensive credit facility agreement	China Everbright Bank Company Limited Beijing Branch	China State Construction Engineering Corporation Limited	58	September 23, 2019-September 22, 2022

### 4. Newly-signed strategic cooperation and business cooperation agreements

During the Reporting Period, the Company continued to enhance its strategic cooperation with various local governments, large domestic or foreign enterprises, financial institutions, etc. The major cooperation agreements signed by the Company are as follows:

No.	Name of contract	Signing date	Contents of contract
1	Strategic cooperation framework agreement between China (Shanghai) Pilot Free Trade Zone Lingang New Area Management Committee and China State Construction Engineering Corporation Limited	November 21, 2019	CSCEC takes Lingang New Area as a key strategic investment field, providing it with special support in resources allocation. In the coming three years, CSCEC will continue to increase its investment in Lingang New Area in terms of area development and construction, investment in and construction of key projects, water and environmental protection, headquarters economic introduction, training and education on innovative business, finance, equity cooperation, etc.
2	Strategic cooperation agreement between China State Construction Engineering Corporation Limited and China Export & Credit Insurance Corporation	December 18, 2019	Short-term export credit insurance and mid- and long-term export credit insurance cooperation under the export of commodities and services, overseas investment insurance under overseas investment, domestic credit insurance cooperation under domestic trade, and relevant country risk analysis, industry research, credit ratings, enterprise credit investigation, management of operating revenue accounts, debt recovery, credit risk management and consultancy, credit risk management training, etc.



## XVI. Explanation on Other Significant Matters

☐ Applicable ☒ N/A

## XVII. Actively Fulfilling Social Responsibilities

### (I) Poverty alleviation by the listed Company

☒ Applicable ☐ N/A

#### 1. Targeted poverty alleviation planning

☒ Applicable ☐ N/A

Under the unified arrangements of the State Council Leading Group Office of Poverty Alleviation and Development and SASAC, in response to the call of the Communist Party of China and the State, the Company and its controlling shareholder China State Construction Engineering Corporation have been active in fulfilling their social responsibilities and obligations as key central enterprises. From 2013 to 2019, they participated in targeted poverty alleviation in Kangle County, Zhuoni County and Kangxian County of Gansu Province through a series of fruitful efforts, such as poverty alleviation through education and employment, improving people's livelihood, promoting industrial development to create wealth for local people, enhancing local infrastructure and promoting the construction of beautiful countryside. Based on the implementation of targeted poverty alleviation and the results of thorough investigation on impoverished people relieved from poverty, they made full use of the industrial characteristics and the resource advantages of targeted poverty alleviation counties, implemented the basic strategy of targeted poverty alleviation, understood the responsibility of targeted poverty alleviation, focused on stimulating endogenous motivation, and took poverty alleviation as an opportunity to discipline their staff and personnel. They formulated the Implementation Plan for the Three-Year Campaign to Win the Battle of Poverty Alleviation and 11 special implementation plans including poverty alleviation through employment, poverty alleviation through industrial development and poverty alleviation through consumption.

#### 2. Summary of annual targeted poverty alleviation

☒ Applicable ☐ N/A

In 2019, through strengthening organizational leadership, optimizing top-level design, increasing resources investment and implementing precise strategies by the controlling shareholder of the Company, the battle of poverty alleviation delivered good results, among which Zhuoni County had been successfully relieved from poverty. The Company sent 7 cadres for poverty alleviation and designated 11 subsidiaries with advantages to directly participate in targeted poverty alleviation, and cadres at all levels carried out 270 surveys and supervisions for targeted poverty alleviation. The Company provided RMB1.1 billion to subscribe industrial investment funds offered by central enterprises to impoverished areas, invested and assisted in the injection of poverty alleviation funds of RMB76.4036 million in Kangle County, Zhuoni County, Kangxian County of Gansu Province, trained 2,312 cadres and technical personnel at lower level, purchased and helped to sell agricultural products of RMB26.3921 million, recruited and exported labor services of 329 impoverished people in the three counties of Gansu Province, contributing the "China Construction Power" for successful poverty alleviation in all three counties in Gansu. Through making full use of the resource advantages, and adhering to the combination of "blood transfusion" and "blood making", the Company continued to deepen the "China Construction Model" of targeted poverty alleviation, that is, to give play to the advantages of the whole industry chain to create a model of poverty alleviation through industry of "full life cycle"; to take advantage of human resources to create a model of poverty alleviation through employment of "full-process service"; to leverage on the advantages of corporate culture to create a model of poverty alleviation through education of "all-round safeguard"; to exert the advantages of resource brand to

create a model of poverty alleviation through consumption of “all-element management”; and to put to good use of the Party as strongholds to create a model of poverty alleviation through Party-building of “point-to-point leading”. The staged progress in fulfilling the social responsibility of targeted poverty alleviation in the year is as follows:

The Company took efficient measures to help solve the significant problems of “No Worry about Food and Clothing with Compulsory Education, Basic Medical Care, and Housing Guaranteed” including investment of RMB21.97 million in three counties of Gansu to implement 14 projects covering prevention of dropout and ensuring compulsory education, basic medical care, renovation of dilapidated house and safe drinking water, benefiting 141,900 impoverished people. With the further deepening of the poverty alleviation through industrial development, phase I of the Kangxian County Tourism Industry Poverty Alleviation Demonstration Park project had been completed, and a village in extreme poverty had been successfully declared to be a 4A-level scenic spot through the integration of ancient village resources. The Company carried out charitable activities for the development of rural civilized habits in Kangxian County to help villagers who developed good behavior habits realize their modest wishes. The phase I project in Zhuoni County Characteristic Industry Demonstration Zone of CSCEC had been delivered for operation. The Company invested RMB2.84 million to support 11 poverty alleviation workshops in three counties of Gansu; it achieved practical results in poverty alleviation through employment as we organized the phase II of advanced skills training courses of CSCEC, and provided training for 82 impoverished students. The Company held 13 job fairs for poverty alleviation through employment to hire and export the labor services of 329 impoverished people. A special notice was issued to guarantee the follow-up works of poverty alleviation through employment to ensure the continued and stable employment of the impoverished people. The Company further promoted the poverty alleviation through education, with an investment of RMB4.38 million to build Santiaogou Primary School (三条沟小学) in Kangle County, and kicked off the “Spring Buds Action” for poverty alleviation through education, with donation of RMB10.78 million by more than 150,000 employees. The Company initiated sponsorship campaigns such as “Caihong Yilu (彩虹益路)” by arranging inspirational summer camp activities for the elementary students in Shenzhen, Shanghai and other cities to help 4,271 impoverished students to solve their difficulties in learning and living. The Company carried out professional training for teachers by organizing 50 multi-disciplinary rural teachers to go to Guangdong for training on teaching, and selecting 9 teachers to offer teaching aid and support in 11 schools. The poverty alleviation through consumption achieved vertical and in-depth development, as evidenced by the opening of physical store “Zhonghai Youjia (中海优家)” in Zhuoni County, establishment of two e-commerce poverty alleviation platforms such as CSCEC Yunzhu Poverty Alleviation Mall (中建云筑扶贫商城) and “Haihui Youxuan (海惠优选)”, supporting 41 leading enterprises and 80 cooperatives, and creating 41 featured agricultural product brands such as “Longnan old tree walnut (陇南老树核桃)”. Aimed at the innovation of poverty alleviation in implementing the CPC’s initiatives, the Company worked in pairs with Party branches in 17 impoverished villages and facilitated poverty alleviation in implementing the CPC’s initiatives, mobilized the Party members and cadres to donate RMB1.4837 million, helping provide training for 604 people of local CPC committee and villagers committee in impoverished villages, and 454 rural pioneers who crated their wealth through entrepreneurship, so as to constantly improve the ability of local CPC committee and villagers committee to help the impoverished people to relief from poverty and create wealth.

### 3. Effectiveness of targeted poverty alleviation

√ Applicable    □ N/A

Unit: 0'000 yuan    Currency: RMB

Indicators		Quantity & Implementation
I. General		
Including: 1.	Fund	117,495.96
2.	Materials converted into cash	144.4
3.	Number of registered impoverished people relieved from poverty with the help offered	16,287
II. Investment breakdown		
1.	Poverty alleviation through industrial development	
Including: 1.1	Type of industrial projects for poverty alleviation	√ Agricultural and forestry
		√ Tourism
		√ E-commerce
		□ Asset income
		□ Technology
		□ Others
1.2	Number of industrial projects for poverty alleviation	20
1.3	Amount of investment in industrial projects for poverty alleviation	4,432.34
1.4	Number of registered impoverished people relieved from poverty with the help offered	15,248
2.	Poverty alleviation through transfer of employment	
Including: 2.1	Amount of investment in occupational skill training	412.62
2.2	Number of persons receiving vocational skill training (person/time)	1,548
2.3	Number of registered impoverished people getting employed with the help offered	329
3.	Poverty alleviation through relocation	
Including: 3.1	Number of persons getting employed for relocated households with the help offered	/
4.	Poverty alleviation through education	
Including: 4.1	Amount of investment in financing needy students	126.17
4.2	Number of poor students financed	438
4.3	Amount of investment in improving the educational resources in poverty-stricken areas	858.34
5.	Poverty alleviation through healthcare improvement	
Including: 5.1	Amount of investment in the medical and health resources of poverty-stricken areas	110
6.	Poverty alleviation through ecological protection	
Including: 6.1	Name of project	□ Carry out ecological conservation and maintenance
		□ Establish compensation ways for ecological conservation
		□ Set up specialized posts for handling ecological and public charity related affairs
		□ Others

Indicators		Quantity & Implementation
6.2	Amount of investment	/
7.	Baseline security	
Including: 7.1	Amount of investment in helping the elderly people, women and left-behind children in rural areas	/
7.2	Number of elderly people, women and left-behind children in rural areas receiving the help offered	/
7.3	Amount of investment in helping needy disabled people	100
7.4	Number of needy disabled people receiving the help offered	272
8.	Poverty alleviation efforts offered to the society	
Including: 8.1	Amount of investment in coordinated eastern-western poverty alleviation	/
8.2	Amount of investment in designated poverty alleviation	7,640.36
8.3	Public social charitable fund for poverty alleviation	110,000.00
9.	Other projects	
Including: 9.1	Number of projects	25
9.2	Amount of investment	1,600.89
9.3	Number of registered impoverished people relieved from poverty with the help offered	576
9.4	Description about other projects	The Company organized 17 Party branches from 6 subsidiaries to work in pairs with Party branches from 17 impoverished villages in three counties of Gansu to "carry out the Party initiatives and promote poverty alleviation" activities. It supported 41 leading enterprises and 80 cooperatives in three counties of Gansu; implemented 5 housing security projects and 3 safe drinking water projects; trained 846 cadres at lower level in three counties in Gansu; purchased and helped to sell agricultural products worth RMB26.38 million in poverty-stricken areas and other poverty alleviation projects.
III. Awards received (content and level)		
The Company has received the highest honor in the assessment of targeted poverty alleviation campaign for central enterprises for two consecutive years. It has been appraised as the responsible enterprise in poverty alleviation among central enterprises of the year, as well as advanced group for assistance in battle of poverty alleviation in Gansu Province; the "China Construction Model" Case of Targeted Poverty Alleviation" was selected into the 2019 Blue Book on Corporate Poverty Alleviation, honored by the State Council Leading Group Office of Poverty Alleviation and Development as "Top 50 Comprehensive Cases for Targeted Poverty Alleviation by Corporate in 2019" and "Top 50 Cases for Poverty Alleviation by Volunteers in 2019".		

#### 4. Subsequent targeted poverty alleviation plan

☒ Applicable ☐ N/A

In 2020, the Company and its controlling shareholder will fully implement the decisions on battle of poverty alleviation of the Party Central Committee and the State Council, overcome the impact of COVID-19 pandemic, determine to complete the remaining poverty alleviation tasks, strictly implement the central government's requirements of "four continuing requirements" to continue to maintain the strength, depth and extent of targeted poverty alleviation. It will also focus on the major problems and weak spots in battle of poverty alleviation in the three counties of Gansu, and actively explore a long-term mechanism for solving relative poverty, so as to ensure that the impoverished people in the three counties of Gansu and the whole nation will enter a well-off society in an all-round way. The main measures include: enhancing the "blood making" function of poverty alleviation through industrial development, completing the construction of the phase II project of Zhuoni County Characteristic Industry Demonstration Zone and Kangxian County Tourism Industry Demonstration Park of CSCEC to help Kangxian County and Zhuoni County to strengthen their project operation capacity, and enhancing the "hematopoietic" function of poverty alleviation through industrial development. In addition, the Company will enhance poverty alleviation through employment by promoting the establishment of advanced skill talents training courses of CSCEC, making great efforts to the employment skills training for rural pioneers who create their wealth through entrepreneurship and impoverished people, so as to promote the export of labor services in poverty-stricken area in a steady manner and strengthen the follow-up employment for the impoverished people. The Company will deepen the project for poverty alleviation through education of "Spring Buds Action", materialize the "CSCEC Happiness Space Scholarship (中建幸福空间助学金)", further develop the brand activities such as "Caihong Yilu (彩虹益路)" and "Inspirational Summer Camp (励志夏令营)", and implement the "Happiness Courses Plan (幸福课堂计划)" so as to improve the quality of teachers in impoverished mountainous area, help impoverished students to successfully finish education and block the intergenerational continuity of poverty. It will further exploit potential of poverty alleviation through consumption by improving the online and offline sales system of agricultural products in poverty-stricken areas to promote the commercialization and brand-building of agricultural products. It will also improve the effectiveness of poverty alleviation in implementing Party initiatives by deepening the cooperation between Party branch and the local Party branch of impoverished village to enhance the ability of local Party branch in villages to lead impoverished people getting relief from poverty and create wealth, and train a local poverty alleviation task force as mainstay.

#### (II) Social responsibility commitments

☒ Applicable ☐ N/A

The Company will disclose the 2019 social responsibility report headed "CSCEC 2019 Sustainability Report" on the website of Shanghai Stock Exchange. Please refer to the relevant content of the report for relevant information of social responsibility commitment of the Company.

#### (III) Environmental information

1. Statement of environmental protection efforts of the highly polluting companies and their key subsidiaries as announced by the environmental protection authority

☐ Applicable ☒ N/A

2. Statement of environmental protection efforts of companies other than highly polluting companies

☒ Applicable ☐ N/A

Closely following the national policy and guided by President Xi Jinping's ideology on ecological civilization, CSCEC thoroughly implements the decision and deployment on ecological environmental protection of the Party Central Committee and the State Council, earnestly materializes the new development concept and fulfills the Company's responsibility of environmental protection to continue to promote the in-depth ecological environment protection.

The Company and its controlling shareholder China State Construction Engineering Corporation continue to improve relevant management rules against the latest national and industrial policies and regulations, constantly strengthen the construction of ecological and environmental protection organizations at all levels, and reinforce the full-time and part-time staffing. They organize the investigation and rectification of potential dangers of ecological and environmental risks, intensify supervision and inspection through special review, comprehensive examination and other methods, improve the various evaluation and restraint mechanisms, instruct and supervise the subsidiaries at all levels to continue to facilitate the promotion of ecological environmental protection, with a view to winning the battle of prevention and control of pollution by more resolute and effective actions.

The Company attaches great importance to awareness on environmental protection and capacity building. It incorporates environmental management training into the overall training plan of the Company, organizes training and education activities through on-site training, experience exchange, case study and internal observation, strengthens the nurturing of professional talent teams, enhances the awareness on environmental protection of all employees, and actively creates a cultural that advocates ecological and environmental protection.

The Company continuously strengthens the environmental protection and pollution prevention of construction projects. For construction projects invested by the Company, it insists on conducting assessment on environmental impact according to law, and comprehensively incorporates environmental protection requirements into the entire process of design and construction to ensure the simultaneous design, construction, production and delivery of pollution prevention facilities and the main construction works. For the contracted construction projects, the Company gives priority to defending the Blue Sky. It will equip itself with and regulate the operation of various pollution prevention facilities and continue to intensify the application of "four-new" technologies of energy-saving and environmental protection. Through promoting the new-style construction, green construction and smart construction, the Company will reduce pollution and material consumption from the source, cut down energy consumption, improve recycle and utilization efficiency of resources and further promote environmental protection and pollution prevention.

3. Explanation on reasons for not disclosing the environmental information of the Company other than heavily polluting segments

☐ Applicable ☒ N/A

4. Explanation of the subsequent progress or changes in the disclosed environmental information during the Reporting Period

☐ Applicable ☒ N/A

**(IV) Other information**

☐ Applicable ☒ N/A

## XVIII. Convertible Corporate Bonds

### (I) Issuance of convertible bonds

☐ Applicable ☒ N/A

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

☐ Applicable ☒ N/A

### (III) Conversion of convertible bonds during the Reporting Period

☐ Applicable ☒ N/A

### (IV) Accumulated number of shares converted from convertible bonds during the Reporting Period

☐ Applicable ☒ N/A

### (V) Previous adjustments to conversion price

☐ Applicable ☒ N/A

### (VI) Information on the Company's liability and the changes in credit standing as well as the cash arrangement for the future annual debt repayment

☐ Applicable ☒ N/A

### (VII) Other information of convertible bonds

☐ Applicable ☒ N/A

## XIX. Index of Information Disclosure

During the Reporting Period, the Company published 161 documents on the website of the Shanghai Stock Exchange (www.sse.com.cn), and related announcements were also published in the China Securities Journal, Shanghai Securities News, Securities Daily, and Securities Times.

No.	Matter	Disclosure Date
1	CSCEC: Announcement on Resolutions of the 16th Meeting of the Second Session of the Board	January 03, 2019
2	CSCEC: Announcement on Resolutions of the 9th Meeting of the Second Session of the Board of Supervisors	January 03, 2019
3	CSCEC: Independent Directors' Independent Opinions on the Unlocking of the First Tranche of Shares in 2018 of Phase II Restricted A Share Incentive Scheme	January 03, 2019
4	CSCEC: Announcement on Decrease in Registered Capital of the Company after Repurchase and Cancellation of Part of Restricted Shares and Notice to the Creditors	January 10, 2019
5	CSCEC: Announcement on Progress of the Grant under Phase III Restricted A Share Incentive Scheme	January 11, 2019
6	CSCEC: Legal Opinions of Beijing Tian Yuan Law Firm on Relevant Matters regarding Repurchase of Part of Restricted Shares in Phase II Restricted A Share Incentive Scheme of China State Construction Engineering Corporation Limited	January 16, 2019
7	CSCEC: Independent Directors' Independent Opinions on Repurchase of Shares by Participants of Phase II Restricted A Shares Incentive Scheme	January 16, 2019

No.	Matter	Disclosure Date
8	CSCEC: Announcement on Adjustment of the Positions of the Company's Senior Management	January 16, 2019
9	CSCEC: Announcement on Resolutions of the 17th Meeting of Second Session of the Board	January 16, 2019
10	CSCEC: Announcement on Appointment of the Company's Vice President and Chief Financial Officer	January 16, 2019
11	CSCEC: Independent Directors' Independent Opinions on that Mr. Xue Keqing ceased to be the Company's Chief Financial Officer	January 16, 2019
12	CSCEC: Independent Directors' Independent Opinions on Appointment of the Company's Vice President and Chief Financial Officer	January 16, 2019
13	CSCEC: Announcement on Repurchase of the Shares Held by Part of Participants of Phase II Restricted A Share Incentive Scheme	January 16, 2019
14	CSCEC: Announcement on Resolutions of the 10th Meeting of the Second Session of the Board of Supervisors	January 16, 2019
15	CSCEC: Announcement on Estimated Improvement in 2018 Annual Results	January 18, 2019
16	CSCEC: Briefings on Business from January to December 2018	January 19, 2019
17	CSCEC: Announcement on Results of the Grant under Phase III Restricted A Share Incentive Scheme	January 22, 2019
18	CSCEC: Announcement on Resolutions of the 18th Meeting of Second Session of the Board	January 23, 2019
19	CSCEC: Announcement on Changes in Accounting Policies	January 23, 2019
20	CSCEC: Announcement on Resolutions of the 11th Meeting of the Second Session of the Board of Supervisors	January 23, 2019
21	CSCEC: Independent Directors' Independent Opinions on Implementation of the New Accounting Standards	January 23, 2019
22	CSCEC: Announcement on Significant Project	January 26, 2019
23	CSCEC: Announcement on Resolutions of the 19th Meeting of the Second Session of the Board	January 29, 2019
24	CSCEC: Announcement on Appointment of the Company's Vice President	January 29, 2019
25	CSCEC: Independent Directors' Independent Opinions on Appointment of the Company's Vice President	January 29, 2019
26	CSCEC: Legal Opinions of Beijing Tian Yuan Law Firm on Relevant Matters regarding the First Tranche of Unlocking in 2018 of Phase II Restricted A Share Incentive Scheme of China State Construction Engineering Corporation Limited	January 31, 2019
27	CSCEC: Announcement on the First Tranche of Unlocking in 2018 in Respect of Phase II Restricted A Share Incentive Scheme and Listing of Shares	January 31, 2019
28	CSCEC: Informative Announcement on Change in Shareholder's Equity	February 13, 2019
29	CSCEC: Announcement on Distribution of Dividends for Phase I Preference Shares from 2018 to 2019	February 20, 2019
30	CSCEC: Briefings on Business in January 2019	February 20, 2019
31	CSCEC: Announcement on Significant Project	February 28, 2019
32	CSCEC: Briefings on Business in February 2019	March 20, 2019
33	CSCEC: Explanatory Announcement on Media Coverage	March 25, 2019
34	CSCEC: Announcement on Completion of Repurchase and Cancellation of Part of Restricted Shares	March 28, 2019
35	CSCEC: Announcement on Significant Project	March 28, 2019
36	CSCEC: Announcement on Resolutions of the 22nd Meeting of the Second Session of the Board	April 03, 2019
37	CSCEC: Independent Directors' Independent Opinions on that Zheng Xuexuan ceased to be the Company's Vice President	April 03, 2019
38	CSCEC: Independent Directors' Independent Opinions on the Additional Election of Zheng Xuexuan as the Director of the 2nd Board of Directors	April 03, 2019



No.	Matter	Disclosure Date
39	CSCEC: Announcement on the Resignation of a Director and President of the Company	April 03, 2019
40	CSCEC: Independent Directors' Independent Opinions on that Wang Xiangming ceased to be the Company's Director of the 2nd Board of Directors and President	April 03, 2019
41	CSCEC: 2018 Sustainability Report	April 12, 2019
42	CSCEC: 2018 Annual Report	April 12, 2019
43	CSCEC: Summary of 2018 Annual Report	April 12, 2019
44	CSCEC: Announcement on Proposed Additional Financing Guarantee in 2019	April 12, 2019
45	CSCEC: Special Report on Fund Occupation by Controlling Shareholder and Other Related Parties	April 12, 2019
46	CSCEC: Work Report of Independent Directors in 2018	April 12, 2019
47	CSCEC: Announcement on Daily Related Party Transaction of the Financial Services Framework Agreement between China State Construction Engineering Corporation and China State Construction Finance Co., Ltd	April 12, 2019
48	CSCEC: Announcement on Contemplated Daily Related Party Transactions for 2019	April 12, 2019
49	CSCEC: Independent Director's Prior Approval of Opinions on Reappointment of the Company's Auditor for Internal Control in 2019	April 12, 2019
50	CSCEC: Independent Directors' Independent Opinions on Proposed Additional Financing Guarantee in 2019	April 12, 2019
51	CSCEC: Independent Director's Prior Approval of Opinions on Proposal of the Company's Daily Related Party Transactions in 2019	April 12, 2019
52	CSCEC: Independent Director's Independent Opinions on Proposal of the Company's Daily Related Party Transactions in 2019	April 12, 2019
53	CSCEC: Notice of Convening Annual General Meeting of 2018	April 12, 2019
54	CSCEC: Independent Director's Independent Opinions on Issuance Plan of the Company's Domestic Bonds in 2019	April 12, 2019
55	CSCEC: Independent Director's Independent Opinions on Issuance Plan of the Company's Overseas Bonds in 2019	April 12, 2019
56	CSCEC: 2018 Internal Control Evaluation Report	April 12, 2019
57	CSCEC: Independent Director's Independent Opinions on Reappointment of the Company's Auditor for Internal Control in 2019	April 12, 2019
58	CSCEC: 2018 Annual Financial Statements and Audit Report	April 12, 2019
59	CSCEC: Announcement on Resolutions of the 23rd Meeting of the Second Session of the Board	April 12, 2019
60	CSCEC: Announcement on Reappointment of Accounting Firm	April 12, 2019
61	CSCEC: Independent Director's Prior Approval of Opinions on Reappointment of the Company's Auditor for Financial Reports in 2019	April 12, 2019
62	CSCEC: Independent Director's Independent Opinions on Reappointment of the Company's Auditor for Financial Reports in 2019	April 12, 2019
63	CSCEC: Announcement on Resolutions of the 12th Meeting of the Second Session of the Board of Supervisors	April 12, 2019
64	CSCEC: Independent Director's Prior Approval of Opinions on Execution of the Framework Agreement on Financial Services by China State Construction Engineering Corporation and China State Construction Finance Co., Ltd	April 12, 2019
65	CSCEC: Accounting System	April 12, 2019
66	CSCEC: Announcement on Profit Distribution for 2018	April 12, 2019
67	CSCEC: 2018 Internal Control Audit Report	April 12, 2019
68	CSCEC: Announcement on Daily Related Party Transaction of the Financial Services Framework Agreement between China State Construction Engineering Corporation and China State Construction Finance Co. Ltd.	April 12, 2019
69	CSCEC: Advance Announcement on Cash Dividend Meeting of 2018	April 23, 2019
70	CSCEC: Briefings on Business from January to March 2019	April 24, 2019

No.	Matter	Disclosure Date
71	CSCEC: Announcement on Resolutions of the 24th Meeting of the Second Session of the Board	April 25, 2019
72	CSCEC: Explanatory Announcement on Expected Daily Related Party Transactions in 2019	April 25, 2019
73	CSCEC: Independent Director's Independent Opinions on Shao Jijiang ceased to be the Company's Vice President	April 25, 2019
74	CSCEC: Information on 2018 Annual General Meeting	April 26, 2019
75	CSCEC: Announcement on Significant Project	April 27, 2019
76	CSCEC: Information on 2018 Annual General Meeting (Correction)	April 29, 2019
77	CSCEC: 1st Quarter Report of 2019	April 30, 2019
78	CSCEC: Announcement on Resolutions of the 25th Meeting of the Second Session of the Board	April 30, 2019
79	CSCEC: Announcement on Resolutions of the 13th Meeting of the Second Session of the Board of Supervisors	April 30, 2019
80	CSCEC: Legal Opinions of 2018 Annual General Meeting	May 08, 2019
81	CSCEC: Announcement on Resolutions of 2018 Annual General Meeting	May 08, 2019
82	CSCEC: Announcement on Decrease in Registered Capital of the Company after Repurchase and Cancellation of Part of Phase II Restricted Shares and Notice to the Creditors	May 08, 2019
83	CSCEC: Briefings on Business from January to April 2019	May 18, 2019
84	CSCEC: Announcement on Significant Project	May 25, 2019
85	CSCEC: Announcement on Implementing Rights and Interests Distribution for 2018	June 05, 2019
86	CSCEC: Briefings on Business from January to May 2019	June 18, 2019
87	CSCEC: Announcement on Significant Project	June 22, 2019
88	CSCEC: Announcement on Participation in the Event of 2019 Collective Reception Day for Investors of SSE Listed Companies in Beijing	July 13, 2019
89	CSCEC: Briefings on Business from January to June 2019	July 17, 2019
90	CSCEC: Announcement on Significant Project	July 26, 2019
91	CSCEC: Briefings on Business from January to July 2019	August 17, 2019
92	CSCEC: Announcement on Significant Project	August 28, 2019
93	CSCEC: Independent Director's Prior Approval of Opinions on the Execution of the Supplementary Agreement to the Financial Services Framework Agreement between China State Construction Finance Co., Ltd. (a subsidiary of China State Construction Engineering Corporation Limited) and China State Construction Engineering Corporation	August 29, 2019
94	CSCEC: 2019 Interim Report	August 29, 2019
95	CSCEC: Announcement on Changes in Accounting Policies	August 29, 2019
96	CSCEC: Announcement on Resolutions of the 27th Meeting of the Second Session of the Board	August 29, 2019
97	CSCEC: Announcement on Resolutions of the 14th Meeting of the Second Session of the Board of Supervisors	August 29, 2019
98	CSCEC: Independent Directors' Independent Opinions on Changes in Accounting Policies of China State Construction Engineering Corporation Limited	August 29, 2019
99	CSCEC: Independent Director's Independent Opinions on the Execution of the Supplementary Agreement to the Financial Services Framework Agreement between China State Construction Finance Co., Ltd. (a subsidiary of China State Construction Engineering Corporation Limited) and China State Construction Engineering Corporation	August 29, 2019
100	CSCEC: Summary of 2019 Interim Report	August 29, 2019
101	CSCEC: Announcement on Daily Related Party Transaction under the Supplementary Agreement to the Financial Services Framework Agreement between China State Construction Finance Co., Ltd. (a subsidiary of China State Construction Engineering Corporation Limited) and China State Construction Engineering Corporation	August 29, 2019

No.	Matter	Disclosure Date
102	CSCEC: Holding Announcement on Change in Name of Shareholder	August 30, 2019
103	CSCEC: Briefings on Business from January to August 2019	September 17, 2019
104	CSCEC: Notice on Convening of the 2019 First Extraordinary General Meeting	September 18, 2019
105	CSCEC: Announcement on Resolutions of the 28th Meeting of the Second Session of the Board	September 18, 2019
106	CSCEC: Independent Directors' Independent Opinions on the Additional Election of Zhou Naixiang as the Director of the 2nd Board of Directors	September 18, 2019
107	CSCEC: Holding Announcement on Changes in Equity of Shareholders Holding more than 5%	September 20, 2019
108	CSCEC: Condensed Report on Change in Shareholding	September 20, 2019
109	CSCEC: Announcement on Significant Project	September 24, 2019
110	CSCEC: Announcement on Resolutions of the 2019 First Extraordinary General Meeting	October 10, 2019
111	CSCEC: Legal Opinions on the 2019 First Extraordinary General Meeting	October 10, 2019
112	CSCEC: Announcement on Resolutions of the 29th Meeting of the Second Session of the Board	October 11, 2019
113	CSCEC: Announcement on Change of the Company's Chairman	October 11, 2019
114	CSCEC: Announcement on Results of International Credit Rating	October 12, 2019
115	CSCEC: Briefings on Business from January to September 2019	October 19, 2019
116	CSCEC: Announcement on Significant Project	October 23, 2019
117	CSCEC: Announcement on Completion of Change of Business Registration for Legal Representative	October 25, 2019
118	CSCEC: Articles of Association (Revised Draft)	October 26, 2019
119	CSCEC: Rules of Procedure of the Board of Supervisors (Revised Draft)	October 26, 2019
120	CSCEC: Rules of Procedure of the Board of Directors (Revised Draft)	October 26, 2019
121	CSCEC: Rules of Procedure of the General Meeting (Revised Draft)	October 26, 2019
122	CSCEC: Announcement on Amendments to the Articles of Association of China State Construction Engineering Corporation Limited, Rules of Procedure of the General Meeting of China State Construction Engineering Corporation Limited and Rules of Procedure of the Board of Directors of China State Construction Engineering Corporation Limited	October 26, 2019
123	CSCEC: Notice on Convening of the 2019 Second Extraordinary General Meeting	October 26, 2019
124	CSCEC: Announcement on Resolutions of the 30th Meeting of the Second Session of the Board	October 26, 2019
125	CSCEC: Announcement on Amendments to Rules of Procedure of the Board of Supervisors of China State Construction Engineering Corporation Limited	October 26, 2019
126	CSCEC: Announcement on Resolutions of the 15th Meeting of the Second Session of the Board of Supervisors	October 26, 2019
127	CSCEC: Third Quarterly Report in 2019	October 26, 2019
128	CSCEC: Information on the 2019 Second Extraordinary General Meeting	November 04, 2019
129	CSCEC: Articles of Association (Revised in November 2019)	November 13, 2019
130	CSCEC: Rules of Procedure of the Board of Directors (Revised in November 2019)	November 13, 2019
131	CSCEC: Legal Opinions on the 2019 Second Extraordinary General Meeting	November 13, 2019
132	CSCEC: Rules of Procedure of the Board of Supervisors (Revised in November 2019)	November 13, 2019
133	CSCEC: Announcement on Resolutions of the 2019 Second Extraordinary General Meeting	November 13, 2019
134	CSCEC: Rules of Procedure of the General Meeting (Revised in November 2019)	November 13, 2019

No.	Matter	Disclosure Date
135	CSCEC: Announcement on Implementation of Repurchase and Cancellation of Part of Restricted Shares under the Equity Incentive Scheme	November 15, 2019
136	CSCEC: Legal Opinions of King & Wood Mallesons on Relevant Matters regarding Repurchase and Cancellation of Part of Restricted Shares under Phase I and Phase II Restricted A Share Incentive Scheme of China State Construction Engineering Corporation Limited	November 15, 2019
137	CSCEC: Briefings on Business from January to October 2019	November 16, 2019
138	CSCEC: Announcement on Significant Project	November 23, 2019
139	CSCEC: Rules of Procedure of the Audit Committee of the Board of Directors (Revised in December 2019)	December 06, 2019
140	CSCEC: Announcement on Resignation of the Company's Senior Management	December 06, 2019
141	CSCEC: Announcement on Resolutions of the 31st Meeting of the Second Session of the Board	December 06, 2019
142	CSCEC: Independent Director's Independent Opinions on that Li Baian ceased to be the Company's Vice President	December 06, 2019
143	CSCEC: Rules of Procedure of Personnel and Remuneration Committee of the Board of Directors (Revised in December 2019)	December 06, 2019
144	CSCEC: Rules of Procedure of the Strategy Committee of the Board of Directors (Revised in December 2019)	December 06, 2019
145	CSCEC: Briefings on Business from January to November 2019	December 14, 2019
146	CSCEC: Announcement on Significant Project	December 20, 2019
147	CSCEC: Independent Director's Independent Opinions on the Company's Application for Entrusted Loans from Controlling Shareholder and the Related Party Transaction	December 24, 2019
148	CSCEC: Announcement on Resolutions of the 32nd Meeting of the Second Session of the Board	December 24, 2019
149	CSCEC: Announcement on Resolutions of the 16th Meeting of the Second Session of the Board of Supervisors	December 24, 2019
150	CSCEC: Independent Director's Prior Approval of Opinions on the Company's Application for Entrusted Loans from Controlling Shareholder and the Related Party Transaction	December 24, 2019
151	CSCEC: Announcement on Provision of Entrusted Loans to the Company by its Controlling Shareholder and Related Party Transactions	December 24, 2019
152	CSCEC: Legal Opinions of King & Wood Mallesons on Relevant Matters regarding Repurchase and Cancellation of Part of Restricted Shares under Phase II and Phase III Restricted A Share Incentive Scheme of China State Construction Engineering Corporation Limited	December 31, 2019
153	CSCEC: Information Disclosure and Administrative Measures for Internal Reports of Material Information (Revised in December 2019)	December 31, 2019
154	CSCEC: Announcement on Resolutions of the 17th Meeting of the Second Session of the Board of Supervisors	December 31, 2019
155	CSCEC: Announcement on Repurchase of the Shares Held by Part of Participants of Phase II and III Restricted A Share Incentive Schemes	December 31, 2019
156	CSCEC: Announcement on Resolutions of the 33rd Meeting of the Second Session of the Board	December 31, 2019
157	CSCEC: Measures on the Management of Shares of the Company Held by the Directors, Supervisors and Senior Management and the Changes thereof (Revised in December 2019)	December 31, 2019
158	CSCEC: Administrative Measures on Insider Registration (Revised in December 2019)	December 31, 2019
159	CSCEC: Administrative Measures for the Accountability Regarding Major Errors in the Annual Report Information Disclosure (Revised in December 2019)	December 31, 2019
160	CSCEC: Independent Directors' Independent Opinions on the Second Tranche of Unlocking in 2019 in Respect of Phase II Restricted A Share Incentive Scheme	December 31, 2019
161	CSCEC: Administrative Measures for Investor Relations (Revised in December 2019)	December 31, 2019

## SECTION VI CHANGES IN ORDINARY SHARES AND SHAREHOLDERS

### I. Changes in Ordinary Share Capital

#### (I) Table of changes in ordinary shares

##### 1. Table of changes in ordinary shares

As of the end of the Reporting Period, the changes in the Company's share capital structure are as follows:

Unit: Share

	Before the change		Increase/decrease upon the change (+,-)			After the change	
	Number	Percentage (%)	Issue of new shares	Bonus issue	Conversion from reserve	Number	Percentage (%)
I. Shares subject to trading moratorium	360,789,811	0.86				834,554,667	1.99
1. State-owned shares							
2. State-owned legal person shares							
3. Other domestic shares	360,789,811	0.86				834,554,667	1.99
Including: Shares held by domestic non-state-owned legal persons							
Shares held by domestic natural persons	360,789,811	0.86				834,554,667	1.99
4. Shares held by foreign entities							
Including: Shares held by overseas legal persons							
Shares held by overseas natural persons							
II. Circulating shares not subject to trading moratorium	41,624,384,644	99.14				41,141,075,044	98.01
1. RMB ordinary shares	41,624,384,644	99.14				41,141,075,044	98.01
2. Domestic listed foreign shares							
3. Overseas listed foreign shares							
4. Others							
III. Total number of ordinary shares	41,985,174,455	100.00	-9,544,744			41,975,629,711	100.00

## 2. Explanation on changes in ordinary shares

☒ Applicable ☐ N/A

As of the end of the Reporting Period, there were four changes in the Company's shares, which were caused by the Company's repurchase and grant of restricted shares, unlocking of restricted shares, cumulative repurchase and cancellation of some restricted cumulative. The details are as follows:

- (1) The Company repurchased 599,910,000 ordinary A shares issued by the Company and listed on the Shanghai Stock Exchange from the secondary market through a centralized bidding trading, and granted 599,910,000 ordinary A shares at the grant price of RMB3.468/share to 2,081 participants. The repurchased shares were changed from circulating shares not subject to trading moratorium to circulating shares subject to trading moratorium on January 11, 2019. The Company completed all transfer procedures for the restricted shares granted on January 18, 2019, and has transferred from the special account of the Company for repurchase to the name of the participants. After the completion of the grant, the Company's total share capital remains unchanged at 41,985,174,455 shares. For details, please refer to the Announcement on Grant under Phase III Restricted A Share Incentive Scheme published by the Company on December 27, 2018, and the Announcement on Progress of the Grant under Phase III Restricted A Share Incentive Scheme published on January 11, 2019 and the Announcement on Results of the Grant under Phase III Restricted A Share Incentive Scheme published on January 22, 2019.
- (2) The Company completed the First Tranche of unlocking of Phase II Restricted A Share Incentive Scheme, 116,600,400 restricted shares were unlocked, and the circulating shares subject to trading moratorium were changed to circulating shares not subject to trading moratorium. The Company's total share capital is 41,985,174,455 shares. For details, please refer to the Announcement on the First Tranche of Unlocking in 2018 in Respect of Phase II Restricted A Share Incentive Scheme and Listing of Shares published by the Company on January 31, 2019.
- (3) The Company completed the repurchase from the participants and cancellation of 3,908,803 restricted shares that were not eligible for unlocking. After the completion of the repurchase and cancellation, the registered capital (and share capital) the Company was decreased by RMB3,908,803 (and 3,908,803 shares) to RMB41,981,265,652 (and 41,981,265,652 shares). For details, please refer to CSCEC: Announcement on Completion of Repurchase and Cancellation of Part of Restricted Shares published by the Company on March 28, 2019.
- (4) The Company completed the repurchase from the participants and cancellation of 5,635,941 restricted shares that were not eligible for unlocking. Upon completion of the repurchase and cancellation, the registered capital (and share capital) of the Company was decreased by RMB5,635,941 (and 5,635,941 shares) to RMB41,975,629,711 (and 41,975,629,711 shares). For details, please refer to CSCEC: Announcement on Implementation of Repurchase and Cancellation of Part of Restricted Shares under the Equity Incentive Scheme published by the Company on November 15, 2019.

## 3. The impact, if any, of changes in ordinary shares on financial indicators such as earnings per share, net asset per share for the latest year and the latest period

☐ Applicable ☒ N/A

## 4. Other disclosures that the Company deemed necessary or were required by securities regulatory authorities

☐ Applicable ☒ N/A

## (II) Changes in shares subject to trading moratorium

☒ Applicable ☐ N/A

Unit: Share

Name of Shareholder	Number of shares subject to trading moratorium at the beginning of the year	Number of shares released from trading moratorium for the year	Number of new shares subject to trading moratorium for the year	Number of shares subject to trading moratorium at the end of the year	Reason for the trading moratorium	Date of release from trading moratorium
Participants of Restricted Stock Incentive Plan	360,789,811	-126,145,144	599,910,000	834,554,667	During the trading moratorium period	/
<b>Total</b>	<b>360,789,811</b>	<b>-126,145,144</b>	<b>599,910,000</b>	<b>834,554,667</b>	<b>/</b>	<b>/</b>

For details, please refer to the above “Explanation on changes in ordinary shares”.

## II. Issuance and Listing of Securities

### (I) Issue of securities during the Reporting Period

☒ Applicable ☐ N/A

Unit: 100 million shares    Currency: RMB

Types of shares and their derivative securities	Date of issue	Issue price (or interest rate)	Number of shares issued	Date of listing	Number of Shares permitted to be listed for trading	Ending date of the trading
Ordinary Shares						
RMB Ordinary Shares (A Shares)	2009-07-22	4.18	120	2009-07-29	120	/
Convertible corporate bonds, convertible bonds with detachable warrants and corporate bonds						
/	/	/	/	/	/	/
Other derivative securities						
Preferred Shares	2015-03-02	100	1.5	2015-03-20	1.5	/

Issue of securities during the Reporting Period (please provide separately the particulars of bonds with different interest rates for duration)

☒ Applicable ☐ N/A

For the issuance of the Company's preferred shares, please refer to the relevant information as set out under Section VII “INFORMATION RELATED TO PREFERRED SHARES” hereof.

### (II) Changes in the Company's total number of ordinary shares and structure of shareholders and changes in structure of asset and liability of the Company

☐ Applicable ☒ N/A

### (III) Existing internal employee shares

☐ Applicable ☒ N/A

### III. Shareholders and De Facto Controller

#### (I) Total number of shareholders

Total number of ordinary shareholders at the end of the Reporting Period	525,337
Total number of ordinary shareholders at the end of the month immediately before the date of disclosure of the Annual Report	567,629
Total number of preferred shareholders with voting rights restored as at the end of the Reporting Period	N/A
Total number of preferred shareholders with voting rights restored as at the end of the month immediately before the date of disclosure of the Annual Report	N/A

#### (II) Shareholding of top ten shareholders, top ten shareholders of circulating shares (or holders of shares not subject to trading moratorium) as at the end of the Reporting Period

Unit: Share

Shareholding of top ten shareholders							
Name of shareholder (full name)	Increase/ decrease during the Reporting Period	Number of shares held as at the end of the period	Percentage (%)	Number of shares held subject to trading moratorium	Pledged or frozen		Nature of shareholder
					Status	Number	
China State Construction Engineering Corporation	0	23,630,695,997	56.30	0	Nil	0	State-owned legal person
Anbang Life Insurance Co., Ltd. – Conservative Investment Portfolio	3,369,765,747	3,369,765,747	8.03	0	Nil	0	Other
China Securities Finance Corporation Limited	0	1,258,300,998	3.00	0	Nil	0	Other
Hong Kong Securities Clearing Company Limited	286,075,410	865,919,147	2.06	0	Nil	0	Other
Central Huijin Asset Management Co., Ltd.	0	596,022,420	1.42	0	Nil	0	State-owned legal person
GIC PRIVATE LIMITED	287,559,246	287,648,156	0.69	0	Nil	0	Foreign legal person
Bank of Communications – E Fund 50 Index Securities Investment Fund	64,199,676	169,642,126	0.40	0	Nil	0	Securities investment fund
Industrial & Commercial Bank of China – SSE Index 50 Trading Open-end Index Securities Investment Fund	-62,810,425	161,701,292	0.39	0	Nil	0	Securities investment fund
China Merchants Bank Co., Ltd. – Bosera CSI Central SOE Innovation-driven ETF Securities Investment Fund	82,889,608	82,889,608	0.20	0	Nil	0	Securities investment fund
Portfolio 101 of the National Social Security Fund	-900,000	64,435,704	0.15	0	Nil	0	Other



Shareholdings of the top ten holders of circulating shares not subject to trading moratorium

Name of shareholder	Number of circulating shares not subject to trading moratorium	Class and number of shares	
		Class	Number
China State Construction Engineering Corporation	23,630,695,997	RMB ordinary shares	23,630,695,997
Anbang Life Insurance Co., Ltd. – Conservative Investment Portfolio	3,369,765,747	RMB ordinary shares	3,369,765,747
China Securities Finance Corporation Limited	1,258,300,998	RMB ordinary shares	1,258,300,998
Hong Kong Securities Clearing Company Limited	865,919,147	RMB ordinary shares	865,919,147
Central Huijin Asset Management Co., Ltd.	596,022,420	RMB ordinary shares	596,022,420
GIC PRIVATE LIMITED	287,648,156	RMB ordinary shares	287,648,156
Bank of Communications – E Fund 50 Index Securities Investment Fund	169,642,126	RMB ordinary shares	169,642,126
Industrial & Commercial Bank of China – SSE Index 50 Trading Open-end Index Securities Investment Fund	161,701,292	RMB ordinary shares	161,701,292
China Merchants Bank Co., Ltd. – Bosera CSI Central SOE Innovation-driven ETF Securities Investment Fund	82,889,608	RMB ordinary shares	82,889,608
Portfolio 101 of the National Social Security Fund	64,435,704	RMB ordinary shares	64,435,704
Descriptions on the related relationship or acts in concert of the above shareholders	There is no related relationship or action in concert between China State Construction Engineering Corporation, the largest shareholder of the Company and the other shareholders mentioned above. The Company is not aware of any related relationship among the above shareholders, or whether they are parties acting in concert.		
Descriptions on the preferred shareholders with voting rights restored and number of shares held	N/A		

Number of shares held by top ten holders of shares subject to trading moratorium and trading moratorium

☐ Applicable ☒ N/A

Please refer to the relevant content of “(II) Changes in Shares Subject to Trading Moratorium” under “I. Changes in Ordinary Share Capital” in this Section.

**(III) Strategic investors or general legal persons becoming the top 10 shareholders by placing of new shares**

☐ Applicable ☒ N/A

## IV. Controlling Shareholder and De Facto Controller

### (I) Controlling shareholder

#### 1. Legal person

☒ Applicable ☐ N/A

Name	China State Construction Engineering Corporation
Person in charge of the company or legal representative	Zhou Naixiang
Date of establishment	It was set up with the approval by the former Ministry of Urban and Rural Construction and Environmental Protection on June 11, 1982, and the former State Administration for Industry and Commerce issued a business license to China State Construction Engineering Corporation on March 25, 1983. It was transformed to a wholly state-owned company on November 28, 2017, and changed its name to China State Construction Engineering Corporation.
Principal activities	The operation of state-owned assets within the scope authorized by the State Council; undertaking of survey, design, construction, installation and consultation of civil and constructional engineering at home and abroad; operation of real estate; decoration works; sculpture and frescoes business; undertaking of foreign economic assistance projects of the state; contracting of foreign-related projects in the PRC, organization of non-trade enterprises overseas, carrying out of labor service cooperation in the PRC using foreign resources, funds and technology, and export business of equipment and materials required for foreign projects; production and operation of construction materials and other non-metallic mineral products, metal products for construction, tools, construction engineering machinery and drilling machinery; import and export of goods, import and export of technology, agent service for import and export; project investment; real estate development; engineering survey and design; construction project management; technical consulting, technical services; property management. (Enterprises may independently choose business items and carry out business activities in accordance with the law; as for items subject to approval in accordance with the law, relevant business activities shall be carried out with the approval of the competent authorities and within the scope of the approval; business activities of the forbidden and restricted projects as required by the municipal industry policies are not allowed.)
Shareholding and equity participation in other domestic and overseas listed companies during the Reporting Period	China State Construction Engineering Corporation holds 27.04% shares of Cscec Scimee Sci. & Tech. Co., Ltd. (stock abbreviation: SCIMEE, stock code: 300425.SZ) through its wholly-owned subsidiary, Beijing Zhongjian Qiming Enterprise Management Co., Ltd. (北京中建启明企业管理有限公司) ("Zhongjian Qiming"). Zhongjian Qiming is the controlling shareholder of SCIMEE.
Other matters	/

#### 2. Natural person

☐ Applicable ☒ N/A

#### 3. Special explanation on absence of a controlling shareholder of the Company

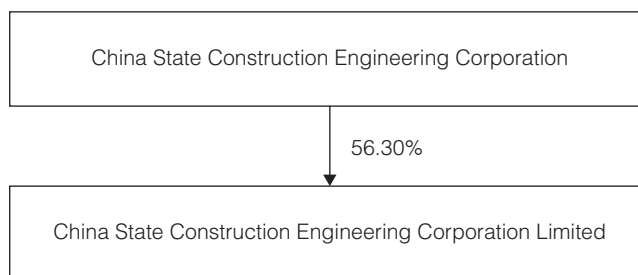
☐ Applicable ☒ N/A

#### 4. Details of the index and the date of changes of the controlling shareholder during the Reporting Period

☐ Applicable ☒ N/A

**5. Chart showing the ownership and controlling relationship between the Company and the controlling shareholder**

☒ Applicable ☐ N/A



**(II) De Facto Controller**

**1. Legal person**

☒ Applicable ☐ N/A

Name State-owned Assets Supervision and Administration Commission of the State Council

**2. Natural person**

☐ Applicable ☒ N/A

**3. Special explanation on absence of a de facto controller of the Company**

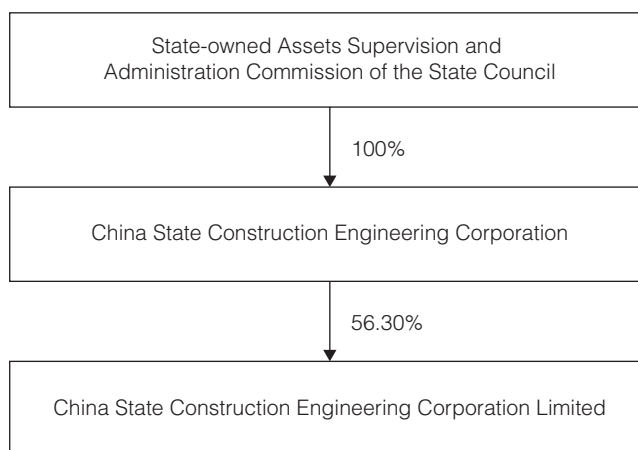
☐ Applicable ☒ N/A

**4. Details of the index and the date of changes of the de facto controller during the Reporting Period**

☐ Applicable ☒ N/A

**5. Chart showing the ownership and controlling relationship between the Company and the de facto controller**

☒ Applicable ☐ N/A



**6. The de facto controller controlling the Company through a trust or other asset management company**

☐ Applicable    ☒ N/A

**(III) Other information of the controlling shareholder and the de facto controller**

☐ Applicable    ☒ N/A

**V. Other Corporate Shareholders Holding More than 10% of the Shares**

☐ Applicable    ☒ N/A

**VI. Explanation on Restrictions on the Reduction of Shareholding**

☐ Applicable    ☒ N/A

## SECTION VII INFORMATION RELATED TO PREFERRED SHARES

√ Applicable    □ N/A

### I. Issuance and Listing of Preferred Shares in the Past Three Years by the End of the Reporting Period

Unit: ten thousand shares

Code of preferred shares	Abbreviation of preferred shares	Date of issue	Issue price (in RMB)	Dividend rate (%)	Number of shares issued	Date of listing	Number of shares permitted to be listed for trading	Delisting date
360007	China Construction Preferred Stock 1	2015-03-02	100	5.8%	15,000	2015-03-20	15,000	/
Use progress and changes of proceeds	<p>On March 6, 2015, upon consideration and approval at the 76th meeting of the first session of the Board of the Company, it was agreed to replace the self-pooled upfront investment in projects to be invested through fund raising with the proceeds from preferred shares of RMB12.763 billion. The Company's independent directors and the Board of Supervisors agreed on the matter. For details of and investment in the projects, please refer to the relevant announcements such as CSCEC: Announcement on the Replacement of the Self-Pooled Upfront Investment in Projects to be Invested Through Fund Raising with the Proceeds from Preferred Shares issued by the Company on March 9, 2015. In accordance with the commitment made in the application document for the issuance of preferred shares, the remaining proceeds from preferred shares of RMB2.212 billion were used for the category III of projects supplementing the Company's general working capital.</p> <p>As of the end of the Reporting Period, all the proceeds from the Company's initial non-public issuance of preferred shares of RMB15.0 billion have been fully utilized. Please refer to the relevant content of (a) "Preference share" under Note IV (44) "Other equity instruments" to the Financial Statements under Section XI "FINANCIAL REPORT" hereof.</p>							

### II. Preferred Shareholders

#### (I) Total number of preferred shareholders

Total number of preferred shareholders at the end of the Reporting Period	10
Total number of preferred shareholders at the end of the month immediately before the date of disclosure of the annual report	0

## (II) Shareholding of top ten preferred shareholders as at end of the Reporting Period

Unit: Share

Shareholding of top ten preferred shareholders							
Name of shareholder (full name)	Increase/ decrease in shares during the Reporting Period	Number of shares held at the end of the period	Percentage (%)	Class of shares held	Pledged or frozen		Nature of shareholder
COFCO Trust Co., Ltd. – COFCO Trust Investment No. 1 Fund Trust Plan	0	35,000,000	23.33	Non-Cumulative	Nil	0	Other
Xing Quan Rui Zhong Total Assets – Ping An Bank – Ping An Bank Co., Ltd.	0	30,000,000	20.00	Non-Cumulative	Nil	0	Other
Hwabao Trust Co., Ltd. – Investment No.2 Fund Trust	0	20,000,000	13.33	Non-Cumulative	Nil	0	Other
Bosera Fund – ICBC – Bosera – ICBC -Flexible Allocation No. 5 Specific Multi-customer Assets Management Plan	0	20,000,000	13.33	Non-Cumulative	Nil	0	Other
Bank of Communications International Trust Co., Ltd. – BOCOMMTRUST Hui Li No.22 Single Fund Trust	0	20,000,000	13.33	Non-Cumulative	Nil	0	Other
E Fund – Agricultural Bank of China – Agricultural Bank of China Limited	0	11,000,000	7.33	Non-Cumulative	Nil	0	Other
CIB Wealth – Industrial Bank – Industrial Bank Co., Ltd.	0	6,000,000	4.00	Non-Cumulative	Nil	0	Other
Bank of Beijing Scotiabank – Bank of Beijing – Bank of Beijing Co., Ltd.	0	5,000,000	3.33	Non-Cumulative	Nil	0	Other
Bank of Beijing Co., Ltd. – RMB Financial Management Plan of Xinxi Series of Bank of Beijing	0	2,000,000	1.33	Non-Cumulative	Nil	0	Other
Huatai Asset Management – Industrial Bank – Zengyi No.1 Investment Product	0	1,000,000	0.67	Non-Cumulative	Nil	0	Other
In the event of the different settings of other provisions than dividend distribution and residual properties distribution in respect of preferred shares held by shareholders, the number of shares held shall be disclosed separately			N/A				
Descriptions on the related relationship or parties acting in concert among the top 10 preferred shareholders and that between the above shareholders and the top 10 ordinary shareholders			The Company is not aware of any related relationship among the above shareholders, or whether they are parties acting in concert.				

## (III) Other matters

☐ Applicable ☒ N/A

### III. Profit Distribution of Preferred Shares

#### (I) Profit distribution

☒ Applicable ☐ N/A

According to the Articles of Association of the Company, the Company pays dividends in cash once a year, which will carry fixed dividend rate with single step-up in dividend rate arrangement. For the preferred shares issued in the first tranche, the dividend rate for the first five dividend accruing years has been determined at 5.80% through inquiry methods, and remained unchanged. If the Company does not exercise its redemption rights entirely, from the sixth dividend accruing year onwards, the dividend rate per share will be the dividend rate for the first five dividend accruing years plus 2 percentage points, and will remain unchanged after adjustments to the dividend rate for the sixth dividend accruing year. The preferred shares issued in different tranches will have equal priority to dividend distribution. The Company may distribute dividends to the preferred shareholders if there are distributable profit left after recovering losses and making allocations to its reserve according to relevant laws. The dividends on the preferred shares are not cumulative. Unless the occurrence of any trigger events for compulsory payment, the general meeting of the Company shall be entitled to determine to cancel the payment of part or full current dividend on the preferred shares. Once the preferred shareholders under the issuance have received dividends at the specified dividend rate, they shall not be entitled to the distribution of the remaining profit together with ordinary shareholders.

Please refer to the Articles of Association, the Prospectus for the Non-public Issuance of Preferred Shares of CSCEC, Report on the Issuance of Non-public Issuance of Preferred Shares of CSCEC and other related announcements published by the Company on March 7, 2015, as well as the relevant content of (a) "Preference share" under Note IV (44) "Other equity instruments" to the financial statements under Section XI "FINANCIAL REPORT" hereof.

#### (II) Distribution amount and distribution ratio for preferred shares in the recent three years (the Reporting Period inclusive)

☒ Applicable ☐ N/A

Unit: '000 yuan    Currency: RMB

	Distribution amount	Distribution ratio
2019-2020	870,000	Dividend rate of 5.80%
2018-2019	870,000	Dividend rate of 5.80%
2017-2018	870,000	Dividend rate of 5.80%

Other explanation:

On April 11, 2019 and May 7, 2019, the 23rd meeting of the second session of the Board of the Company and the 2018 annual general meeting considered and approved the Proposal on the Dividend Distribution Plan in 2019-2020 for Preferred Shares of RMB15.0 billion of China State Construction Engineering Corporation Limited, a cash dividend of RMB5.80 (tax inclusive) per preferred share will be distributed to the preferred shareholders (tranche I) whose names appear on the register of members of the Company, as maintained by China Securities Depository and Clearing Corporation Limited, Shanghai Branch, after the close of trading hours of the Shanghai Stock Exchange on February 28, 2020, based on the 150 million preferred shares (tranche I) which were issued at a dividend rate of 5.80%. For details, please refer to the Announcement on the Distribution of Dividends for Preferred Shares (Tranche I) of 2019-2020" issued on February 22, 2020. As of the disclosure date, the plan has been implemented.

**(III) If the Company records profits and the parent company records a positive undistributed profit during the Reporting Period but no profit is distributed for preferred shares, the Company shall disclose the reasons and the usage of the undistributed profits and the usage plan in details**

☐ Applicable    ☒ N/A

**(IV) Other explanation**

☐ Applicable    ☒ N/A

#### **IV. Repurchase and Conversion of the Company's Preferred Shares during the Reporting Period**

**(I) Repurchase**

☐ Applicable    ☒ N/A

The redemption right of China Construction Preferred Stock 1 rests on the Company. The Company is entitled to redeem and cancel the preferred shares of the Company in accordance with its operation situation and in compliance with relevant laws, regulations and normative documents. No repurchase terms are provided in China Construction Preferred Stock 1, that is, preferred shareholders do not have the right to call for the Company's repurchase of their preferred shares.

The redemption period of China Construction Preferred Stock 1 is from the fifth anniversary of the first dividend accruing date of each tranche respectively up to the date when all the preferred shares have been redeemed in full. Following the fifth anniversary of the first dividend accruing date (in the event of issuing by tranches, on the first dividend accruing date of each tranche respectively), the Company is entitled to redeem and cancel all or part of the preferred shares under the issuance on every dividend distribution date, of which the preferred shares issued in the tranche I, the Company is entitled to exercise the redemption right on March 2 every year from March 2, 2020 (inclusive), if such day falls on a statutory holiday or rest day, which shall be postponed to the first working day immediately thereafter. Where a partial redemption is decided to be carried out by the Company, the Company shall redeem the preferred shares from all preferred shareholders of the same tranche by the same proportion.

The redemption price of China Construction Preferred Stock 1 shall be the par value plus current dividends on the preferred shares resolved yet to be paid.

**(II) Conversion**

☐ Applicable    ☒ N/A

No terms for compulsory conversion to ordinary shares are provided in China Construction Preferred Stock 1.

#### **V. Restoration and Exercise of Relevant Voting Rights that the Company shall Disclose if the Voting Rights of Preferred Shares Restored**

☐ Applicable    ☒ N/A



## **VI. Accounting Policies Adopted by the Company for Preferred Shares and Reasons therefor**

☒ Applicable ☐ N/A

Pursuant to requirements of Accounting Standard for Business Enterprises No. 37 – Presentation of Financial Instruments and Provisions for Differentiation between Financial Instruments and Equity Instruments and Relevant Accounting Treatment issued by the Ministry of Finance, the actual amount received from total issuance amount of China Construction Preferred Stock 1 after deducting related transaction costs were accounted for as other equity instruments.

## **VII. Miscellaneous**

☒ Applicable ☐ N/A

Upon the consideration and approval at the Company's 2020 1st extraordinary general meeting held on February 19, 2020, all 150 million issued preferred shares of China Construction Preferred Stock 1 of the Company have been redeemed and cancelled on March 2, 2020. Please refer to the Announcement on the Result of Redemption of All Non-Public Issuance of Preferred Shares issued by the Company on March 3, 2020.

## SECTION VIII DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

### I. Changes in Shareholding and Remuneration

#### (I) Changes in shareholding and remuneration of incumbent and resigned directors, supervisors and senior management during the Reporting Period

√ Applicable ☐ N/A

Unit: 0,000 shares

Name	Position	Gender	Age	Commencement date of the term of office	Expiry date of the term of office	Number of shares hold at the beginning of the year	Number of shares hold at the end of the year	Share changes during the year	Reason for changes	Total pre-tax remuneration received from the Company during the Reporting Period (0'000 yuan)	Whether to obtain remuneration from related parties of the Company
<b>Incumbent directors, supervisors and senior management</b>											
Zhou Naixiang	Chairman	Male	58	2019-10-10	2021-01-08	0	0	0	/	/	Yes
	Director	Male	54	2019-05-07	2021-01-08						
					Upon a new appointment/ dismissal by the Board of Directors						
Zheng Xuexuan	President	Male	54	2020-03-04		50.4	50.4	0	/	/	Yes
	Former vice president	Male	54	2016-01-19	2019-04-02						
Yang Chunjin	Independent director	Male	69	2018-01-09	2021-01-08	0	0	0	/	6	No
Yu Hailong	Independent director	Male	69	2018-01-09	2021-01-08	0	0	0	/	6	No
Jia Chen	Independent director	Male	64	2018-01-09	2021-01-08	0	0	0	/	6	No
Zheng Changhong	Independent director	Male	64	2018-01-09	2021-01-08	0	0	0	/	6	No

Name	Position	Gender	Age	Commencement date of the term of office	Expiry date of the term of office	Number of shares held at the beginning of the year	Number of shares held at the end of the year	Share changes during the year	Reason for changes	Total pre-tax remuneration received from the Company during the Reporting Period (0'000 yuan)	Whether to obtain remuneration from related parties of the Company
Gao Lieyang	Chairman of the Board of Supervisors	Male	54	2018-01-09	2021-01-08	52.5	16.8	-35.7	As he was appointed as the chairman of the Board of Supervisors during implementation of the Company's Phase II restricted A shares, and repurchased his phase II restricted A shares have been repurchased.	143.11	No
Li Jianbo	Supervisor	Male	62	2018-01-09	2021-01-08	44.8	44.8	0	/	6	No
Tian Shifang	Supervisor	Male	62	2018-01-09	2021-01-08	15.4	15.4	0	/	6	No
Ning Wangchu	Employee representative supervisor	Male	62	2018-01-09	2021-01-08	22.12	22.12	0	/	6	No
Lu Yanbin	Employee representative supervisor	Male	62	2018-01-09	2021-01-08	15.4	15.4	0	/	6	No
Wang Yunlin	Vice president, chief financial officer	Male	56	2019-01-15	Upon a new appointment/ dismissal by the Board of Directors	0	0	0	/	/	Yes
Zhao Xiaojiang	Vice president	Male	54	2016-01-19	Upon a new appointment/ dismissal by the Board of Directors	0	0	0	/	/	Yes
Ma Zeping	Vice president	Male	57	2010-12-01	Upon a new appointment/ dismissal by the Board of Directors	50.4	50.4	0	/	/	Yes
Zhou Yong	Vice president	Male	49	2019-01-28	Upon a new appointment/ dismissal by the Board of Directors	35.7	83.7	48	Phase III restricted A shares grant	/	Yes

Name	Position	Gender	Age	Commencement date of the term of office	Expiry date of the term of office	Number of shares hold at the beginning of the year	Number of shares hold at the end of the year	Share changes during the year	Reason for changes	Total pre-tax remuneration received from the Company during the Reporting Period (0'000 yuan)	Whether to obtain remuneration from related parties of the Company
Huang Kesi	Vice president	Male	59	2017-10-27	Upon a new appointment/ dismissal by the Board of Directors	86.716	134.716	48	Phase III restricted A shares grant	145.04 <sup>(note1)</sup>	No
Xue Keqing	Secretary to the board	Male	56	2018-06-15	Upon a new appointment/ dismissal by the Board of Directors	81.9	129.9	48	Phase III restricted A shares grant	193.59 <sup>(note1)</sup>	No
<b>Resigned directors, supervisors and senior management</b>											
Guan Qing	Former chairman	Male	/	2018-01-09	2019-10-10	63	63	0	/	/	Yes
Wang Xiangming	Former director	Male	57	2018-01-09	2019-04-02	50.4	50.4	0	/	/	Yes
	Former president			2016-08-23	2019-04-02						
Li Baian	Former vice president	Male	55	2007-12-10	2019-12-05	86.1	134.1	48	Phase III restricted A shares grant	199.96 <sup>(note1)</sup>	No
Shao Jijiang	Former vice president	Male	55	2007-12-10	2019-04-24	86.1	134.1	48	Phase III restricted A shares grant	151.95 <sup>(note1)</sup>	No
<b>Total</b>	<b>/</b>	<b>/</b>	<b>/</b>	<b>/</b>	<b>/</b>	<b>740.936</b>	<b>945.236</b>	<b>204.3</b>	<b>/</b>	<b>881.65</b>	<b>/</b>

Note 1: including incentive compensation in term of office in 2016 to 2018

Note 2: Considering the appointment and dismissal of the new session of leadership of China State Construction Engineering Corporation by the Organization Department of the CPC Central Committee and the SASAC of the State Council, remuneration of the leaders of China State Construction Engineering Corporation will be paid by China State Construction Engineering Corporation and disclosed on the Company' s official website. Leaders who work part-time in CSCEC have been approved by the CSRC.

Name	Major work experience
Zhou Naixiang	<p>Party Secretary and Chairman of China State Construction Engineering Corporation, Chairman of China State Construction Engineering Corporation Limited. Senior engineer, a master's degree holder. Former deputy general manager of Jiangsu Provincial Construction Engineering Corporation (Construction Group Corporation), deputy mayor of Taizhou City, Jiangsu Province, standing committee member and executive deputy mayor of Taizhou City, Jiangsu Province, director and Party Secretary of Jiangsu Tourism Bureau, and Party Secretary, deputy director of Jiangsu Provincial Department of Housing and Urban-Rural Development, deputy secretary, acting mayor and mayor of Suzhou Municipal Party Committee of Jiangsu Province, secretary of Suzhou Municipal Party Committee of Jiangsu Province, member of the Standing Committee of Jiangsu Provincial Party Committee and secretary of the Suzhou Municipal Party Committee. He has been the Party Secretary of China State Construction Engineering Corporation since August 2019, Chairman of China State Construction Engineering Corporation Since September 2019, and Chairman of China State Construction Engineering Corporation Limited since October 2019. He is a representative of the 19th NPC, alternate member of the 19th Central Committee of the Communist Party of China, and representative of the 12th National People's Congress.</p>
Zheng Xuexuan	<p>Director, general manager, deputy secretary of the party committee, chairman of the labor union of China State Construction Engineering Corporation, director and president of China State Construction Engineering Corporation Limited, professor-level senior engineer and PhD holder. He has served as deputy general manager and general manager of Manager Department of CSCEC Algeria, chairman, and party committee secretary of CSCEC Algeria; deputy general manager of Overseas Cooperation Division of CSCEC; executive director and party committee member of CSCEC International Operations; executive general manager of Overseas Business Department of CSCEC; assistant general manager and general manager of Human Resources Department of China Construction Engineering Corporation Limited. Since November 2015, he has been a member of the Party Committee of the former China State Construction Engineering Corporation. He has been the deputy general manager of the former China State Construction Engineering Corporation from January 2017, director and deputy party secretary of China State Construction Engineering Corporation since September 2018, director of China State Construction Engineering Corporation Limited since May 2019, general manager of China State Construction Engineering Corporation since November 2019, and president of China State Construction Engineering Corporation Limited since March 2020. Representative of the 17th National People's Congress of the Communist Party of China, National Model Worker.</p>
Yang Chunjin	<p>Independent director of China State Construction Engineering Corporation Limited, professor-level senior engineer, enjoying special government subsidy from the State Council, a bachelor's degree holder. He has been the deputy director of the cadre department of the Ministry of Water and Electricity since October 1986, the director of the personnel and labor department of the Ministry of Water Resources since June 1988, the deputy director of the personnel and labor department of the Ministry of Water Resources since July 1992, general manager and party secretary of Jianghe Water Conservancy and Hydropower Development Company (中国江河水利水电开发公司) since September 1995, general manager and party secretary of China Water Conservancy Investment Group Co., Ltd. since June 2001, and deputy general manager and member of the party committee of China Three Gorges Corporation since March 2009.</p>

Name	Major work experience
Yu Hailong	<p>Independent director of China State Construction Engineering Corporation Limited, professor-level senior engineer and holder of master in engineering management. Mr. Yu served as deputy director of the Personnel Bureau of the State Economic and Trade Commission (国家经委人事局) since February 1983, director of the office and the project investigation department of China Kangfu International Leasing Co., Ltd. under the Ministry of Foreign Trade and Economic Cooperation (国家外经贸部中国康富国际租赁公司) since February 1988, and deputy director of the General Office (in charge of work) of Machinery and Electric Qingfang Investment Co., Ltd. under the State Planning Commission (国家计委机电轻纺投资公司) since June 1992. Mr. Yu served as director of the office and secretary of the Communist Party Committee of State Development &amp; Investment Corporation (国家开发投资公司), and general manager of State Development &amp; Investment (Electronics) Corporation (国投电子公司) and State Development &amp; Investment (High Technology and Pioneering) Corporation (国投高科技创业公司) since March 1994. He served as general manager and deputy secretary of the Communist Party Committee of China New Era Group Corporation (中国新时代控股(集团)公司) since April 2002. From January 2010, he served as the general manager and secretary of the Communist Party Committee of China New Era Group Corporation, and from May 2010, he served as the general manager, standing committee member of the Party Committee and director of China Energy Conservation and Environmental Protection Group.</p>
Jia Chen	<p>Independent director of China State Construction Engineering Corporation Limited and professor-level senior engineer. Mr. Jia graduated from Liaoning Financial and Trade College (now Dongbei University of Finance and Economics) with a bachelor's degree in economics in February 1982. Worked in the Ministry of Finance from February 1982 to December 2013, he successively served as deputy director, director, deputy head of the Accounting Division of the Ministry of Finance, deputy head of General Affairs Division of the Ministry of Finance, chief of law affairs division of the Ministry of Finance, head of division of corporation of the Ministry of Finance, and chief of the taxation division of the Ministry of Finance. From December 2013 to August 2016, he served as a party member and deputy general manager of China North Industries Group Corporation. In March 2017, he was hired as an external director of China Mobile Communications Corporation. He used to be the executive director of the Accounting Society of China, the executive director of the China Association of Chief Financial Officers, the executive director of Society of Public Finance of China, the vice chairman of the Asset Management Association of China, and the deputy director of the Office of the State Council's Leading Group for the Promotion of SMEs.</p>
Zheng Changhong	<p>Independent director of China State Construction Engineering Corporation Limited, professor-level senior engineer and a holder of doctoral degree in engineering. Mr. Zheng held positions as deputy head of Beijing Erqi Locomotive Works (北京二七机车厂), director of the general office, a director and deputy general manager of China National Railway Locomotive &amp; Rolling Stock Industry Corporation (中国铁路机车车辆工业总公司), a director and deputy general manager, deputy general manager, secretary of the Party Committee and deputy general manager and the secretary of the Party Committee of CSR Group Corporation (中国南车集团公司), an Executive director, vice chairman, president, chairman and secretary of the Party Committee of CSR Corporation Limited (中国南车股份有限公司), as well as an executive director, vice chairman and secretary of the Party Committee of CRRC Corporation Limited (中国中车集团).</p>
Gao Lieyang	<p>Chairman of the Board of Supervisors and assistant to the general manager of China State Construction Engineering Corporation Limited, professor-level senior engineer and a MBA degree. Mr. Gao served as a deputy general manager of General Contracting Department of China State Construction, general manager of Decoration Engineering Department of China State Construction, general manager of China State Decoration Group Co., Ltd., director, general manager and deputy party secretary of China State Construction Development Co., Ltd., director and party secretary of China State Decoration Group Co., Ltd., and director and party secretary of CSCEC Xinjiang Construction &amp; Engineering (Group) Co., Ltd.. He served as an assistant to general manager of China State Construction Engineering Corporation Limited since November 2012.</p>

Name	Major work experience
Li Jianbo	Supervisor of China State Construction Engineering Corporation Limited, senior engineer and holder of master in industrial engineering. Mr. Li has served as the deputy director and director of the coordination office of the Personnel Bureau of China State Construction, the deputy manager of the personnel department of China State Construction, the general manager of the human resources department of China State Construction, the vice chairman, secretary of the party committee and deputy general manager of China Overseas Holdings Limited. From March 2018, he no longer served as vice chairman, secretary of the party committee and deputy general manager of China Overseas Holdings Limited.
Tian Shifang	Supervisor of China State Construction Engineering Corporation Limited and a senior accountant. Mr. Tian has served as the deputy director of the Audit Department of China Construction Eighth Engineering Division Corp. Ltd., chief accountant and party committee member of China Construction Eighth Engineering Division Second Company, director, chief accountant and party committee member of China Construction Port Group Co., Ltd., director, chief financial officer, and party committee member of China State Construction Harbour Construction Co., Ltd. (renamed in December 2019 as China Construction Harbour and Channel Engineering Bureau Group Co., Ltd.). Since March 2020, he no longer served as a director, chief financial officer, and party committee member of China Construction Harbour and Channel Engineering Bureau Group Co., Ltd.
Ning Wangchu	Supervisor of China State Construction Engineering Corporation Limited, senior political engineer and bachelor's degree holder. He has served as minister of the Propaganda Department of the Party Committee, deputy secretary of the Party Committee, chairman of the Trade Union, secretary of the Discipline Inspection Commission and supervisor and inspector of China Southwest Architectural Design and Research Institute. Since February 2018, he no longer served as inspector of China Southwest Architectural Design and Research Institute.
Lu Yanbin	Supervisor of China State Construction Engineering Corporation Limited, a senior engineer and bachelor's degree holder. He successively served as Secretary of the Party Committee and General Manager of Nanjing Branch of China Construction Second Bureau Second Company (中建二局二公司), General Manager of China Construction Second Bureau Second Company, Deputy General Manager, standing committee member of the Party Committee and Director of China Construction Second Bureau Co., Ltd. (中建二局有限公司), and inspector of China Construction Second Engineering Division Corp. Ltd. (中国建筑第二工程局有限公司). From February 2018, he no longer served as inspector of China Construction Second Engineering Division Corp. Ltd.
Wang Yunlin	Chief Accountant of China State Construction Engineering Corporation, a member of the Party Committee, vice president and chief financial officer of China State Construction Engineering Corporation Limited, researcher-level senior accountant and master's degree holder. He has served as the chief accountant of the Second Research Institute of CASIC (Group) Company, the deputy director and minister of the Finance Department of CASIC (Group) Company, the chairman of Aerospace Securities Co., Ltd., and the deputy chief accountant of CASIC (Group) Company, Member of the Party Committee and Chief Accountant of China Aerospace Science and Industry Corporation Limited. He served as a member of Party Committee and Chief Financial Officer of China State Construction Engineering Corporation since December 2018, and vice president and chief financial officer of China State Construction Engineering Corporation Limited since January 2019.
Zhao Xiaojiang	Deputy general manager and member of Party Committee of China State Construction Engineering Corporation, vice president of China State Construction Engineering Corporation Limited. Concurrently served as a part-time professor and doctoral tutor of Cheng Shiu University, with a Ph.D. degree. He has served as Secretary of the General Office of the State Council (at the bureau level), Deputy Mayor of Nanjing (posted), a Standing Committee member of Party Committee and Deputy Mayor of Nanjing (posted), Deputy Secretary of Yangzhou Municipal Committee (at the municipal level), Deputy Secretary Lianyungang Municipal Committee, Mayor and Secretary of the Party Committee of the Municipal Government of Lianyungang. He has been a member of the Party Committee of the former China State Construction Engineering Corporation since November 2015, the vice president of China State Construction Engineering Corporation Limited since January 2016, and the vice general manager of the former China State Construction Engineering Corporation since January 2017.

Name	Major work experience
Ma Zeping	Deputy general manager and member of Party Committee of China State Construction Engineering Corporation, vice president of China State Construction Engineering Corporation Limited, concurrently served as a vice president of China Highway Construction Association, professor-level senior engineering, holder of a part-time postgraduate diploma. He has served as the former deputy director of China Construction Eighth Engineering Division; general manager of infrastructure department of China State Construction Engineering Corporation; executive director and deputy general manager of CSCEC International Operations; assistant general manager of China State Construction Engineering Corporation; Chairman of the Board of China State Construction Railway Construction Co., Ltd.; Chairman of China State Construction Harbour Construction Co., Ltd.; Secretary of Party Work Committee and General Manager of Infrastructure Business Department of China State Construction Engineering Corporation Limited; Executive Director and General Manager of China Construction Infrastructure Co., Ltd. (中国建设基础设施有限公司). He has been the vice president of China State Construction Engineering Corporation Limited since December 2010, a member of the party committee of the former China State Construction Engineering Corporation since November 2015, and the deputy general manager of China State Construction Engineering Corporation since January 2017. National model worker.
Zhou Yong	Deputy general manager and member of Party Committee of China State Construction Engineering Corporation, vice president of China State Construction Engineering Corporation Limited, professor-level senior engineering, holder of bachelor's degree. Mr. Zhou has served as Vice Chairman, Executive Director and Chief Executive Officer of China State Construction International Holdings Limited, Vice Chairman, Deputy General Manager and Member of Party Committee of China Overseas Holdings Limited, Chairman of the Board and Secretary of Party Committee of China State Construction International Holdings Limited, chairman of the Board of Directors and secretary of the party committee of China Overseas Holdings Limited. He has been a member of the Party Committee of China State Construction Engineering Corporation since December 2018, and the Deputy General Manager of China State Construction Engineering Corporation and Vice President of China State Construction Engineering Corporation Limited since January 2019. He is a Member of the 13th National Political Consultative Committee.
Huang Kesi	Vice president of China State Construction Engineering Corporation Limited, Chairman of the Board and secretary to Party Committee of China Construction Second Engineering Division Corp. Ltd., a professor-level senior engineer and holder of master's degree of business administration. He successively served as chief economist, deputy director, a standing committee member of party committee, director, general manager, chairman, party committee secretary of China Construction Eighth Engineering Division Corp. Ltd., and chairman of CSCEC Xinjiang Construction & Engineering (Group) Co., Ltd. He has been the vice president of China State Construction Engineering Corporation Limited since October 2017, and the chairman and secretary of the Party Committee of China Construction Second Engineering Division Corp. Ltd. since January 2020. He is also a model worker of SOE and was granted the National May 1st Labor Medal.
Xue Keqing	Secretary to the Board of China State Construction Engineering Corporation Limited, senior accountant, a MBA degree, director of the Chinese Tax Institute, director of Accounting Society of China, and the consulting expert of the third session of management accounting of the Ministry of Finance. He has served as the deputy manager of financial and capital department, general manager of investment department, general manager of capital department, general manager of financing and investment department of China State Construction Engineering Corporation; general manager of capital department and general manager of finance department of China State Construction Engineering Corporation Limited; vice chairman and general manager of China State Construction Finance Co., Ltd.; executive director of COHL; deputy chief accountant of China State Construction Engineering Corporation Limited. He has been the chief financial officer of China State Construction Engineering Corporation Limited since June 2016, the secretary of the Board of Directors of China State Construction Engineering Corporation Limited since June 2018, and no longer served as the chief financial officer of China State Construction Engineering Corporation Limited since January 2019.



## Other explanation

☒ Applicable ☐ N/A

1. On January 15, 2019, the Company held the 17th meeting of the second session of the Board. Mr. Wang Yunlin was appointed as the Company's vice president and chief financial officer. Due to work adjustments, Mr. Xue Keqing no longer served as the Company's chief financial officer.
2. On January 28, 2019, the Company convened the 19th meeting of the second session of the Board, and Mr. Zhou Yong was appointed as the Company's vice president.
3. On April 2, 2019, the Company convened the 22nd meeting of the second session of the Board. Due to work adjustments, Mr. Wang Xiangming resigned as director of the second session of the Board, member of the Strategy Committee of the Board and president, and Mr. Zheng Xuexuan no longer served as the Company's vice president.
4. On April 24, 2019, the Company convened the 24th meeting of the second session of the Board. Due to work adjustments, Mr. Shao Jijiang would no longer serve as the Company's vice president.
5. On May 7, 2019, the Company held the 2018 annual general meeting and elected Mr. Zheng Xuexuan as the director of the second session of the Board of the Company.
6. On October 9, 2019, the Company convened the first extraordinary general meeting of 2019, and elected Mr. Zhou Naixiang as a director of the second session of the Board of the Company.
7. On October 10, 2019, the Company convened the 29th meeting of the second session of the Board. It was agreed that Mr. Guan Qing would resign as chairman, director and chairman of the Strategy Committee, and Mr. Zhou Naixiang was elected as chairman of the second session of the Board, the chairman of the Strategy Committee. Mr. Zheng Xuexuan was elected as a member of the Strategy Committee of the second session of the Board.
8. On December 5, 2019, the Company convened the 31st meeting of the second session of the Board. Due to work adjustments, Mr. Li Baian would no longer serve as the Company's vice president.
9. On March 4, 2020, the Company convened the 35th meeting of the second session of the Board and agreed to appoint Mr. Zheng Xuexuan as the Company's president.

**(II) Stock options granted to directors and senior management during the Reporting Period**

√ Applicable    ☐ N/A

Unit: 0'000 shares

Name	Position	Number of restricted shares held at the beginning of the year	Number of restricted shares granted during the Reporting Period	Grant price of restricted shares (yuan)	Unlocked shares	Locked shares	Number of restricted shares held as of the date of disclosure	Market price at the end of the Reporting Period (0'000 yuan)
Zhou Naixiang	Chairman	0	0	0	0	0	0	0
Zheng Xuexuan	Director, President	0	0	0	0	0	0	0
Wang Yunlin	Vice president, chief financial officer	0	0	0	0	0	0	0
Zhao Xiaojiang	Vice president	0	0	0	0	0	0	0
Ma Zeping	Vice president	0	0	0	0	0	0	0
Zhou Yong	Vice president	35.7	48	3.468	11.9	71.8	59.9	403.516
Huang Kesi	Vice president	35.7	48	3.468	11.9	71.8	59.9	403.516
Xue Keqing	Secretary to the Board of Directors/ former chief financial officer	35.7	48	3.468	11.9	71.8	59.9	403.516
Guan Qing	Former chairman	0	0	0	0	0	0	0
Wang Xiangming	Former director, president	0	0	0	0	0	0	0
Li Baian	Former vice president	35.7	48	3.468	11.9	71.8	59.9	403.516
Shao Jijiang	Former vice president	35.7	48	3.468	11.9	71.8	59.9	403.516
Total	/	178.5	240	/	59.5	359	299.5	2,017.58

## II. Incumbent and Resigned Directors, Supervisors and Senior Management during the Reporting Period

### (I) Positions held in the Company's shareholders

√ Applicable    □ N/A

Name	Name of the Company's shareholders	Positions in the Company's shareholders	Commencement date of the term of office	Expiry date of the term of office
Zhou Naixiang	China State Construction Engineering Corporation	Party secretary, chairman	2019-08, 2019-09	/
Zheng Xuexuan	China State Construction Engineering Corporation	Director, general manager, deputy party secretary	2018-09, 2019-11, 2018-09	/
Wang Yunlin	China State Construction Engineering Corporation	Chief accountant, member of party committee	2018-12, 2018-12	/
Zhao Xiaojiang	China State Construction Engineering Corporation	Deputy general manager, member of party committee	2017-01, 2015-11	/
Ma Zeping	China State Construction Engineering Corporation	Deputy general manager, member of party committee	2017-01, 2015-11	/
Zhou Yong	China State Construction Engineering Corporation	Deputy general manager, member of party committee	2019-01, 2018-12	/
Guan Qing	China State Construction Engineering Corporation	Chairman, member of party committee	2015-05, 2015-04	2019-08, 2019-08
Wang Xiangming	China State Construction Engineering Corporation	Director, general manager, deputy party secretary	2016-05, 2016-05, 2016-05	2019-03, 2019-03, 2019-02

Name	Name of the Company's shareholders	Positions in the Company's shareholders	Commencement date of the term of office	Expiry date of the term of office
Employment at the shareholder entities		<p>On May 16, 2016, the Organization Department of the Communist Party of China Central Committee announced the decision of the Central Committee of the Party and the State Council regarding the appointment of the general manager of China State Construction: Comrade Wang Xiangming was appointed as the general manager of China State Construction.</p>		
		<p>In January 2017, China State Construction, a controlling shareholder of the Company, received the <i>Notice on the Appointment of 4 Personnel including Liu Jinzhang</i> (Guo Zi Ren Zi [2017] No. 2) from the SASAC of the State Council, appointing Zhao Xiaojiang, Ma Zeping and Zheng Xuexuan as Deputy General Managers of China State Construction (Now renamed as China State Construction Engineering Corporation); in September 2018, the Company's controlling shareholder China State Construction Engineering Corporation received the <i>Notice on the Appointment and Removal of Zheng Xuexuan and Liu Jinzhang</i> (Guo Ren Zi [2018] No. 349) from the State Council, appointing Zheng Xuexuan as a director of China State Construction Engineering Corporation, and removing Zheng Xuexuan from the post of deputy general manager of China State Construction Engineering Corporation; in December 2018, the Company's controlling shareholder, China State Construction Engineering Corporation, received the <i>Notice on Wang Yunlin's Appointment</i> (Guo Ren Zi [2018] No. 418) from the State Council, appointing Wang Yunlin as chief accountant of China State Construction Engineering Corporation. In December 2018, the Company's controlling shareholder, China State Construction Engineering Corporation, received the <i>Notice on Zhou Yong's Appointment</i> (Guo Ren Zi [2019] No. 6) from the State Council, appointing Zhou Yong as the deputy general manager of China State Construction Engineering Corporation. In March 2019, the Company's controlling shareholder, China State Construction Engineering Corporation, received the <i>Notice on the Appointment and Removal of Wang Xiangming's Position</i> (Guo Ren Zi [2019] No. 102) from the State Council, removing Wang Xiangming from the post of director and general manager of China State Construction Engineering Corporation. In September 2019, the Organization Department of the Communist Party of China Central Committee announced the decision of the Central Committee of the Party on the adjustment of the main leaders of China State Construction Engineering Corporation: Comrade Zhou Naixiang was appointed as the Chairman of China State Construction Engineering Corporation; Comrade Guan Qing was removed from the position of Chairman of China State Construction Engineering Corporation. In November 2019, the Organization Department of the Communist Party of China Central Committee announced the decision of the Central Committee of the Party on the adjustment and supplement of the general manager of China State Construction Engineering Corporation: Comrade Zheng Xuexuan was appointed as the general manager of China State Construction Engineering Corporation.</p>		
		<p>Such personnel were granted a waiver by the China Securities Regulatory Commission from compliance with part-time job restrictions. Please refer to the Announcement on the Resolutions of the 95th Meeting of the First Session of the "Board of China Construction" released on August 24, 2016, CSCEC: Announcement on Exempting Several Executives from Part-time Employment Restrictions issued on April 11, 2017, the Announcement on Appointment of Vice President and Chief Financial Officer of the Company issued on January 16, 2019, the Announcement on Appointment of Vice President of the Company issued on January 29, 2019 and the Announcement on Appointment of the President of the Company released on March 5, 2020.</p>		
		<p>On April 2, 2019, the Company convened the 22nd meeting of the second session of the Board. Due to work adjustments, Mr. Wang Xiangming resigned as director of the second session of the Board, member of the Strategy Committee and president of China State Construction Engineering Corporation Limited. On October 10, 2019, the Company convened the 29th meeting of the second session of the Board and agreed Mr. Guan Qing's resignation as chairman, director and chairman of the Strategy Committee of the Company.</p>		

## (II) Employment at other entities

√ Applicable    ☐ N/A

Name of employee	Name of other entities	Position at other entities	Commencement date of the term of office	Expiry date of the term of office
Yu Hailong	Metallurgical Corporation of China Ltd.	Independent director	2014-11	/
Yu Hailong	Shenzhen Overseas Chinese Town Co., Ltd.	Independent director	2014-12	2019-11
Jian Chen	China Mobile Communications Corporation	External director	2017-03	/
Zheng Changhong	China Communications Construction Company	Independent non-executive director	2017-11	2020-11
Zheng Changhong	Overseas Chinese Town Group Company	External director	2018-01	/
Xue Keqing	Everbright Securities Company Limited	Director	2017-11	2020-10
Employment at other entities	/			

## III. Remunerations of Directors, Supervisors and Senior Management

√ Applicable    ☐ N/A

Decision-making procedures for remunerations of the directors, supervisors and senior management	The business performance evaluation and personal evaluation are carried out by SASAC of the State Council and the Board of Directors, and the remuneration is subject to approval by SASAC of the State Council.
Basis for determining the remunerations of the directors, supervisors and senior management	Based on relevant policies of SASAC of the State Council on the remuneration management of heads of central enterprises and the remuneration management of external directors, and the remuneration management measures of China State Construction Engineering Corporation Limited.
Actual payments of remunerations of the directors, supervisors and senior management	The total remuneration (including basic salary, performance bonus, insurance benefits and subsidies, etc.) received by the current directors (excluding independent directors), supervisors and senior management of the Company for the year is RMB8,576,500. The total allowance for the four independent directors for the year is RMB240,000. Please refer to "I. Changes in Shareholding and Remuneration" in this section.
Remunerations received in aggregate by all the directors, supervisors and senior management at the end of the Reporting Period	RMB8,816,500

#### IV. Changes in Directors, Supervisors and Senior Management

☒ Applicable ☐ N/A

Name	Positions held	Change	Reason for change
Zhou Naixiang	Chairman	Appointment	Work required
Zheng Xuexuan	Director, president	Appointment	Work required
Wang Yunlin	Vice president, chief financial officer	Appointment	Work required
Zhou Yong	Vice president	Appointment	Work required
Xue Keqing	Chief financial officer	Resign	Work required
Guan Qing	Chairman	Resign	Personal reason
Wang Xiangming	Director, president	Resign	Work arrangement
Li Baian	Vice president	Resign	Work arrangement
Shao Jijiang	Vice president	Resign	Work arrangement

#### V. Explanation on being Punished by Securities Regulatory Authority in the Past Three Years

☐ Applicable ☒ N/A

#### VI. Employees of Parent Company and Major Subsidiaries

##### (I) Employees

Number of existing staff of the Company	350
Number of existing staff of principal subsidiaries	334,688
Total number of existing staff	<b>335,038</b>
Number of resigned or retired staff to whom the Company and principal subsidiaries are liable (Total number of resigned or retired staff at the end of 2019)	<b>78,815</b>

Expertise	
Category	Number of Staff
Operation and management	12,391
Project construction	183,645
Prospecting and design	18,674
Properties development	39,842
Professional management	80,486
Total	<b>335,038</b>

Educational level	
Category	Number of Staff
Master's Degree or above	22,772
Undergraduate Degree	196,749
Associate Degree	55,091
Technical secondary school and below	60,426
Total	<b>335,038</b>

## **(II) Remuneration Policy**

☒ Applicable ☐ N/A

The Company adheres to market and performance orientation, and strengthens salary evaluation and incentives. The Company closely associates remuneration distribution with corporate benefits and personal performance, and the rise and fall of remuneration are directly proportional to the increase and decrease of performance, which effectively mobilizes the enthusiasm, initiative and creativity of the operator and employees. Meanwhile, with a focus on value creation, it adheres to linkage of work efficiency, strengthens benchmarking management, improves salary performance management, strengthens the pertinence, accuracy and effectiveness of remuneration distribution, so as to continuously improve the effective and constrained remuneration distribution system, and promote corporate vitality, competitiveness and creativity.

## **(III) Training Program**

☒ Applicable ☐ N/A

Focusing closely on the "13th Five-Year Plan" and key annual work points, for the purpose of full coverage of education and training, the continuously optimized top-level design, the continuously standardized process management, more diversified ways of education and training, the goal of "high efficiency, high capability, high value" talent team building and the focus on "leadership, professionalism and occupational capabilities", the Company has launched a transformation and upgrading training program to provide internal driving force for the Group's talent team building.

## **(IV) Labor Service Outsourcing**

☐ Applicable ☒ N/A

## **VII. Miscellaneous**

☒ Applicable ☐ N/A

As of the end of the Reporting Period, the Company's talent structure had been further optimized, and the proportion of employees with bachelor degree or above reached 65.5%.

## SECTION IX CORPORATE GOVERNANCE

### I. Explanation on Corporate Governance

☒ Applicable ☐ N/A

During the Reporting Period, the Company strictly operated in accordance with the laws and regulations such as the Company Law of the People's Republic of China and the Securities Law of the People's Republic of China, as well as the administrative regulations issued by the China Securities Regulatory Commission and the relevant requirements of various rules formulated by the Shanghai Stock Exchange. It established and perfected a standardized and comprehensive corporate governance structure, and effectively constructed a set of systematic and complete corporate governance system. In 2019, in order to implement the latest governance regulations on listed company, in accordance with the newly revised Company Law of the People's Republic of China, Code of Corporate Governance for Listed Companies, and Guidelines for Articles of Association of Listed Companies, the Company organized a comprehensive review of the 30 existing governance rules, determined an overall plan for amending or formulating 26 rules, and promoted the revision of 16 basic corporate governance rules during the Reporting Period, including the Articles of Association, Rules of Procedure of the General Meeting, Rules of Procedure of the Board of Directors and Rules of Procedure of the Board of Supervisors. The working mechanism of the Company's General Meeting, the Board of Directors, the Board of Supervisors, managers and independent directors is further standardized with high efficiency, and the level of corporate governance is further improved.

During the Reporting Period, the Company continued to improve the quality of information disclosure. Combining statutory information disclosure and voluntary information disclosure, the Company completed the preparation and disclosure of four periodic reports, 161 provisional announcements and related documents, involving the Company's operating conditions, major projects, appointments and dismissals of directors, supervisors and senior management, revision of governance rules, equity incentives and other matters. The Company was awarded the A-level by the Shanghai Stock Exchange in Information Disclosure Evaluation for the years 2018-2019. Meanwhile, the Company strengthened the coordination of external disclosure of information and investor communication and added market concerns in information disclosure, to display the Company's bright spots in all round.

During the Reporting Period, the Company paid attention to the management and maintenance of investor relations. It communicated with investors through performance roadshows, reverse roadshows, investor visits, annual general meetings, investment strategy meetings, cash dividend network briefings, and investor reception day activities, etc., to give full play to the role of investor hotline, IR mailbox, and SSE E-interactive platform, and listen to and properly handle the opinions and suggestions made by shareholders and investors. Among them, the "Into China Construction Technology-Reverse Roadshow of Novel Building Industrialization in CSCEC" promotion event was the largest special promotion with the largest number of participants in the past years, which better publicized the Company's novel industrialization development results to the market.

During the Reporting Period, the Company strictly complied with the Information Disclosure and Administrative Measures for Internal Reports of Material Information, the Administrative Measures for Accountability Regarding Major Errors in the Annual Report Information Disclosure, the Regulations on the Management of Funds from Related Party Transactions, Measures on the Management of Shares of the Company Held by the Directors, Supervisors and Senior Management and the Changes thereof and the Administrative Measures on Insider Registration, there was no major violation of relevant rules.

During the Reporting Period, there was no serious non-compliance with relevant regulations and requirements of the China Securities Regulatory Commission by the Company's actual corporate governance. The Company was not subject to administrative punishment or notification criticism by the China Securities Regulatory Commission, nor was it punished by other regulatory agencies or condemned by the stock exchange.



During the Reporting Period, the Company was selected into the “SSE Corporate Governance Sector” for 9 consecutive years and became a sample stock of the SSE Corporate Governance Index; the Board of Directors won the “Best Board of Directors” award from the Golden Round Table of the Board of Directors for 8 consecutive years and was included in “China’s Top 50 Board of Directors” list of *Fortune Magazine* for 2 consecutive years; the Company has won many honors such as “The Best Investment Value Award for Listed Companies” in the capital market.

If there is any serious non-compliance with relevant requirements of the China Securities Regulatory Commission by corporate governance, please provide the reasons

☐ Applicable ☒ N/A

## II. Overview on the General Meeting of Shareholders

Session	Date of general meeting	Search index of the designated website for publishing resolutions	Date of disclosure of resolutions
2018 annual general meeting	May 7, 2019	www.sse.com.cn	May 8, 2019
The first extraordinary general meeting in 2019	October 9, 2019	www.sse.com.cn	October 10, 2019
The second extraordinary general meeting in 2019	November 12, 2019	www.sse.com.cn	November 13, 2019

Description of General Meetings

☒ Applicable ☐ N/A

During the Reporting Period, a total of 18 proposals were considered at the 2018 annual general meeting of the Company, and all were approved by voting. A total of 2 proposals were considered at the first extraordinary general meeting in 2019 of the Company, and all were approved by voting. A total of 4 proposals were considered at the second extraordinary general meeting in 2019 of the Company, and all were approved by voting. The proposals were disclosed on the websites of the Shanghai Stock Exchange, China Securities Journal, the Shanghai Securities News, the Securities Times and the Securities Daily.

## III. Performance of Directors’ Duties

### (I) Attendance of directors at Board meetings and general meetings

Name of director	Independent director or not	No. of meetings to attend during the Year	Attendance at Board meetings					Attendance at general meetings
			Attendance in person	Attendance by means of communication	Attendance by proxy	Absence	Absence from meetings for two consecutive times	
Zhou Naixiang	No	5	2	3	0	0	No	1
Zheng Xuexuan	No	8	2	5	1	0	No	1
Yang Chunjin	Yes	17	4	13	0	0	No	2
Yu Hailong	Yes	17	4	13	0	0	No	1
Jia Chen	Yes	17	3	13	1	0	No	0
Zheng Changhong	Yes	17	3	13	1	0	No	0
Guan Qing	No	12	1	10	1	0	No	1
Wang Xiangming	No	5	0	5	0	0	No	0

On April 1, 2019, the Company received Mr. Wang Xiangming's resignation. Due to job changes, Mr. Wang Xiangming resigned from the Company as director, member of the Strategy Committee and president. On April 2, 2019, the Company convened the 22nd meeting of the second session of the Board, and reviewed and approved the Proposal on Wang Xiangming Cease Serving as the Director and President of the Second Session of the Board of China State Construction Engineering Corporation Limited. Mr. Wang Xiangming no longer served as a director of the Company due to work adjustment. For details, please refer to the Announcement on the Resignation of a Director and President of the Company issued on April 3, 2019.

On April 2, 2019, as recommended by the Company's Personnel and Remuneration Committee, it was agreed to appoint Zheng Xuexuan as a director of the second session of the Board of China State Construction Engineering Corporation Limited, and such proposal was submitted to the shareholders' general meeting for consideration. On May 7, 2019, the Company held the 2018 Annual General Meeting, which reviewed and approved the Proposal on Election of Zheng Xuexuan as Director of the Second Session of the Board of China State Construction Engineering Corporation Limited. Mr. Zheng Xuexuan was elected as the director of the Company. For details, please refer to the Announcement on Resolutions of 2018 Annual General Meeting of China State Construction Engineering Corporation Limited issued on May 8, 2019.

On September 17, 2019, upon the recommendation of the Company's Personnel and Remuneration Committee and consideration and approval at the 28th meeting of the second session of the Board of the Company, Zhou Naixiang was elected as a candidate for director of the second session of the Board of China State Construction Engineering Corporation Limited. On October 9, 2019, the Company convened the first extraordinary general meeting in 2019, which reviewed and approved the Proposal on the Election of Zhou Naixiang as the Director of the Second Session of the Board of China State Construction Engineering Corporation Limited, and elected Mr. Zhou Naixiang as director of the Company. Please refer to the Announcement on Resolutions of the 2019 First Extraordinary General Meeting of China State Construction Engineering Corporation Limited issued by the Company on October 10, 2019.

On October 10, 2019, the Company convened the 29th meeting of the second session of the Board, at which the Proposal About Guan Qing No Longer Serving as the Chairman, Director and Chairman of the Strategy Committee of the Second Session of the Board of China State Construction Engineering Corporation Limited and the Proposal on the Election of Zhou Naixiang as Chairman of the Second Session of the Board of China State Construction Engineering Corporation Limited were reviewed and approved. For details, please refer to the Announcement on Change of the Company's Chairman issued by the Company on October 11, 2019.

The six directors, i.e. Mr. Zhou Naixiang, Mr. Zheng Xuexuan, Mr. Yang Chunjin, Mr. Yu Hailong, Mr. Jia Chen and Mr. Zheng Changhong are members of the second session of the Board of the Company.

Description of the members of the Board who failed to attend Board meetings in person for two consecutive times

☐ Applicable ☒ N/A

No. of Board meetings held during the Year	17
Including: No. of on-site Board meetings	4
No. of Board meetings convened by means of communication	13
No. of Board meetings held both on-site and by means of communication	0

## (II) Disagreement of the independent directors on matters related to the Company

☐ Applicable ☒ N/A

### (III) Others

☒ Applicable ☐ N/A

The Company's independent directors reviewed and supervised the performance of Mr. Zheng Xuexuan, former president Mr. Wang Xiangming, Mr. Wang Yunlin, Mr. Zhao Xiaojiang, Mr. Ma Zeping and Mr. Zhou Yong, who also served as senior executive of the Company's controlling shareholder, China State Construction Engineering Corporation, and expressed the following independent opinions: Mr. Zheng Xuexuan, Mr. Wang Xiangming, Mr. Wang Yunlin, Mr. Zhao Xiaojiang, Mr. Ma Zeping and Mr. Zhou Yong earnestly and diligently fulfilled their commitments, were able to handle their relation between the Company and the controlling shareholder, and maintained the interests of the Company and all shareholders during their part-time job in 2019, and they did not do anything that would harm the shareholders of the Company, especially minority shareholders because of their part-time jobs.

## IV. Details that Shall be Disclosed Where There Is Any Disagreement as to Important Advice and Recommendations Made by the Special Committees of the Board in the Performance of Their Duties during the Reporting Period

☒ Applicable ☐ N/A

The Company's Board of Directors has set up three special committees, namely the Strategy Committee, Personnel and Remuneration Committee, and Audit Committee, which seriously organize research and diligently examine professional issues, and effectively exert the full advising and decision support functions of the special committees. During the Reporting Period, the special committees under the Board of Directors held 16 meetings and reviewed 37 issues (including 5 reports).

The Strategy Committee held 1 meeting and considered 2 proposals. Specifically: On December 4, 2019, the Company convened the third meeting of the Strategy Committee under the second session of the Board to consider the Proposal on Amending the Investment Management Regulations of China State Construction Engineering Corporation Limited and the Proposal on Amending the Rules of Procedures of Strategy Committee under the Board of Directors of China State Construction Engineering Corporation Limited. The Strategy Committee carefully considered the Company's investment management regulations with scientific approach, and made an in-depth and objective deliberation, so as to further strengthen the Company's investment decision-making quality by improving relevant rules, further promote the implementation of its development strategy, and further enhance rationality and preciseness of its investment decision-making process. Meanwhile, by revising and perfecting the rules of procedures of the Strategy Committee, combined with the new requirements and new deployments under the new condition, it further standardizes the rules of procedures and the quality of discussions.

The Personnel and Remuneration Committee held 8 meetings and reviewed 12 proposals. Specifically: in strict accordance with the relevant regulations, through comprehensive and objective, systematic and in-depth research and discussion, and in combination with the Company's reform and development strategy and actual work needs, the Personnel and Remuneration Committee assessed, appointed and dismissed senior management, revised and improved the Rules of Procedure of the Personnel and Remuneration Committee under the Board of Directors of China State Construction Engineering Corporation Limited Board, and comprehensively considered and strictly reviewed the specific implementation plans for unlocking and repurchase of restricted shares, giving full play to independence, objectivity and prudence, and effectively safeguarding the Company's healthy, stable and sustainable development.

The Audit Committee convened 7 meetings to review and hear 23 proposals and reports. Specifically: The Audit Committee performed its duties strictly in accordance with relevant regulations, strictly reviewed the internal audit work plan, urged the establishment, improvement and effective implementation of the Company's internal control system, and promoted the improvement of scientific and objective decision-making of the Company. First, it urged the certified public accountants to submit audit or review reports within the agreed time limit, which effectively

promoted and guaranteed the Company's annual report preparation, auditing, internal control and final accounts, and other related work. Second, it focused on the audit plan and the progress of pre-review work and consolidated financial statements and final accounts, internal control, problems found in audits, and rectification, etc., actively and continuously carried out effective and high-quality communication with the annual auditing certified public accountants, and actively promoted the resolution of the problems found in the communication in a timely manner. Third, it promoted the professional prudence and independence of related work by changing financial report auditing institution and internal control auditing institution. Fourth, it further promoted the institutionalization, standardization and systematization of the Company's internal control governance system through careful consideration of the related party transaction plan, applying the controlling shareholder for entrusted loans and related party transactions, altering accounting policies, and revising rules of procedure of Audit Committee under the Board of Directors and other proposals. Lastly, it carefully listened to the accountant's review report and the Company's financial final accounts report through strict review of the Company's annual financial report, interim report and quarterly report, to identify the weak spots and potential management risks in the Company's operation and management process in a timely manner, and provided guidance to the management on the issues found.

## **V. Board of Supervisors' Explanation on the Risks Identified**

☒ Applicable ☐ N/A

During the Reporting Period, the Company's Board of Supervisors performed its duties conscientiously in accordance with the Company Law, the Code of Corporate Governance for Listed Companies, the Articles of Association and Rules of Procedure of Board of Supervisors. Focusing on risk prevention and control, the Company supervised its finances, internal controls and performance of duties of directors and senior management, the details of which are as follows:

### **(I) Work of the Board of Supervisors**

#### **1. Focus on supervision and inspection**

During the Reporting Period, based on the Company's major risk management and with a focus on the Company's development quality and asset operation efficiency and investment risks, the Board of Supervisors guided and organized the Office of the Board of Supervisors to conduct supervision, investigation and inspection on key aspects based on audit work:

It conducted a special survey on marketing quality in light of the risk of "trade receivables and inventories". Focusing on the marketing rules of subsidiaries, management measures and effectiveness, in combination with the impact of the owner's nature, project characteristics, tender form, payment and other factors on the collection rate, it performed a comprehensive analysis of the marketing quality of contracted projects in the traditional construction market in the past three years.

It conducted a special investigation on investment risks in non-real estate operational investment business. Focusing on investment scale, regional layout, management and control system, and key and difficult points of the investment business, the Board of Supervisors maintained abreast of the overall situation and risk control measures of the non-real estate investment business, and made targeted comments and suggestions to promote subordinate enterprises to improve the risk management of investment business.

It conducted a special survey on inefficient assets in light of the efficiency of asset operation. Based on the three-year action plan of making efforts on managing assets, it supervised the screening, investigation, management and disposal of inefficient institutions and inefficient assets to promote the Company to further standardize the asset management and control system, and facilitated the revitalization of assets and the enhancement of quality and efficiency.

## 2. Major risks identified

During the Reporting Period, the Board of Supervisors discovered certain risks in the following areas during the supervision and inspection process:

- (1) Leverage reduction and debt reduction shall be further promoted. The Company has formulated a special action plan for leverage and debt reduction, but due to the overall pressure of the industry, the total amount of “trade receivables and inventories” remain at a high level; most of the Company’s PPP investment projects are still under construction and have not yet intensively entered the payback period. The relation between revenue and expenditure of the Company’s overall investment shall be further balanced. The cash flow and asset-liability conditions of certain subordinate enterprises shall be improved.
- (2) Non-real estate investment business shall be further strengthened. The Company further regulated the management of non-real estate investment business, but operations in certain projects need to be further standardized. In addition, the financial affordability and solvency of local governments should be considered for certain projects.
- (3) Asset operating quality shall be further improved. There remain inefficient and invalid subsidiaries of which the governance scheme should be further improved, and the management and control system of inefficient assets should be further developed.
- (4) Continuous attention shall be paid to overseas business risks. The international situation is complex and changeable, and the political stability in place where certain projects operated is unfavorable, and the gross profit margin of some regional projects is relatively low. It is necessary to pay continuous attention to difficulties in overseas operations such as cultural risks, business risks, legal risks, tax risks and operational risks.
- (5) The internal control of several businesses shall be continuously improved. In general, there is no systematic deficiency in system construction, but several rules or business procedures of a few third-level units shall be further revised or improved. Several subsidiary contracts and cost management systems, material and equipment management (including procurement) systems, and capital management systems of some individual subsidiaries shall be further updated and refined. Some newly established units should accelerate the system construction and strengthen the promotion of the system.

The Board of Supervisors has reported the above issues and risks to the management of the Company, and put forward tailored suggestions. The Company carried out rectification and implementation positively. The specific issues have been effectively resolved, and the problems that require long-term rectification continue to be resolved in stages according to the rectification plan.

### 3. Meetings of the Board of Supervisors

During the Reporting Period, the Board of Supervisors of the Company attended 3 general meetings, 4 board meetings and 3 meetings of the Audit Committee under the Board of Directors to oversee the Company's important decisions. It attended 15 regular meetings held by the general manager to fully understand the Company's management decisions. The Board of Supervisors held 8 meetings, namely the 10th to 17th meetings of the second session of the Board of Supervisors, reviewed and approved 36 proposals and issued relevant written announcement. The details of the meetings are as follows:

Date of meeting	Name of meeting	Content of proposal	Form of meeting
January 15, 2019	the 10th meeting of the second session of the Board of Supervisors	1. The Proposal on the Repurchase of the Shares Held by the Participants of Phase II Restricted A Share Incentive Scheme of China State Construction Engineering Corporation Limited	In writing
January 22, 2019	the 11th meeting of the second session of the Board of Supervisors	1. The Proposal on Performing Adjustments to New Accounting Standards by China State Construction Engineering Corporation Limited	In writing
April 11, 2019	the 12th meeting of the second session of the Board of Supervisors	1. Work Report of the Board of Directors in 2018 of China State Construction Engineering Corporation Limited 2. Work Report of Independent Directors in 2018 of China State Construction Engineering Corporation Limited 3. President's Work Report for 2018 of China State Construction Engineering Corporation Limited 4. Senior Management' Report for 2018 of China State Construction Engineering Corporation Limited 5. 2018 Final Budget Report of China State Construction Engineering Corporation Limited	On-site

Date of meeting	Name of meeting	Content of proposal	Form of meeting
		6. The Proposal on 2018 Profit Distribution Plan of China State Construction Engineering Corporation Limited 7. The Proposal on 2018 Annual Report of China State Construction Engineering Corporation Limited 8. The Proposal on 2018 Internal Control Evaluation Report of China State Construction Engineering Corporation Limited 9. 2019 Final Budget Report of China State Construction Engineering Corporation Limited 10. 2019 Investment Budget Report of China State Construction Engineering Corporation Limited 11. The Proposal on Execution of the Financial Services Framework Agreement between China State Construction Engineering Corporation and China State Construction Finance Co., Ltd. 12. The Proposal in Respect of Daily Related Party Transaction of China State Construction Engineering Corporation Limited for 2019 13. The Proposal on Accounting System of China State Construction Engineering Corporation Limited 14. The Resolution on Proposed Additional Financing Guarantee in 2019 of China State Construction Engineering Corporation Limited 15. The Proposal on Dividend Distribution Plan of 15.0 Billion Preferred Shares in 2019 to 2020 of China State Construction Engineering Corporation Limited 16. The Proposal on 2019 Domestic Bond Issuance Plan of China State Construction Engineering Corporation Limited 17. The Proposal on 2019 Overseas Bond Issuance Plan of China State Construction Engineering Corporation Limited 18. The 2018 Work Report of the Board of Supervisors of China State Construction Engineering Corporation Limited	
April 29, 2019	the 13th meeting of the second session of the Board of Supervisors	1. The First Quarterly Report in 2019 of China State Construction Engineering Corporation Limited 2. The Proposal on the First Quarterly Report in 2019 of China State Construction Engineering Corporation Limited	In writing
August 28, 2019	the 14th meeting of the second session of the Board of Supervisors	1. 2019 Interim Financial Analysis Report of China State Construction Engineering Corporation Limited 2. Changes in Accounting Policy of China State Construction Engineering Corporation Limited 3. 2019 Interim Report of China State Construction Engineering Corporation Limited 4. The Proposal on Execution of Supplementary Agreement to the Financial Services Framework Agreement between China State Construction Finance Co., Ltd. (a subsidiary of China State Construction Engineering Corporation Limited) and China State Construction Engineering Corporation	On-site

Date of meeting	Name of meeting	Content of proposal	Form of meeting
October 25, 2019	the 15th meeting of the second session of the Board of Supervisors	<ol style="list-style-type: none"> <li>1. The Third Quarterly Financial Analysis Report in 2019 of China State Construction Engineering Corporation Limited</li> <li>2. The Third Quarterly Report in 2019 of China State Construction Engineering Corporation Limited</li> <li>3. The Proposal on Amendments to the Articles of Association of China State Construction Engineering Corporation Limited</li> <li>4. The Proposal on Amendments to the Rules of Procedures of Shareholders' General Meeting of China State Construction Engineering Corporation Limited</li> <li>5. The Proposal on Amendments to the Rules of Procedures of the Board of Directors of China State Construction Engineering Corporation Limited</li> <li>6. The Proposal on Amendments to the Rules of Procedures of the Board of Supervisors of China State Construction Engineering Corporation Limited</li> </ol>	On-site
December 23, 2019	the 16th meeting of the second session of the Board of Supervisors	<ol style="list-style-type: none"> <li>1. The Proposal on the Company's Introduction of Third-party Investors to Implement Capitalized Debt-to-equity Swaps in Some of Its Third-level Subsidiaries</li> <li>2. The Proposal on the Company's Application for Entrusted Loans from Controlling Shareholder and Related Party Transaction</li> </ol>	In writing
December 30, 2019	the 17th meeting of the second session of the Board of Supervisors	<ol style="list-style-type: none"> <li>1. The Proposal on the Second Tranche of Unlocking in 2019 in Respect of Phase II Restricted A Share Incentive Scheme of China State Construction Engineering Corporation Limited</li> <li>2. The Proposal on the Repurchase of Shares Held by the Participants of Phases II and III Restricted A Share Incentive Scheme of China State Construction Engineering Corporation Limited</li> </ol>	In writing

## (II) Independent opinion of the Board of Supervisors

### 1. Overall management and performance evaluation

During the Reporting Period, in the face of increasing domestic and foreign risks and challenges, the Company thoroughly implemented the decision and deployment of the Party Central Committee and the State Council under the guidance of President Xi Jinping's thought on socialism with Chinese characteristics for a new era, proactively made concrete efforts, calmly responded to changes in the external environment, actively conducted risk identification and assessment, and formulated administrative and control plans for major risks in a timely manner, to effectively prevent various risks. The Company achieved steady progress and stable quality improvement in 2019.

Meanwhile, the Board of Supervisors believes that the Company should further improve its development quality and strive to be a "world-class" enterprise. Firstly, the Company must actively pay attention to national policies and continue to deepen reform and innovation. Secondly, it has to further encourage leverage reduction and debt reduction to ensure stable cash flow. Thirdly, it should pay continuous attention to PPP risks and promote industrial transformation and upgrading. Fourthly, it should continue the "streamlining" to improve asset operation efficiency. Fifthly, the Company has to thoroughly implement the "prioritizing overseas markets" guidelines and strengthen our international operation.



## 2. Independent opinions on specific matters

### (1) Compliance of the Company's operation

During the Reporting Period, the Company operated in accordance with the Company Law and the Articles of Association and related policies and regulations, and the decision-making procedures were legal and effective. The directors and senior management of the Company performed their duties diligently and conscientiously and did not violate any laws, regulations or the Articles of Association, or damage the interests of the Company and its shareholders.

### (2) Authenticity of financial reports

During the Reporting Period, the Company's financial statements were prepared in compliance with the relevant regulations of the Accounting Regulations for Enterprises and the Accounting Standards for Enterprises. The Company's 2019 financial report truly reflects its financial condition and operating results. PricewaterhouseCoopers Zhong Tian CPAs LLP (Special General Partnership) issued a standard unqualified audit report, which is objective and fair.

### (3) The Company's acquisition and disposal of assets

During the Reporting Period, the Company and its subsidiaries completed 0 major external merger and acquisition, deregistered 15 subsidiaries, and disposed of one subsidiary and its equity, all of which were floor trading. During the Reporting Period, the Company's acquisition and disposal of assets did not harm the interests of shareholders or the interests of the Company.

### (4) The Company's related party transactions

During the Reporting Period, the Company's related party transactions mainly involved related party sales, related party purchases, property leasing, capital borrowing interest, trademark licensing, etc., which are necessary and inevitable for ordinary production and operation, and have a positive significance for the Company's development. The Company formulated and reviewed the Proposal in Respect of Daily Related Party Transaction of China State Construction Engineering Corporation Limited for 2019, and specially reviewed and approved the Proposal on Execution of the Financial Services Framework Agreement between China State Construction Engineering Corporation and China State Construction Finance Co., Ltd., the Proposal on Execution of Supplementary Agreement to the Financial Services Framework Agreement between China State Construction Finance Co., Ltd. (a subsidiary of China State Construction Engineering Corporation Limited) and China State Construction Engineering Corporation, and the Proposal on the Company's Application for Entrusted Loans from Controlling Shareholder and Related Party Transaction. The procedures of consideration and voting are legal and valid. The Company (and/or the Company's controlled subsidiaries) and the related parties respectively signed specific execution contracts in accordance with the requirements of the plan, which comply with relevant provisions, and the pricing of related party transactions is fair. The related party transactions did not damage the interests of shareholders or the interests of the Company.

### (5) Special explanation on the Company's "2019 Internal Control Evaluation Report"

During the Reporting Period, the Board of Supervisors paid attention to and urged the rectification of the Company's internal control system construction and internal control testing. No violations of the Guidelines for Internal Control of Listed Companies and the Basic Internal Control Norms for Enterprises have been found. The evaluation report on the Company's internal control objectively, truthfully and accurately reflects the actual situation of the Company's internal control.

In 2020, the Board of Supervisors of the Company will further promote innovation in accordance with the requirements to promote the modernization of the governance system and governance capabilities of SOEs, strictly perform its duties and strengthen supervision in accordance with the Company Law, the Articles of Association and the Listing Rules to ensure the legitimate rights and interests of the Company and its shareholders, and fully play its role in corporate governance of the Company.

#### **VI. Statement of the Company's Inability to Ensure Independence and Maintain Its Independent Operation with Its Controlling Shareholder in Several Aspects such as Business, Personnel, Assets, Institutions and Financing**

☐ Applicable    ☒ N/A

Corresponding solutions, working progress and subsequent working plans of the Company in case of horizontal competition

☐ Applicable    ☒ N/A

#### **VII. Appraisal Mechanism for Senior Management and the Establishment and Implementation of Incentive Mechanism during the Reporting Period**

☒ Applicable    ☐ N/A

For details, please refer to "SECTION VIII DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES" hereof.

#### **VIII. Disclosure of Internal Control Self-assessment Report**

☒ Applicable    ☐ N/A

During the Reporting Period, the Company continued to optimize the internal control system, revised and improved the internal control rules, and ensured the effective implementation of various rules. It further streamlined and standardized various business processes to improve the Company's management and risk prevention and control. The Company has continuously improved its internal control process, covering all aspects including decision-making, execution, supervision, and feedback. The comprehensiveness and effectiveness of the Company's internal control have been further improved. For details, please refer to 2019 Internal Control Evaluation Report of CSCEC as reviewed and approved by the 37th meeting of the second session of the Board of the Company and disclosed on the website of the Shanghai Stock Exchange.

Description of material defects of internal control during the Reporting Period

☒ Applicable    ☐ N/A

#### **IX. Information on Internal Control Audit Report**

☒ Applicable    ☐ N/A

Upon approval by shareholders at the general meeting, the Company engaged PricewaterhouseCoopers Zhong Tian CPAs LLP (Special General Partnership) to audit the effectiveness of the Company's internal control related to the financial report in 2019, which issued standard unqualified audit opinions. For details, please refer to 2019 Internal Control Audit Report of CSCEC as considered and approved at the 37th meeting of the second session of the Board and disclosed on the website of the Shanghai Stock Exchange.

Whether the Internal Control Audit Report is disclosed: Yes

#### **X. Miscellaneous**

☐ Applicable    ☒ N/A

## SECTION X INFORMATION ON CORPORATE BONDS

☐ Applicable ☒ N/A

## SECTION XI FINANCIAL REPORT

### I. Audit Report

☒ Applicable ☐ N/A

Attached hereto

### II. Financial Statements

Attached hereto

## SECTION XII INDEX OF DOCUMENTS AVAILABLE FOR INSPECTION

Index of documents available for inspection	Financial statements signed and sealed by the legal representative (Chairman), person-in-charge of the accounting affairs (chief financial officer) and person-in-charge of the accounting department (head of the accounting department)
Index of documents available for inspection	The original audit report with the seal of the accounting firm and signatures and seals of the certified public accountants
Index of documents available for inspection	The originals of all Company documents and manuscripts of announcements publicly disclosed in newspapers designated by the China Securities Regulatory Commission during the Reporting Period

China State Construction Engineering Corporation Limited

Chairman: Zhou Naixiang

Submission date approved by the Board of Directors: 2020-04-24

### AMENDMENTS

☐ Applicable    ☒ N/A

# FINANCIAL STATEMENTS AND AUDITOR'S REPORT

For the year ended 31 December 2019  
[English translation for reference only]

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# AUDITOR'S REPORT

[English Translation for Reference Only]  
PwC ZT Shen Zi (2020) No. 10076

To the Shareholders of China State Construction Engineering Corporation Limited,

## Opinion

### What we have audited

We have audited the accompanying financial statements of China State Construction Engineering Corporation Limited (hereinafter the "Company"), which comprise:

- the consolidated and company balance sheets as at 31 December 2019;
- the consolidated and company income statements for the year then ended;
- the consolidated and company cash flow statements for the year then ended;
- the consolidated and company statements of changes in shareholders' equity for the year then ended; and
- notes to the financial statements.

### Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated and company's financial position of the Company as at 31 December 2019, and their financial performance and cash flows for the year then ended in accordance with the requirements of Accounting Standards for Business Enterprises ("CASs").

### Basis for Opinion

We conducted our audit in accordance with China Standards on Auditing ("CSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Company in accordance with the Code of Ethics for Professional Accountants of the Chinese Institute of Certified Public Accountants ("CICPA Code"), and we have fulfilled our other ethical responsibilities in accordance with the CICPA Code.

### Key Audit Matters

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

Key audit matters identified in our audit are summarised as follows:

- Revenue recognition from contract for construction project
- Recoverability of accounts receivable, contract assets and long-term receivables

## Key Audit Matters (Continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Revenue recognition from construction contracts</p> <p>As stated in Note 2(24)(a), 2(31)(a) and 4(50)(c) to the consolidated financial statements, the Company provides construction services for which revenue is recognised within a certain period according to the progress of performance obligation fulfilment. The progress of performance obligation fulfilment is mainly determined by the percentage of actual contract cost incurred for contract obligation to the estimated total contract cost, based on the nature of construction project. Management makes estimates on the total contract revenue and total contract costs at the inception of each contract. As the contract progresses, management continually reviews and revises financial impacts arising from construction changes. Estimates for total contract revenue, total contract costs and the percentage of completion rely on management's critical accounting estimates and judgements, and have a significant impact on the amount and time of the revenue recognition. Based on the above reasons, we identified the revenue recognition from construction contracts as a key audit matter.</p>	<p>We obtained an understanding of, evaluated and tested the relevant controls related to budget preparation and revenue recognition of construction contracts.</p> <p>We obtained the list of construction contracts from management, and compared the list with the construction contracts summary and revenue sub-ledger on a sample basis.</p> <p>We performed the following procedures on a sample basis of construction contracts:</p> <ol style="list-style-type: none"> <li>(1) Reviewed the terms and conditions of the construction contracts and budget information, evaluated the appropriateness of management's estimates on the total contract revenue and total contract costs.</li> <li>(2) Tested the accuracy of actual costs incurred on construction works and tested cut-off by inspecting whether the actual cost of the contract has been recorded in the appropriate accounting period.</li> <li>(3) Visited the selected sites of construction to observe the progress of the construction work, discussed with the site project management, compared the percentage of completion with ledger record, and assessed rationality of the progress of the construction work.</li> <li>(4) Calculated the percentage of completion based on estimated total contract costs and actual costs incurred, and tested the mathematical accuracy of contract revenue recognised under the percentage of completion method.</li> </ol> <p>Based on our work, we found the critical judgements and estimates adopted by management in determining the revenue from construction contracts are supported by available evidence.</p>



## Key Audit Matters (Continued)

<p>Recoverability of accounts receivable, contract assets and long-term receivables</p> <p>As stated in Note 2(9)(a), 2(31)(b), 4(5), 4(10) and 4(15) to the consolidated financial statements, the Company makes loss provision on the basis of expected credit losses (ECL) of accounts receivable, contract assets and long-term receivables. Giving consideration to reasonable and supportable information on past events, current conditions and forecasts of future economic conditions, and taking the default risk as the weight, the Company recognises ECL as the probability-weighted amount of the present value of difference between the cash flows receivable from the contract and the cash flows expected to collect, which involves critical accounting estimates and judgements. The balances of the Company's accounts receivable, contract assets and long-term receivables are significant, and their recoverability has a significant impact on the financial statements. We thus identified the recoverability of accounts receivable, contract assets and long-term receivables as a key audit matter.</p>	<p>We obtained an understanding of, evaluated and tested the relevant controls in place on management's assessment on the recoverability of accounts receivable, contract assets and long-term receivables.</p> <p>For accounts receivable, contract assets and long-term receivables for which ECL are provided individually, on a sample basis, we obtained documentary evidence for assessing payment ability of customers and historical payment records of contract assets. We also assessed the adequacy of provision for ECL based on financial position, credit status, project progress, historical payment rate and forecast of future economic conditions of customers;</p> <p>For accounts receivable and contract assets for which ECL are provided on the grouping of credit risk characteristics, we reviewed, with reference to historical audit experience and forward-looking information, the reasonableness of groupings classified by management and estimated ECL rate for different groupings calculated on historical credit losses experience, the current conditions and forecasts of future economic conditions. We also tested the accuracy of grouping classification and ageing of accounts receivable and contract assets on a sample basis, and recalculated the accuracy of ECL provision.</p> <p>Based on our work, we found the critical judgements and estimates adopted by management in determining the recoverability of accounts receivable, contract assets and long-term receivables are supported by available evidence.</p>
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## Other Information

Management of the Company is responsible for the other information. The other information comprises all of the information included in 2019 annual report of the Company other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management of the Company is responsible for the preparation and fair presentation of these financial statements in accordance with the CASS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing these financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether these financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with CSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in these financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation (including the disclosures), structure and content of the financial statements, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

## Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PricewaterhouseCoopers Zhong Tian LLP  
Shanghai, the People's Republic of China

24 April, 2020

# CONSOLIDATED AND COMPANY BALANCE SHEETS

AS AT 31 DECEMBER 2019

(All amounts in RMB Thousand Yuan unless otherwise stated)

[English Translation for Reference Only]

		31 December 2019	31 December 2018	31 December 2019	31 December 2018
ASSETS	Notes	Consolidated	Consolidated	Company	Company
<b>Current assets</b>					
Cash at bank and on hand	4(1)	292,441,419	317,500,675	21,561,651	24,120,165
Financial assets held for trading	4(2)	902,072	–	–	–
Financial assets at fair value through profit or loss	4(3)	–	4,622,633	–	–
Notes receivable	4(4)	26,918,443	21,438,282	102,188	196,649
Accounts receivable	4(5), 18(1)	153,961,875	167,552,941	28,086,588	25,461,372
Accounts receivable financing	4(6)	3,674,166	–	6,100	–
Advances to suppliers	4(7)	55,084,548	48,611,609	7,039,642	7,536,344
Other receivables	4(8), 18(2)	53,186,521	56,489,193	22,569,711	21,029,153
Inventories	4(9)	578,917,620	634,967,094	340,527	8,626,605
Contract assets	4(10), 18(3)	150,975,326	9,078,328	7,495,304	–
Held-for-sale assets		–	100	–	–
Current portion of non-current assets	4(11)	57,463,704	53,517,559	4,291,107	3,267,987
Other current assets	4(12)	87,980,288	48,230,077	4,132,472	3,418,616
<b>Total current assets</b>		<b>1,461,505,982</b>	<b>1,362,008,491</b>	<b>95,625,290</b>	<b>93,656,891</b>
<b>Non-current assets</b>					
Debt investments	4(13)	17,759,804	–	8,115,503	–
Available-for-sale financial assets	4(14)	–	10,049,736	–	1,310,892
Other debt investments		612,106	–	–	–
Long-term receivables	4(15)	164,825,662	281,480,771	–	21,270,975
Long-term equity investments	4(16), 18(4)	74,916,901	65,993,999	170,723,729	163,531,321
Investments in other equity instruments	4(17)	8,069,043	–	1,837,882	–
Other non-current financial assets		50,510	–	–	–
Investment properties	4(18)	76,301,157	68,650,183	621,752	652,407
Fixed assets	4(19)	37,554,496	35,679,994	839,905	830,809
Construction in progress	4(20)	10,085,813	8,293,383	53,957	52,410
Intangible assets	4(21)	16,409,157	11,594,195	107,442	91,534
Goodwill	4(22)	2,347,428	2,293,058	–	–
Long-term prepaid expenses		935,800	736,192	3,037	16,462
Deferred tax assets	4(23)	15,129,128	12,639,243	333,973	778,891
Other non-current assets	4(24)	147,948,942	2,421,053	7,879,408	70,345
<b>Total non-current assets</b>		<b>572,945,947</b>	<b>499,831,807</b>	<b>190,516,588</b>	<b>188,606,046</b>
<b>TOTAL ASSETS</b>		<b>2,034,451,929</b>	<b>1,861,840,298</b>	<b>286,141,878</b>	<b>282,262,937</b>

# CONSOLIDATED AND COMPANY BALANCE SHEETS (Continued)

AS AT 31 DECEMBER 2019

(All amounts in RMB Thousand Yuan unless otherwise stated)

[English Translation for Reference Only]

		31 December 2019	31 December 2018	31 December 2019	31 December 2018
LIABILITIES AND SHAREHOLDERS' EQUITY	Notes	Consolidated	Consolidated	Company	Company
<b>Current liabilities</b>					
Short-term borrowings	4(26)	28,498,331	19,158,639	16,019,470	8,018,549
Notes payable	4(27)	7,030,414	13,412,795	–	–
Accounts payable	4(28)	493,129,630	481,457,764	43,506,320	38,778,642
Advances from customers	4(29)	449,953	176,817,850	–	22,031,673
Contract liabilities	4(30)	281,789,584	90,007,393	14,774,502	–
Employee benefits payable	4(31)	7,757,862	8,421,664	521,869	549,950
Taxes payable	4(32)	59,368,941	47,046,860	777,906	680,732
Other payables	4(33)	114,030,641	112,008,484	41,148,194	43,435,131
Current portion of non-current liabilities	4(34)	89,017,494	80,399,688	13,075,858	13,943,297
Other current liabilities	4(35)	64,654,827	37,837,320	3,803,807	2,778,747
<b>Total current liabilities</b>		<b>1,145,727,677</b>	<b>1,066,568,457</b>	<b>133,627,926</b>	<b>130,216,721</b>
<b>Non-current liabilities</b>					
Long-term borrowings	4(36)	247,800,428	214,675,614	3,845,000	3,282,000
Bonds payables	4(37)	99,596,598	109,445,517	12,886,322	22,854,625
Long-term payables	4(38)	19,897,230	19,880,342	17,093,457	15,358,573
Provisions for other liabilities and charges	4(39)	4,108,734	599,326	28,540	37,373
Deferred income	4(40)	444,795	387,345	7,455	10,666
Long-term employee benefits payable	4(41)	2,064,489	2,122,674	122,053	122,971
Deferred tax liabilities	4(23)	4,655,710	4,529,594	–	–
Other non-current liabilities	4(42)	8,320,948	14,367,173	–	–
<b>Total non-current liabilities</b>		<b>386,888,932</b>	<b>366,007,585</b>	<b>33,982,827</b>	<b>41,666,208</b>
<b>TOTAL LIABILITIES</b>		<b>1,532,616,609</b>	<b>1,432,576,042</b>	<b>167,610,753</b>	<b>171,882,929</b>
<b>Shareholders' equity</b>					
Paid-in capital	4(43)	41,975,630	41,985,174	41,975,630	41,985,174
Other equity instruments	4(44)	20,975,410	22,972,180	20,975,410	22,972,180
Including: Preference Share		14,975,410	14,975,410	14,975,410	14,975,410
Perpetual bond		6,000,000	7,996,770	6,000,000	7,996,770
Capital surplus	4(45)	12,027,610	11,262,289	30,537,559	29,955,921
Less: Treasury shares		(2,501,460)	(2,924,442)	(2,501,460)	(2,924,442)
Other comprehensive income	4(46)	(1,776,745)	(1,699,877)	126,114	(257,500)
Special reserve	4(47)	88,474	77,329	–	–
General risk reserve		1,151,202	656,661	–	–
Surplus reserve	4(48)	7,716,149	6,003,665	7,716,149	6,003,665
Undistributed profits	4(49)	197,541,411	165,628,207	19,701,723	12,645,010
<b>Total equity attributable to shareholders of the Company</b>		<b>277,197,681</b>	<b>243,961,186</b>	<b>118,531,125</b>	<b>110,380,008</b>
<b>Non-controlling interests</b>		<b>224,637,639</b>	<b>185,303,070</b>	<b>–</b>	<b>–</b>
<b>Total shareholders' equity</b>		<b>501,835,320</b>	<b>429,264,256</b>	<b>118,531,125</b>	<b>110,380,008</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>2,034,451,929</b>	<b>1,861,840,298</b>	<b>286,141,878</b>	<b>282,262,937</b>

The accompanying notes form an integral part of these financial statements.

# CONSOLIDATED AND COMPANY INCOME STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

(All amounts in RMB Thousand Yuan unless otherwise stated)

[English Translation for Reference Only]

Item	Notes	2019 Consolidated	2018 Consolidated	2019 Company	2018 Company
<b>Revenue</b>	4(50), 18(5)	1,419,836,588	1,199,324,525	111,416,548	102,575,177
Less: Cost of sales	4(50), 18(5)	(1,262,226,200)	(1,056,709,590)	(108,104,981)	(98,306,740)
Taxes and surcharges	4(51)	(17,220,003)	(16,194,997)	(173,291)	(176,000)
Selling and distribution expenses	4(52)	(4,330,826)	(3,649,886)	–	–
General and administrative expenses	4(53)	(27,685,477)	(23,351,893)	(1,249,089)	(1,148,219)
Research and development expenses	4(54)	(17,289,939)	(7,620,946)	(48,364)	(99,015)
Financial expenses	4(55)	(7,911,711)	(15,336,278)	(2,147,074)	(2,172,730)
Including: Interest expenses		(10,476,405)	(10,474,371)	(2,271,228)	(2,434,841)
Interest income		3,648,525	3,277,464	218,747	183,221
Add: Other income		301,988	322,790	8,813	5,977
Investment income	4(57), 18(6)	4,212,538	5,646,311	17,848,100	4,696,480
Including: Share of profit of associates and joint ventures		4,673,782	4,191,367	(8,118)	(71,609)
Derecognized gains or losses of financial assets measured at amortised cost		(2,330,684)	–	–	–
Losses arising from changes in fair value	4(58)	(484,752)	(368,343)	–	–
Credit impairment losses	4(59)	(3,611,595)	–	(791,733)	–
Asset impairment losses	4(60)	73,370	(10,465,899)	–	(348,293)
Gains on disposals of assets		131,105	69,502	328	1,427
<b>Operating profit</b>		83,795,086	71,665,296	16,759,257	5,028,064
Add: Non-operating income	4(61)	1,294,032	609,181	31,593	384
Less: Non-operating expenses	4(62)	(3,621,272)	(485,689)	(30,151)	(3,194)
<b>Total profit</b>		81,467,846	71,788,788	16,760,699	5,025,254
Less: Income tax expenses	4(63)	(18,262,603)	(16,438,588)	(356,456)	(213,504)
<b>Net profit</b>		63,205,243	55,350,200	16,404,243	4,811,750
Classified by continuity of operations					
Net profit from continuing operations		63,205,243	55,350,200	16,404,243	4,811,750
Net profit from discontinued operations		–	–	–	–
Classified by ownership of the equity					
Non-controlling interests		21,323,844	17,108,876	–	–
Attributable to shareholders of the Company		41,881,399	38,241,324	16,404,243	4,811,750

# CONSOLIDATED AND COMPANY INCOME STATEMENTS (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2019

(All amounts in RMB Thousand Yuan unless otherwise stated)

[English Translation for Reference Only]

Item	Notes	2019 Consolidated	2018 Consolidated	2019 Company	2018 Company
Net amount of other comprehensive income after deducting income tax	4(46)	606,129	(1,357,939)	173,163	15,491
Attributable to shareholders of the Company		580,780	(1,679,510)	173,163	15,491
Items that will not be subsequently reclassified to profit or loss		1,033,764	(100,000)	180,882	(4,740)
Remeasurements of post-employment benefit obligations		(27,690)	(100,000)	(3,910)	(4,740)
Changes in fair value of investment in other equity instruments		1,061,454	–	184,792	–
Items that may be reclassified to profit or loss		(452,984)	(1,579,510)	(7,719)	20,231
Shares of other comprehensive income of investments accounted for using the equity method		(189,202)	(412,967)	345	–
Changes in fair value of available-for-sale financial assets		–	(952,197)	–	(51,265)
Changes in fair value of other debt investments		11,483	–	–	–
Currency translation differences		(275,265)	(214,346)	(8,064)	71,496
Attributable to non-controlling interests		25,349	321,571	–	–
<b>Total comprehensive income</b>		<b>63,811,372</b>	<b>53,992,261</b>	<b>16,577,406</b>	<b>4,827,241</b>
Attributable to shareholders of the Company		42,462,179	36,561,814	16,577,406	4,827,241
Attributable to non-controlling interests		21,349,193	17,430,447	–	–
<b>Earnings per share</b>					
Basic earnings per share (RMB Yuan)	4(65)(a)	0.97	0.87	N/A	N/A
Diluted earnings per share (RMB Yuan)	4(65)(b)	0.96	0.85	N/A	N/A

The accompanying notes form an integral part of these financial statements.

# CONSOLIDATED AND COMPANY CASH FLOW STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

(All amounts in RMB Thousand Yuan unless otherwise stated)

[English Translation for Reference Only]

Item	Notes	2019 Consolidated	2018 Consolidated	2019 Company	2018 Company
<b>Cash flows from operating activities</b>					
Cash received from sales of goods or rendering of services		1,504,062,812	1,244,549,400	118,794,506	111,286,762
Refund of taxes and surcharges		89,985	45,940	563	–
Cash received relating to other operating activities	4(66)(a)	19,369,597	34,532,417	6,270,607	9,433,585
<b>Sub-total of cash inflows</b>		<b>1,523,522,394</b>	<b>1,279,127,757</b>	<b>125,065,676</b>	<b>120,720,347</b>
Cash paid for goods and services		(1,394,717,262)	(1,135,914,655)	(109,905,675)	(104,673,157)
Cash paid to and on behalf of employees		(73,848,103)	(67,710,734)	(1,915,066)	(3,345,095)
Payments of taxes and surcharges		(59,391,122)	(50,886,530)	(946,219)	(900,135)
Cash paid relating to other operating activities	4(66)(b)	(29,785,984)	(14,304,548)	(7,598,603)	(3,084,209)
<b>Sub-total of cash outflows</b>		<b>(1,557,742,471)</b>	<b>(1,268,816,467)</b>	<b>(120,365,563)</b>	<b>(112,002,596)</b>
<b>Net cash flows (used in)/from operating activities</b>	4(67)(a)	<b>(34,220,077)</b>	<b>10,311,290</b>	<b>4,700,113</b>	<b>8,717,751</b>
<b>Cash flows from investing activities</b>					
Cash received from disposal of investments		8,393,599	6,232,687	1,772,318	25,000
Cash received from returns on investments		4,957,371	1,860,307	19,211,427	8,979,614
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		2,186,400	725,253	2,776	4,313
Net cash received due to disposal of subsidiaries and other business units		48,539	–	–	–
Net cash received due to acquisition of subsidiaries and other business units		467,693	–	–	–
Cash received relating to other investing activities	4(66)(c)	16,235,302	16,239,687	2,266,843	3,542,857
<b>Sub-total of cash inflows</b>		<b>32,288,904</b>	<b>25,057,934</b>	<b>23,253,364</b>	<b>12,551,784</b>
Cash paid to acquire fixed assets, intangible assets and other long-term assets		(20,436,792)	(18,624,014)	(201,915)	(71,172)
Cash paid to invest		(11,280,575)	(19,109,520)	(8,298,400)	(11,363,247)
Net cash paid to acquire subsidiaries and other business units		–	(302,661)	–	–
Net cash outflows due to disposal of subsidiaries and other business units		–	(59,903)	–	–
Cash paid relating to other investing activities	4(66)(d)	(20,384,348)	(19,775,262)	(3,075,237)	(6,469,362)
<b>Sub-total of cash outflows</b>		<b>(52,101,715)</b>	<b>(57,871,360)</b>	<b>(11,575,552)</b>	<b>(17,903,781)</b>
<b>Net cash flows (used in)/from investing activities</b>		<b>(19,812,811)</b>	<b>(32,813,426)</b>	<b>11,677,812</b>	<b>(5,351,997)</b>



# CONSOLIDATED AND COMPANY CASH FLOW STATEMENTS (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2019

(All amounts in RMB Thousand Yuan unless otherwise stated)

[English Translation for Reference Only]

Item	Notes	2019 Consolidated	2018 Consolidated	2019 Company	2018 Company
<b>Cash flows from financing activities</b>					
Cash received from capital contributions		29,815,290	53,619,630	–	6,000,000
Including: Cash received from capital contributions by non-controlling shareholders of subsidiaries		29,815,290	47,620,630	–	–
Cash received from borrowings		184,449,477	141,227,841	22,000,000	10,300,000
Cash received from issuance of bonds		15,130,566	33,470,647	–	10,000,000
Cash received relating to other financing activities	4(66)(e)	10,533,485	16,026,097	2,248,813	13,704,261
<b>Sub-total of cash inflows</b>		<b>239,928,818</b>	<b>244,344,215</b>	<b>24,248,813</b>	<b>40,004,261</b>
Repayments of borrowings		(161,987,155)	(142,835,808)	(23,415,000)	(29,742,013)
Cash payments for interest expenses and distribution of dividends or profits		(37,387,427)	(32,230,053)	(10,844,930)	(9,933,879)
Including: Cash payments for dividends or profit to non-controlling shareholders of subsidiaries		(8,009,883)	(6,091,316)	–	–
Cash paid to acquire non-controlling interest of subsidiaries		(222,492)	(75,055)	–	–
Cash paid relating to other financing activities	4(66)(f)	(14,023,834)	(4,333,041)	(8,767,963)	(2,596,840)
<b>Sub-total of cash outflows</b>		<b>(213,620,908)</b>	<b>(179,473,957)</b>	<b>(43,027,893)</b>	<b>(42,272,732)</b>
<b>Net cash flows from/(used in) financing activities</b>		<b>26,307,910</b>	<b>64,870,258</b>	<b>(18,779,080)</b>	<b>(2,268,471)</b>
<b>Effect of foreign exchange rate changes on cash</b>		<b>642,592</b>	<b>2,621,251</b>	<b>(147,879)</b>	<b>521,151</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(27,082,386)</b>	<b>44,989,373</b>	<b>(2,549,034)</b>	<b>1,618,434</b>
Add: Cash and cash equivalents at the beginning of the year		298,810,194	253,820,821	24,077,377	22,458,943
<b>Cash and cash equivalents at the end of the year</b>	4(67)(b)	<b>271,727,808</b>	<b>298,810,194</b>	<b>21,528,343</b>	<b>24,077,377</b>

The accompanying notes form an integral part of these financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

(All amounts in RMB Thousand Yuan unless otherwise stated)

[English Translation for Reference Only]

Attributable to shareholders of the Company													
	Other equity instruments												
Item	Note	Paid-in capital	Preference share	Perpetual bond	Capital surplus	Less: Treasury shares	Other comprehensive income	Special reserve	General risk reserve	Surplus reserve	Undistributed profits	Non-controlling interests	Total shareholders' equity
Balance at 31 December 2018		41,985,174	14,975,410	7,996,770	11,262,289	(2,924,442)	(1,699,877)	77,329	656,661	6,003,665	165,628,207	185,303,070	429,264,256
Changes in accounting policies	2(32)	-	-	-	-	-	(657,648)	-	-	72,060	516,681	(86,418)	(155,325)
Balance at 1 January 2019		41,985,174	14,975,410	7,996,770	11,262,289	(2,924,442)	(2,357,525)	77,329	656,661	6,075,725	166,144,888	185,216,652	429,108,931
Total comprehensive income		-	-	-	-	-	583,025	-	-	-	41,881,399	21,349,193	63,813,617
Net profit		-	-	-	-	-	-	-	-	-	41,881,399	21,323,844	63,205,243
Other comprehensive income	4(46)	-	-	-	-	-	583,025	-	-	-	-	25,349	608,374
Capital contribution and withdrawal by shareholders		(9,544)	-	(1,996,770)	765,321	422,982	-	-	-	-	(1,054)	26,364,291	25,545,226
Capital contribution by shareholders		-	-	-	-	-	-	-	-	-	-	5,915,864	5,915,864
Capital contribution by the holders of other equity instruments	4(44)	-	-	(1,996,770)	-	-	-	-	-	-	-	21,519,257	19,522,487
Share-based payment	4(64)	-	-	-	654,785	-	-	-	-	-	-	105,136	759,921
Effect on changes in shareholding of subsidiaries		-	-	-	38,131	-	-	-	-	-	(1,054)	(1,175,966)	(1,138,889)
Unlocked restricted shares buyback and cancellation		(9,544)	-	-	(22,323)	31,867	-	-	-	-	-	-	-
Others		-	-	-	94,728	391,115	-	-	-	-	-	-	485,843
Profit distribution	4(49)	-	-	-	-	-	-	-	494,541	1,640,424	(10,490,613)	(8,309,332)	(16,664,960)
Appropriation to statutory surplus reserve		-	-	-	-	-	-	-	-	1,640,424	(1,640,424)	-	-
Appropriation to general risk reserve		-	-	-	-	-	-	-	494,541	-	(494,541)	-	-
Profit distribution to shareholders		-	-	-	-	-	-	-	-	-	(7,052,853)	(5,634,839)	(12,687,692)
Profit distribution to holders of other equity instruments		-	-	-	-	-	-	-	-	-	(1,302,795)	(2,674,493)	(3,977,288)
Internal transfer of shareholder equity		-	-	-	-	-	(2,245)	-	-	-	2,245	-	-
Other comprehensive incomes transferring to retained earnings		-	-	-	-	-	(2,245)	-	-	-	2,245	-	-
Special reserves	4(47)	-	-	-	-	-	-	11,145	-	-	-	16,835	27,980
Appropriation to safety production expenses		-	-	-	-	-	-	23,237,877	-	-	-	73,383	23,311,260
Use of safety production expenses		-	-	-	-	-	-	(23,226,732)	-	-	-	(56,548)	(23,283,280)
Other		-	-	-	-	-	-	-	-	-	4,546	-	4,546
Balance at 31 December 2019		41,975,630	14,975,410	6,000,000	12,027,610	(2,501,460)	(1,776,745)	88,474	1,151,202	7,716,149	197,541,411	224,637,639	501,835,320

# CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2019  
(All amounts in RMB Thousand Yuan unless otherwise stated)  
[English Translation for Reference Only]

Attributable to shareholders of the Company														
Item	Note	Other equity instruments					Less:			General risk reserve	Surplus reserve	Undistributed profits	Non-controlling interests	Total shareholders' equity
		Paid-in capital	Preference share	Perpetual bond	Capital surplus	Treasury shares	Other comprehensive income	Special reserve						
<b>Balance at 31 December 2017</b>														
<b>Subsidiaries' adoption of the new accounting standards</b>														
<b>Balance at 1 January 2018</b>														
<b>Total comprehensive income</b>														
Net profit		30,000,000	14,975,410	1,996,770	24,883,282	(1,273,275)	(17,345)	55,387	510,725	5,522,490	138,102,075	126,973,674	341,729,193	
Other comprehensive income	4(46)	-	-	-	-	-	(3,022)	-	-	-	(2,263,784)	(1,763,627)	(4,030,433)	
<b>Capital contribution and withdrawal by shareholders</b>														
Capital contribution by shareholders		30,000,000	14,975,410	1,996,770	24,883,282	(1,273,275)	(20,367)	55,387	510,725	5,522,490	135,838,291	125,210,047	337,698,760	
Capital contribution by the holders of other equity instruments		-	-	-	-	-	(1,679,510)	-	-	-	38,241,324	17,430,447	53,992,261	
Impact of repurchase of restricted shares to grant to employees		-	-	-	-	-	-	-	-	-	-	-	-	
Share-based payment	4(64)	-	-	-	233,165	-	-	-	-	-	-	56,130	289,295	
Effect on changes in shareholding of subsidiaries		-	-	-	(210,926)	-	-	-	-	-	1,147	1,268,885	1,059,106	
Unlocked restricted shares buyback and cancellation		(10,590)	-	-	(13,461)	24,051	-	-	-	-	-	-	-	
Others		-	-	-	(8,430)	405,270	-	-	-	-	6,279	309	403,428	
<b>Profit distribution</b>														
Appropriation to statutory surplus reserve	4(49)	-	-	-	-	-	-	-	145,936	481,175	(8,458,834)	(5,933,361)	(13,765,084)	
Appropriation to general risk reserve		-	-	-	-	-	-	-	-	481,175	(481,175)	-	-	
Profit distribution to shareholders		-	-	-	-	-	-	-	145,936	-	(145,936)	-	-	
Profit distribution to holders of other equity instruments		-	-	-	-	-	-	-	-	-	(6,447,723)	(5,270,474)	(11,718,197)	
<b>Internal transfer of shareholder equity</b>														
Reserve converting to shares		11,995,764	-	-	(11,995,764)	-	-	-	-	-	(1,384,000)	(662,887)	(2,046,887)	
<b>Special reserves</b>														
Appropriation to safety production expenses	4(47)	11,995,764	-	-	(11,995,764)	-	-	-	-	-	-	-	-	
Use of safety production expenses		-	-	-	-	-	-	21,942	-	-	-	4,075	26,017	
<b>Balance at 31 December 2018</b>														
		41,985,174	14,975,410	7,996,770	11,262,289	(2,924,442)	(1,699,877)	77,329	656,661	6,003,665	165,628,207	185,303,070	429,264,256	

The accompanying notes form an integral part of these financial statements.

# COMPANY STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

(All amounts in RMB Thousand Yuan unless otherwise stated)

[English Translation for Reference Only]

Item	Note	Other equity instruments						Less:			Special reserve	Surplus reserve	Undistributed profits	Total shareholders' equity
		Paid-in capital	Preference share	Perpetual bond	Capital surplus	Treasury shares	Other comprehensive income							
<b>Balance at 31 December 2018</b>		41,985,174	14,975,410	7,996,770	29,955,921	(2,924,442)	(257,500)	-	6,003,665	12,645,010	110,380,008			
<b>Changes in accounting policies</b>	2(32)	-	-	-	-	-	210,451	-	72,060	648,542	931,053			
<b>Balance at 1 January 2019</b>		41,985,174	14,975,410	7,996,770	29,955,921	(2,924,442)	(47,049)	-	6,075,725	13,293,552	111,311,061			
<b>Total comprehensive income</b>		-	-	-	-	-	173,163	-	-	16,404,243	16,577,406			
Net profit		-	-	-	-	-	-	-	-	16,404,243	16,404,243			
Other comprehensive income		-	-	-	-	-	173,163	-	-	-	-			
<b>Capital contribution and withdrawal by shareholders</b>		(9,544)	-	(1,996,770)	581,638	422,982	-	-	-	-	(1,001,694)			
Share-based payment	4(64)	-	-	(1,996,770)	-	-	-	-	-	-	(1,996,770)			
Capital contribution by the holders of other equity instruments		-	-	-	554,496	-	-	-	-	-	554,496			
Unlocked restricted shares buyback and cancellation		(9,544)	-	-	(22,323)	31,867	-	-	-	-	-			
Others		-	-	-	49,465	391,115	-	-	-	-	440,580			
<b>Profit distribution</b>	4(49)	-	-	-	-	-	-	-	1,640,424	(9,996,072)	(8,355,648)			
Appropriation to statutory surplus reserve		-	-	-	-	-	-	-	1,640,424	(1,640,424)	-			
Profit distribution to shareholders		-	-	-	-	-	-	-	-	(7,052,853)	(7,052,853)			
Profit distribution to holders of other equity instruments		-	-	-	-	-	-	-	-	(1,302,795)	(1,302,795)			
<b>Special reserve</b>		-	-	-	-	-	-	-	-	-	-			
Appropriation to safety production expenses		-	-	-	-	-	-	-	1,112,655	-	1,112,655			
Use of safety production expenses		-	-	-	-	-	-	-	(1,112,655)	-	(1,112,655)			
<b>Balance at 31 December 2019</b>		41,975,630	14,975,410	6,000,000	30,537,559	(2,501,460)	126,114	-	7,716,149	19,701,723	118,531,125			

# COMPANY STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2019

(All amounts in RMB Thousand Yuan unless otherwise stated)

[English Translation for Reference Only]

Item	Note	Other equity instruments							Total shareholders' equity		
		Paid-in capital	Preference share	Perpetual bond	Capital surplus	Less: Treasury shares	Other comprehensive income	Special reserve		Surplus reserve	Undistributed profits
Balance at 1 January 2018		30,000,000	14,975,410	1,996,770	43,410,677	(1,273,275)	(272,991)	169	5,522,490	16,146,158	110,505,408
Total comprehensive income		-	-	-	-	-	15,491	-	-	4,811,750	4,827,241
Net profit		-	-	-	-	-	-	-	-	4,811,750	4,811,750
Other comprehensive income		-	-	-	-	-	15,491	-	-	-	15,491
Capital contribution and withdrawal by shareholders		(10,590)	-	6,000,000	(1,458,992)	(1,651,167)	-	-	-	-	2,879,251
Impact of repurchase of restricted shares to grant to employees		-	-	-	(1,625,577)	(2,080,488)	-	-	-	-	(3,706,065)
Share-based payment	4(64)	-	-	-	179,777	-	-	-	-	-	179,777
Capital contribution by the holders of other equity instruments		-	-	6,000,000	-	-	-	-	-	-	6,000,000
Unlocked restricted shares buyback and cancellation		(10,590)	-	-	(13,461)	24,051	-	-	-	-	-
Others		-	-	-	269	405,270	-	-	-	-	405,539
Profit distribution	4(49)	-	-	-	-	-	-	-	481,175	(8,312,898)	(7,831,723)
Appropriation to statutory surplus reserve		-	-	-	-	-	-	-	481,175	(481,175)	-
Profit distribution to shareholders		-	-	-	-	-	-	-	-	(6,447,723)	(6,447,723)
Profit distribution to holders of other equity instruments		-	-	-	-	-	-	-	-	(1,384,000)	(1,384,000)
Internal transfer of shareholder equity		11,995,764	-	-	(11,995,764)	-	-	-	-	-	-
Reserve converting to shares		11,995,764	-	-	(11,995,764)	-	-	-	-	-	-
Special reserve		-	-	-	-	-	-	(169)	-	-	(169)
Appropriation to safety production expenses		-	-	-	-	-	-	1,063,906	-	-	1,063,906
Use of safety production expenses		-	-	-	-	-	-	(1,064,075)	-	-	(1,064,075)
Balance at 31 December 2018		41,985,174	14,975,410	7,996,770	29,955,921	(2,924,442)	(257,500)	-	6,003,665	12,645,010	110,380,008

The accompanying notes form an integral part of these financial statements.

# NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

(All amounts in RMB Thousand Yuan unless otherwise stated)

[English Translation for Reference Only]

## 1 Company profile

China State Construction Engineering Corporation Limited ("the Company") was established as a joint stock limited company under the People's Republic of China ("PRC") laws and regulations in accordance with the approval of Guo Zi Gai Ge [2007] No.1495 issued by State-owned Assets Supervision and Administration Commission of the State Council ("SASAC") on 6 December 2007. The founder-members of the Company are China State Construction Engineering Corporation ("CSCEC"), China National Petroleum Corporation, Baosteel Group Corporation and Sinochem Corporation (the latter three are called by "other founder-members").

In November 2017, after approval by SASAC, CSCEC was transformed from a wholly people-owned enterprise to a wholly state-owned company. After the transformation, the Company's name was changed to China State Construction Engineering Co., Ltd. ("CSCEC"), and its contributor was SASAC who represents the State Council.

The Company was established on 10 December 2007 in Beijing, PRC, and its head quarter is situated in Beijing, PRC. The parent company and the ultimate parent company of the Company is CSCEC. The Company was listed on Shanghai Stock Exchange ("A shares") for trading in July 2009. As at 31 December 2019, total share capital of the Company was approximately RMB42 billion at the par value of RMB1.00 per share. As at 31 December 2019, CSCEC held approximately 23,630,700,000 shares, representing 56.30% of the total share capital.

The approved scope of business of the Company and its subsidiaries (together "the Group") includes survey, design, construction, installation, consultation, development, decoration service, manufacturing, wholesale, retail and imports and exports. The core operations include: offering a full range of construction-related services to foreign and domestic civil engineering and building construction such as construction, installation and consultation, investment and construction of infrastructure projects, foreign and domestic real estate investment and development, architecture and infrastructure construction survey and design, decoration engineering, landscape engineering design and construction, industrial investment, contracting for foreign projects in PRC, import and export, production and distribution of construction materials and other non-metal mineral products, construction-related metalwork & tools and construction engineering & drilling equipment, and financial business such as lending and borrowing within the Group.

Please refer to Note 6 for details of significant subsidiaries included in the consolidation scope in the current year. The Group does not have any significant subsidiaries newly included in the consolidation scope or excluded from the consolidation scope in the current year.

These financial statements are authorised for issue by the Company's Board of Directors on 24 April 2020.

## 2 Summary of significant accounting policies and accounting estimates

Specific accounting policies and accounting estimates were decided by the Group according to the characteristics of its production and operation, mainly including measurement of expected credit losses on receivables and contract assets (Note 2(9)), valuation method of inventories (Note 2(10)), recognition and measurement of revenue (Note 2(24)), etc.

Please refer to Note 2(31) for the details of the Group's critical judgements in applying the accounting policies.

### (1) Basis of preparation

The financial statements are prepared in accordance with the *Accounting Standard for Business Enterprises – Basic Standard*, and the specific accounting standards and other relevant regulations issued by the Ministry of Finance on 15 February 2006 and in subsequent periods (hereafter collectively referred to as "the Accounting Standards for Business Enterprises" or "CASs") and the disclosure requirements in the *Preparation Convention of Information Disclosure by Companies Offering Securities to the Public No. 15 – General Rules on Financial Reporting* issued by the China Securities Regulatory Commission.

The financial statements are prepared on a going concern basis.

### (2) Statement of compliance with the Accounting Standards for Business Enterprises

The consolidated and company financial statements of the Company for the year ended 31 December 2019 are in compliance with the Accounting Standards for Business Enterprises, and truly and completely present the financial position of the Consolidated and the Company as of 31 December 2019 and of their financial performance, cash flows and other information for the year then ended.

### (3) Accounting year

The Company's accounting year starts on 1 January and ends on 31 December.

### (4) Recording currency

The recording currency of the Company and its domestic subsidiaries is Renminbi (RMB). The Company's foreign subsidiaries choose their recording currency on the basis of the primary economic environment in which it operates, and foreign currencies are translated into RMB when preparing financial statements. The financial statements are presented in RMB.

### (5) Business combinations

#### (a) Business combinations involving enterprises under common control

The consideration paid and net assets obtained by the absorbing party in a business combination are measured at the carrying amount. Where if the ultimate controlling company acquired the absorbed party from the third party, the absorbed party's assets and liabilities (including the goodwill arising from combination by the ultimate controlling company) are measured at the carrying amount in the ultimate controlling company's consolidated financial statements at the acquisition date. The difference between the carrying amount of the net assets obtained from the combination and the carrying amount of the consideration paid for the combination is adjusted to capital surplus (share premium). If the capital surplus (share premium) is not sufficient to absorb the difference, any excess shall be adjusted against retained earnings. Costs directly attributable to the combination are included in profit or loss in the period in which they are incurred. Transaction costs associated with the issue of equity or debt securities for the business combination are included in the initially recognised amounts of the equity or debt securities.

## 2 Summary of significant accounting policies and accounting estimates (Continued)

### (5) Business combinations (Continued)

#### (b) Business combinations involving enterprises not under common control and goodwill

The cost of combination and identifiable net assets obtained by the acquirer in a business combination are measured at fair value at the acquisition date. Where the cost of the combination exceeds the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference is recognised as goodwill; where the cost of combination is lower than the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference is recognised in profit or loss for the current period. Costs directly attributable to the combination are included in profit or loss in the period in which they are incurred. Transaction costs associated with the issue of equity or debt securities for the business combination are included in the initially recognised amounts of the equity or debt securities.

Where a business combination not involving enterprises under common control is achieved through multiple transactions in stages, the equity interest held in the acquiree before the acquisition date is remeasured at fair value at the acquisition date in the consolidated financial statements, with any difference between fair value and carrying amount included in investment income for the current period. Where the equity interest held in the acquiree before the acquisition date relates to other comprehensive income measured under the equity method and other changes in owners' equity except net profit or loss, other comprehensive income and profit distribution, corresponding other comprehensive income and other changes in owners' equity (excluding other comprehensive income from changes arising from remeasurement on net liabilities or net assets of defined benefit plans of the acquiree) shall be transferred to income for the period in which the acquisition date falls. Goodwill is recognised at the excess of the sum of the consideration paid at the acquisition date and the fair value at the acquisition date of the acquirer's previously held interest in the acquiree, over the fair value of the acquiree's identifiable net assets acquired.

### (6) Preparation of consolidated financial statements

The consolidated financial statements comprise the financial statements of the Company and all of its subsidiaries.

Subsidiaries are consolidated from the date on which the Group obtains control and are de-consolidated from the date that such control ceases. For a subsidiary that is acquired in a business combination involving enterprises under common control, it is included in the consolidated financial statements from the date when it, together with the Company, comes under common control of the ultimate controlling party. The portion of the net profits realised before the combination date is presented separately in the consolidated income statement.

In preparing the consolidated financial statements, where the accounting policies and the accounting periods of the Company and subsidiaries are inconsistent, the financial statements of the subsidiaries are adjusted in accordance with the accounting policies and the accounting period of the Company. For subsidiaries acquired from business combinations involving enterprises not under common control, the individual financial statements of the subsidiaries are adjusted based on the fair value of the identifiable net assets at the acquisition date.

All significant intra-group balances, transactions and unrealised profits are eliminated in the consolidated financial statements. The portion of subsidiaries' owners' equity and the portion of subsidiaries' net profits and losses and comprehensive incomes for the period not attributable to the Company are recognised as minority interests, net profit attributed to minority interests and total comprehensive incomes attributed to minority interests, and presented separately in the consolidated financial statements under owners' equity, net profits and total comprehensive income respectively. Unrealised profits and losses resulting from the sale of assets by the Company to its subsidiaries are fully eliminated against net profit attributable to owners of the parent. Unrealised profits and losses resulting from the sale of assets by a subsidiary to the Company are eliminated and allocated between net profit attributable to owners of the parent and net profit attributed to minority interests in accordance with the allocation proportion of the parent in the subsidiary. Unrealised profits and losses resulting from the sale of assets by one subsidiary to another are eliminated and allocated between net profit attributable to owners of the parent and net profit attributed to minority interests in accordance with the allocation proportion of the parent in the subsidiary.



## 2 Summary of significant accounting policies and accounting estimates (Continued)

### (6) Preparation of consolidated financial statements (Continued)

If the control over the subsidiary is lost due to the disposal of a portion of an equity investment or other reasons, the remaining equity investment in the consolidated financial statements is remeasured at its fair value at the date when the control is lost in the consolidated financial statements. The sum of consideration received from the disposal of equity investment and the fair value of the remaining equity investment, net of the sum of the share of net assets of the former subsidiary based on continuous calculation since the acquisition date at previous proportion of shareholding and goodwill, is recognised as investment income for the current period when the control is lost. In addition, other comprehensive income and other changes in owners' equity (excluding other comprehensive income from changes arising from remeasurement by the former subsidiary on net liabilities or net assets of defined benefit plans), which are related with the equity investment in the former subsidiary, are transferred to investment income for the current period when the control is lost.

If the accounting treatment of a transaction is inconsistent in the financial statements at the Group level and at the Company or its subsidiary level, adjustment will be made from the perspective of the Group.

### (7) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits that can be readily drawn on demand, and short-term and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

### (8) Foreign currency translation

#### (a) Foreign currency transactions

Foreign currency transactions are translated into recording currency using the exchange rates prevailing at the dates of the transactions.

At the balance sheet date, monetary items denominated in foreign currencies are translated into recording currency using the spot exchange rates on the balance sheet date. Exchange differences arising from these translations are recognised in profit or loss for the current period, except for those attributable to foreign currency borrowings that have been taken out specifically for acquisition or construction of qualifying assets, which are capitalised as part of the cost of those assets. Non-monetary items denominated in foreign currencies that are measured at historical costs are translated at the balance sheet date using the spot exchange rates at the date of the transactions. The effect of exchange rate changes on cash is presented separately in the cash flow statement.

#### (b) Translation of foreign currency financial statements

The asset and liability items in the balance sheets for overseas operations are translated at the spot exchange rates on the balance sheet date. Among the equity items, the items other than "retained earnings" are translated at the spot exchange rates of the transaction dates. The income and expense items in the income statement of overseas operations are translated at the spot exchange rates of the transaction dates. The differences arising from the above translation are presented in other comprehensive income. The cash flows of overseas operations are translated at the spot exchange rates on the dates of the cash flows. The effect of exchange rate changes on cash is presented separately in the cash flow statement.

### (9) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. A financial asset or a financial liability is recognised when the Group becomes a party to the contractual provisions of the financial instrument.

## 2 Summary of significant accounting policies and accounting estimates (Continued)

### (9) Financial instruments (Continued)

#### (a) Financial assets

##### *(i) Classification and measurement*

Based on the business model for managing the financial assets and the contractual cash flow characteristics of the financial assets, financial assets are classified as: (1) financial assets measured at amortised cost; (2) financial assets measured at fair value through other comprehensive income; (3) financial assets measured at fair value through profit or loss.

The financial assets are measured at fair value at initial recognition. Related transaction costs that are attributable to the acquisition of the financial assets are included in the initially recognised amounts, except for the financial assets measured at fair value through profit or loss, the related transaction costs of which are recognised directly in profit or loss for the current period. Accounts receivable or notes receivable arising from sales of products or rendering of services (excluding or without regard to significant financing components) are initially recognised at the consideration that is entitled to be charged by the Group as expected.

##### Debt instruments

The debt instruments held by the Group refer to the instruments that meet the definition of financial liabilities from the perspective of the issuer, and are measured in the following three ways:

##### Measured at amortised cost:

The objective of the Group's business model is to hold the financial assets to collect the contractual cash flows, and the contractual cash flow characteristics are consistent with a basic lending arrangement, which gives rise on specified dates to the contractual cash flows that are solely payments of principal and interest on the principal amount outstanding. The interest income of such financial assets is recognised using the effective interest method. Such financial assets mainly comprise cash at bank and on hand, notes receivable, accounts receivable, other receivables, debt investments and long-term receivables, etc. Debt investments and long-term receivables that are due within one year (inclusive) as from the balance sheet date are included in the current portion of non-current assets; debt investments with maturities of no more than one year (inclusive) at the time of acquisition are included in other current assets.

##### Measured at fair value through other comprehensive income:

The objective of the Group's business model is to hold the financial assets to both collect the contractual cash flows and sell such financial assets, and the contractual cash flow characteristics are consistent with a basic lending arrangement. Such financial assets are measured at fair value through other comprehensive income, except for the impairment gains or losses, foreign exchange gains and losses, and interest income calculated using the effective interest method which are recognised in profit or loss for the current period. Such financial assets mainly include receivables financing and other debt investments, etc. Other debt investments that are due within one year (inclusive) as from the balance sheet date are included in the current portion of non-current assets; other debt investments with maturities no more than one year at the time of acquisition are included in other current assets.

## 2 Summary of significant accounting policies and accounting estimates (Continued)

### (9) Financial instruments (Continued)

#### (a) Financial assets (Continued)

##### (i) *Classification and measurement (Continued)*

Measured at fair value through profit or loss:

Debt instruments held by the Group that are not classified as those measured at amortised cost, or those measured at fair value through other comprehensive income, are measured at fair value through profit or loss and included in financial assets held for trading. At initial recognition, the Group designates a portion of financial assets as at fair value through profit or loss to eliminate or significantly reduce an accounting mismatch. Financial assets that will expire after one year (inclusive) later as from the balance sheet date and are expected to be held over one year are included in other non-current financial assets.

Equity instruments

Investments in equity instruments with no control, joint control or significant influence are measured at fair value through profit or loss which are classified as financial assets held for trading; investments in equity instruments expected to be held over one year when investments in equity instruments were made at the balance sheet date are included in other non-current financial assets.

In addition, a portion of certain investments in equity instruments not held for trading is designated as financial assets measured at fair value through other comprehensive income under other investments in equity instruments. The relevant dividend income of such financial assets is recognised in profit or loss for the current period.

##### (ii) *Impairment*

Loss provision for financial assets measured at amortised cost, investments in debt instruments measured at fair value through other comprehensive income, as well as contract assets and financial guarantee contracts is recognised on the basis of expected credit losses ("ECL").

Giving consideration to reasonable and supportable information on past events, current conditions and forecasts of future economic conditions, and weighted by the risk of default, the Group recognises the ECL as the probability-weighted amount of the present value of the difference between the cash flows receivable from the contract and the cash flows expected to collect.

As at each balance sheet date, the ECL of financial instruments at different stages are measured respectively. 12-month ECL provision is recognised for financial instruments in Stage 1 that have not had a significant increase in credit risk since initial recognition; lifetime ECL provision is recognised for financial instruments in Stage 2 that have had a significant increase in credit risk yet without credit impairment since initial recognition; and lifetime ECL provision is recognised for financial instruments in Stage 3 that have had credit impairment since initial recognition.

For the financial instruments with lower credit risk on the balance sheet date, the Group assumes there is no significant increase in credit risk since initial recognition and recognises the 12-month ECL provision.

For the financial instruments in Stage 1, Stage 2 and with lower credit risk, the Group calculates the interest income by applying the effective interest rate to the gross carrying amount (before deduction of the impairment provision). For the financial instruments in Stage 3, the interest income is calculated by applying the effective interest rate to the amortised cost (after deduction of the impairment provision from the gross carrying amount).

## 2 Summary of significant accounting policies and accounting estimates (Continued)

### (9) Financial instruments (Continued)

#### (a) Financial assets (Continued)

##### (ii) Impairment (Continued)

- i) For notes receivable, accounts receivable, receivables financing and contract assets arising from sales of goods or rendering of services in the ordinary course of the activities, the Group measures the loss provision based on the lifetime ECL regardless of whether there exists a significant financing component.

In case the ECL of individually assessed accounts receivable and contract assets cannot be evaluated with reasonable cost, the Group divides accounts receivable and contract assets into certain groupings based on credit risk characteristics, and calculates the ECL for the groupings. Basis for determining groupings is as follows:

Grouping 1 of accounts receivable	due from government authorities and central SOEs
Grouping 2 of accounts receivable	due from overseas enterprises
Grouping 3 of accounts receivable	due from other customers

The Group, with consideration to historical credit loss experience, current conditions and forecasts of future economic conditions, prepares the cross-reference between the ageing of accounts receivable and the lifetime ECL rate, and calculates the ECL of accounts receivables that are classified into groupings.

Grouping 1 of contract assets	engineering projects
Grouping 2 of contract assets	real estate projects
Grouping 3 of contract assets	unmatured warranties
Grouping 4 of contract assets	PPP projects which are managed in the model of financial assets
Grouping 5 of contract assets	primary land development projects
Grouping 6 of contract assets	other contract assets

Based on the exposure at default and the lifetime ECL rate, the Group calculates the ECL of contract assets that are classified into groupings with consideration to historical credit losses experience, current conditions and forecasts of future economic conditions.

For long-term receivables arising from sales of goods or rendering of services in the ordinary course of the activities, such as receivables for PPP project, receivables for BT project, receivables for primary land development, and receivables for other infrastructure projects, the Group calculates the ECL through default risk exposure and the lifetime ECL rate, on the basis of historical credit losses experience, the current conditions and forecasts of future economic conditions. Based on the exposure at default and the 12-month/lifetime ECL rate, the Group calculates the ECL of other long-term receivables with consideration of historical credit losses experience, the current conditions and forecasts of future economic conditions.

- ii) In case the ECL of other receivables individually assessed cannot be evaluated with reasonable cost, the Group divides other receivables into certain groupings based on credit risk characteristics, and calculates the ECL for the groupings. Basis for determining groupings is as follows:

Grouping 1 of other receivables	guarantees, deposits and reserves receivables
Grouping 2 of other receivables	advances receivable
Grouping 3 of other receivables	other receivables

The Group, on the basis of the exposure at default and the 12-month/lifetime ECL rate, calculates the ECL of other receivables that are classified into groupings with consideration to historical credit losses experience, the current conditions and forecasts of future economic conditions.

## 2 Summary of significant accounting policies and accounting estimates (Continued)

### (9) Financial instruments (Continued)

#### (a) Financial assets (Continued)

##### *(ii) Impairment (Continued)*

- iii) The Group recognises the loss provision for receivables and contract assets made or reversed into profit or loss for the current period. For debt instruments at fair value through other comprehensive income, the Group adjusts other comprehensive income while the impairment loss or gain is recognised in profit or loss for the current period.

##### *(iii) Derecognition*

A financial asset is derecognised when: (i) the contractual rights to the cash flows from the financial asset expire, (ii) the financial asset has been transferred and the Group transfers substantially all the risks and rewards of ownership of the financial asset to the transferee, or (iii) the financial asset has been transferred and the Group has not retained control of the financial asset, although the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset.

When a financial asset is derecognised, the difference between the carrying amount and the sum of the consideration received and the cumulative changes in fair value that are previously recognised directly in other comprehensive income is recognised in profit or loss for the current period, except for those as investments in other equity instruments, the difference aforementioned is recognised in retained earnings instead.

#### (b) Financial liabilities

Financial liabilities are classified as financial liabilities measured at amortised cost and financial liabilities measured at fair value through profit or loss at initial recognition.

Financial liabilities of the Group mainly comprise financial liabilities measured at amortised cost, including notes payable, accounts payable, other payables, borrowings, bonds payables, etc. Such financial liabilities are initially recognised at fair value, net of transaction costs incurred, and subsequently measured using the effective interest method. Financial liabilities that are due within one year (inclusive) are classified as current liabilities; those with maturities over one year but are due within one year (inclusive) as from the balance sheet date are classified as current portion of non-current liabilities. Others are classified as non-current liabilities.

A financial liability is derecognised or partly derecognised when the underlying present obligation is discharged or partly discharged. The difference between the carrying amount of the derecognised part of the financial liability and the consideration paid is recognised in profit or loss for the current period.

#### (c) Determination of fair value of financial instruments

The fair value of a financial instrument that is traded in an active market is determined at the quoted price in the active market. The fair value of a financial instrument that is not traded in an active market is determined by using a valuation technique. During valuation, the Group adopts the valuation technique that is applicable in the current circumstances and contains sufficient available data and other information supports, choosing inputs with features of assets or liabilities that are consistent with those market participants consider in related transactions of assets or liabilities, and giving priority to relevant observable inputs. When relevant observable inputs are not available or feasible, unobservable inputs are adopted.

## 2 Summary of significant accounting policies and accounting estimates (Continued)

### (10) Inventories

#### (a) Classification

The Group's inventories include inventories of real estate development enterprises, raw materials, turnover materials, work in progress and finished goods. Major inventories of real estate development enterprises include properties under development and completed properties for sale.

Inventories are measured at the lower of cost and net realisable value. Cost of inventories comprises construction cost, purchase cost, conversion cost and other expenditures incurred in bringing the inventories to their present location and condition.

#### (b) Properties under development and completed properties for sale

Properties under development and completed properties for sale mainly include costs for acquiring the land use rights, expenditures of basic facilities, expenditures of construction and installation work, borrowing costs incurred before the completion of development project, which are eligible for capitalisation and other related expenses incurred during the course of development. Properties under development are measured at actual cost. Public ancillary facilities comprise government-approved public ancillary projects, i.e. roads. The relevant costs are recognised in properties under development, and are accounted for by each measured entity and each cost item, the cost paid for land use rights is classified and accounted for as part of properties under development.

#### (c) Costing of inventories of raw materials, turnover materials, work in progress, finished goods and delivered stocks

Cost is determined using the first-in first-out or weighted average method when raw materials, turnover materials, work in progress and finished goods are delivered. The cost of finished goods and work in progress comprises raw materials, direct labour and systematically allocated production overhead based on the normal production capacity.

#### (d) The Group adopts the perpetual inventory system.

#### (e) Turnover materials are amortised based upon numbers of usage.

#### (f) Basis for determining net realisable value of inventories and method for making provision for decline in the value of inventories

Provision for decline in the value of inventories is determined at the excess amount of the carrying amount of the inventories over their net realisable value. Net realisable value is determined based on the estimated selling price in the ordinary course of business, less the estimated costs to completion and estimated costs necessary to make the sale and related taxes.

For inventories with large quantity and low values, provision for decline in value is made based on categories of inventories. The provision for decline in value of inventories relating to a product line that are produced and sold in the same region and with the same or similar end uses or purposes, which cannot be practicably evaluated separately from other items in that product line, is determined on an aggregate basis.

Provision for decline in the value of other inventories is made based on the excess of the cost of the inventories over their net realisable value on an individual basis.

In the circumstances that any factors that previously caused inventories to be written down below cost do not exist any longer after the provision, which lead to that the net realisable value of inventory is higher than its carrying amount, the original provision for decline in the value is reversed and the reversal is included in profit or loss for the period.

## 2 Summary of significant accounting policies and accounting estimates (Continued)

### (11) Contract assets and contract liabilities

For a contract with a customer, the Group has the right to receive the consideration for the goods transferred to or services rendered to the customer and undertakes the performance obligation to transfer the goods or services to the customer. Where goods or services are transferred to the customer before the contract consideration is actually paid by the customer or the consideration is due for payment, the right to receive consideration for the transferred goods or services shall be presented as a contract asset, and shall be recognised as accounts receivable or long-term receivables when the unconditional right to receive payment is obtained by the Group.

For a contract with a customer, the Group has the right to receive the consideration before transferring the goods to and rendering the services to the customer, and the obligation to transfer the goods or services to the customer according to the consideration received or receivable shall be presented as a contract liability, which shall be recognised as revenue when the Group fulfils such obligation.

Contract assets and contract liabilities under the same contract are presented on a net basis.

Loss provision for contract assets is recognised on the basis of ECL (Note 2(9)).

### (12) Long-term equity investments

Long-term equity investments comprise the Company's long-term equity investments in its subsidiaries, and the Group's long-term equity investments in its joint ventures and associates.

Subsidiaries are the investees over which the Company is able to exercise control. A joint venture is a joint arrangement which is structured through a separate vehicle over which the Group has joint control together with other parties and only has rights to the net assets of the arrangement based on legal forms, contractual terms and other facts and circumstances. An associate is the investee over which the Group has significant influence by participating in the financial and operating policy decisions.

Investments in subsidiaries are presented in the Company's financial statements using the cost method, and are adjusted using the equity method when preparing the consolidated financial statements; investments in joint ventures and associates are accounted for using the equity method.

#### (a) Determination of investment cost

For long-term equity investments acquired through a business combination: for long-term equity investments acquired through a business combination involving enterprises under common control, the investment cost is the absorbing party's share of the carrying amount of owners' equity of the party being absorbed at the combination date; for long-term equity investment acquired through a business combination involving enterprises not under common control, the investment cost is the combination cost. A business combination involving enterprises not under common control, which is achieved by multiple transactions for an acquiree's equity, is treated by considering whether it is "a transaction package". If it is "a transaction package", all the transactions shall be accounted for as a transaction of obtaining control. If it is not "a transaction package", the initial investment cost of long-term equity investments accounted for using the cost method is measured at the sum of the carrying amount of the previous equity investment in the acquiree and additional investment cost.

For long-term equity investments acquired not through a business combination: for long-term equity investments acquired by payment in cash, the initial investment cost shall be the purchase price actually paid; for long-term equity investments acquired by issuing equity securities, the initial investment cost shall be the fair value of the equity securities issued.

## 2 Summary of significant accounting policies and accounting estimates (Continued)

### (12) Long-term equity investments (Continued)

#### (b) Subsequent measurement and recognition of related profit and loss

Long-term equity investments accounted for using the cost method are measured at the initial investment cost. Cash dividend or profit distribution declared by an investee is recognised as investment income in profit or loss for the current period.

For long-term equity investments accounted for using the equity method, where the initial investment cost exceeds the Group's share of the fair value of the investee's identifiable net assets at the time of acquisition, the investment is initially measured at cost; where the initial investment cost is less than the Group's share of the fair value of the investee's identifiable net assets at the time of acquisition, the difference is included in profit or loss for the current period and the cost of the long-term equity investment is adjusted upwards accordingly.

For long-term equity investments accounted for using the equity method, the Group recognises the investment income or losses according to its share of net profit or loss of the investee. The Group does not recognise further losses when the carrying amounts of the long-term equity investment together with any long-term interests that, in substance, form part of the Group's net investment in the investee are reduced to zero. However, if the Group has obligations for additional losses and the criteria with respect to recognition of provisions are satisfied, the Group continues recognising the investment losses and the provisions at the amount it expects to undertake. The Group's share of the changes in investee's owners' equity other than those arising from the net profit or loss, other comprehensive income and profit distribution is recognised in capital surplus with a corresponding adjustment to the carrying amounts of the long-term equity investment. The carrying amount of the investment is reduced by the Group's share of the profit distribution or cash dividends declared by the investees. The unrealised gains or losses arising from the transactions between the Group and its investees are eliminated in proportion to the Group's equity interest in the investees, based on which the investment income or losses are recognised. Any losses resulting from transactions between the Group and its investees, which are attributable to asset impairment losses are not eliminated.

#### (c) Basis for determining existence of control, joint control, significant influence over investees

Control is the power to govern an investee, so as to obtain variable returns from its involvement with the investee, and has the ability to use its power over the investee to affect the amount of the investor's returns.

Joint control is the contractually agreed sharing of control over an arrangement, and the activities related to such arrangement can be decided only with the unanimous consent of the Group and other parties sharing control.

Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

#### (d) Joint arrangements

The Group classifies joint arrangement as joint venture and joint operation based on its rights and obligations to the arrangements.

A joint venture is a joint arrangement which is structured through a separate vehicle over which the Group has joint control together with other parties and only has rights to the net assets of the arrangement based on legal forms, contractual terms and other facts and circumstances. The investment in a joint venture is recognised as long-term equity investments using the equity method. A joint operation is a joint arrangement that is not structured through a separate vehicle, over which the Group has rights to the assets, and obligations for the liabilities relating to the arrangement. The Group recognises the assets, liabilities, revenue and expenditures according to its share of the joint operation in its consolidated financial statements.



## 2 Summary of significant accounting policies and accounting estimates (Continued)

### (12) Long-term equity investments (Continued)

#### (e) Impairment of long-term equity investments

The carrying amounts of long-term equity investments in subsidiaries, joint ventures and associates are reduced to the recoverable amounts when the recoverable amounts are below their carrying amounts (Note 2(19)).

### (13) Investment properties

Investment properties, including land use rights that have already been leased out, buildings that are held for the purpose of leasing and buildings that are being constructed or developed for future use for leasing, are measured initially at cost. Subsequent expenditures incurred in relation to an investment property are included in the cost of the investment property when it is probable that the associated economic benefits will flow to the Group and their costs can be reliably measured; otherwise, the expenditures are recognised in profit or loss for the period in which they are incurred.

The Group adopts the cost model for subsequent measurement of investment properties. Buildings and land use rights are depreciated or amortised based on the same policy as owner-occupied buildings and land use rights.

When an investment property is transferred to owner-occupied properties, it is reclassified as fixed asset or intangible asset at the date of the transfer. When a property inventory or an owner-occupied property is transferred out for earning rentals or for capital appreciation, the inventory, fixed asset or intangible asset is reclassified as investment properties at the date of the transfer. In case of transfer, carrying amount before transfer shall be recorded as cost after transfer.

The estimated useful life and the estimated net residual value of an investment property and the depreciation (amortisation) method applied to the property are reviewed, and adjusted as appropriate at each year-end.

An investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. The net amount of proceeds from sale, transfer, retirement or damage of an investment property net of its carrying amount and related taxes and expenses is recognised in profit or loss for the current period.

The carrying amount of an investment property is reduced to the recoverable amount if the recoverable amount is below the carrying amount (Note 2(19)).

### (14) Fixed assets

#### (a) Recognition and initial measurement of fixed assets

Fixed assets comprise buildings, machinery and equipment, motor vehicles, office equipment and temporary facilities.

Fixed assets are recognised when it is probable that the related economic benefits will flow to the Group and the costs can be reliably measured. Fixed assets purchased or constructed by the Group are initially measured at cost at the time of acquisition. The fixed assets contributed by the state-owned shareholders upon the incorporation of the Company are recorded at the valued amount determined by the state-owned asset administration department.

Subsequent expenditures incurred for a fixed asset are included in the cost of the fixed asset when it is probable that the associated economic benefits will flow to the Group and the related cost can be reliably measured. The carrying amount of the replaced part is derecognised. All the other subsequent expenditures are recognised in profit or loss for the period in which they are incurred.

## 2 Summary of significant accounting policies and accounting estimates (Continued)

### (14) Fixed assets (Continued)

#### (b) Depreciation methods of fixed assets

Fixed assets are depreciated using the straight-line method to allocate the cost of the assets to their estimated net residual values over their estimated useful lives. For the fixed assets that have been provided for impairment loss, the related depreciation charge is prospectively determined based upon the adjusted carrying amounts over their remaining useful lives.

The estimated useful lives, the estimated net residual values expressed as a percentage of cost and the annual depreciation rates of fixed assets are as follows:

	Estimated useful lives	Estimated net residual values	Annual depreciation rates
Buildings	8 to 35 years	0% to 5%	2.71% to 12.50%
Machinery and equipment	5 to 14 years	0% to 5%	6.79% to 20.00%
Motor vehicles	3 to 10 years	0% to 5%	9.50% to 33.33%
Office equipment, temporary facilities and others	5 to 10 years	0% to 5%	9.50% to 20.00%

The estimated useful life and the estimated net residual value of a fixed asset and the depreciation method applied to the asset are reviewed, and adjusted as appropriate at each year-end.

- (c) The carrying amount of a fixed asset is reduced to the recoverable amount when the recoverable amount is below the carrying amount (Note 2(19)).

#### (d) Basis for identification of fixed assets held under finance leases and related measurement

A lease that transfers substantially all the risks and rewards incidental to ownership of an asset is a finance lease. The leased asset is recognised at the lower of the fair value of the leased asset and the present value of the minimum lease payments. The difference between the recorded amount of the leased asset and the minimum lease payments is accounted for as unrecognised finance charge (Note 2(27)(b)).

Fixed assets held under finance leases are depreciated based on the same policy as fixed assets that are self-owned. When a leased asset can be reasonably determined that its ownership will be transferred at the end of the lease term, it is depreciated over its estimated useful life; otherwise, the leased asset is depreciated over the shorter of the lease term and its estimated useful life.

#### (e) Disposal of fixed assets

A fixed asset is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The amount of proceeds from disposals on sale, transfer, retirement or damage of a fixed asset net of its carrying amount and related taxes and expenses is recognised in profit or loss for the current period.

### (15) Construction in progress

Construction in progress is measured at actual cost. Actual cost comprises construction costs, installation costs, borrowing costs that are eligible for capitalisation and other costs necessary to bring the fixed assets ready for their intended use. Construction in progress is transferred to fixed assets when the assets are ready for their intended use, and depreciation is charged starting from the following month. The carrying amount of construction in progress is reduced to the recoverable amount when the recoverable amount is below the carrying amount (Note 2(19)).

## 2 Summary of significant accounting policies and accounting estimates (Continued)

### (16) Borrowing costs

The borrowing costs that are directly attributable to acquisition and construction of an asset that needs a substantially long period of time for its intended use commence to be capitalised and recorded as part of the cost of the asset when expenditures for the asset and borrowing costs have been incurred, and the activities relating to the acquisition and construction that are necessary to prepare the asset for its intended use have commenced. The capitalisation of borrowing costs ceases when the asset under acquisition or construction becomes ready for its intended use and the borrowing costs incurred thereafter are recognised in profit or loss for the current period. Capitalisation of borrowing costs is suspended during periods in which the acquisition or construction of an asset is interrupted abnormally and the interruption lasts for more than 3 months, until the acquisition or construction is resumed.

For the specific borrowings obtained for the acquisition or construction of an asset qualifying for capitalisation, the amount of borrowing costs eligible for capitalisation is determined by deducting any interest income earned from depositing the unused specific borrowings in the banks or any investment income arising on the temporary investment of those borrowings during the capitalisation period.

For the general borrowings obtained for the acquisition or construction of an asset qualifying for capitalisation, the amount of borrowing costs eligible for capitalisation is determined by applying the weighted average effective interest rate of general borrowings, to the weighted average of the excess amount of cumulative expenditures on the asset over the amount of specific borrowings. The effective interest rate is the rate at which the estimated future cash flows during the period of expected duration of the borrowings or applicable shorter period are discounted to the initial amount of the borrowings.

### (17) Intangible assets

Intangible assets include land use rights, franchise and software, and are measured at cost. The intangible assets contributed by the state-owned shareholders upon the incorporation of the Company are recorded at the valued amount determined by the state-owned asset administration department.

#### (a) Land use rights

Land use rights are amortised on the straight-line basis over their approved use period. If the acquisition costs of the land use rights and the buildings located thereon cannot be reasonably allocated between the land use rights and the buildings, all of the acquisition costs are recognised as fixed assets.

#### (b) Franchise

The Group is involved in several service-related franchise arrangements. The Group is engaged in infrastructure construction for the franchisor in accordance with the prescribed conditions set by the franchisor, for obtaining the operation right on certain assets.

Where the contract gives the Group the right to charge the service recipient an uncertain amount of fees within a certain period of operation after the completion of related infrastructure construction, since the right does not constitute a right to unconditionally collect certain amount of cash at bank and on hand or other financial assets, intangible assets are recognised when the revenue is recognised. The franchise obtained under such franchise arrangement will be presented as intangible assets in the balance sheet. The franchise is amortised on the straight-line basis over the franchise period after the infrastructure project relating to the franchise is completed.

#### (c) Software

Software is amortised on the straight-line basis over its estimated useful life.

## 2 Summary of significant accounting policies and accounting estimates (Continued)

### (17) Intangible assets (Continued)

#### (d) Periodical review of useful life and amortisation method

For an intangible asset with a finite useful life, review of its useful life and amortisation method is performed at each year-end, with adjustment made as appropriate.

#### (e) Research and development

The expenditure on an internal research and development project is classified into expenditure on the research phase and expenditure on the development phase based on its nature and whether there is material uncertainty that the research and development activities can form an intangible asset at end of the project.

Expenditure on the planned investigation, evaluation and selection for the research object is expenditure on the research phase, which is recognised in profit or loss in the period in which it is incurred. Expenditure on design and test for the final application of the research object before mass production is expenditure on the development phase, which is capitalised only if all of the following conditions are satisfied:

- the development of research object has been fully demonstrated by technical team;
- management has approved the budget of the development of research object;
- the research and analysis of preliminary market survey indicate that products manufactured by research object are marketable;
- adequate technical and financial supports are available for development of research object and subsequent mass production; and
- expenditure on development of research object can be reliably collected.

Other development expenditures that do not meet the conditions above are recognised in profit or loss in the period in which they are incurred. Capitalised development expenditures previously recognised as expenses are not recognised as an asset in a subsequent period. Capitalised expenditure on the development phase is presented as capitalised development expenditures in the balance sheet and transferred to intangible assets at the date when the asset is ready for its intended use.

#### (f) Impairment of intangible assets

The carrying amount of intangible assets is reduced to the recoverable amount when the recoverable amount is below the carrying amount (Note 2(19)).

### (18) Long-term prepaid expenses

Long-term prepaid expenses include the expenditure for improvements to fixed assets held under operating leases, and other expenditures that have been incurred but should be recognised as expenses over more than one year in the current and subsequent periods. Long-term prepaid expenses are amortised on the straight-line basis over the expected beneficial period and are presented at actual expenditure net of accumulated amortisation.

## 2 Summary of significant accounting policies and accounting estimates (Continued)

### (19) Impairment of long-term assets

Fixed assets, construction in progress, intangible assets with finite useful lives, investment properties measured using the cost model and long-term equity investments in subsidiaries, joint ventures and associates are tested for impairment if there is any indication that the assets may be impaired at the balance sheet date; intangible assets not ready for their intended use are tested at least annually for impairment, irrespective of whether there is any indication that it may be impaired. If the result of the impairment test indicates that the recoverable amount of an asset is less than its carrying amount, a provision for impairment and an impairment loss are recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and the present value of the future cash flows expected to be derived from the asset. Provision for asset impairment is determined and recognised on the individual asset basis. If it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of a group of assets to which the asset belongs is determined. A group of assets is the smallest group of assets that is able to generate independent cash inflows.

Goodwill that is separately presented in the financial statements is tested at least annually for impairment, irrespective of whether there is any indication that it may be impaired. In conducting the test, the carrying amount of goodwill is allocated to the related asset group or groups of asset groups which are expected to benefit from the synergies of the business combination. If the result of the test indicates that the recoverable amount of an asset group or a group of asset groups, including the allocated goodwill, is lower than its carrying amount, the corresponding impairment loss is recognised. The impairment loss is first deducted from the carrying amount of goodwill that is allocated to the asset group or group of asset groups, and then deducted from the carrying amounts of other assets within the asset group or group of asset groups in proportion to the carrying amounts of assets other than goodwill.

Once the above asset impairment loss is recognised, it will not be reversed for the value recovered in the subsequent periods.

### (20) Employee benefits

Employee benefits refer to all forms of consideration or compensation given by the Group in exchange for service rendered by employees or for termination of employment relationship, which include short-term employee benefits, post-employment benefits, termination benefits and other long-term employee benefits.

#### (a) Short-term employee benefits

Short-term employee benefits include wages or salaries, bonus, allowances and subsidies, staff welfare, premiums or contributions on medical insurance, work injury insurance and maternity insurance, housing funds, union running costs and employee education costs, short-term paid absences and etc. The short-term employee benefits actually occurred are recognised as a liability in the accounting period in which the service is rendered by the employees, with a corresponding charge to the profit or loss for the current period or the cost of relevant assets. Non-monetary benefits are measured at fair value.

#### (b) Post-employment benefits

The Group classifies post-employment benefit plans as either defined contribution plans or defined benefit plans. Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into a separate fund and will have no obligation to pay further contributions; and defined benefit plans are post-employment benefit plans other than defined contribution plans. During the reporting period, the Group's post-employment benefits mainly include basic pensions, unemployment insurance, annuity payment, and supplementary retirement benefits for specific employees. Basic pensions, unemployment insurance and annuity payment belong to the defined contribution plans, while supplementary retirement benefits belong to defined benefit plans.

## 2 Summary of significant accounting policies and accounting estimates (Continued)

### (20) Employee benefits (Continued)

#### (b) Post-employment benefits (Continued)

##### *– Basic pensions*

The Group's employees participate in the basic pension plan set up and administered by local authorities of Ministry of Human Resource and Social Security. Monthly payments of premiums on the basic pensions are calculated according to the bases and percentage prescribed by the relevant local authorities. When employees retire, the relevant local authorities are obliged to pay the basic pensions to them. The amounts based on the above calculations are recognised as liabilities in the accounting period in which the service has been rendered by the employees, with a corresponding charge to the profit or loss for the current period or the cost of relevant assets.

##### *– Supplementary retirement benefits*

The Group pays supplementary retirement benefits for its employees who retired on or before 31 March 2007 in addition to the contribution made to statutory insurance schemes. The supplementary retirement benefits belong to defined benefit plans. The present value of defined benefit plan obligations is calculated annually by an independent actuary using projected unit credit method at the interest rate of treasury bonds with similar obligation term and currency. The present value of defined benefit plan obligation is presented as long-term employee benefits payable in the balance sheet. Service costs related to supplementary retirement benefits (including historical service costs and settled gains or losses) and net interest calculated based on defined benefit plan liability and applicable discount rate are recognised in profit or loss in the current period, and changes arising from remeasurement of defined benefit plan liabilities are recognised in other comprehensive income.

#### (c) Termination benefits

The Group provides compensation for terminating the employment relationship with employees before the end of the employment contracts or as an offer to encourage employees to accept voluntary redundancy before the end of the employment contracts. The Group recognises a liability arising from compensation for termination of the employment relationship with employees, with a corresponding charge to profit or loss for the current period at the earlier of the following dates: 1) when the Group cannot unilaterally withdraw an employment termination plan or a curtailment proposal; 2) when the Group recognises costs or expenses for a restructuring that involves the payment of termination benefits.

##### *– Early retirement benefits*

The Group offers early retirement benefits to those employees who accept early retirement arrangements. The early retirement benefits refer to the salaries and social security contributions to be paid to and for the employees who accept voluntary retirement before the statutory retirement age, as approved by management. The Group pays early retirement benefits to those early retired employees from the early retirement date until the normal retirement date. The Group accounts for the early retirement benefits in accordance with the treatment for termination benefits, in which the salaries and social security contributions to be paid to and for the early retired employees from the off-duty date to the normal retirement date are recognised as liabilities with a corresponding charge to the profit or loss for the current period. The differences arising from the changes in the respective actuarial assumptions of the early retirement benefits and the adjustments of benefit standards are recognised in profit or loss in the period in which they occur.

The termination benefits expected to be settled within one year since the balance sheet date are classified as employee benefits payable.

## 2 Summary of significant accounting policies and accounting estimates (Continued)

### (21) Dividend distribution

Cash dividend is recognised as a liability for the period in which the dividend is approved by the shareholders' meeting.

### (22) Share-based payment

#### (a) Types of share-based payment

Share-based payment transaction is for the purpose of transfers of an entity's equity instruments to its employees who have supplied services to the entity or undertake the liability, which is determined based on equity instruments. Equity instruments include the equity instruments of the Company, the parent company of the Company or another accounting entity within the same group. Share-based payments are divided into equity-settled share-based payments and cash-settled share-based payments.

##### ***– Equity-settled share-based payment***

The equity-settled share-based payment refers to restricted shares granted to certain employees for their services to the Group, which are measured at fair value on the grant date of the equity instrument. The equity instruments will be vested upon the achievement of service or performance conditions during the vesting period. The services received shall be recognised in the profit and loss and shall appreciate in capital surplus based on fair value of the equity instruments on the grant date and based on best-estimated number of equity instruments to be vested during the vesting period. The number of equity instruments to be vested is adjusted to the actual amount on the vesting date if the subsequent information indicated that there are differences between the number of equity instruments to be vested and the previous estimation.

#### (b) Method for determining the fair value of equity instruments

The fair value of restricted shares is determined based on the market price prevailing on the grant date and the grant price paid by the incentive targets, and taking into account the impact of certain clauses in the Group's restricted shares plan.

#### (c) Best estimation in determining the number of equity instruments to be vested

On each balance sheet date, the Group revisits and revises the expected number of equity instruments to be vested in accordance with the best estimation made based on the latest information such as changes of the number of employees of whom the equity instruments are expected to be vested. The final expected number of equity instruments to be vested would be consistent with the actual number on the vesting date.

#### (d) Related accounting treatment for implementation of share-based payment plan

On the date restricted shares are unlocked, the Group carries forward the capital surplus determined within the vesting period. On the exercise date of the share options, the Group recognises paid-in capital and capital surplus and carries forward the capital surplus determined within the vesting period.

## 2 Summary of significant accounting policies and accounting estimates (Continued)

### (23) Provisions

Provisions for product warranties, pending litigation, onerous contracts, etc. are recognised when the Group has a present obligation, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be measured reliably.

A provision is initially measured at the best estimate of the expenditure required to settle the related present obligation. Factors surrounding a contingency, such as the risks, uncertainties and the time value of money, are taken into account as a whole in reaching the best estimate of a provision. Where the effect of the time value of money is material, the best estimate is determined by discounting the related future cash outflows. The increase in the discounted amount of the provision arising from passage of time is recognised as interest expense.

The carrying amount of provisions is reviewed at each balance sheet date and adjusted to reflect the current best estimate.

Loss provision for financial guarantee contracts is presented in provisions on the basis of ECL.

At the balance sheet date, provisions are recognised as other current liabilities or provisions based on their liquidity.

### (24) Revenue recognition

The Group recognises revenue at the amount of the consideration that is entitled to be charged by the Group as expected when the customer obtains control over relevant goods or services.

#### (a) Revenue from contract for engineering project

Contracts for engineering projects with customers generally include performance obligations to construct buildings and infrastructure. As the customers have the right to control the goods under construction during the Group's performance of contract, such obligations are regarded as the performance obligations to be fulfilled within a certain period of time, and revenue is recognised based on the performance progress, unless the performance progress cannot be reasonably determined. The Group determines the performance progress for the services rendered by using the input method. Where the performance progress cannot be reasonably determined, revenue is recognised at the amount of costs incurred if it is predicted that the costs can be compensated till the performance progress can be reasonably determined. If the contract cost cannot be recovered, it is recognized as contract expenses immediately when incurred, and contract revenue is not be recognized. If the total contract cost is likely to exceed the total contract revenue, the estimated contract losses are formed, and recognized as provisions and current costs.

Contract costs include contract performance costs and contract acquisition costs. For the provision of services such as the construction of buildings and infrastructure, the costs thus incurred are recognised as contract performance costs. Contract performance costs are carried forward to the cost of sales from main operations based on the completion percentage when recognising revenue. For the acquisition of contract for engineering project, the incremental costs thus incurred are recognised as contract acquisition costs. Contract acquisition costs with an amortisation period within one year or within the operating cycle of the business are included in the current profit or loss when incurred. Contract acquisition costs with an amortisation period longer than one year or beyond an operating cycle are included in the current profit or loss on the same basis as the recognition of revenue under the associated contract. Contract acquisition costs with an amortisation period longer than one year or beyond an operating cycle at initial recognition are presented as other non-current assets net of the provisions for impairment of the assets involved.



## 2 Summary of significant accounting policies and accounting estimates (Continued)

### (24) Revenue recognition (Continued)

#### (b) Revenue from sales of real estate

The Group's revenue from real estate development business is recognised when the control over properties is transferred to the customer. According to the terms under the sales contract and laws and regulations applicable to the contract, the control over properties can be transferred within a certain period of time or at a certain point of time. Where goods produced during the Group's performance of the contract are irreplaceable and the Group is entitled to collect payments for the part of the performance that has been completed so far during the entire contract period, revenue is recognised within a certain period of time based on the progress of performance obligation fulfilment during the contract period, and the progress of performance obligation fulfilment is determined based on the proportion of contract costs incurred for the fulfilled performance obligations to the estimated total contract costs. Otherwise, revenue is recognised when the customer obtains the physical ownership of goods or the legal ownership of completed properties, the Group obtains the present right to receive payment and probably recovers the contract consideration. In determining contractual transaction price, if there is any significant financing component, and meanwhile the Group will promise consideration in the contract based on the financing component(s) in the contract.

#### (c) Revenue from design and survey services

The design and survey services provided by the Group during the performance of contracts have irreplaceable uses, and the Group has the right to receive payments for the completed portions of the projects during the entire contract period. Therefore, such services are accounted for as performance obligations to be fulfilled within certain periods of time, and revenue is recognised based on the performance schedule, unless the performance of the contract cannot be reasonably determined. Where the performance of the contract cannot be reasonably determined, revenue is recognised at the amount of costs incurred if it is predicted that the costs can be compensated till the performance progress can be reasonably determined.

#### (d) Revenue from sales of goods

For sales of goods, revenue is recognised at contract consideration net of the discount amount estimated using the expected value method based on historical experience when the customer obtains control over relevant goods or services. The credit period granted to customers by the Group is consistent with industry practice, and there is no significant financing component. The Group provides warranties for certain products and recognises provisions for the warranties (Note 2(23)).

#### (e) Recognition of revenue from Build-Operate-Transfer ("BOT")

For BOT construction in progress, revenue from and costs for relevant construction services are recognised in accordance with the accounting policies stated in Note 2(24)(a). Revenue from construction services is measured at the considerations received or receivable, and contract assets or intangible assets are recognised when the revenue is recognised, with the significant financing components in the contract arrangements accounted for correspondingly.

Where the contract gives the Group the right to unconditionally collect a certain amount of cash at bank and on hand or other financial assets from the contract awardee within a certain period after the completion of the project, contract assets are recognised when the revenue is recognised. When the Group obtains the right to receive consideration unconditionally, the contract assets will be transferred to financial assets to be accounted for;

Where the contract gives the Group the right to charge the service recipient an uncertain amount of fees within a certain period of operation after the completion of the project, since the right does not constitute a right to unconditionally collect certain amount of cash at bank and on hand or other financial assets, intangible assets are recognised when the revenue is recognised. When an infrastructure project is completed, relevant intangible assets are amortised on the straight-line basis over the franchise period.

## 2 Summary of significant accounting policies and accounting estimates (Continued)

### (24) Revenue recognition (Continued)

#### (e) Recognition of revenue from Build-Operate-Transfer (“BOT”) (Continued)

Revenue is recognised for the services provided in the stage of operation, and the routine maintenance or repair expenses incurred are recognised as expenses in the current period.

#### (f) Recognition of revenue from Build-Transfer (“BT”)

For construction services rendered by the Group, related revenue and costs are recognised during the stage of construction according to the accounting policies stated in Note 2(24)(a). Revenue from construction services is measured at the consideration received or receivable by the Group. The Group recognises contract assets when recognising revenue, and accounts for any significant financing component in the contractual arrangement. The revenue is transferred to financial assets when the Group obtains the right to unconditionally collect consideration and is deducted against long-term receivables after the Group receives the payment from the project owner.

#### (g) Transfer of asset use rights

Interest income is determined by using the effective interest method, based on the length of time for which the Group's cash is used by others.

The income from the right to use the trademark is recognised at an agreed amount in the term of agreement.

### (25) Government grants

Government grants refer to the monetary or non-monetary assets obtained by the Group from the government, including tax return, financial subsidy and etc.

Government grants are recognised when the grants can be received and the Group can comply with all attached conditions. If a government grant is a monetary asset, it will be measured at the amount received or receivable. If a government grant is a non-monetary asset, it will be measured at its fair value. If it is unable to obtain its fair value reliably, it will be measured at its nominal amount.

Government grants related to assets refer to government grants which are obtained by the Group for the purposes of purchase, construction or acquisition of the long-term assets. Government grants related to income refer to the government grants other than those related to assets.

Government grants related to assets are either deducted against the carrying amount of the assets, or recorded as deferred income and recognised in profit or loss on a systemic basis over the useful lives of the assets. Government grants related to income that compensate the future costs, expenses or losses are recorded as deferred income and recognised in profit or loss, or deducted against related costs, expenses or losses in reporting the related expenses. Government grants related to income that compensate the incurred costs, expenses or losses are recognised in profit or loss, or deducted against related costs, expenses or losses directly in current period.

The Group applies the presentation method consistently to the similar government grants in the financial statements.

Government grants that are related to ordinary activities are included in operating profit, otherwise, they are recorded in non-operating income.

For the policy loans with favourable interest rates, the Group records the loans at the actual amounts and calculates the interests by loan principals and the favourable interest rates. The interest subsidies directly received from government are recorded as a reduction of interest expenses.

## 2 Summary of significant accounting policies and accounting estimates (Continued)

### (26) Deferred tax assets and deferred tax liabilities

Deferred tax assets and deferred tax liabilities are calculated and recognised based on the differences arising between the tax bases of assets and liabilities and their carrying amounts (temporary differences). Deferred tax asset is recognised for the deductible losses that can be carried forward to subsequent years for deduction of the taxable profit in accordance with the tax laws. No deferred tax liability is recognised for a temporary difference arising from the initial recognition of goodwill. No deferred tax asset or deferred tax liability is recognised for the temporary differences resulting from the initial recognition of assets or liabilities due to a transaction other than a business combination, which affects neither accounting profit nor taxable profit (or deductible loss). At the balance sheet date, deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled.

Deferred tax assets are only recognised for deductible temporary differences, deductible losses and tax credits to the extent that it is probable that taxable profit will be available in the future against which the deductible temporary differences, deductible losses and tax credits can be utilised.

Deferred tax liabilities are recognised for temporary differences arising from investments in subsidiaries, associates and joint ventures, except where the Group is able to control the timing of reversal of the temporary difference, and it is probable that the temporary difference will not reverse in the foreseeable future. When it is probable that the temporary differences arising from investments in subsidiaries, associates and joint ventures will be reversed in the foreseeable future and that the taxable profit will be available in the future against which the temporary differences can be utilised, the corresponding deferred tax assets are recognised.

Deferred tax assets and liabilities are offset when:

- the deferred taxes are related to the same tax payer within the Group and the same taxation authority; and,
- that tax payer within the Group has a legally enforceable right to offset current tax assets against current tax liabilities.

### (27) Leases

A lease that transfers substantially all the risks and rewards incidental to ownership of an asset is a finance lease. An operating lease is a lease other than a finance lease.

#### (a) Operating leases

Lease payments under an operating lease are recognised on a straight-line basis over the period of the lease, and are either capitalised as part of the cost of related assets, or charged as an expense for the current period.

Rental income from an operating lease is recognised on a straight-line basis over the period of the lease.

#### (b) Finance leases

The leased asset is recognised at the lower of the fair value of the leased asset and the present value of the minimum lease payments. The difference between the recorded amount of the leased asset and the minimum lease payments is accounted for as unrecognised finance charge and is amortised using the effective interest method over the period of the lease. A long-term payable is recorded at the amount equal to the minimum lease payments less the unrecognised finance charge.

## 2 Summary of significant accounting policies and accounting estimates (Continued)

### (28) Safety production expenses

The Group provides safety production expenses according to *the Announcement for Printing and Distribution of "Regulation of Provision and Use of Enterprise Safety Production Expense"* and *Regulation of Provision and Use of Enterprise Safety Production Expense* issued by the Ministry of Finance and State Administration of Work Safety. Safety production expenses are dedicated to improving the safety production conditions of the enterprise.

The provision for safety production expenses is recognised as costs of related product or profit or loss for the current period; in the meantime, it is also included in the special reserve. The special reserve is written down when withdrawal of safety production expenses belongs to the cost expenditure. When the fixed assets are formed with the withdrawal of safety production expenses, they are recognised as expenses under construction in progress. Construction in progress is transferred to fixed assets when the assets are ready for their intended use, and meanwhile, special reserve is written down at the cost of the fixed assets and accumulated depreciation is recognised at the same amount. Consequently, such fixed assets are not depreciated in subsequent periods.

### (29) Held for sale and discontinued operations

A non-current asset or a disposal group is classified as held for sale when all of the following conditions are satisfied: (1) the non-current asset or the disposal group is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such non-current asset or disposal group; (2) the Group has entered a legally enforceable sales agreement with other party and obtained relevant approval, and the sales transaction is expected to be completed within one year.

Non-current assets (except for financial assets, investment properties measured at fair value and deferred tax assets) that meet the recognition criteria for held for sale are recognised at the amount equal to the lower of the fair value less costs to sell and the carrying amount. Any excess of the original carrying amount over the fair value less costs to sell is recognised as asset impairment losses.

Such non-current assets and assets and liabilities included in disposal groups classified as held for sale are classified as current assets and current liabilities respectively, and are separately presented in the balance sheet.

A discontinued operation is a component of the Group that either has been disposed of or is classified as held for sale, and is separately identifiable and satisfies one of the following conditions: (1) it represents a separate major line of business or geographical area of operations; (2) it is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; and (3) it is a subsidiary acquired exclusively with a view to resale.

The net profit from discontinued operations in the income statement includes operating profit or loss and disposal gains or losses of discontinued operations.

### (30) Segment information

The Group identifies operating segments based on the internal organisation structure, management requirements and internal reporting system, and discloses segment information of reportable segments which is determined on the basis of operating segments.

An operating segment is a component of the Group that satisfies all of the following conditions:

- (1) the component is able to earn revenue and incur expenses from its ordinary activities;
- (2) whose operating results are regularly reviewed by the Group's management to make decisions about resources to be allocated to the segment and to assess its performance; and

## 2 Summary of significant accounting policies and accounting estimates (Continued)

### (30) Segment information (Continued)

(3) for which the information on financial position, operating results and cash flows is available to the Group.

Two or more operating segments that have similar economic characteristics and satisfy certain conditions can be aggregated into one single operating segment.

### (31) Critical accounting estimates and judgements

The Group continually evaluates the critical accounting estimates and key judgements applied based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The critical accounting estimates and key assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next accounting year are outlined below:

#### (a) Contract for engineering project

As stated in Note 2(24)(a), in the situation that result of the contract for engineering project can be reliably measured, contract revenue and cost are measured by using the input method. Where the result of the contract for engineering project cannot be reliably estimated but contract cost is recoverable, contract revenue is measured at the amount of actually recoverable contract cost. However, if the contract cost is irrecoverable, it shall be recognised immediately as expense, with no recognition of contract revenue. The expected loss which is resulted from the excess of total expected contract costs over the total expected contract revenue, is recorded in provisions and recognised as costs for the current period. Due to the nature of contract for engineering project, the signing date of contract and the completion date of project usually fall in different accounting periods. During the performance of contract, the management of the Group would regularly review the total estimated revenue, total estimated costs, completion progress and costs incurred. If there are changes in revenue, cost or completion percentage, adjustments should be made accordingly, which may increase or decrease the revenue or cost, and would be recognised in income statement for the period when such adjustments are made.

#### (b) Expected credit losses (“ECL”) for receivables and contract assets

The Group calculates ECL of receivables and contracts assets based on the exposure at default and ECL rate, and determines the ECL rate based on probability of default and loss given default. In determining the ECL rate, the Group uses data such as internal historical credit loss experience, etc., and adjusts historical data based on current conditions and forward-looking information. When assessing forward-looking information, the Group considers such factors as macroeconomic indicators, industry risks and changes in customer conditions. The Group regularly monitors and reviews assumptions related to the calculation of ECL. In 2019, there was no significant change in the above estimation techniques and key assumptions.

#### (c) Revenue from sales of real estate

According to the accounting policy stated in Note 2(24)(b), the assessment on when the control over properties is transferred to the customer requires judgements based on the terms under the real estate sales contract and laws and regulations applicable to the contract. Where goods produced during the Group's performance of the contract are irreplaceable and the Group is entitled to collect payments for the part of the performance that has been completed so far during the entire contract period, revenue is recognised within a certain period of time; otherwise, revenue is recognised when the customer obtains the physical ownership of goods or the legal ownership of completed properties, the Group obtains the present right to receive payment and probably recovers the contract consideration.

## 2 Summary of significant accounting policies and accounting estimates (Continued)

### (31) Critical accounting estimates and judgements (Continued)

#### (c) Revenue from sales of real estate (Continued)

In general, the Group's properties are irreplaceable due to the limitation of the real estate sales contract. However, whether the Group has enforceable right to collect payments for the part of the performance that has been completed so far and recognises revenue within a certain period of time, depends on the terms of the contract and laws applicable to the contract. To assess whether the Group has enforceable right to collect payments for the part of the performance that has been completed so far, the Group reviews contract terms and relevant local laws where necessary, considers opinions from the local regulatory authority, and is required to make a large amount of judgements.

When signing the sales contract with the customer who needs to obtain mortgage from banks for payment, the Group would sign a tripartite agreement on mortgage guaranty with customer and the bank as required by some banks. Under such agreement, the Group provides staged joint liability guaranty on mortgage to the banks for the house buyers. Such guaranty ceases when the customer obtains ownership certificate and completes the property mortgage registration. Under the tripartite agreement on mortgage guaranty, the Group only provides guaranty for the part of mortgage loan which is not repaid by the customer during the guaranty period. The bank will exercise recourse right only when the customer defaults and does not repay the mortgage loan.

According to the Group's experience in sales of such properties, the Group believes, during the period of providing joint liability guaranty, the probability of bearing guaranty responsibility, in case of customer's failure to repay the mortgage loan, is really low, and the Group can recover the advances paid for such incident by exercising the recourse right to customer, and can avoid losses by prioritizing the disposal of relevant properties in accordance with relative clauses in the sales contract. Therefore, the Group believes that such financial guaranty has no significant impact on the recognition of revenue from sales of properties.

#### (d) Properties under development

When the Group recognises properties under development, critical estimates and judgements are required to be made based on budgeted costs and progress of property development projects. Any difference between the finally settled costs and the budgeted costs of property development projects would impact corresponding properties under development and cost of sales.

#### (e) Provision for impairment of properties under development and completed properties for sale

The Group evaluates the recoverability of properties by assessing the net realisable value, including current market price analysis on standardised and local comparable properties, and it calculates construction costs necessary to complete the development based on existing asset structure and price list of labour and material, in order to give estimates. Where actual net realisable value is higher or lower than the estimate due to market fluctuation and/or any significant difference between properties under development and budgeted amount, significant impairment losses might be recognised or reversed.

#### (f) Determination of fair value of financial instruments

The fair value of financial instruments traded in an active market is determined based on the quoted market price at the balance sheet date. If the quoted price can be conveniently and regularly obtained from exchanges, security dealers, brokers, industrial groups, quotation service or supervision agencies and it represents an actual or regular market transaction on an arm's length basis, the market is deemed as an active market. The fair value of financial instruments that are not traded in an active market is determined by using valuation methods, and the valuation models used mainly comprise discounted cash flow model and market comparable corporate model. Observable market information is applied in valuation method to the maximum. However, when observable market information is not available, management will make estimate of significant unobservable information included in the valuation method. The estimate may differ from the actual results for the next year.

## 2 Summary of significant accounting policies and accounting estimates (Continued)

### (31) Critical accounting estimates and judgements (Continued)

#### (g) Income taxes

The Group calculates corporate income taxes according to laws and regulations, as well as applicable requirements and tax preference. The Group is subject to income taxes in numerous countries and jurisdictions. There are many transactions and events for which the ultimate tax determination is uncertain during the ordinary course of business. Significant judgement is required from the Group in determining the provision for income taxes in each of these jurisdictions. The Group should estimate if extra taxes should be paid for differences that might arise between estimates and final outcomes and estimate if deferred income tax liabilities should be recognised accordingly. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Upon the recognition of deferred income tax assets, the Group considers the probability of realisation of deductible temporary differences and deductible tax losses. Deductible temporary differences mainly include provision for asset impairment, accrued expenses not deductible before tax, and elimination of intra-group unrealised profit. The deferred income tax assets are recognised when the Group expects the deductible temporary differences and deductible tax losses could be realised by taxable income through continuous operations in near future.

The Group has recognised income taxes and deferred income tax assets and liabilities according to laws and regulations, as well as optimal estimations. In case of changes in laws and regulations or of related situations, the Group will make appropriate adjustments to income taxes and deferred income tax assets and liabilities.

#### (h) Land appreciation tax

Land appreciation tax is levied on the land appreciation amount, equal to the selling price of property less deductible costs (including amortisation of land use right, borrowing costs and all development costs).

All the companies engaged in property development in China are subject to such tax, which is included in taxes and surcharges. However, the implementation and settlement of these taxes vary in cities of the PRC, and the Group has not finalised its land appreciation tax calculation and payments with any local tax authorities in the PRC. Accordingly, critical estimates and judgements are required in determining the amount of land appreciation and its related taxes. In the ordinary course of business, the final determination of land appreciation tax is uncertain. The Group recognised such liability based on management's best estimate. The final tax outcome could be different from the amounts that were initially recorded, and these differences will affect the income tax expenses in the periods in which such taxes are finalised with local tax authorities.

## 2 Summary of significant accounting policies and accounting estimates (Continued)

### (31) Critical accounting estimates and judgements (Continued)

#### (i) Classification of financial assets

Significant judgements made by the Group in the classification of financial assets include business model and analysis on contractual cash flow characteristics.

The Group determines the business model for financial asset management on the grouping basis, and factors to be considered include the methods for evaluating financial asset performance and reporting the financial asset performance to key management personnel, the risks affecting financial asset performance and corresponding management methods, the ways in which related business management personnel are remunerated, etc.

When assessing whether contractual cash flow characteristics of financial assets are consistent with basic lending arrangement, key judgements made by the Group include: the possibility of changes in time schedule or amount of the principal during the lifetime due to reasons such as repayment in advance; whether interest only include time value of money, credit risks, other basic lending risks and considerations for costs and profits; For example, whether the amount of prepayment only reflects the principal outstanding and the interest based on the principal outstanding, as well as the reasonable compensation due to the early termination of the contract.

### (32) Changes in significant accounting policies

The Ministry of Finance released the revised CAS 14 – Revenue (hereinafter “new revenue standard”), revised CAS 22 – *Recognition and Measurement of Financial Instruments*, CAS 23 – *Transfer of Financial Assets*, CAS 24 – *Hedge Accounting* and CAS 37 – *Presentation of Financial Instruments* (hereinafter “new financial instruments standards”) in 2017, and released the *Circular on the Amendment to the Formats of Corporate Financial Statements for the Year of 2019* (Cai Kuai [2019] No. 6) and the revised CAS 7 – *Exchange of Non-monetary Assets* (hereinafter “new accounting standard for exchange of non-monetary assets”) and CAS 12 – *Debt Restructuring* (hereinafter “new debt restructuring standard”) in 2019. The financial statements for the year ended 31 December 2019 are prepared in accordance with the above standards and circular, and the impacts are as follows:



## 2 Summary of significant accounting policies and accounting estimates (Continued)

### (32) Changes in significant accounting policies (Continued)

#### (a) Revenue

- (i) In accordance with relevant provisions of the new revenue standard, the Group and the Company recognised the cumulative effect of initially applying the standard as an adjustment to the opening balance of retained earnings in 2019 and other relevant line items in the financial statements. The comparatives were not restated.

The nature and the reasons of the changes in accounting policies	The line items affected	The amounts affected 1 January 2019	
		Consolidated	Company
Under the new revenue standard, long-term receivables and work in progress in relation to contract services, design & survey services, PPP projects and other investment projects were recognised as contract assets and other non-current assets if no unconditional right to collect payments was obtained; advances from customers in relation to contract services and design & survey services, and advances from customers in relation to rendering of services and sales of goods were reclassified into contract liabilities and other current liabilities; provisions for estimated contractual losses in relation to contract services and design & survey services were reclassified into other current liabilities. Contract assets and contract liabilities under the same contract are presented at the net amount.	Inventories	(137,054,810)	(8,452,785)
	Contract assets	133,822,397	6,642,139
	Accounts receivable	(356,544)	–
	Current portion of non-current assets	(670,860)	(472,644)
	Long-term receivables	(113,845,150)	(10,489,422)
	Other non-current assets	105,519,791	4,790,025
	Advances from customers	(176,744,028)	(22,031,673)
	Contract liabilities	149,807,549	13,467,922
	Other current liabilities	14,332,736	581,064
	Other non-current liabilities	18,567	–

Note: China Overseas Holdings Limited, a subsidiary of the Company in Hong Kong, and its subsidiaries (including the HK listed company China Overseas Land & Investment Ltd. and China State Construction International Holdings Ltd. ("China Construction International"), collectively "China Overseas Group") have adopted HKFRS 15 "Revenue" and the new revenue standard as at 1 January 2018 to prepare the consolidated financial statements for the year ended 31 December 2018. In 2018, the Company chose to directly consolidate the financial statements of China Overseas Group prepared under the new revenue standard, and adjusted the opening balance of retained earnings and the amount of other related items in the financial statements according to the cumulative impacts.

## 2 Summary of significant accounting policies and accounting estimates (Continued)

### (32) Changes in significant accounting policies (Continued)

#### (a) Revenue (Continued)

- (ii) As compared to the old revenue standard, the impacts of the implementation of the new revenue standard on relevant line items in the financial statements for 2019 are as follows:

The line items affected in the balance sheet	The amounts affected 31 December 2019	
	Consolidated	Company
Inventories	(168,638,541)	(12,065,004)
Contract assets – cost	153,898,451	7,562,337
Accounts receivable – cost	(498,430)	-
Current portion of non-current assets	(3,081,385)	(876,938)
Long-term receivables – cost	(160,339,082)	(14,478,309)
Other non-current assets – cost	146,876,542	7,952,064
Advances from customers	(331,549,398)	(27,525,831)
Contract liabilities	281,848,024	14,774,502
Other current liabilities	17,918,929	845,479

No line items in the income statement was affected by the adoption of the new income standard.

#### (b) Financial instruments

In accordance with relevant provisions of the new financial instruments standards, the Group and the Company recognised the cumulative effect of initially applying the standard as an adjustment to the opening balance of retained earnings in 2019 and other relevant line items in the financial statements. The comparatives were not restated. As at 31 December 2018 and 1 January 2019, the Group and the Company had no financial assets designated as measured at fair value through profit or loss.

## 2 Summary of significant accounting policies and accounting estimates (Continued)

### (32) Changes in significant accounting policies (Continued)

#### (b) Financial instruments (Continued)

- (i) As at 1 January 2019, the financial assets in the Group's consolidated financial statements were classified and measured in accordance with the old/new financial instruments standards as follows:

Line item	Under old financial instruments standards		Under new financial instruments standards	
	Measurement	Carrying amount	Line item	Measurement
Cash at bank and on hand	Amortised cost	317,500,675	Cash at bank and on hand	Amortised cost
Financial assets at fair value through profit or loss	Fair value through profit or loss	4,622,633	Financial assets held for trading	Fair value through profit or loss
Notes receivable	Amortised cost	21,438,282	Notes receivable	Amortised cost
Accounts receivable	Amortised cost	167,552,941	Receivables financing	Fair value through other comprehensive income
Other receivables	Amortised cost	56,489,193	Accounts receivable	Amortised cost
Other current assets	Fair value through profit or loss (debt instruments)	366,004	Other current assets	Amortised cost
	Fair value through other comprehensive income (debt instruments)	500,925	Other receivables	Amortised cost
	Fair value through other comprehensive income (equity instruments)	4,787,724	Financial assets held for trading	Fair value through profit or loss
Available-for-sale financial assets	Fair value through other comprehensive income (Others)	819	Current portion of non-current assets	Amortised cost
	Cost (equity instruments)	4,760,268	Other debt investments	Fair value through other comprehensive income
	Amortised cost	281,480,771	Financial assets held for trading	Fair value through profit or loss
	Amortised cost	53,517,559	Investments in other equity instruments	Fair value through other comprehensive income
			Investments in other equity instruments	Fair value through other comprehensive income
			Financial assets held for trading	Fair value through profit or loss
			Investments in other equity instruments	Fair value through other comprehensive income
			Other non-current financial assets	Fair value through profit or loss
			Debt investments	Amortised cost
			Long-term receivables	Amortised cost
			Current portion of non-current assets	Amortised cost



## 2 Summary of significant accounting policies and accounting estimates (Continued)

### (32) Changes in significant accounting policies (Continued)

#### (b) Financial instruments (Continued)

(iii) As at 1 January 2019, the carrying amount of financial assets was reconciled from the old financial instruments standards to the new financial instruments standards based on the new measurement:

Measurement under the new financial instruments standards	Note
Financial assets measured at amortised cost	Table 1
Financial assets measured at fair value through profit or loss	Table 2
Financial assets measured at fair value through other comprehensive income	Table 3

Table 1: Financial assets measured at amortised cost under the new financial instruments standards

	Note	Carrying amount	
		Consolidated	Company
Cash at bank and on hand			
31 December 2018		317,500,675	24,120,165
Adjustment		–	–
1 January 2019		317,500,675	24,120,165
Receivables (Note 1)			
31 December 2018		580,478,746	71,226,136
Less: Transfer to financial assets measured at fair value through other comprehensive income	i)	(3,427,192)	(109,790)
Less: Transfer to debt investments (under the new financial instruments standards)	ii)	(36,592,555)	(12,042,401)
Remeasurement: Total ECL		(6,377,502)	(700,604)
Remeasurement: Recovery of discounted warranties receivable	iii)	6,811,982	1,709,810
1 January 2019		540,893,479	60,083,151
Debt investments (including other current assets and current portion of non-current assets)			
31 December 2018		–	–
Add: Transfer from receivables (under the old financial instruments standards)	ii)	36,592,555	12,042,401
Add: Transfer from available-for-sale financial assets (under the old financial instruments standards)	iv)	19,999	–
Remeasurement: Total ECL		(230,112)	(4,503)
1 January 2019		36,382,442	12,037,898
Total financial assets measured at amortised cost (under the new financial instruments standards)		894,776,596	96,241,214

Note 1: As at 31 December 2018 and 1 January 2019, receivables included notes receivable, accounts receivable, other receivables, long-term receivables and current portion of non-current assets at amortised cost.

## 2 Summary of significant accounting policies and accounting estimates (Continued)

### (32) Changes in significant accounting policies (Continued)

#### (b) Financial instruments (Continued)

(iii) As at 1 January 2019, the carrying amount of financial assets was reconciled from the old financial instruments standards to the new financial instruments standards based on the new measurement (Continued):

Table 2: Financial assets measured at fair value through profit or loss under the new financial instruments standards

	Note	Carrying amount	
		Consolidated	Company
Financial assets held for trading			
31 December 2018		–	–
Add: Transfer from financial assets measured at fair value through profit or loss (under the old financial instruments standards)		4,622,633	–
Add: Transfer from other current assets (under the old financial instruments standards)	v)	366,004	366,004
Add: Transfer from available-for-sale financial assets (under the old financial instruments standards)	vi)	28,679	–
Remeasurement: From amortised cost to fair value		897	–
1 January 2019		5,018,213	366,004
Other non-current financial assets			
31 December 2018		–	–
Add: Transfer from available-for-sale financial assets (under the old financial instruments standards)	vii)	268,932	–
1 January 2019		268,932	–

## 2 Summary of significant accounting policies and accounting estimates (Continued)

### (32) Changes in significant accounting policies (Continued)

#### (b) Financial instruments (Continued)

(iii) As at 1 January 2019, the carrying amount of financial assets was reconciled from the old financial instruments standards to the new financial instruments standards based on the new measurement (Continued):

Table 3: Financial assets measured at fair value through other comprehensive income under the new financial instruments standards

		Carrying amount	
	Note	Consolidated	Company
Receivables financing			
31 December 2018		–	–
Add: Transfer from receivables (under the old financial instruments standards)	i)	3,427,192	109,790
1 January 2019		3,427,192	109,790
Other debt investments			
31 December 2018		–	–
Add: Transfer from available-for-sale financial assets (under the old financial instruments standards)	viii)	480,926	–
1 January 2019		480,926	–
Investments in other equity instruments			
31 December 2018		–	–
Add: Transfer from available-for-sale financial assets (under the old financial instruments standards)	ix)	9,251,200	1,310,892
Remeasurement: From cost to fair value		579,439	280,601
1 January 2019		9,830,639	1,591,493
Available-for-sale financial assets			
31 December 2018		10,049,736	1,310,892
Less: Transfer to financial assets measured at amortised cost (under the new financial instruments standards)	iv)	(19,999)	–
Transfer to financial assets measured at fair value through profit or loss (under the new financial instruments standards)	vi), vii)	(297,611)	–
Less: Transfer to financial assets measured at fair value through other comprehensive income (under the new financial instruments standards)	viii), ix)	(9,732,126)	(1,310,892)
1 January 2019		–	–
Total financial assets measured at fair value through other comprehensive income (under the new financial instruments standards)		13,738,757	1,701,283

## 2 Summary of significant accounting policies and accounting estimates (Continued)

### (32) Changes in significant accounting policies (Continued)

#### (b) Financial instruments (Continued)

- (iii) As at 1 January 2019, the carrying amount of financial assets was reconciled from the old financial instruments standards to the new financial instruments standards based on the new measurement (Continued):

Table 3: Financial assets measured at fair value through other comprehensive income under the new financial instruments standards (Continued)

- i) Bank acceptance notes of the Group and the Company were discounted and endorsed for the purpose of daily treasury management. The Group and the Company's objective of the business model was to manage bank acceptance notes to both collect their contractual cash flows and sell financial assets. Therefore, as at 1 January 2019, the Group and the Company respectively reclassified bank acceptance notes of RMB3,427,192 thousand and RMB109,790 thousand to financial assets measured at fair value through other comprehensive income and disclosed them as receivables financing.
- ii) As at 31 December 2018, the carrying amount of the Group and the Company's borrowing and lending were RMB36,592,555 thousand and RMB12,042,401 thousand respectively. After the adoption of new financial instruments standards by the Group and the Company, the objective of the business model was to manage such receivables to collect their contractual cash flows and the contractual cash flow characteristics were consistent with a basic lending arrangement. Therefore, as at 1 January 2019, such receivables were reclassified from available-for-sale financial assets to financial assets measured at amortised cost and disclosed as debt investments, other current assets and current portion of non-current assets.
- iii) As at 31 December 2018, the carrying amount of warranties receivable of the Group and the Company were RMB79,572,542 thousand and RMB13,852,047 thousand respectively, with the carrying amounts of discount interest being RMB6,811,982 thousand and RMB1,709,810 thousand respectively. After the adoption of the new financial instruments standards and the new revenue standard by the Group and the Company, the carrying amounts of discount interest on warranties receivable were recognised as an adjustment to the opening balance of retained earnings as at 1 January 2019 because such warranties receivable did not include significant financing components.
- iv) As at 31 December 2018, the carrying amount of the debentures of the Group amounted to RMB19,999 thousand. After the adoption of new financial instruments standards by the Group, the objective of the business model was to manage such treasury bonds to collect their contractual cash flows and the contractual cash flow characteristics were consistent with a basic lending arrangement. Therefore, as at 1 January 2019, the debentures were reclassified from available-for-sale financial assets to financial assets measured at amortised cost and disclosed as current portion of non-current assets.
- v) As at 31 December 2018, the carrying amount of the Group and the Company's short-term treasury notes was RMB366,004 thousand. After the adoption of the new financial instruments standards by the Group and the Company, characteristics of the contractual cash flows of such short-term treasury notes do not comply with the basic loan arrangement. Therefore, as at 1 January 2019, the Group and the Company reclassified such short-term treasury notes from other current assets to financial assets measured at fair value through profit or loss under financial assets held for trading.
- vi) As at 31 December 2018, the carrying amount of certain equity investments, asset-backed specific plan securities, etc. of the Group amounted to RMB28,679 thousand. After the adoption of the financial instruments standards by the Group, such financial assets were reclassified from available-for-sale financial assets to financial assets measured at fair value through profit or loss under financial assets held for trading. Accordingly, RMB20,658 thousand was transferred from accumulated other comprehensive income to the opening balance of retained earnings.



## 2 Summary of significant accounting policies and accounting estimates (Continued)

### (32) Changes in significant accounting policies (Continued)

#### (b) Financial instruments (Continued)

- (iii) As at 1 January 2019, the carrying amount of financial assets was reconciled from the old financial instruments standards to the new financial instruments standards based on the new measurement (Continued):

Table 3: Financial assets measured at fair value through other comprehensive income under the new financial instruments standards (Continued)

- vii) As at 31 December 2018, the carrying amount of certain equity investments to unlisted companies held by the Group was RMB268,932 thousand. As at 1 January 2019, such financial assets were reclassified to financial assets measured at fair value through profit or loss under other non-current assets.
- viii) As at 31 December 2018, the carrying amount of certain bonds held by the Group was RMB480,926 thousand. After the adoption of new financial instruments standards by the Group, the objective of the business model was to hold such debenture investments to both collect their contractual cash flows and sell financial assets and the contractual cash flow characteristics were consistent with a basic lending arrangement. Therefore, as at 1 January 2019, the debentures were reclassified to other debt investments by the Group.
- ix) As at 31 December 2018, the carrying amount of the Group's certain equity investments to unlisted companies measured at cost was RMB4,485,030 thousand, with accumulated provision for impairment of RMB1,093,925 thousand; the carrying amount of the Group's certain equity investments to unlisted companies measured at cost was RMB241,012 thousand. As at 1 January 2019, the Group and the Company, out of strategic investment concern, designated such equity investments as financial assets measured at fair value through other comprehensive income under investments in other equity instruments. Accordingly, the Group and the Company recognised the difference of RMB579,439 thousand and RMB280,601 thousand between the fair value and the original carrying amount as an adjustment to the opening balance of other comprehensive income respectively, and transferred the accumulated provision for impairment of RMB1,093,925 thousand from retained earnings to other comprehensive income.

As at 31 December 2018, the carrying amount of the Group and the Company's equity investments measured at fair value was RMB4,766,170 thousand and RMB1,069,880 respectively. As at 1 January 2019, the Group and the Company, out of strategic investment concern, designated such equity investments as financial assets measured at fair value through other comprehensive income under investments in other equity instruments.

## 2 Summary of significant accounting policies and accounting estimates (Continued)

### (32) Changes in significant accounting policies (Continued)

#### (b) Financial instruments (Continued)

(iv) As at 1 January 2019, the Group's reconciliation of the provision for impairment under the old standards to provision under the new standards:

Measurement	Loss provision provided under the old financial instruments standards	Reclassification	Remeasurement	Loss provision provided under the new financial instruments standards
Financial assets at amortised cost –				
Provision for impairment of accounts receivable	20,453,337	–	3,473,431	23,926,768
Provision for impairment of other receivables	6,399,767	(997,171)	1,415,100	6,817,696
Provision for impairment of debt investments	–	–	25,314	25,314
Provision for impairment of long-term receivables	982,470	–	215,147	1,197,617
Other impairment provisions:	633,038	997,171	1,478,622	3,108,831
Including: Provision for impairment of current portion of non-current assets	514,553	–	107,820	622,373
Provision for impairment of other non-current assets	27,036	–	1,165,077	1,192,113
Provision for impairment of other current assets	91,449	997,171	205,725	1,294,345
Financial assets at fair value through other comprehensive income –				
Provision for impairment of available-for-sale financial assets	1,093,925	(1,093,925)	–	–
Provision for impairment of contract assets	–	–	897,381	897,381
Provision for financial guarantees	1,200	–	–	1,200
Total	29,563,737	(1,093,925)	7,504,995	35,974,807

## 2 Summary of significant accounting policies and accounting estimates (Continued)

### (32) Changes in significant accounting policies (Continued)

#### (b) Financial instruments (Continued)

- (v) As at 1 January 2019, the Company's reconciliation of the provision for impairment under the old standards to provision under the new standards:

Measurement	Loss provision provided under the old financial instruments standards	Reclassification	Remeasurement	Loss provision under the new financial instruments standards
Financial assets at amortised cost –				
Provision for impairment of notes receivable	–	–	–	–
Provision for impairment of accounts receivable	1,583,960	–	585,495	2,169,455
Provision for impairment of other receivables	800,348	–	81,195	881,543
Provision for impairment of debt investments	–	–	4,503	4,503
Provision for impairment of long-term receivables	66,750	(66,750)	–	–
Other impairment provisions	140,089	66,750	33,914	240,753
Including: Provision for impairment of current portion of non-current assets	140,089	–	4,334	144,423
Provision for impairment of other non-current assets	–	66,750	29,580	96,330
Provision for impairment of contract assets	–	–	39,204	39,204
Total	2,591,147	–	744,311	3,335,458

Due to the adoption of above revised standards, the Group adjusted down the deferred tax assets and deferred tax liabilities as at 1 January 2019 by RMB138,032 thousand and RMB95,383 thousand respectively. These adjustments affected equities attributable to shareholders in the Group's consolidated financial statements, which were adjusted down by RMB68,907 thousand, including surplus reserve up by RMB72,060 thousand, undistributed profits up by RMB516,681 thousand and other comprehensive income down by RMB657,648 thousand. This also caused decrease of minority interests by RMB86,418 thousand. The Company adjusted down the deferred tax assets as at 1 January 2019 by RMB315,047 thousand accordingly. These adjustments affected equities attributable to shareholders in the Group's consolidated financial statements, which were adjusted up by RMB931,053 thousand, including surplus reserve up by RMB72,060 thousand, undistributed profits up by RMB648,542 thousand, and other comprehensive income up by RMB210,451 thousand.

## 2 Summary of significant accounting policies and accounting estimates (Continued)

### (32) Changes in significant accounting policies (Continued)

#### (c) Revisions on the formats of corporate financial statements

(i) The impacts on the consolidated balance sheet are as follows:

The nature and the reasons of the changes in accounting policies	The line items affected	The amounts affected	
		31 December 2018	1 January 2018
The Group splits notes and accounts receivables into accounts receivable and notes receivable.	Accounts receivable	167,552,941	137,713,669
	Notes receivable	21,438,282	16,937,828
	Notes and accounts receivables	(188,991,223)	(154,651,497)
The Group splits notes and accounts payables into accounts payable and notes payable.	Accounts payable	481,457,764	433,329,694
	Notes payable	13,412,795	15,972,528
	Notes and accounts payables	(494,870,559)	(449,302,222)
The Group transfers the deferred income items with an amortisation period of only one year or less than one year, or expected to be amortised within one year (inclusive), from current portion of non-current liabilities to deferred income.	Deferred income	5,993	5,964
	Current portion of non-current liabilities	(5,993)	(5,964)
The Group reclassifies all interests, except those due but not yet paid as at the balance sheet date, from other payables to corresponding financial instruments.	Short-term borrowings	116,447	48,039
	Current portion of non-current liabilities	2,358,884	1,922,748
	Other payables	(2,475,331)	(1,970,787)

(ii) The impacts on the company's balance sheet are as follows:

The nature and the reasons of the changes in accounting policies	The line items affected	The amounts affected	
		31 December 2018	1 January 2018
The Company splits notes and accounts receivables into accounts receivable and notes receivable.	Accounts receivable	25,461,372	21,401,165
	Notes receivable	196,649	198,850
	Notes and accounts receivables	(25,658,021)	(21,600,015)
The Company splits notes and accounts payables into accounts payable and notes payable.	Accounts payable	38,778,642	37,258,646
	Notes payable	–	–
	Notes and accounts payables	(38,778,642)	(37,258,646)
The Company reclassifies all interests, except those due but not yet paid as at the balance sheet date, from other payables to corresponding financial instruments.	Short-term borrowings	18,549	19,535
	Current portion of non-current liabilities	684,709	810,727
	Other payables	(703,258)	(830,262)

## 2 Summary of significant accounting policies and accounting estimates (Continued)

### (32) Changes in significant accounting policies (Continued)

#### (d) New accounting standard for exchange of non-monetary assets

The new accounting standard for exchange of non-monetary assets has been applied to the Group and the Company's non-monetary transactions since 1 January 2019. Pursuant to the requirements of the standard, companies do not need to retrospectively adjust non-monetary asset exchange transactions that occurred before 1 January 2019. The adoption of the new accounting standard for exchange of non-monetary assets has no significant impacts on the Group and the Company's financial statements for the year ended 31 December 2019.

#### (e) New debt restructuring standard

The new debt restructuring standard has been applied to the Group and the Company's debt restructuring conducted since 1 January 2019. Pursuant to the requirements of the standard, companies do not need to retrospectively adjust the debt restructurings that occurred before 1 January 2019. The adoption of the new debt restructuring standard has no significant impacts on the Group and the Company's financial statements for the year ended 31 December 2019.

## 3 Taxation

### (1) The main categories and rates of taxes applicable to the Group are set out below:

Category	Tax base	Tax rate/Levy rate
Enterprise income tax (Note (a))	Taxable income	Mainland China: 25% (except for preferential treatment in Note 3(2)) China Hong Kong: 16.5% Other overseas regions: 0-35%
Value added tax (Note (b))	Taxable value added amount (Tax payable is calculated using the taxable sales amount multiplied by the applicable tax rate less deductible VAT input of current period, except the simple levying)	3%, 5%, 6%, 9% or 13%
Land Appreciation Tax (Note (c))	Appreciation amount derived on the transfer of real estate	Excess progressive of tax rate 30%-60%
City maintenance and construction tax	Amount of VAT and business tax paid	5% or 7%
Educational surtax	Amount of VAT and business tax paid	3%
Real estate tax	The original value or rental income of the property	Price-based tax rate 1.2%, Rent-based tax rate 12%

Note (a): Pursuant to the Notice concerning the Deduction of Enterprise Income Tax for Equipment and Appliances (Cai Shui [2018] 54) issued by the State Administration of Taxation, all the equipment bought by the group during 2018-2020, with a prize no more than 5 million yuan, can be included in the cost of costs in the next month when it comes into service. The cost of the equipment can be deducted during the period when the taxable income should be computed and the method to calculate the depreciation on an annual basis will not be adopted.

Note (b): According to the "Announcement on Deepening VAT Reform Policies" issued by the Ministry of Finance, the General Administration of Taxation and the General Administration of Customs (Ministry of Finance General Administration of Customs Announcement [2019] No. 39). From April 1, 2019, the applicable VAT rate of the Group will be adjusted according to relevant regulations. The tax rate for financial service, design consulting, exploration and inspection business and food & Beverage accommodation is 6%. The tax rate for construction service, transportation sector and real estate business has been adjusted from the rate of 10% to 9%. The income tax rate for tangible properties has been adjusted from the tax rate of 16% to 13%. The construction and real estate service, applicable to simple taxation method, respectively enjoy an income tax rate of 3% and 5%.

Note (c): Before revenue clearing, the tax rate for the booking revenue is calculated on a 1.5-5% basis.

### 3 Taxation (Continued)

#### (2) Main referential tax treatments

Pursuant to relevant stipulations in Income Tax Law of the People's Republic of China ("enterprise income tax") issued on 16 March 2007, preferential tax treatment applicable to the Group are as follows:

##### (a) Preferential tax treatment for key high and new technological enterprises encouraged and supported by the state

According to the income tax law and other relevant regulations, the Group's subsidiaries recognized as key high and new technological enterprises encouraged and supported by the state are as follows:

Company Name	Certificate of High and New Technological Enterprises
First Construction Co., Ltd of China Construction Third Engineering Division	GR201842000496
Second Construction Co., Ltd of China Construction Third Engineering Division	GR201742000948
Third Construction Co., Ltd of China Construction Third Engineering Division	GR201742000748
China Construction Steel Co., Ltd.	GR201744202039
China State Construction Fourth Engineering Bureau Group Co., Ltd.	GR201944005866
Sixth Construction Co., Ltd of China Construction Fourth Engineering Division	GR201934001377
Guizhou CSCEC Building Materials Co., Ltd	GR201852000109
China Construction Sixth Engineering Division Co., Ltd	GR201912000220
China Construction Sixth Engineering Installation Co., Ltd	GR201712000689
Decoration Engineering Co., Ltd of China Construction Sixth Engineering Division	GR201912002245
Civil Engineering Co., Ltd of China Construction Sixth Engineering Division	GR201912001530
China Construction Seventh Engineering Division. Co., Ltd	GR201941000445
China Construction Eighth Engineering Division. Co., Ltd	GR201931000151
China Construction and Installation Group Co., Ltd. (formerly known as "China Construction and Installation Engineering Co., Ltd.")	GR201732000477
China State Construction Electronic Engineering Co., Ltd.	GR201911005213
China State Construction Northeast Architectural Design Institute Co., Ltd.	GR201721000344
China Municipal Engineering Northwest Design and Research institute Co., Ltd	GR201862000089
China State Construction Port Engineering group Co., Ltd	GR201737100005
Beijing China Construction Baili Engineering Technology Development Co., Ltd	GR201811001379
China West Construction Hunan Co., Ltd.	GR201943000494
Xinjiang Western excellence Construction Material Co., Ltd	GR201865000198
China Construction Commodity Concrete Co., Ltd	GR201842000632
First Construction Co., Ltd of China Construction Eighth Engineering Division	GR201737001690
Wuxi Tianyu Civil Defense Architecture Design and Research institute Co., Ltd	GR201732002129
Shanghai China Construction 8th Bureau Decoration Co., Ltd	GR201831000637

### 3 Taxation (Continued)

#### (2) Main referential tax treatments (Continued)

##### (a) Preferential tax treatment for key high and new technological enterprises encouraged and supported by the state (Continued)

Company Name	Certificate of High and New Technological Enterprises
Shanghai China Construction Aviation Construction Industry Development Co., Ltd	GR201731000341
Hong Kong Huayi Design Consultants (Shenzhen) Co., Ltd.	GR201744201824
Shenzhen Hailong Construction Technology Co., Ltd.	GR201844201581
Anhui Hailong Construction Industry Co., Ltd	GR201834001125
Southwest China Architecture Design and Research Institute Co., Ltd	GR201751000732
China Architecture Shanghai Design Institute Co., Ltd	GR201831000884
China Construction Port and Shipping Bureau Group Co., Ltd. (formerly known as "China Construction Port Construction Co., Ltd.")	GR201831003631
China Construction Engineering Design Group Corporation Limited	GR201711004039
China Municipal Engineering Northwest Design and Research Institute Co., Ltd	GR201862000089
China Construction Port Construction Co., Ltd	GR201831003631
Shenzhen Overseas Decoration Engineering Co., Ltd	GR201744203727
China Construction Technology Hunan Co., Ltd	GR201843000026
Civil Engineering Co., Ltd of China Construction Fifth Engineering Division	GR201943000622
China Construction Fifth Industrial Equipment Installation Co., Ltd	GR201743000108
China Construction Buer Curtain Wall Decoration Co., Ltd	GR201843000020
China Construction Fifth Bureau Building Energy Saving Technology Co., Ltd	GR201843001367
China Construction Fifth Engineering Bureau Co., Ltd	GR201743000526
China Construction Fifth Bureau Third Construction Co., Ltd	GR201843000691
China Construction Fifth Bureau Decoration Curtain Wall Co., Ltd	GR201843000763
China Construction Municipal Engineering Co., Ltd	GR201811000048
Beijing China Construction Building Science Research Institute Co., Ltd	GR201711003942
Beijing Construction Engineering Quality Sixth Inspection Institute Co., Ltd	GR201911001810
China Construction First Bureau Huajiang Company	GR201811004821
China Construction Technology (Beijing) Co., Ltd	GR201711001209
China Construction Second Bureau Decoration Engineering Co., Ltd	GR201711006212
Guizhou China Construction Architecture Research and Design Institute Co., Ltd	GR201720000003
Xinjiang Academy of Architectural Sciences Co., Ltd	GR201765000006
China Construction Eighth Bureau Second Construction Co., Ltd	GR201837001149
China Construction Eighth Bureau Fourth Construction Co., Ltd	GR201837100283
China construction fifth engineering equipment Co., Ltd	GR201732002661

### 3 Taxation (Continued)

#### (2) Main referential tax treatments (Continued)

##### (a) Preferential tax treatment for key high and new technological enterprises encouraged and supported by the state (Continued)

Company Name	Certificate of High and New Technological Enterprises
China construction eighth bureau third construction Co., Ltd	GR201832008670
Shanghai Haida Communication Co., Ltd.	GR201831001128
China Construction Sixth Bureau Construction Development Co., Ltd.	GR201812000759
China Construction Second Bureau Installation Engineering Co., Ltd	GR201811000600
China Construction Second Bureau First Construction Engineering Co., Ltd	GR201811005369
The Third Construction Engineering Company LTD Of China Construction Second Engineering Bureau	GR201811004750
China Construction First Bureau Group Decoration Engineering Co., Ltd	GR201711001151
China Construction Third Bureau Group Co., Ltd	GR201942000706
China Construction Technology Chengdu Co., Ltd	GR201951000045
China Construction Xinjiang Construction Engineering Group First Construction Engineering Co., Ltd	GR201965000169
China Construction Xinjiang Construction Engineering Group Fifth Construction Engineering Co., Ltd	GR201965000091
Beijing Zhongjian Architectural Design Institute Co., Ltd	GR201911007163

The term of validity for the Certificate of High and New Technological Enterprises obtained by these subsidiaries is 3 years and the income tax rate applicable to these companies for the year 2019 is 15%.



### 3 Taxation (Continued)

#### (2) Main referential tax treatments (Continued)

##### (b) Preferential tax policy related with Western Development Strategies and Xinjiang region

Companies enjoying preferential tax policies	Preferential Policy (Note)	2019 applicable tax rate
Chongqing China Construction Machinery Manufacturing Co., Ltd.	Cai Shui [2011] No. 58	15%
China Northwest Building Engineer Supervision Co., Ltd	Cai Shui [2011] No. 58	15%
Northwestern architectural design institutes Co., Ltd	Cai Shui [2011] No. 58	15%
Sichuan Southwest Guangsha Construction Design Institute Co., Ltd.	Cai Shui [2011] No. 58	15%
Sichuan Southwest standard building design institute Co., Ltd	Cai Shui [2011] No. 58	15%
Sichuan Southwest Construction Engineering Consulting Co., Ltd.	Cai Shui [2011] No. 58	15%
Sichuan Southwest Engineering Project Management Consulting Co., Ltd.	Cai Shui [2011] No. 58	15%
Chongqing Branch of China Southwest Architecture Design and Research Institute Co., Ltd..	Cai Shui [2011] No. 58	15%
Xizang Branch of China Southwest Architecture Design and Research Institute Co., Ltd.	Cai Shui [2011] No. 58	15%
China construction southwest science and innovation green building design co. LTD	Cai Shui [2011] No. 58	15%
China Southwest Architectural Survey and Design Institute Co., Ltd.	Cai Shui [2011] No. 58	15%
China Construction Underground Space Co., Ltd.	Cai Shui [2011] No. 58	15%
Zunyi CSCEC Xipu Construction Development Co., Ltd..	Cai Shui [2011] No. 58	15%
Guiyang China Construction Investment Co., Ltd.	Cai Shui [2011] No. 58	15%
Zunyi Zhongjian Infrastructure Investment Co., Ltd.	Cai Shui [2011] No. 58	15%
Xinjiang Institute of Building Science Co., Ltd.	Cai Shui [2011] No. 58	15%
Xinjiang Construction Engineering Quality and Safety Testing Center Co., Ltd.	Cai Shui [2011] No. 58	15%
Xinjiang Construction Research Institute project construction supervision company	Cai Shui [2011] No. 58	15%
China West Construction Group Co. Ltd ("West Construction") and part of subsidiaries of West Construction	Cai Shui [2011] No. 58	15%
Yanqi xiqing era Co., Ltd.	Cai Shui [2011] No. 58	15%
Shihezi Western Construction Co., Ltd.	Cai Shui [2011] No. 58	15%
Karamay West Construction Building Materials Co., Ltd.	Cai Shui [2011] No. 58	15%
Yili Western Construction Co., Ltd.	Cai Shui [2011] No. 58	15%
Haidong City Underground Comprehensive Pipe Gallery Construction Operation Management Co., Ltd.	Cai Shui [2011] No. 58	15%
Xi'an Xingchu Construction Co., Ltd.	Cai Shui [2011] No. 58	15%
China Construction Tunnel Construction Co., Ltd.	Cai Shui [2011] No. 58	15%
China Construction Chongqing Machinery Leasing Co., Ltd.	Cai Shui [2011] No. 58	15%
China Construction Silk Road Construction Investment Co., Ltd	Cai Shui [2011] No. 58	15%
Tibet Zhongjian Construction Co., Ltd.	Cai Shui [2011] No. 58 & Xin Guo Shui Fa [2011] No. 177	9%
Mangkang Zhongjian Road and Bridge Project Management Co., Ltd.	Cai Shui [2011] No. 58 & Xin Guo Shui Fa [2011] No. 177	9%

Note: According to Circular on Issues Concerning Tax Policies for In-depth Implementation of Western Development Strategies (Cai Shui [2011] No. 58), the qualified enterprises are entitled 15% preferential income tax rate.

According to *Guidance on Implementation of Tax Policies to Encourage Small-and-medium Sized enterprises in autonomous region* (Xin Guo Shui Fa [2011] No.177), the qualified enterprises can be entitled two years of exemption and three years of half rate income tax allocated to the local tax bureau.

## 4 Notes to the consolidated financial statements

### (1) Cash at bank and on hand

	31 December 2019	31 December 2018
Cash on hand	143,503	190,704
Bank deposits	284,127,185	310,315,063
Other cash balances	8,170,731	6,994,908
Total	292,441,419	317,500,675

As at 31 December 2019 and 31 December 2018, there were no bank deposits that were pledged by the Group to banks for borrowings.

Other cash balances represent deposits for bank acceptance notes, marginal deposits for security and marginal deposits for migrant workers' wages, etc..

As at 31 December 2019, the fixed deposits, which would mature after three months, amounted to RMB1,738,949 thousand (31 December 2018: RMB1,103,500 thousand).

Restricted deposits mainly include Central Bank reserve, deposits for bank acceptance notes, marginal deposits for security, real estate pre-sale supervision funds and mortgage deposits etc.. As at 31 December 2019, restricted deposits and cash balances amounted to RMB18,974,662 thousand (31 December 2018: RMB17,586,981 thousand).

As at 31 December 2019, the offshore deposits of the Group amounted to RMB39,150,856 thousand (31 December 2018: RMB35,771,391 thousand).

### (2) Financial assets held for trading

	31 December 2019	31 December 2018
Investments in debenture held for trading (Note 1)	862,307	–
Investments in equity instrument held for trading (Note 2)	39,765	–
Total	902,072	–

Note 1: The fair value of the investments in debenture held for trading is primarily determined at the closing price published by financial institution in which it trades on the last trading day of the year.

Note 2: The fair value of the investments in equity instrument held for trading is determined at the closing price published by financial institution in which it trades on the last trading day of the year.

### (3) Financial assets at fair value through profit or loss

	31 December 2019	31 December 2018
Investment in equity instrument held-for-trading	–	17,697
Investment in debt instrument held-for-trading	–	4,582,970
Others	–	21,966
Total	–	4,622,633

## 4 Notes to the consolidated financial statements (Continued)

### (4) Notes receivable

	31 December 2019	31 December 2018
Trade acceptance notes	26,918,443	18,011,091
Bank acceptance notes	–	3,427,191
Less: Provision for bad debts	–	–
Total	26,918,443	21,438,282

(i) As at 31 December 2019, the notes receivable pledged by the Group are as follows:

Trade acceptance notes	689,065
Bank acceptance notes	–
Total	689,065

As at 31 December 2019 and 31 December 2018, the notes receivable that were pledged by the Group to banks for borrowings are presented in detail in Note 4(36)(a).

(ii) As at 31 December 2019, the notes that are not mature but have been endorsed or discounted are as follows:

	Without recourse right	With recourse right
Trade acceptance notes	–	8,216,967
Bank acceptance notes	–	–
Total	–	8,216,967

(iii) Provision for bad debts

Regardless of whether there is a significant financing component or not, the group's notes receivables are measured based on the lifetime ECL of the loss provision. After evaluation, the Group believes that the trade acceptance notes held do not have significant credit risk, and the expected credit loss amount is not significant.

### (5) Accounts receivable

	31 December 2019	31 December 2018
Accounts receivable	177,766,052	188,006,278
Less: Provision for bad debts	(23,804,177)	(20,453,337)
Net balance	153,961,875	167,552,941

(a) The aging of accounts receivable is analysed as follows:

	31 December 2019	31 December 2018
Within 1 year	128,907,499	144,838,630
1-2 years	26,160,929	20,586,480
2-3 years	10,105,158	8,969,489
3-4 years	4,272,130	5,357,763
4-5 years	3,208,114	3,328,519
Over 5 years	5,112,222	4,925,397
Total	177,766,052	188,006,278

## 4 Notes to the consolidated financial statements (Continued)

### (5) Accounts receivable (Continued)

(b) As at 31 December 2019, the five largest accounts receivable according to customers are analysed as follows:

	Amount	Amount of provision for bad debt	% of total balance
The total amount of the five largest accounts receivables	5,694,178	(2,107,983)	3.20

(c) Accounts receivable derecognized due to the transfer of financial assets are analysed as follows:

Accounts receivable derecognized due to the transfer of financial assets in current year amounted to RMB52,727,683 thousand (2018: RMB108,882,751 thousand). Related costs in current year amounted to RMB2,330,684 thousand (2018: RMB5,012,625 thousand).

(d) Provision for bad debt

For accounts receivable, whether there exists significant financing component or not, the group measures the loss reserves according to the expected credit loss of the whole duration.

(i) As at 31 December 2019, accounts receivable with amounts that are individually significant and that the related provision for bad debts is provided on the individual basis are analysed as follows:

Debtor	Ending balance	Provision Ratio (%)	Provision for bad debts	Reason of provision
Company 1	2,004,490	22.00	(440,988)	Provided based on evidence and judgment
Company 2	1,314,400	100.00	(1,314,400)	Provided based on evidence and judgment
Company 3	1,028,096	0.50	(5,140)	Provided based on evidence and judgment
Company 4	772,123	45.00	(347,455)	Provided based on evidence and judgment
Company 5	517,409	20.04	(103,677)	Provided based on evidence and judgment
Others	42,911,988	23.93	(10,268,368)	Provided based on evidence and judgment
Total	48,548,506		(12,480,028)	

## 4 Notes to the consolidated financial statements (Continued)

### (5) Accounts receivable (Continued)

- (ii) As at 31 December 2019, accounts receivable that the related provision for bad debts is provided on grouping basis are analysed as follows:

Group 1:

	31 December 2019		
	Ending balance	Provision for bad debts	
	Amount	Provision Ratio (%)	Amount
Within 1 year	21,319,859	2.00	(426,397)
1-2 years	4,604,581	5.00	(230,229)
2-3 years	1,084,543	15.00	(162,681)
3-4 years	451,070	30.00	(135,321)
4-5 years	288,985	45.00	(130,043)
Over 5 years	225,993	100.00	(225,993)
Total	27,975,031		(1,310,664)

Group 2:

	31 December 2019		
	Ending balance	Provision for bad debts	
	Amount	Provision Ratio (%)	Amount
Within 1 year	6,548,628	6.00	(392,918)
1-2 years	376,293	12.00	(45,155)
2-3 years	3,476	25.00	(869)
3-4 years	32,565	45.00	(14,654)
4-5 years	5,146	70.00	(3,602)
Over 5 years	100,765	100.00	(100,765)
Total	7,066,873		(557,963)

Group 3:

	31 December 2019		
	Ending balance	Provision for bad debts	
	Amount	Provision Ratio (%)	Amount
Within 1 year	69,068,852	4.50	(3,108,098)
1-2 years	14,681,938	10.00	(1,468,194)
2-3 years	4,593,972	20.00	(918,794)
3-4 years	2,261,623	40.00	(904,649)
4-5 years	1,467,057	65.00	(953,587)
Over 5 years	2,102,200	100.00	(2,102,200)
Total	94,175,642		(9,455,522)

## 4 Notes to the consolidated financial statements (Continued)

### (5) Accounts receivable (Continued)

#### (d) Provision for bad debt (Continued)

(iii) Provision for bad debts amounted to RMB5,010,216 thousand is accrued in current year. Provision for bad debts amounted to RMB4,340,373 thousand is collected or reversed in current year. The major amount collected or reversed are as follows:

	Reason for reversal/collection	Basis and rationality for determining the provision for bad debts	Amount of reversal/collection	Way of collection
Company 1		Individually provided	377,408	
Company 2	Account receivable of project collected	Individually provided	145,491	Cash
Company 3	Account receivable of project collected	Individually provided	124,285	Cash
Company 4	Account receivable of project collected	Individually provided	85,067	Cash
Company 5	Account receivable of project collected	Provided on grouping basis	78,019	Cash
Others	Account receivable of project collected	Provided individually and on grouping basis	3,530,103	Cash
Total			4,340,373	

(e) In 2019, Accounts receivable that were unable to be collected and written off were RMB714,592 thousand (2018: RMB54,880 thousand), all of which were accounts receivable of projects and design fee due from third parties.

(f) As at 31 December 2019, the accounts receivable RMB86,887 thousand (31 December 2018: RMB240,217 thousand) that were pledged by the Group to banks for borrowings RMB86,887 thousand (31 December 2018: RMB240,217 thousand) are presented in detail in Note 4(36)(a).

### (6) Accounts receivable financing

	31 December 2019	31 December 2018
Bank's Acceptance Bill	3,674,166	—

The Group discounts and endorses bank acceptance bills according to the needs of daily capital management. Therefore, bank acceptance bills are classified as financial assets measured at fair value and their changes included in other comprehensive income.

As at December 31, 2019, the Group measured the bad debt provision based on the expected credit loss of the entire duration. The bank acceptance bill held by the assessment was not subject to significant credit risk, and the amount of expected credit loss was not significant.

As of December 31, 2019, the notes receivable that have been endorsed or discounted but not yet due are as follows:

	Terminated	Untermiated
Bank's Acceptance Bill	796,241	503,737

## 4 Notes to the consolidated financial statements (Continued)

### (7) Advances to suppliers

(a) The aging of advances to suppliers of the Group is analysed as follows:

	31 December 2019		31 December 2018	
	Amount	% of total balance	Amount	% of total balance
Within 1 year	47,496,343	86.23	41,565,937	85.51
1-2 years	5,939,701	10.78	2,128,074	4.38
2-3 years	854,178	1.55	2,203,795	4.53
Over 3 years	794,326	1.44	2,713,803	5.58
Total	55,084,548	100.00	48,611,609	100.00

As at 31 December 2019, advances to suppliers aged more than 1 year amounted to RMB7,588,205 thousand (31 December 2018: RMB7,045,672 thousand), mainly including advances to subcontractors and prepayment for land use, since the project is not completed, or land use permit has not been obtained.

(b) As at 31 December 2019, the total amount of the five largest advances to suppliers is analysed as follows:

	Amount	% of total balance
Total amount of the five largest advances to suppliers	12,455,794	22.61

### (8) Other receivables

	31 December 2019	31 December 2018
Deposits and petty cash receivable	25,925,286	23,409,361
Receivables from related parties (Note 9(6))	2,852,687	13,760,275
Advances receivable	14,900,685	6,615,789
Deposit receivable	3,358,517	2,982,336
Others	13,230,668	16,121,199
Sub-total	60,267,843	62,888,960
Less: Provision for bad debts	(7,081,322)	(6,399,767)
Net balance	53,186,521	56,489,193

(a) The aging of other receivables is analysed as follows:

	31 December 2019	31 December 2018
Within 1 year	40,742,035	44,893,011
1-2 years	12,097,832	9,659,075
2-3 years	2,974,330	2,994,470
3-4 years	1,665,045	1,498,369
4-5 years	719,143	1,468,580
Over 5 years	2,069,458	2,375,455
Total	60,267,843	62,888,960

## 4 Notes to the consolidated financial statements (Continued)

### (8) Other receivables (Continued)

(b) Loss provision and its book balance change statement:

There are no other receivables in phase ii of the group as at 31 December 2019. Other receivables in phase I and phase iii are analyzed as follows:

(i) As at 31 December 2019 the analysis of bad debt provisions for other receivables in phase I is as follows:

Individual basis	Ending balance	Expected credit loss rate in the next 12 months (%)	Provision for bad debt	Reason of provision
Company 1	904,000	2.00	(18,080)	Provided based on evidence and judgment
Company 2	627,858	0.30	(1,884)	Provided based on evidence and judgment
Company 3	620,000	2.00	(12,400)	Provided based on evidence and judgment
Company 4	500,000	0.02	(100)	Provided based on evidence and judgment
Company 5	459,920	0.10	(457)	Provided based on evidence and judgment
Others	16,626,735	4.49	(746,724)	Provided based on evidence and judgment
Total	19,738,513		(779,645)	

Grouping basis	Ending balance	Expected credit loss rate in the next 12 months (%)	Provision for bad debt	Reason of provision
combination 1	14,601,980	2.51	(366,055)	Provided based on evidence and judgment
combination 2	5,715,136	3.26	(186,537)	Provided based on evidence and judgment
combination 3	7,800,072	4.12	(321,603)	Provided based on evidence and judgment
Total	28,117,188		(874,195)	

(ii) As at December 31, 2019 the analysis of bad debt provisions for other receivables in phase iii is as follows:

Individual basis	Ending balance	Expected credit loss rate in the entire duration (%)	Provision for bad debt	Reason of provision
Company 1	454,775	100.00	(454,775)	Provided based on evidence and judgment
Company 2	336,305	85.63	(287,975)	Provided based on evidence and judgment
Company 3	222,752	43.33	(96,509)	Provided based on evidence and judgment
Company 4	208,566	59.09	(123,246)	Provided based on evidence and judgment
Company 5	200,000	100.00	(200,000)	Provided based on evidence and judgment
Others	3,842,561	67.33	(2,587,027)	Provided based on evidence and judgment
Total	5,264,959		(3,749,532)	



## 4 Notes to the consolidated financial statements (Continued)

### (8) Other receivables (Continued)

(b) Loss provision and its book balance change statement (Continued):

(ii) As at December 31, 2019 the analysis of bad debt provisions for other receivables in phase iii is as follows:  
(continued)

Grouping basis	Ending balance	Expected credit loss rate in the entire duration (%)	Provision for bad debt	Reason of provision
combination 1	4,037,355	21.09	(851,558)	Provided based on evidence and judgment
combination 2	1,260,747	19.98	(251,861)	Provided based on evidence and judgment
combination 3	1,849,081	31.07	(574,531)	Provided based on evidence and judgment
Total	7,147,183		(1,677,950)	

(c) The amount of bad debt provision this year is RMB1,305,421 thousand yuan; The amount of bad debt provisions recovered or transferred back was 891,574 thousand yuan. Significant recoveries or reversions are listed as follows:

	Reason for reversal/collection	Basis and rationality for determining the provision for bad debts	Amount of reversal/collection	Way of collection
Company 1	Receivable collected	Provided individually	43,968	Cash
Company 2	Receivable collected	Provided individually	37,500	Cash
Company 3	Receivable collected	Provided individually	30,049	Cash
Company 4	Receivable collected	Provided individually	24,000	Cash
Company 5	Receivable collected	Provided on grouping basis	15,400	Cash
Others	Receivable collected	Provided individually and on grouping basis	740,657	Cash
Total			891,574	

(d) In 2019, due to the fact that the amount of other receivables could not be collected and written off for RMB135,135 thousand (year 2018: RMB79,779 thousand), the written off amount was mainly other receivables of the third party.

## 4 Notes to the consolidated financial statements (Continued)

### (8) Other receivables (Continued)

(e) As at December 31, 2019, the analysis of other receivables of the top five balances collected by the arrearers is as follows:

	Relation to the Group	amount	Aging	% of total balance	Provision for bad debt
Company 1	Cash deposit	1,000,000	Within 1 year and 1-2 years	1.66	(40,000)
Company 2	Cash deposit	904,000	Within 1 year	1.50	(18,080)
Company 3	Cash deposit	662,700	Within 1 year	1.10	(13,254)
Company 4	Cash deposit	627,858	Within 1 year	1.04	(1,884)
Company 5	Cash deposit	620,000	Within 1 year	1.03	(12,400)
Total		3,814,558		6.33	(85,618)

(f) As at 31 December 2019, the Company has no significant government grant recognized in other receivables.

### (9) Inventories

(a) Inventories are set forth by category as follows:

	31 December 2019			31 December 2018		
	Book Value	Inventory impairment	Net Value	Book Value	Inventory impairment	Net Value
Properties under development	489,478,279	(3,580,736)	485,897,543	438,262,888	(4,666,392)	433,596,496
Completed properties for sale	67,414,180	(585,909)	66,828,271	40,684,570	(654,816)	40,029,754
Work in progress	–	–	–	138,643,734	(1,588,924)	137,054,810
Raw materials	22,474,381	(30,933)	22,443,448	20,742,166	(33,437)	20,708,729
Manufacturing goods	1,133,413	–	1,133,413	1,356,614	–	1,356,614
Finished goods	2,487,860	(2,022)	2,485,838	1,992,013	(1,039)	1,990,974
Others	129,615	(508)	129,107	238,329	(8,612)	229,717
Sub total	583,117,728	(4,200,108)	578,917,620	641,920,314	(6,953,220)	634,967,094

In 2019, the average capitalization rate of the capitalised borrowing costs of inventories is 4.53% (2018: 3.68%).

## 4 Notes to the consolidated financial statements (Continued)

### (9) Inventories (Continued)

(a) Inventories are set forth by category as follows (Continued):

(i) Properties under development

Project Name	Date of Commence	Estimated completion time	Estimated total investment	31 December 2019	31 December 2018
Beixinan shantytown renovation project	Nov 2014	Aug 2022	44,226,506	14,571,619	13,258,659
Shanghai Hongqi Village	Aug 2018	Dec 2022	27,582,800	11,827,900	10,014,928
Beijing Daji Critical Reform Project	Jan 2003	Dec 2021	30,654,858	11,350,126	10,207,827
Jinan Zhonghai Huashan Longcheng Project	Jul 2014	Jul 2022	50,021,918	10,220,080	13,042,307
Beijing Fengtai Zaojia Village Project	Dec 2019	Sep 2022	11,013,343	8,648,163	-
Beijing Yinghai Second House Project	Nov 2019	May 1 2022	11,120,266	8,511,483	-
Hong Kong Kai Tak 6575 plot project	Oct 2019	Jun 2023	10,134,834	7,583,992	-
Dalian CITIC Harbour City	Jan 2013	Sep 2022	10,000,000	7,419,842	6,859,949
Splendid Capital of China Construction	Aug 2018	Dec 2021	9,500,000	6,548,131	5,762,679
Nanjing Xiyuan Mansion	Jul 2018	Jun 2020	9,200,000	6,257,178	5,349,674
G06, Jiangbei New District, Nanjing	Dec 2018	Dec 2021	8,109,025	6,072,366	5,886,345
Nanjing Yanziji Project	Apr 2018	Dec 2020	7,760,002	5,944,270	5,577,380
Chengdu Zhongjian Tianfu Mansion	Jul 2017	Dec 2023	9,796,000	5,736,694	5,207,220
Shenzhen Bright Project	Dec 2019	Nov 2021	7,183,940	5,722,771	-
Tianjin Park City Project	May 2013	Dec 2022	17,527,800	5,653,885	6,829,394
Beijing Shijingshan Shougang Park Project	Mar 2019	Jun 2020	6,443,846	5,542,646	-
Tianjin City Plaza	Mar 2014	Dec 2024	22,926,270	5,365,556	5,679,910
Nanjing Yuhua Project	Jan 2018	Apr 2020	6,533,898	5,286,342	4,905,240
Chengdu Qinhuang Temple 677 Project	Jul 2018	Oct 2026	18,752,110	5,125,903	4,397,507
Lipu Mountain Project in Tai Po	Jul 2017	Apr 2021	9,306,265	4,586,104	2,783,025
COA 99 Hudson	Feb 2016	Aug 2020	5,984,503	4,524,112	3,359,454
Wuhan Zhongjian Platinum Residence	Sep 2019	Mar 2024	8,937,000	4,388,620	-
Chengdu Zhonghai Yunlu Family	Dec 2017	Dec 2020	5,246,988	4,280,950	4,295,933
Beijing Lichun Lake Villa	Jul 2018	Mar 2021	8,422,993	4,085,761	6,096,637
Shanghai Pudong Huinan Folk Music Project	Nov 2012	Jun 2020	22,231,871	3,984,527	4,498,233
Xiamen Jimei 2019JP01 project	Sep 2019	Jun 2021	5,040,190	3,942,543	-
Beijing Pangezhuang Project	Aug 2018	Jun 2020	4,903,856	3,804,755	3,546,862
Guiyang Zhonghai Yingshan Lake Project	Feb 2020	Sep 2021	6,626,460	3,775,809	-
Shanghai Huideli Project	Jul 2019	Apr 2021	4,754,692	3,753,759	-
Ningbo Haishu Gaotang Project	Dec 2019	Dec 2022	5,500,000	3,700,548	-
Shanghai Jianguoli Project	Jun 2019	Dec 2021	5,030,880	3,621,602	-
Hangzhou Zhonghai Cuiyuan Project	Mar 2019	Dec 2020	4,016,589	3,614,765	-
Changsha Wenjin Famous Garden	Dec 2019	Jun 2021	6,095,593	3,604,574	-
Kunming Wujia Project	Dec 2018	Dec 2021	6,725,331	3,601,369	2,843,268
Suzhou Sudi Lot 2014-WG-82	Dec 2018	Jun 2020	4,010,750	3,424,022	3,236,548
Taiyuan Beihan Village Urban Reform Project	May 2019	Oct 2020	5,019,800	3,264,568	2,606,231

## 4 Notes to the consolidated financial statements (Continued)

### (9) Inventories (Continued)

(a) Inventories are set forth by category as follows (Continued):

(i) Properties under development (Continued):

Project Name	Date of Commence	Estimated completion time	Estimated total investment	31 December 2019	31 December 2018
Dalian Zhonghai Park Uptown Project	Nov 2019	Dec 2021	5,595,980	3,175,284	–
Wuhan China Construction University Mansion (K2, K4)	Jan 2015	Oct 2025	4,706,620	2,930,036	3,145,460
Chongqing Zhongjian Jinhe City	Apr 2018	Jun 2022	4,910,000	2,844,303	2,490,056
Wuhan Zhongjian Yujing Star City	Dec 2014	Jun 2021	8,500,000	2,745,341	2,140,872
Shanghai Xiaokunshan Phase II	Nov 2019	Nov 2021	3,742,899	2,744,751	1,583,777
Zhengzhou Zhongjian No.7 Courtyard Project	Nov 2017	Jun 2020	3,146,230	2,712,173	2,479,519
Beijing Zhongjian · Guowangfu Project	Dec 2013	Dec 2021	3,580,000	2,641,659	1,999,773
Dalian China Overseas Markham Residence	Mar 2018	Dec 2020	5,338,580	2,611,345	2,835,725
Guangzhou Haizhu Daganwei Land Project	Feb 2020	Jun 2022	6,807,012	2,551,180	–
Changchun Shengbei Street Project Lot 5	Apr 2019	Dec 2020	3,557,004	2,448,983	2,322,780
Changsha Zhongjianjinghe City Project	Mar 2018	Jun 2022	4,100,000	2,442,507	2,131,263
China Overseas Tung Chung 2017NJY-11 Land Project	Jun 2018	Sep 2020	3,407,232	2,417,068	1,691,376
Shanghai Goya Garden Project	Dec 2017	May 2020	2,411,007	2,401,007	1,953,867
Xiamen T2016P02 project	Sep 2017	Dec 2020	3,961,890	2,318,454	3,425,612
Tianjin Jinmen compound project	Apr 2023	Aug 2024	5,598,238	2,298,430	–
Chongqing Lixiang Lake Project	Sep 2012	Dec 2024	16,301,926	2,280,411	2,451,404
Hangzhou Xiangqifang Project	May 2018	Jun 2020	2,316,651	2,274,330	2,043,187
Plot No. 13 of Zhonghai Zhonghai	May 2020	Dec 2021	4,100,000	2,252,598	–
Tianjin Eco-City Project	Mar 2017	Dec 2021	3,249,670	2,189,259	2,136,250
Wuxi Xinwu District Project	Apr 2017	Dec 2021	8,494,311	2,164,193	3,946,494
Guangzhou Guanggang 225-B Lot Project	Sep 2019	Dec 2021	2,669,910	2,065,696	–
Jinqing Zhongjian Changqing Lake	Jun 2012	Jun 2022	6,500,000	2,048,149	2,024,627
Suzhou Sudi 2017-WG-25 Lot	Oct 2017	Sep 2020	2,900,000	2,040,169	1,830,314
Beijing Weishanzhuang Project	Mar 2019	Jun 2020	2,368,114	2,018,934	1,917,179
Wuhan Wansong Jiuli Project	Nov 2017	Mar 2020	2,166,347	2,010,837	1,885,140
Other				219,503,847	255,583,003
Total				489,478,279	438,262,888

## 4 Notes to the consolidated financial statements (Continued)

### (9) Inventories (Continued)

(a) Inventories are set forth by category as follows (Continued):

(ii) Completed properties for sale

Project name	Completion date of latest phase	1 January 2019	Increase in current year	Decrease in current year	31 December 2019
Kunming Zhonghai Yunzhu	Dec 2019	–	3,456,695	(1,310,473)	2,146,222
Shanghai Jiufengli Phase I Project	Mar 2019	–	2,319,293	(217,691)	2,101,602
Jiangsu Runjiang House Project	Dec 2019	–	2,962,989	(1,215,672)	1,747,317
Zhonghai Yonghe Xi'an Mansion	Nov 2019	–	2,037,567	(496,050)	1,541,517
Foshan Yunlu Residence	Dec 2019	–	1,705,738	(337,297)	1,368,441
Chengdu Zhonghai Royal Lake Family	Dec 2019	–	2,252,881	(884,947)	1,367,934
Nanjing Zhonghai Yuanshan Project	Sep 2019	–	2,418,092	(1,054,623)	1,363,469
Zhaoqing Zhonghai New City Mansion	Sep 2019	–	1,713,197	(371,474)	1,341,723
Zhonghai Lichun Lake Villa	Dec 2019	–	2,582,260	(1,261,513)	1,320,747
Zhonghai Jinjia Huating	Mar 2019	–	5,160,323	(3,870,035)	1,290,288
Dongguan Yunlu Garden	Jun 2019	1,381,021	307,194	(434,396)	1,253,819
Dalian CITIC Harbour City	Dec 2019	1,645,926	233,049	(637,151)	1,241,824
West Coast Gufang Residential Land Real Estate Development Project	May 2019	1,134,115	646,737	(559,079)	1,221,773
Shenyang Banshan Huafu Project	Dec 2019	–	2,523,242	(1,528,457)	994,785
Fuzhou Zhonghai Gold Seal Mansion	Dec 2019	–	3,970,463	(3,056,595)	913,868
Chengdu Ecological Health City 3	Nov 2019	–	5,359,916	(4,449,363)	910,553
Nanchang Zhonghai Sunshine Rose Garden	Jun 2019	–	2,274,886	(1,383,702)	891,184
Zhengzhou Zhonghai Yiyuan	Dec 2019	–	2,212,911	(1,328,300)	884,611
China Construction-Chi Cube (Hefei China Construction Industrial Base)	Jun 2019	258,722	599,803	(13,839)	844,686
China Overseas Markham Residence	Dec 2019	325,323	1,664,476	(1,147,814)	841,985
Plot F of Chongqing Guanyin Bridge	Dec 2019	11,607	1,098,419	(301,135)	808,891
Guiyang Dayingpo Zhongjian Huafu Project ADEF District	Apr 2017	828,332	7,073	(34,364)	801,041
Tianjin City Plaza	Dec 2016	847,681	3,988	(52,857)	798,812
Tianjin Park City Project	Dec 2019	101,064	2,498,389	(1,810,531)	788,922
Lot 12-41, No.1 Yulu Road, Hangzhou	Jun 2019	–	2,147,025	(1,367,741)	779,284
Kunming Yunlu Jiuli Phase I	Jun 2018	1,054,559	–	(277,217)	777,342
Chongqing Lixiang Lake Project	Jun 2019	566,044	190,884	(12,094)	744,834
Jilin Changchun Zhonghai Shengshi City C	Dec 2019	–	722,999	(11,764)	711,235
Jinan Zhonghai Huashan Longcheng Project	Sep 2019	398,365	6,622,526	(6,313,990)	706,901
Zunyi Zhongjian Happiness City	Dec 2019	637,291	618,986	(553,480)	702,797
Beijing CITIC Villa	Sep 2019	61,593	1,988,015	(1,347,742)	701,866
Zhonghai Hongzhu Project	Dec 2019	–	1,691,157	(992,684)	698,473

## 4 Notes to the consolidated financial statements (Continued)

### (9) Inventories (Continued)

(a) Inventories are set forth by category as follows (Continued):

(ii) Completed properties for sale (Continued)

Project name	Completion date of latest phase	1 January 2019	Increase in current year	Decrease in current year	31 December 2019
Lot No. 42, No. 1 Royal Road, Hangzhou	Dec 2016	679,669	5,364	(4,932)	680,101
Shanghai Mindu Yayuan	Jun 2019	–	2,341,440	(1,664,792)	676,648
Guangzhou Zhonghai Jinyu Huating	Jun 2018	646,183	–	(8,757)	637,426
Ningbo Cixi Lake Heart Peninsula	Dec 2019	–	3,121,677	(2,488,915)	632,762
Xi'an Zhongjiang Guoxitai	Dec 2018	625,183	34,123	(30,677)	628,629
Jinqing Zhongjian Changqing Lake	Dec 2019	229,292	677,514	(289,155)	617,651
Zhengzhou Zhonghai Wanjin Xi'an	Dec 2019	–	1,852,576	(1,252,891)	599,685
Wuxi Zhonghai Huanyu World	Jun 2019	268,972	2,801,111	(2,496,822)	573,261
Zhenjiang Zhongjian Grand View World	Dec 2019	773,911	522,977	(764,925)	531,963
Tianjin Fuxing Jiuli	Dec 2018	636,625	56,404	(161,889)	531,140
Plots A1 and C in Wuai Community, Kunming, Yunnan	Dec 2019	14,879	726,474	(229,807)	511,546
Fuzhou Zhonghai Oneworld Next Phase	Jun 2019	666,758	598,250	(769,014)	495,994
Plot C, North District of Qingdao Fairview City	Oct 2019	–	1,111,820	(637,500)	474,320
Shenzhen Hongshuwan	Jun 2019	261,868	184,863	–	446,731
Nanchang Zhonghai Jincheng	Dec 2019	–	1,295,668	(850,746)	444,922
Chengdu CITIC City Right Bank Phase I	Jun 2018	460,386	3,984	(44,370)	420,000
Fuzhou Zhonghai Jincheng Garden	Dec 2019	–	1,150,065	(742,952)	407,113
Ningxiang Zhongjian Liangyue Lake	Dec 2019	–	1,065,750	(673,906)	391,844
Zhonghai Tianduan Mingyuan	Dec 2019	–	781,889	(394,563)	387,326
Changde Zhongjian Binjiang Mansion	Sep 2019	–	875,242	(489,657)	385,585
Jilin Changchun Zhonghai Shangxue Institute Phase I	Dec 2019	–	748,585	(370,784)	377,801
Zhengzhou Zhonghai No. 9 Residence	Dec 2019	–	1,454,072	(1,081,946)	372,126
Nanjing Taoyuan Lixiang	Dec 2018	657,684	–	(302,019)	355,665
Xinjiang Urumqi Zhonghai Yunding Grand View Project	Jun 2019	308,332	220,291	(173,535)	355,088
Yantai Ziyu Mansion	Jun 2017	433,793	–	(90,893)	342,900
Nanjing Zhong Jianguo Xitai Phase I	Oct 2018	333,739	40,920	(31,979)	342,680
Chongqing Zhongjian Yuhe City (Phase I)	Dec 2019	–	556,523	(221,106)	335,417
Suzhou Shangyuan Bay Project	Dec 2019	–	2,642,663	(2,315,122)	327,541
Haitang Road, Yau Yi Village, Kowloon Tong	Dec 2018	614,311	–	(286,961)	327,350
Changchun Universal World	Dec 2019	256,899	277,584	(234,235)	300,248
Other		23,564,443	87,113,182	(91,783,654)	18,893,971
Total		40,684,570	176,252,184	(149,522,574)	67,414,180

## 4 Notes to the consolidated financial statements (Continued)

### (9) Inventories (Continued)

(a) Inventories are set forth by category as follows (Continued):

(iii) Work in progress

	31 December 2019	31 December 2018
Costs incurred plus/(less) gross profit recognised/(estimated losses)	—	4,513,381,506
Less: Payment settled	—	(4,429,604,195)
Net balance	—	83,777,311
Construction contract projects at end of year:		
Work in progress before provision for impairment	—	138,643,734
Less: Provision for impairment of work in progress	—	(1,588,924)
Work in progress	—	137,054,810
Contract Asset-Work in progress	—	7,933,546
Advances for contract work	—	(54,691,876)
Contract Debt-Advances for contract work	—	(6,519,169)
Total	—	83,777,311

(b) As at 31 December 2019 and 31 December 2018, the part of inventories that were pledged by the Group to banks for borrowings are presented in detail in Note 4(36)(a).

#### 4 Notes to the consolidated financial statements (Continued)

##### (9) Inventories (Continued)

(c) The analysis of changes in inventory book balances this year is as follows:

	31 December 2018	Changes in accounting policies	1 January 2019	Increase this year	Decrease this year	31 December 2019
Properties under development	438,262,888	-	438,262,888	248,348,016	(197,132,625)	489,478,279
Completed properties for sale	40,684,570	-	40,684,570	176,252,184	(149,522,574)	67,414,180
Work in progress	138,643,734	(138,643,734)	-	-	-	-
Raw materials	20,742,166	-	20,742,166	293,146,263	(291,414,048)	22,474,381
Manufacturing goods	1,356,614	-	1,356,614	2,956,217	(3,179,418)	1,133,413
Finished goods	1,992,013	-	1,992,013	33,416,159	(32,920,312)	2,487,860
Others	238,329	-	238,329	18,903,716	(19,012,430)	129,615
Sub total	641,920,314	(138,643,734)	503,276,580	773,022,555	(693,181,407)	583,117,728

(d) The analysis of the inventory decline preparation is as follows:

	31 December 2018	Changes in accounting policies	1 January 2019	Increase this year			Decrease this year			31 December 2019
				Accrual	Other		Swap back or resell	Other		
Properties under development	4,666,392	-	4,666,392	928,975	(941,883)	(1,084,988)		12,240	3,580,736	
Completed properties for sale	654,816	-	654,816	148,336	941,883	(1,159,123)		(3)	585,909	
Work in progress	1,588,924	(1,588,924)	-	-	-	-	-	-	-	
Raw materials	33,437	-	33,437	1,388	-	(3,650)		(242)	30,933	
Finished goods	1,039	-	1,039	2,451	-	(1,468)		-	2,022	
Others	8,612	-	8,612	-	-	(8,104)		-	508	
Sub total	6,953,220	(1,588,924)	5,364,296	1,081,150	-	(2,257,333)		11,995	4,200,108	



## 4 Notes to the consolidated financial statements (Continued)

### (9) Inventories (Continued)

(e) The inventory depreciation reserve is as follows:

	Specific basis for determining net realizable value	Reasons for reversal or resale of inventory depreciation reserves in the current period
Properties under development	Determined by the estimated selling price of the inventory minus the estimated cost to be incurred when the project is completed, the estimated sales expenses and the amount of related taxes	Increase in net realisable value or realized sales
Completed properties for sale		Increase in net realisable value or realized sales
Raw materials, etc.		Increase in net realisable value or realized sales

### (10) Contract Asset

	31 December 2019	31 December 2018
Contract Asset	326,088,750	9,078,328
Less: Provisions for impairment of Contract Asset	(5,584,007)	–
Sub-total	326,088,750	9,078,328
Less: Contract assets disclosed within Current portion of non-current assets (Note 4 (11))	(24,598,890)	–
Less: contract assets disclosed within the other non-current assets (Note 4 (24))	(144,930,527)	–
Total	150,975,326	9,078,328

Whether the contract assets have significant financing components or not the provisions for impairment is measured according to the expected credit loss of the whole duration.

(a) As at 31 December 2019, contract assets that the related provision for impairment is provided on the individual basis are analysed as follows:

	Ending balance	Provision Ratio of the whole duration (%)	Provision for impairment	Reason of provision
Company 1	498,430	30.00	(149,526)	expected credit loss
Company 2	243,872	100.00	(243,872)	expected credit loss
Company 3	190,270	7.00	(13,319)	expected credit loss
Company 4	138,059	6.47	(8,926)	expected credit loss
Company 5	121,618	100.00	(121,618)	expected credit loss
Others	19,814,102	7.82	(1,549,497)	expected credit loss
Total	21,006,351		(2,086,758)	

(b) As at 31 December 2019, contract assets that the related provision for impairment is provided on a grouping basis are analysed as follows:

	Ending balance	Provision Ratio of the whole duration (%)	Provision for impairment	Reason of provision
Work in progress	132,949,308	0.67	(893,575)	expected credit loss

## 4 Notes to the consolidated financial statements (Continued)

### (11) Current portion of non-current assets

	31 December 2019	31 December 2018
Current portion of long-term receivables (Note 4(15))	25,035,289	53,423,902
Current portion of contract assets (Note 4(10))	24,598,890	–
Current portion of investments in debenture (Note 4(13))	7,704,140	–
Others	125,385	93,657
Total	57,463,704	53,517,559

### (12) Other current assets

	31 December 2019	31 December 2018
Taxes payable – VAT input to be deducted, etc.	37,309,124	29,668,346
Prepaid taxes (Note)	25,737,409	16,526,214
Due from Related parties (Note 9(6))	15,394,226	–
Short term debt investment measured by amortized cost	4,088,801	–
Others	6,933,795	2,126,966
Sub-total	89,463,355	48,321,526
Less: Provision for impairment	(1,483,067)	(91,449)
Net amount	87,980,288	48,230,077

Note: Prepaid taxes mainly include enterprise income tax, value added tax, land appreciation tax, etc. prepaid by subsidiaries of the Group, in accordance with regulatory requirements of local tax authorities.

### (13) Debt investments

	31 December 2019	31 December 2018
Loans receivable from related parties (Note 9(6))	20,882,550	–
Entrusted loans (a)	1,557,389	–
Including: Entrusted loans receivable from related parties (Note 9(6))	370,923	–
Others	3,066,176	–
Less: Provision for impairment of debt investment	(42,171)	–
Sub total	25,463,944	–
Less: Listed debt investments of non-current assets due within one year (Note 4(11))	(7,704,140)	–
Total	17,759,804	–

## 4 Notes to the consolidated financial statements (Continued)

### (13) Debt investments (Continued)

(a) As of December 31, 2019, the breakdown of the entrusted loans of the Group is as follows:

Loan company	Borrower	Entrusted borrowing bank	Amount	The term	Due date	Annual interest rate (%)
The company	China Construction Xi'an Infrastructure Construction Investment Ltd.	Agricultural Bank of China Limited West An High-tech Industrial Development Zone Sub-branch	270,264	300 months	December 15, 2042	5.34
Hunanzhongjianditie investment Ltd.	Changsha Rail Transit Group Co., Ltd.	Chief, China Construction Bank Corporation Sha Furong Sub-branch	20,300	56 months	June 20, 2022	5.39
China Construction Fifth Engineering Bureau Ltd.	Changsha Rail Transit Group Co., Ltd.	Agricultural Bank of China Changsha Renmin Road Sub-branch	300,000	96 months	July 13, 2024	5.39
China Construction Zhejiang Investment Co., Ltd.	Zhejiang Taizhou Coastal Development Investment Ltd.	Bank of China Taizhou Branch	203,360	48 months	March 1, 2020	6.50
China Construction Zhejiang Investment Co., Ltd.	Zhejiang Taizhou Coastal Development Investment Ltd.	Bank of China Taizhou Branch	203,360	60 months	March 1, 2021	6.50
China Construction Zhejiang Investment Co., Ltd.	Zhejiang Taizhou Coastal Development Investment Ltd.	Bank of China Taizhou Branch	203,360	72 months	March 1, 2022	6.50
China Construction Zhejiang Investment Co., Ltd.	Zhejiang Taizhou Coastal Development Investment Ltd.	Bank of China Taizhou Branch	203,360	84 months	March 1, 2023	6.50
China Construction Zhejiang Investment Co., Ltd.	Zhejiang Taizhou Coastal Development Investment Ltd.	Bank of China Taizhou Branch	52,726	96 months	March 1, 2024	6.50
China Construction Silk Road Construction Investment Ltd.	China Construction Xi'an Infrastructure Construction Investment Ltd.	Agricultural Bank of China Limited West An High-tech Industrial Development Zone Sub-branch	100,659	300 months	October 29, 2042	5.69
Total			1,557,389			

On December 31, 2019, the Group assessed whether the credit risk of the debt investment held has increased significantly since its initial confirmation, and calculated the expected value through the default risk exposure and the expected credit loss rate within the next 12 months or the entire duration. For credit losses, the expected credit loss of debt investments listed in non-current assets due within one year is RMB1,889 thousand, and the expected credit loss of debt investments listed for more than one year is RMB40,282 thousand.

## 4 Notes to the consolidated financial statements (Continued)

### (14) Available-for-sale financial assets

	31 December 2019	31 December 2018
Measured at fair value		
Available-for-sale equity instrument	–	4,787,724
Available-for-sale bonds	–	500,925
Other	–	819
Sub-total	–	5,289,468
Measured at cost		
Available-for-sale equity instrument	–	5,854,193
Less: Provisions for impairment	–	(1,093,925)
Sub-total	–	4,760,268
Total	–	10,049,736

(a) Relevant information of available-for-sale financial assets is analysed as follows:

Available-for-sale financial assets measured at fair value:

	31 December 2019	31 December 2018
Available-for-sale equity instrument		
– Fair value	–	4,787,724
– Cost	–	5,112,044
– Aggregate amounts Included in other comprehensive income	–	(324,320)
Available-for-sale bonds		
– Fair value	–	500,925
– Cost	–	508,510
– Aggregate amounts Included in other comprehensive income	–	(7,585)
Others		
– Fair value	–	819
– Cost	–	21
– Aggregate amounts Included in other comprehensive income	–	798
Total		
– Fair value	–	5,289,468
– Cost	–	5,620,575
– Aggregate amounts Included in other comprehensive income	–	(331,107)

## 4 Notes to the consolidated financial statements (Continued)

### (15) Long-term receivables

	31 December 2019	31 December 2018
Project quality warranty	2,717,374	82,306,012
Receivables for PPP project	61,254,205	81,173,447
Receivables for BT project	60,664,928	64,322,557
Primary land development	35,654,938	45,569,111
Receivables for infrastructure construction and other project	29,338,504	40,475,687
Receivables to related parties (Note 9(6))	313,695	18,972,129
Others	1,052,577	3,582,753
Sub-total	190,996,221	336,401,696
Less: Provision for bad debts	(1,135,270)	(1,497,023)
Sub-total	189,860,951	334,904,673
Less: Current portion of long-term receivables(Note 4(11))	(25,035,289)	(53,423,902)
Net balance	164,825,662	281,480,771

As at 31 December 2019 and 31 December 2018, part of receivable for BT project, PPP project and infrastructure construction were pledged by the Group to banks for borrowings are presented in detail in Note 4(36)(a)

(a) Long-term receivables derecognized due to the transfer of financial assets are analysed as follows:

There are no long-term receivables (RMB839,812 thousand in year 2018) and no related fees (RMB86,846 thousand in year 2018) that have been recognized due to the transfer of financial assets.

### (16) Long-term equity investments

	31 December 2019	31 December 2018
Joint ventures (a)	34,648,316	31,569,123
Associates (b)	40,562,641	34,718,932
Sub-total	75,210,957	66,288,055
Less: Provision for impairment	(294,056)	(294,056)
Net balance	74,916,901	65,993,999

## 4 Notes to the consolidated financial statements (Continued)

### (16) Long-term equity investments (Continued)

#### (a) Joint ventures

	31 December 2018	Investment contribution or withdraw	Current year movement					31 December 2019
			Net profit/loss adjusted according to equity method	Share of other comprehensive income under equity method	Profit/Cash dividends declared by joint ventures	Accrual/ (Reversal) of impairment	Other (Note 1)	
Lang Light International Co., Ltd.	2,240,278	–	(21,812)	–	–	–	–	2,218,466
Nanjing Second Yangtze River Bridge Co., Ltd.	1,126,057	–	147,415	(443)	(169,471)	–	–	1,103,558
Speedy Champ Investments Limited	1,246,253	–	3,953	–	–	–	–	1,250,206
China Overseas port (Laizhou) Co., Ltd.	618,087	–	62,685	(5,123)	(65,409)	–	–	610,240
Guiheng Investment Co., Ltd.	1,607,600	–	612,204	–	–	–	–	2,219,804
Shandong China Overseas Huachuang Real Estate Co., Ltd.	491,697	–	(2,996)	–	–	–	–	488,701
Tianjin Yingchao Real Estate Development Co., Ltd.	22,297	–	16,838	–	–	–	–	39,135
Xing Gui Investment Co., Ltd.	1,119,116	–	16,825	–	(857,500)	–	–	278,441
Xing Chuang Enterprise Co., Ltd.	356,997	–	67,572	–	(76,500)	–	–	348,069
CITIC Baolida Real Estate (Foshan) Co., Ltd.	1,879,043	–	48,277	–	–	–	–	1,927,320
China Overseas Southern Airlines Construction & Development Co., Ltd.	827,441	–	(9,443)	–	–	–	–	817,998
Guizhou Zhengxi Expressway Investment Management Co., Ltd.	2,302,596	–	130	–	–	–	–	2,302,726
China Overseas Grand Oceans Haifu (Hefei) Real Estate Development Co., Ltd.	414,560	–	46,664	34,962	–	–	–	496,186
Changsha CSCEC Chengtuo Pipeline Construction & Investment Co. Ltd.	508,230	19,800	76	–	–	–	–	528,106
Chongqing Railway Line No.9 Construction & Operation Co. Ltd.	1,600,751	(1,600,751)	–	–	–	–	–	–
CSCEC (Tangshang Caofeidian) Engineering & Construction Co., Ltd.	404,543	42,264	16,649	–	–	–	–	463,456

## 4 Notes to the consolidated financial statements (Continued)

### (16) Long-term equity investments (Continued)

#### (a) Joint ventures (Continued)

	31 December 2018	Current year movement						31 December 2019
		Investment contribution or withdraw	Net profit/loss adjusted according to equity method	Share of other comprehensive income under equity method	Profit/Cash dividends declared by joint ventures	Accrual/ (Reversal) of impairment	Other (Note1)	
Xuzhou Line No.3 Rail Transit Investment Development Co., Ltd (Note 2)	109,784	1,000	(40)	-	-	-	-	110,744
Changsha CSCEC Future Future Science and Technology City Investment Co. Ltd.	104,197	-	837	-	(2,167)	-	-	102,867
Dazhou Dahuan Construction Management Co. Ltd.	292,517	-	154	-	-	-	-	292,671
Beijing Nanyue Real Estate Development Co. Ltd.	731,999	-	(3,066)	-	-	-	-	728,933
Shenzhen CSCEC Win-win No.8 Infrastructure Investment Center (LP)	1,000,000	-	79,083	-	(79,083)	-	-	1,000,000
Zunyi Nanhuan Expressway Development Co. Ltd. (Note 2)	1,016,450	-	116,286	-	-	-	-	1,132,736
Shaotong CSCEC Construction Investment & Development Co. Ltd.	511,431	-	(6,986)	-	-	-	-	504,445
CSCEC Chengdu rail transportation investment and Construction Co., Ltd.	375,477	-	124,546	-	-	-	-	500,023
Shanghai Lingbo Haihui City Construction and Development Co., Ltd.	-	960,360	-	-	-	-	-	960,360
Others	10,661,722	2,547,518	467,460	3,610	(153,556)	-	696,371	14,223,125
Sub-total	31,569,123	1,970,191	1,783,311	33,006	(1,403,686)	-	696,371	34,648,316
Less: Provision for impairment	(293,820)					-		(293,820)
Net balance	31,275,303					-		34,354,496

The information of the interests in joint ventures is presented in detail in Note 6(2).

Note 1: Other is mainly caused by the conversion of individual subsidiaries to joint ventures, the changes in the investee's other equity movement other than other comprehensive income and the volatility of foreign exchange rate.

Note 2: The investment commitment made by the Group to joint ventures is presented in detail in Note 11(4).

## 4 Notes to the consolidated financial statements (Continued)

### (16) Long-term equity investments (Continued)

#### (b) Associates

		Current year movement						
	31 December 2018	Investment contribution or withdraw	Net loss adjusted according to equity method	Share of other comprehensive income under equity method	Profit/Cash dividends declared by joint ventures	Accrual/ (Reversal) of impairment	Other (Note 1)	31 December 2019
Trust House Pte. Ltd.	9,067	–	(2)	–	–	–	304	9,369
Beijing China Construction Zhongchao Concrete Co., Ltd.	14,299	–	(4,164)	–	–	–	–	10,135
DuYun Galactic Real Estate Development Co., Ltd.	35,399	–	6,628	–	–	–	–	42,027
Henan China Construction Municipal Construction Development Co., Ltd.	217,145	–	4,617	–	–	–	–	221,762
Jinmao Investment (Changsha) Co., Ltd.	1,058,813	–	177,032	–	(293,403)	–	–	942,442
Anhui Guoyuan Investment Co., Ltd.	937,689	–	40,373	366	(12,819)	–	–	965,609
Anhui Guoyuan Trust Co., Ltd.	2,694,495	–	182,794	(47,787)	(30,281)	–	–	2,799,221
China Overseas Grand Oceans Group Ltd. ("Overseas Oceans")	6,529,917	–	1,275,934	(116,014)	(196,548)	–	(3,520)	7,489,769
Krimark Investment Ltd.	173,511	–	(2,779)	14,856	–	–	2,378	187,966
Fast Shift Investments Limited	1,778,863	–	753,979	–	(1,389,228)	–	12,178	1,155,792
Xuzhou Metro Line One Investment Development Co., Ltd. (Note 2)	196,000	594,000	–	–	–	–	–	790,000
Jiqing Express Railway Co., Ltd.	2,116,643	20,272	(54,256)	–	–	–	–	2,082,659
Guangzhou Lihe Real Estate Development Co., Ltd.	793,775	–	138,000	–	–	–	–	931,775
Suzhou Extraordinary City Real Estate Co., Ltd.	102,647	–	145,846	–	(146,493)	–	–	102,000
CCCC Jijiao Expressway Investment & Development Co., Ltd.	1,248,821	131,000	(76,833)	–	–	–	–	1,302,988
Panjin Zhonghui Industry Co. Ltd.	333,263	–	21,194	–	–	–	–	354,457
Beijing Jinliang Xingye Real Estate Development Co. Ltd.	332,081	–	21,922	(17,669)	–	–	–	336,334



## 4 Notes to the consolidated financial statements (Continued)

### (16) Long-term equity investments (Continued)

#### (b) Associates (Continued)

		Current year movement						
	31 December 2018	Investment contribution or withdraw	Net loss adjusted according to equity method	Share of other comprehensive income under equity method	Profit/Cash dividends declared by joint ventures	Accrual/ (Reversal) of impairment	Other (Note 1)	31 December 2019
Shenzhen & Shantou Special Cooperation Area Harbour New City Investment & Construction Co. Ltd.	193,269	–	6,485	–	–	–	–	199,754
Liuzhou CSCEC Dongcheng Culture Development Co., Ltd.	305,920	–	4,905	–	–	–	–	310,825
Guizhou Jianxin Water Environment Industry Co. Ltd.	219,177	–	4,393	–	–	–	–	223,570
Everbright Securities Co.	1,422,013	–	24,568	4,624	(13,881)	–	23,409	1,460,733
CSCEC Jianxin Shared No.9 Private-Equity Fund for Urbanization	1,206,248	–	37,551	–	(75,338)	–	–	1,168,461
Shandong Qiru Ningliang Expressway Co. Ltd.	743,000	290,900	–	–	–	–	–	1,033,900
Chongqing Jinke Zhaoji Real Estate Development Co. Ltd.	542,145	–	44,285	–	–	–	–	586,430
Urumchi New Chuyuan Construction Co. Ltd.	400,260	–	(57)	–	–	–	–	400,203
Shanghai Jiasheng Real Estate Development Co., Ltd.	887,499	–	43,855	–	–	–	–	931,354
Yunnan Huali Expressway Investment and Development Co. Ltd.	–	790,000	–	–	–	–	–	790,000
Others	10,226,973	4,015,814	94,201	(175,742)	(575,955)	–	147,815	13,733,106
Sub-total	34,718,932	5,841,986	2,890,471	(337,366)	(2,733,946)	–	182,564	40,562,641
Less: Provision for impairment	(236)					–		(236)
Net balance	34,718,696					–		40,562,405

The information of the interests in associates is presented in detail in Note 6(2).

Note 1: Other is mainly caused by the volatility of foreign exchange rate.

Note 2: The investment commitment made by the Group to joint ventures is presented in detail in Note 11(4).

## 4 Notes to the consolidated financial statements (Continued)

### (17) Other investment in equity instrument

	31 December 2019	31 December 2018
Investment in equity instrument		
– Investment in listed equity instrument	1,659,862	–
– Investment in non-listed equity instrument	6,409,181	–
Total	8,069,043	–

	31 December 2019	31 December 2018
Investment in equity instrument		
Cost		
– Investment in listed equity instrument	1,287,154	–
– Investment in non-listed equity instrument	5,349,115	–
Cumulative changes in fair value		
– Investment in listed equity instrument	372,708	–
– Investment in non-listed equity instrument	1,060,066	–
Total	8,069,043	–

### (18) Investment properties

	31 December 2018	Increase in the current year	Decrease in current year	31 December 2019
Cost				
Buildings	48,342,987	4,719,584	(825,747)	52,236,824
Land use rights	12,783,939	400,603	(17,331)	13,167,211
Investment properties in progress	13,797,564	7,322,840	(2,257,688)	18,862,716
Sub-total	74,924,490	12,443,027	(3,100,766)	84,266,751
Accumulated depreciation/amortisation				
Buildings	(4,742,269)	(1,416,406)	58,199	(6,100,476)
Land use rights	(1,531,011)	(335,743)	1,636	(1,865,118)
Investment properties in progress	–	–	–	–
Sub-total	(6,273,280)	(1,752,149)	59,835	(7,965,594)
Net book value				
Buildings	43,600,718			46,136,348
Land use rights	11,252,928			11,302,093
Investment properties in progress	13,797,564			18,862,716
Sub-total	68,651,210			76,301,157
Provision for impairment				
Buildings	(1,027)	–	1,027	–
Land use rights	–	–	–	–
Investment properties in progress	–	–	–	–
Sub-total	(1,027)	–	1,027	–
Carrying amount				
Buildings	43,599,691			46,136,348
Land use rights	11,252,928			11,302,093
Investment properties in progress	13,797,564			18,862,716
Total	68,650,183			76,301,157

## 4 Notes to the consolidated financial statements (Continued)

### (18) Investment properties (Continued)

In 2019, RMB1,718,108 thousand (2018: RMB1,514,560 thousand) of depreciation was charged for investment properties and no (2018: Nil) provision for impairment was provided.

In 2019, the Group changed the use of certain building with a carrying amount of RMB82,667 thousand (a cost of RMB118,608 thousand) to owner-occupied properties, and therefore, such investment properties were transferred to fixed assets at the dates of change in use.

In 2019, the Group converted certain building with a carrying amount of RMB1,078,525 thousand (a cost of RMB1,080,087 thousand) to inventory.

In 2019, the Group changed the use of inventories with a carrying amount of RMB3,881,747 thousand (a cost of RMB3,881,747 thousand) and fixed assets with a carrying amount of RMB383,002 thousand (a cost of RMB396,160 thousand) to lease-out properties, and therefore, such assets were transferred from inventories and fixed assets to investment properties at the dates of change in use.

In 2019, the Group changed the use of certain buildings under construction with a carrying amount of RMB891,908 thousand (a cost of RMB891,908 thousand) to investment properties.

In 2019, the Group disposed investment properties with a carrying amount of RMB863,532 thousand, with gains on disposal amounting to RMB487,669 thousand (2018: RMB145,180 thousand).

As at 31 December 2019 and 31 December 2018, the investment properties that were pledged by the Group to banks for borrowings are presented in detail in Note 4(36)(a).

## 4 Notes to the consolidated financial statements (Continued)

### (19) Fixed assets

	Buildings	Machinery and equipment	Motor vehicles	Office equipment, temporary facilities and others	Total
Cost					
31 December 2018	24,840,356	17,006,786	3,384,719	21,619,229	66,851,090
Increases in the current year	4,373,003	2,910,545	409,006	3,882,973	11,575,527
Purchase	1,094,559	1,665,459	257,365	2,957,217	5,974,600
Transfers from construction in progress	2,056,653	331,274	9,371	678,066	3,075,364
Others	1,221,791	913,812	142,270	247,690	2,525,563
Decrease in the current year	(853,539)	(1,993,421)	(533,773)	(9,479,083)	(12,859,816)
Sale and disposal	(336,378)	(1,052,880)	(430,265)	(8,134,468)	(9,953,991)
Others	(517,161)	(940,541)	(103,508)	(1,344,615)	(2,905,825)
31 December 2019	28,359,820	17,923,910	3,259,952	16,023,119	65,566,801
Accumulated depreciation					
31 December 2018	(4,034,613)	(9,235,479)	(2,176,596)	(15,459,176)	(30,905,864)
Increases in the current year	(991,203)	(2,006,348)	(433,504)	(4,055,048)	(7,486,103)
Accrual of depreciation	(849,862)	(1,536,158)	(327,704)	(3,829,529)	(6,543,253)
Others	(141,341)	(470,190)	(105,800)	(225,519)	(942,850)
Decrease in the current year	147,034	1,401,006	425,238	8,696,218	10,669,496
Sale and disposal	97,009	903,302	367,301	7,956,268	9,323,880
Others	50,025	497,704	57,937	739,950	1,345,616
31 December 2019	(4,878,782)	(9,840,821)	(2,184,862)	(10,818,006)	(27,722,471)
Provision for impairment loss					
31 December 2018	(211,390)	(32,672)	(12,687)	(8,483)	(265,232)
Increases in the current year	(2,164)	(8,289)	(16,130)	(28)	(26,611)
Accrual of impairment	(1,102)	(8,289)	(16,130)	-	(25,521)
Others	(1,062)	-	-	(28)	(1,090)
Decrease in the current year	403	1,142	309	155	2,009
Sale and disposal	347	1,142	309	155	1,953
Others	56	-	-	-	56
31 December 2019	(213,151)	(39,819)	(28,508)	(8,356)	(289,834)
Net book value					
31 December 2019	23,267,887	8,043,270	1,046,582	5,196,757	37,554,496
31 December 2018	20,594,353	7,738,635	1,195,436	6,151,570	35,679,994

## 4 Notes to the consolidated financial statements (Continued)

### (19) Fixed assets (Continued)

As at 31 December 2019 and 31 December 2018, buildings, and machinery and equipment that were pledged by the Group to banks for borrowings are presented in detail in Note 4(36)(a).

In 2019, depreciation charged to fixed assets amounted to RMB6,543,253 thousand (2018: RMB6,530,713 thousand). The costs of fixed assets transferred from construction in progress amounted to RMB3,075,364 thousand (2018: RMB1,969,070 thousand).

(a) As at 31 December 2019 and 31 December 2018, the Group had no significant fixed assets that were temporarily idle.

(b) Fixed assets held under finance leases

As at 31 December 2019, the fixed assets with a carrying amount of RMB589,480 thousand (a cost of RMB764,750 thousand) are held under finance leases (31 December 2018: a carrying amount of RMB427,676 thousand and a cost of RMB688,076 thousand) (Note 13). The analysis is as follows:

	Cost	Accumulated depreciation	Provision for impairment	Carrying amount
31 December 2019				
Machinery and equipment	717,777	(136,910)	-	580,867
Motor vehicles	46,973	(32,989)	(5,371)	8,613
Total	764,750	(169,899)	(5,371)	589,480
31 December 2018				
Machinery and equipment	643,656	(233,664)	-	409,992
Motor vehicles	44,420	(26,736)	-	17,684
Total	688,076	(260,400)	-	427,676

(c) Fixed assets leased out under operating leases

As at 31 December 2019, the fixed assets with a carrying amount of RMB241,269 thousand and a cost of RMB411,214 thousand are leased out under operating leases (31 December 2018: a carrying amount of RMB255,995 thousand and a cost of RMB398,638 thousand).

(d) As at 31 December 2019, the Group does not have any fixed assets that have not completed the title certificate.

### (20) Construction in progress

	31 December 2019			31 December 2018		
	Ending balance	Provision for impairment	Carrying amount	Ending balance	Provision for impairment	Carrying amount
Construction in progress	10,338,334	(252,521)	10,085,813	8,544,328	(250,945)	8,293,383

#### 4 Notes to the consolidated financial statements (Continued)

##### (20) Construction in progress (Continued)

##### (a) Movement of significant projects of construction in progress

Project name	Budgeted amount	31 December 2018	Increase in the current year	Transfer to fixed assets	Other decreases (Note)	31 December 2019	Proportion of expenditure incurred to budgeted amount	Cumulative capitalised borrowing costs	Including: borrowing costs capitalised in current year	Capitalisation rate (%)	Source of funds
Beijing Advanced Business Park Office Building of China Construction Third Engineering Bureau Co., Ltd	2,281,672	1,256,976	258,631	-	-	1,515,607	66	123,861	61,533	5.78	Equity funds and loans
Construction of zhangjiang sun bridge in pudong new area	3,109,157	-	805,722	-	-	805,722	26	424	424	4.28	Equity funds and loans
Shanghai zhongjianshuan mountain project	1,473,684	-	792,545	-	-	792,545	54	-	-	-	Equity funds
CSECE JinXiuTianDi construction projects	1,290,670	481,106	169,000	-	-	650,106	50	71,815	71,815	4.50	Equity funds and loans
Wanning Jinxin Grand Hyatt	1,313,996	610,566	-	-	-	610,566	46	-	-	-	Equity funds
Songjiang building construction project.	1,395,072	401,440	157,751	-	-	559,191	40	-	-	-	Equity funds
Litai Building of China Construction Sixth Engineering Division Corp. Ltd	632,208	420,767	-	-	-	420,767	67	-	-	-	Equity funds
SongjiangYunZhuShenLan construction project	360,000	301,486	42,654	-	-	344,140	96	3,585	3,585	4.75	Equity funds and loans
Zhonghai huanyu city construction project	545,628	-	217,024	-	-	217,024	40	-	-	-	Equity funds
Others	NA	5,071,987	4,231,929	(3,075,364)	(1,805,886)	4,422,666	NA	29,677	24,618	NA	Equity funds and loans
Sub-total		8,544,328	6,675,256	(3,075,364)	(1,805,886)	10,338,334					
Less: Provision for impairment		(250,945)	(1,576)	-	-	(252,521)					
Net balance		8,293,383	6,673,680	(3,075,364)	(1,805,886)	10,085,813					

In 2019, the construction in progress with a carrying amount of RMB891,908 thousand were transferred to investment properties when the holding purpose changed to investment properties.

(b) As at 31 December 2019 and 31 December 2018, the projects of construction in progress that were pledged by the Group to banks for borrowings are presented in detail in Note 4(36)(a).

## 4 Notes to the consolidated financial statements (Continued)

### (21) Intangible assets

	Land use rights	Franchise rights	Software	Others	Total
Cost					
31 December 2018	7,673,025	7,483,146	647,651	831,869	16,635,691
Increase in the current year	512,994	5,636,192	149,226	38,973	6,337,385
Decrease in the current year	(734,541)	(312,821)	(69,956)	(176,366)	(1,293,684)
31 December 2019	7,451,478	12,806,517	726,921	694,476	21,679,392
Accumulated amortisation					
31 December 2018	(942,689)	(1,091,763)	(364,861)	(445,000)	(2,844,313)
Increase in the current year	(175,516)	(145,514)	(96,757)	(47,275)	(465,062)
Decrease in the current year	93,715	-	62,280	170,041	326,036
31 December 2019	(1,024,490)	(1,237,277)	(399,338)	(322,234)	(2,983,339)
Provision for impairment					
31 December 2018	(1,334,236)	(862,947)	-	-	(2,197,183)
Increase in the current year	-	(89,713)	-	-	(89,713)
Decrease in the current year	-	-	-	-	-
31 December 2019	(1,334,236)	(952,660)	-	-	(2,286,896)
Carrying amount					
31 December 2019	5,092,752	10,616,580	327,583	372,242	16,409,157
31 December 2018	5,396,100	5,528,436	282,790	386,869	11,594,195

In 2019, amortisation of intangible assets amounted to RMB447,821 thousand(2018: RMB440,444 thousand).

As at 31 December 2019 and 31 December 2018, intangible assets that were pledged and impawned by the Group to banks for borrowings are presented in detail in Note 4(36)(a).

## 4 Notes to the consolidated financial statements (Continued)

### (22) Goodwill

	31 December 2018	Increase in current year	Other movements	31 December 2019
Goodwill -				
China Overseas Land & Investment Ltd.	1,480,259	–	18,630	1,498,889
China State Construction Development Holdings Limited (formerly "Far East Global Group Ltd".)	504,878	–	6,354	511,232
Plaza Construction LLP	103,841	–	1,710	105,551
China Construction Sixth Engineering Division Water Conservancy and Hydropower Construction Group	–	42,797	–	42,797
CSCEC Zhong Huan Engineering Co., Ltd.	40,103	–	–	40,103
Yueyang Hecheng Construction Investment Co., Ltd.	27,027	–	–	27,027
China State Construction Built Port Group Co., Ltd.	15,583	–	–	15,583
Jimsar County Tianyu Huaxin Cement Development Co., Ltd.	14,601	–	–	14,601
Dezhou Haoyu Investment Co., Ltd.	13,142	–	–	13,142
Hubei Civil Air Defense Construction Design Institute	11,563	–	–	11,563
Yunnan Long Hydropower Base Construction Management Co., Ltd	11,163	–	–	11,163
Liaoning Road & Bridge Construction Group Co., Ltd	10,562	–	–	10,562
Others	99,268	–	(14,980)	84,288
Sub-total	2,331,990	42,797	11,714	2,386,501
Less: Provision for impairment	(38,932)	–	(141)	(39,073)
Total	2,293,058	42,797	11,573	2,347,428

The carrying amount of goodwill is allocated to the related asset group or groups of asset groups which are expected to benefit from the synergy of the business combination, and a test for impairment is made on this basis.

The recoverable amount of an asset group or a group of asset group is the higher of the asset's fair value less costs to sell and the present value of the future cash flows expected to be derived from the asset. If either net amount of fair value of an asset group or a group of asset group less costs to sell or present value of expected future cash flows exceeds the asset's carrying amount, it indicates that the asset is not impaired.

If the net amount of fair value of an asset group or a group of asset group of China Overseas Land & Investment Ltd. and China State Construction Development Holdings Limited less costs to sell is higher than carrying amount, the goodwill is not impaired. In determining recoverable amount, the fair value and estimated transaction costs of stocks listed in the public stock exchange were taken into consideration.



## 4 Notes to the consolidated financial statements (Continued)

### (23) Deferred tax assets and deferred tax liabilities

#### (a) Deferred tax assets without taking into consideration the offsetting of balances

	31 December 2019		31 December 2018	
	Deductible temporary differences and losses	Deferred tax assets	Deductible temporary differences and losses	Deferred tax assets
Provision for assets impairment	29,216,494	5,564,218	22,982,213	4,489,684
Elimination of intra-group unrealized profit	4,803,177	1,128,760	2,410,695	573,450
Accrued expenses	23,630,682	5,790,401	20,929,347	5,051,284
Accrued liabilities	1,955,638	370,269	432,442	102,082
Deductible losses	14,930,826	3,746,808	8,033,775	2,217,320
Discounted long-term receivables	294,490	64,635	6,560,964	1,258,973
Others	843,397	189,379	961,521	228,057
Total	75,674,704	16,854,470	62,310,957	13,920,850
Including:				
Expected to be reversed within one year (inclusive)		7,831,837		6,592,579
Expected to be reversed after one year		9,022,633		7,328,271
Sub-total		16,854,470		13,920,850

#### (b) Deferred tax liabilities without taking into consideration the offsetting of balances

	31 December 2019		31 December 2018	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Depreciation of fixed assets	381,667	86,633	463,435	110,692
Fair value adjustment of business combinations involving enterprises not under common control	11,861,961	3,025,403	11,615,156	2,902,794
Changes in fair value of financial assets	1,915,474	403,898	531,939	110,001
Gain from special restructuring of subsidiaries (Note 1)	1,179,437	294,859	1,179,437	294,859
Withholding tax for dividends (Note 2)	3,530,376	176,519	4,467,574	223,379
Revenue from project BT/BOT	4,224,940	1,056,235	3,253,678	808,722
Others	5,331,995	1,337,505	4,881,562	1,360,754
Total	28,425,850	6,381,052	26,392,781	5,811,201
Including:				
Expected to be reverse within one year (inclusive)		915,730		426,983
Expected to be reverse after one year		5,465,322		5,384,218
Sub-total		6,381,052		5,811,201

## 4 Notes to the consolidated financial statements (Continued)

### (23) Deferred tax assets and deferred tax liabilities (Continued)

#### (b) Deferred tax liabilities without taking into consideration the offsetting of balances (Continued)

Note 1: According to Notice of the Ministry of Finance and the State Administration of Taxation on Enterprise Income Tax Treatment of Enterprise Reorganization (Cai Shui [2009] No.59), deferred tax liabilities are recognised by the Company and other related subsidiaries for the difference between tax base and accounting base of equity investment arising from reorganization of West Construction.

Note 2: According to the Arrangement between Mainland China and Hong Kong Special Administrative Region over income taxes to avoid double taxation and tax evasion, signed between Mainland China and Hong Kong, withholding tax for dividends are provided, by domestic subsidiaries, domestic associates and domestic joint ventures of the subsidiaries of China Overseas Land & Investment Ltd. and China State Construction International, for profit estimated to be distributed to the subsidiaries of China Overseas Land & Investment Ltd. and China State Construction International at the tax rate of 5%.

#### (c) Deductible temporary differences and deductible losses that are not recognized as deferred tax assets are analyzed as follows:

	31 December 2019	31 December 2018
Deductible temporary differences	16,104,017	12,651,116
Deductible losses	19,046,329	21,048,547
Total	35,150,346	33,699,663

#### (d) Deductible losses that are not recognised as deferred tax assets will expire in the following years:

	31 December 2019	31 December 2018
2019	–	2,171,895
2020	1,137,200	3,763,806
2021	2,000,451	4,007,508
2022	2,715,585	4,765,044
2023	5,508,849	6,340,294
2024	7,684,244	–
Total	19,046,329	21,048,547

## 4 Notes to the consolidated financial statements (Continued)

### (23) Deferred tax assets and deferred tax liabilities (Continued)

(e) Net amounts of deferred assets and liabilities taking into consideration the offsetting of balances are set out as follows:

	31 December 2019		31 December 2018	
	Offsetting amount	Net amount after offsetting	Offsetting amount	Net amount after offsetting
Deferred tax assets	1,725,342	15,129,128	1,281,607	12,639,243
Deferred tax liabilities	1,725,342	4,655,710	1,281,607	4,529,594

### (24) Other non-current assets

	31 December 2019	31 December 2018
Contract Asset	146,917,573	—
Pending attestation input VAT	1,103,821	1,115,457
Prepayment of purchase of long-term assets	860,820	481,586
Prepayment of investment	—	128,000
Others	1,061,994	723,046
Sub-total	149,944,208	2,448,089
Less: Provision for impairment	(1,995,266)	(27,036)
Total	147,948,942	2,421,053

#### 4 Notes to the consolidated financial statements (Continued)

##### (25) Provision for credit and assets impairment

	31 December 2018	Changes in accounting policies	1 January 2019	Decrease in current year				31 December 2019
				Accrual	Reversal	Write-off	Other movement	
Provision for accounts receivable	(20,453,337)	(3,323,905)	(23,777,242)	(5,010,216)	4,340,373	714,592	(71,684)	(23,804,177)
Including: Individual basis	(10,642,856)	(834,909)	(11,477,765)	(2,895,929)	1,588,793	442,855	(137,982)	(12,480,028)
Grouping basis	(9,810,481)	(2,488,996)	(12,299,477)	(2,114,287)	2,751,580	271,737	66,298	(11,324,149)
Provision for bad debts of other receivables	(6,399,767)	(417,929)	(6,817,696)	(1,305,421)	891,574	135,135	15,086	(7,081,322)
Provision for other credit and assets impairment	(634,238)	(2,965,310)	(3,599,548)	(1,670,530)	394,175	5,773	(91,753)	(4,961,883)
Provision for impairment of other current assets	(91,449)	(1,202,896)	(1,294,345)	(179,293)	31,536	4,251	(45,216)	(1,483,067)
Provision for impairment of current portion of non-current assets	(514,553)	(107,820)	(622,373)	(273,186)	63,636	61	(14,408)	(846,270)
Provision for impairment of other non-current assets	(27,036)	(1,654,594)	(1,681,630)	(581,971)	299,003	1,461	(32,129)	(1,995,266)
Other provision	(1,200)	-	(1,200)	(636,080)	-	-	-	(637,280)
Provision for impairment of debt investments	-	(25,314)	(25,314)	(21,777)	6,206	-	603	(40,282)
Provision for impairment of bad debts of long-term receivables	(982,470)	274,370	(708,100)	(216,193)	37,285	-	(29,388)	(916,396)
Provision for impairment of available-for-sale financial assets	(1,093,925)	1,093,925	-	-	-	-	-	-
Provision for impairment of contract assets	(29,563,737)	(7,407,089)	(36,970,826)	(9,631,955)	6,020,360	855,500	(57,472)	(39,784,393)
Sub-total								

	31 December 2018	Changes in accounting policies	1 January 2019	Decrease in current year				31 December 2019
				Accrual	Reversal	Carry forward and write-off	Other movement	
Provision for decline in value of inventories	(6,953,220)	1,588,924	(5,364,296)	(1,081,150)	1,271,330	986,003	(11,995)	(4,200,108)
Provision for impairment of long-term equity investments	(294,056)	-	(294,056)	-	-	-	-	(294,056)
Provision for impairment of fixed assets	(265,232)	-	(265,232)	(25,521)	-	1,953	(1,034)	(289,834)
Provision for impairment of construction in progress	(250,945)	-	(250,945)	(1,576)	-	-	-	(252,521)
Provision for impairment of investment properties	(1,027)	-	(1,027)	-	-	-	1,027	-
Provision for impairment of intangible assets	(2,197,183)	-	(2,197,183)	(89,713)	-	-	-	(2,286,896)
Provision for impairment of goodwill	(38,932)	-	(38,932)	-	-	-	(141)	(39,073)
Sub-total	(10,000,595)	1,588,924	(8,411,671)	(1,197,960)	1,271,330	987,956	(12,143)	(7,362,488)
Total	(39,564,332)	(5,818,165)	(45,382,497)	(10,829,915)	7,291,690	1,843,456	(69,615)	(47,146,881)

## 4 Notes to the consolidated financial statements (Continued)

### (26) Short-term borrowings

	31 December 2019	31 December 2018
Unsecured	26,133,385	15,577,935
Guaranteed	1,473,261	2,021,405
Impawned	889,184	1,538,961
Pledged	2,501	20,338
Total	28,498,331	19,158,639

As at 31 December 2019 and 31 December 2018, the Group's assets that were pledged and impawned to banks for borrowings are presented in detail in Note 4(36)(a).

As at 31 December 2019 and 31 December 2018, there were no borrowings guaranteed by the parent company of the Company or other related parties.

As at 31 December 2019, the annual interest rate of short-term borrowings varied from 0.25% to 10.00% (31 December 2018: 0.25% to 10.00%).

### (27) Notes payable

	31 December 2019	31 December 2018
Trade acceptance notes	1,198,862	3,390,713
Bank acceptance notes	5,831,552	10,022,082
Total	7,030,414	13,412,795

### (28) Accounts payable

	31 December 2019	31 December 2018
Payables for projects and for real estate development	260,159,968	258,351,392
Payables for purchase of materials	164,239,660	163,584,103
Payables for services	50,639,870	44,409,656
Rent payable	13,205,291	11,489,177
Others	4,884,841	3,623,436
Total	493,129,630	481,457,764

(i) As at 31 December 2019, accounts payable over 1 year with a carrying amount of RMB104,131,676 thousand (31 December 2018: RMB112,422,023 thousand) are mainly payables for projects, which are unsettled due to the fact that project have not completed nor settled.

### (29) Advances from customers

	31 December 2019	31 December 2018
Amount due to customers for contract work	—	54,691,876
Advances for projects	—	51,716,333
Pre-sales deposits	—	66,742,843
Others	449,953	3,666,798
Total	449,953	176,817,850

## 4 Notes to the consolidated financial statements (Continued)

### (30) Contract liabilities

	31 December 2019	31 December 2018
Amount due to customers for contract work	61,909,554	6,519,169
Advances for projects	44,520,387	810,065
Pre-sales deposits (a)	171,677,198	81,638,720
Others	3,682,445	1,039,439
Total	281,789,584	90,007,393

#### (a) Pre-sales deposits

Project name	31 December 2019	1 January 2019	Estimated completion/ completion date	Pre-sale percentage (%)
Beixinan Shanty Town Repair Housing Placement Project	11,131,176	18,768,439	Aug, 2022	67
Project TianZuan	6,642,900	10,625	Dec, 2020	70
Nanjing Zuoan Lanting	6,395,516	–	Oct, 2022	94
Huinan Minle Project Phase 1, Pudong, Shanghai	4,908,009	–	Jun, 2020	87
Project Nanjing Yanziji	4,636,716	635,994	Dec, 2020	78
Jinan China Overseas Huashan Longcheng Project	4,049,648	7,091,155	Jul, 2022	67
Yunnan Kunming Sanxia Tower And Wuai Community	3,117,569	–	Jun, 2021	85
Wuhan CSCEC Grand Mansion	2,367,664	–	Oct, 2025	95
Jinan CSCEC Changqing Lake	2,349,189	–	Jun, 2022	93
Shenyang Gate of Peace Fifth Land No. 1	2,348,071	1,252,689	Oct, 2021	67
Zunyi CSCEC Xingfu Town	2,293,202	–	Jun, 2020	88
Xian China Overseas Changan	2,195,575	89,228	May, 2021	94
Wuhan CSCEC Yujingxing Town	1,994,948	–	Jun, 2021	80
Project Beijing China Overseas	1,962,051	52,611	Oct, 2020	87
Tianjin Yuanhewan	1,891,521	–	May, 2021	99
Zhengzhou Tianjian Lake CSCEC 1 Courtyard	1,758,824	–	Jun, 2020	76
Qingdao Jiaodong International Airport staff housing Project #B	1,740,925	–	Dec, 2020	100
Shenyang Mid-levels Huafu	1,736,704	151,153	Dec, 2020	66
Zhengzhou China Overseas Grand Mansion No. 9	1,716,347	–	Dec, 2019	91
Dalian China Overseas Wanjin Grand Mansion	1,711,132	527,580	Dec, 2020	47
Beijing China Overseas Yunzhu	1,673,595	392,848	Jun, 2020	40
Project Beijing Shijingshan Shougangyuan	1,671,290	–	Jun, 2020	65
Changzhou Graceland City	1,601,165	–	Jun, 2021	60
Tianjin Lanhewan	1,560,207	–	Dec, 2020	98
Shenyang China Overseas City	1,544,459	922,601	Dec, 2020	42
Hongqi village, Shanghai	1,516,235	–	Dec, 2022	27

## 4 Notes to the consolidated financial statements (Continued)

### (30) Contract liabilities (Continued)

#### (a) Pre-sales deposits (Continued)

Project name	31 December 2019	1 January 2019	Estimated completion/ completion date	Pre-sale percentage (%)
Zhuhai Huanyu city	1,488,339	270,520	Aug, 2020	85
Tangshan Fengrun District Yuhetianxia	1,451,950	–	Dec, 2020	88
Dalian Citic Harbour City No. 2	1,439,457	197,340	Sep, 2020	56
Chongqing CSCEC Yu He City No. 1	1,419,511	–	Apr, 2021	46
Chengdu Tianfu CSCEC Mansion No. 1	1,416,260	–	Oct, 2020	21
Kungming Lanting	1,414,772	–	Dec, 2020	90
Wuhan CSCEC Star City	1,408,675	–	Jun, 2023	20
Nanjing City South Mansion	1,404,738	–	Apr, 2020	43
Changsha CSCEC Jinghe City Project	1,402,213	–	Jun, 2022	63
Taiyuan CSCEC International Community No. 1	1,397,187	–	Oct, 2020	85
Changsha CSCEC Yuehe Town	1,371,160	–	Dec, 2020	100
Wuhan CSCEC Platinum Mansion	1,287,340	–	Mar, 2024	30
Changsha CSCEC Jiangshan No.1	1,194,876	–	Dec, 2020	85
Shenyang Gate of Peace No.1 Phase 2.2	1,143,518	784,374	Dec, 2020	91
Wuhan CSCEC Yipinlanjun	1,129,390	–	Dec, 2020	81
CSCEC Yichang Star Land #C	1,101,492	–	Dec, 2022	92
Zhengzhou CSCEC Hubin Family Nanyuan	1,096,970	–	Dec, 2020	98
Shanghai Pudong New District Caolu Affordable Housing Project No. 1	1,092,664	–	Jan, 2020	100
Changde CSCEC Binjiangfu	1,086,506	–	Dec, 2020	57
Project Zhengzhou CSCEC No. 7	1,084,058	–	Jun, 2020	91
Chongqing CSCEC Hushan impression	1,045,572	–	Nov, 2021	60
Wuhan CSCEC Fudixingf Town	1,040,356	–	Mar, 2022	20
Chengdu CSCEC Yunlu Family	1,008,208	61,539	Dec, 2020	45
Changchun Dragon Seal B	1,004,612	–	Dec, 2020	100
Others	65,232,736	50,430,024		
Total	171,677,198	81,638,720		

Note: Most of the above projects are phased development projects, the estimated completion time is the last phase of completion, and the pre-sale ratio is the proportion of the contracted area of the housing area that meets the sales conditions at the end of each year.

### (31) Employee benefits payable

	31 December 2019	31 December 2018
Short-term employee benefits payable (a)	7,474,848	8,158,253
Defined contribution plans payable (b)	259,374	236,244
Termination benefits payable (c)	23,640	27,167
Total	7,757,862	8,421,664

## 4 Notes to the consolidated financial statements (Continued)

### (31) Employee benefits payable (Continued)

#### (a) Short-term employee benefits

	31 December 2018	Increase in current year	Decrease in current year	31 December 2019
Wages and salaries, bonuses, allowances and subsidies	7,039,856	54,860,189	(55,708,006)	6,192,039
Staff welfare	76,151	4,392,885	(4,449,270)	19,766
Social security contributions	87,866	2,703,451	(2,668,775)	122,542
Including: Medical insurance	73,826	2,321,832	(2,290,614)	105,044
Work injury insurance	6,866	192,765	(191,370)	8,261
Maternity insurance	7,174	188,854	(186,791)	9,237
Supplementary commercial insurance	2,766	112,850	(106,280)	9,336
Housing funds	106,036	3,519,418	(3,515,853)	109,601
Labor union funds and employee education funds	829,263	1,707,891	(1,536,660)	1,000,494
Others	16,315	291,207	(286,452)	21,070
Total	8,158,253	67,587,891	(68,271,296)	7,474,848

#### (b) Defined contribution plans payable

	31 December 2018	Increase in current year	Decrease in current year	31 December 2019
Basic pensions	169,913	4,769,231	(4,757,491)	181,653
Unemployment insurance	18,821	185,126	(186,106)	17,841
Annuity	47,510	752,711	(740,341)	59,880
Total	236,244	5,707,068	(5,683,938)	259,374

#### (c) Termination benefits payable

	31 December 2019	31 December 2018
Early retirement benefits payable	23,640	27,167

(d) In 2019, the Group has no other termination benefits paid for termination of the employment relationship.

### (32) Taxes payable

	31 December 2019	31 December 2018
Business tax payable	234,944	318,103
Land appreciation tax payable	27,237,277	21,262,070
Enterprise income tax payable	22,997,448	17,932,084
Value added tax payable	6,868,032	5,606,016
Individual income tax payable	930,983	785,405
City maintenance and construction tax payable	441,029	457,706
Educational surcharge payable	273,415	315,086
Others	385,813	370,390
Total	59,368,941	47,046,860



## 4 Notes to the consolidated financial statements (Continued)

### (33) Other payables

	31 December 2019	31 December 2018
Dividends payable to minority shareholders	285,457	172,213
Dividends payable to Preferred stock/perpetual bond	870,000	951,205
Warranty payable	33,180,212	32,692,568
Project financing payable	25,061,553	24,007,497
Deposits payable	7,368,956	6,617,467
Taxes withheld payable	740,976	1,152,664
Construction incentive payable	18,411,755	17,045,065
Incentive targets of the restricted shares payable	2,503,978	2,926,200
Others	25,607,754	26,443,605
Total	114,030,641	112,008,484

(a) As at 31 December 2019, other payables over 1 year with a carrying amount of RMB26,353,176 thousand (31 December 2018: RMB23,874,666 thousand) are mainly warranty payable and project financing payable, which were unsettled due to the incompleteness of projects.

### (34) Current portion of non-current liabilities

	31 December 2019	31 December 2018
Current portion of long-term borrowings (Note 4(36))	41,595,291	31,678,188
Current portion of long-term payables (Note 4(38))	13,936,249	18,942,792
Current portion of bonds payables (Note 4(37))	26,479,014	29,730,111
Exchangeable bonds in 2016 (Note 4(42))	6,939,864	–
Others	67,076	48,597
Total	89,017,494	80,399,688

### (35) Other current liabilities

	31 December 2019	31 December 2018
VAT output to be transferred	62,290,430	36,478,434
Absorption deposits (Note 9(5))	975,956	1,358,886
Estimated contract losses	957,504	–
Others	430,937	–
Total	64,654,827	37,837,320

## 4 Notes to the consolidated financial statements (Continued)

### (36) Long-term borrowings

	31 December 2019	31 December 2018
Unsecured	199,982,715	192,155,264
Guaranteed	10,502,014	12,623,422
Impawn	63,477,819	31,566,110
Pledged	15,433,171	10,009,006
Sub-total	289,395,719	246,353,802
Less: current portion of long-term borrowings		
Including: Unsecured	(37,063,833)	(27,856,648)
Guaranteed	(1,627,325)	(2,395,922)
Impawn	(1,687,419)	(695,491)
Pledged	(1,216,714)	(730,127)
Total	247,800,428	214,675,614

As at 31 December 2019, no guaranteed borrowings were guaranteed by the Company's parent or other related parties (31 December 2018: Nil).

As at 31 December 2019, the annual interest rate of long-term borrowings (including current portion of long-term borrowings) varied from 1.20% to 9.50% (31 December 2018: 1.20% to 9.50%)

As at December 31, 2019 and December 31, 2018, there were no outstanding long-term borrowings that had matured.

(a) Assets pledged and impawned to banks as a security for borrowings (including short-term borrowings and long-term borrowings) are analysed as below:

	Assets impawned to banks		Assets pledged to banks		Principal of borrowings	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018
Notes receivable	689,065	1,034,337	–	–	689,065	1,034,337
Accounts receivable	86,887	240,217	–	–	86,887	240,217
Inventories	–	–	36,139,758	14,640,579	9,351,816	7,255,577
Investment properties	–	–	7,697,570	4,912,470	5,618,678	2,459,380
Fixed assets	–	–	414,471	213,575	228,264	65,670
Intangible assets	6,478,062	2,042,979	87,218	143,189	3,308,600	2,138,719
Construction in process	–	–	67,721	–	30,000	–
Long-term receivables	76,972,065	25,878,037	–	–	43,631,144	25,878,037
Contract assets	14,641,856	–	–	–	11,214,161	–
Total	98,867,935	29,195,570	44,406,738	19,909,813	74,158,615	39,071,937

Note: As at 31 December 2019, besides the borrowing obtained as above, the Group had a long-term borrowing of RMB5,426,333 thousand, for which the future earning rights of a project were impawned to banks (31 December 2018: short-term borrowing of RMB4,003,780 thousand); the Group had a short-term borrowing of RMB113,232 thousand, for which the letter of credit were impawned to banks (31 December 2018: RMB22,270 thousand).

#### 4 Notes to the consolidated financial statements (Continued)

##### (37) Bonds payables

	31 December 2018	Par Interest Accrued	Repayment	Issuance of current year	Interest adjustment	Others (Note)	31 December 2019
No. 4503 guaranteed note of Hong Kong in 2010	6,821,722	375,963	(375,153)	-	7,160	77,631	6,907,323
Guaranteed note in 2012	1,309,539	78,991	(78,983)	-	601	16,483	1,326,631
No. 4579 guaranteed note of Hong Kong in 2012	4,742,382	189,001	(188,633)	-	5,750	59,469	4,807,969
No. 4580 guaranteed note of Hong Kong in 2012	1,997,427	108,875	(108,661)	-	401	24,965	2,023,007
USD100,000 thousand privately raised bonds of Agricultural Bank of China Hong Kong Branch in 2013	687,016	28,125	(27,999)	-	444	8,528	696,114
B-level guaranteed note of Hong Kong in 2013	3,404,373	183,723	(183,236)	-	3,059	42,485	3,450,404
C-level guaranteed note of Hong Kong in 2013	3,396,328	217,904	(217,327)	-	529	42,266	3,439,700
No. 5746 guaranteed note of Hong Kong in 2014	4,785,781	287,202	(290,324)	-	(1,396)	59,771	4,841,034
No. 6013 guaranteed note of Hong Kong in 2014	3,369,464	220,706	(223,123)	-	1,236	42,087	3,410,370
First targeted medium-term note in 2014	3,118,671	52,003	(3,171,000)	-	326	-	-
First medium-term note of China Construction First Building (Group) Corporation Limited. in 2014	401,631	25,869	(427,500)	-	-	-	-
Second medium-term note of China Construction First Building (Group) Corporation Limited. in 2014	421,343	4,257	(425,600)	-	-	-	-
First medium-term note of China Construction Second Engineering Bureau Ltd. in 2014	621,608	13,983	(635,700)	-	109	-	-
First medium-term note of China Construction Fourth Engineering Division Corp. Ltd. in 2014	312,688	4,472	(317,160)	-	-	-	-
Second medium-term note of China Construction Fourth Engineering Division Corp. Ltd. in 2014	935,008	14,632	(951,300)	-	1,660	-	-
First medium-term note of China Construction Fifth Engineering Division Corp., Ltd. in 2014	208,377	3,983	(212,360)	-	-	-	-
No. 5745 guaranteed note of Hong Kong in 2014	5,439,696	77,018	(5,548,223)	-	1,295	30,214	-
Second medium-term note of China Construction Fifth Engineering Division Corp. Ltd. in 2014	1,023,086	33,914	(1,057,000)	-	-	-	-
First medium-term note of China Construction Seventh Engineering Division Corp. Ltd. in 2014	902,881	49,027	(952,020)	-	112	-	-
No. 5541 guaranteed note of Hong Kong in 2015	4,730,787	41,646	(4,703,250)	-	6,146	(75,329)	-
Private guaranteed note in 2015	3,133,499	42,353	(3,132,079)	-	6,284	(50,057)	-
First medium-term note in 2015	3,094,634	139,500	(139,500)	-	114	-	3,094,748
First medium-term note of China Construction Seventh Engineering Division Corp. Ltd. in 2015	103,696	5,480	(5,480)	-	22	-	103,718
First medium-term note of China Construction Eighth Engineering Division Corp. Ltd. in 2015	107,947	-	-	-	-	-	107,947
Second medium-term note of China Construction Eighth Engineering Division Corp. Ltd. in 2015	823,853	-	-	-	-	-	823,853
Second medium-term note in 2015	2,010,576	73,800	(73,800)	-	75	-	2,010,651
CSOEC FN N2011	3,416,495	101,734	(101,734)	-	13,798	56,409	3,486,702
First medium-term note of China Construction First Building (Group) Corporation Limited. in 2015	608,218	20,311	(22,080)	-	-	-	606,449
First term of Corporate Bond of China Overseas Property Group Co., Ltd. in 2015	3,487,271	140,882	(207,596)	-	-	-	3,420,557

#### 4 Notes to the consolidated financial statements (Continued)

##### (37) Bonds payables (Continued)

	31 December 2018	Par Interest Accrued	Repayment	Issuance of current year	Interest adjustment	Others (Note)	31 December 2019
Second term of Corporate Bond of China Overseas Property Group Co., Ltd. in 2015	1,013,516	37,941	(46,921)	-	-	-	1,004,536
First private Corporate Bond of CITIC Real Estate Co.,Ltd in 2015	1,075,222	13,003	(75,662)	-	10,022	-	1,022,585
First private Corporate Bond of CITIC Real Estate Co.,Ltd in 2016	1,018,233	4,697	(619,080)	-	(1,548)	-	402,302
First medium-term note in 2016	3,055,649	108,000	(108,000)	-	940	-	3,056,589
CSCEC II N2106	3,423,854	93,113	(93,113)	-	4,864	56,428	3,485,146
First term of Corporate Bond of China Overseas Property Group Co., Ltd. in 2016	6,065,300	183,301	(181,845)	-	-	-	6,066,756
First medium-term note of China Construction Sixth Engineering Division Corp. Ltd. in 2016	498,667	23,550	(17,400)	-	499	-	505,316
First medium-term note of West Construction in 2016	706,553	27,151	(27,790)	-	-	-	705,914
First medium-term note of China Construction Installation Engineering Co.,Ltd. in 2016	516,900	-	(516,900)	-	-	-	-
CSCEC II N1906	3,431,397	35,133	(3,487,412)	-	3,869	17,013	-
Second medium-term note in 2016	2,033,359	30,986	(2,065,000)	-	655	-	-
First medium-term note in 2017	5,161,761	235,000	(235,000)	-	1,348	-	5,163,109
CSCEC II N2206	3,464,422	100,010	(100,010)	-	4,361	57,090	3,525,873
CSCEC II N2706	3,458,877	120,702	(120,702)	-	3,233	56,985	3,519,095
First private Corporate Bond of China Construction Fangcheng Investment & Development Co., Ltd in 2017	202,273	15,270	(15,270)	-	135	-	202,408
A-level guaranteed note of Hong Kong in 2017	3,746,936	128,959	(128,881)	-	3,319	47,071	3,797,404
B-level guaranteed note of Hong Kong in 2017	1,698,470	67,302	(67,261)	-	1,111	21,321	1,720,943
First medium-term note of China Overseas Property Group Co., Ltd. in 2018	3,058,980	165,563	(73,113)	-	-	-	3,151,430
First medium-term note of China Construction Second Engineering Bureau Ltd. in 2018	1,033,365	50,300	(50,300)	-	482	-	1,033,847
First private Corporate Bond of China Construction Fangcheng Investment & Development Co., Ltd in 2018	725,933	38,850	(38,850)	-	314	-	726,247
No. 4475 guaranteed note of Hong Kong in 2018	5,131,794	217,909	(217,304)	-	4,659	64,152	5,201,210
No. 4476 guaranteed note of Hong Kong in 2018	5,125,249	243,546	(242,869)	-	2,877	63,981	5,192,784
First term of Corporate Bond China Construction Communications Engineering Group Co., Ltd. in 2018	511,333	25,345	(25,500)	-	-	-	511,178
First medium-term note in 2018	5,017,635	235,000	(235,000)	-	13,703	-	5,031,338
Second medium-term note in 2018	5,017,635	235,000	(235,000)	-	13,703	-	5,031,338
First term of Corporate Bond of China Overseas Property Group Co., Ltd. in 2018	3,549,150	137,969	(159,886)	-	-	-	3,527,233
First medium-term note of China Construction Seventh Engineering Division Corp. Ltd. in 2018	2,009,018	86,957	(83,200)	-	812	-	2,013,587
Third medium-term note of China Construction Fourth Engineering Division Corp. Ltd. in 2018	2,008,150	83,800	(83,800)	-	(3)	-	2,008,147
First term of Corporate Bond of China Overseas Property Group Co., Ltd. in 2019 I	-	65,027	-	2,000,000	-	-	2,065,027

#### 4 Notes to the consolidated financial statements (Continued)

##### (37) Bonds payables (Continued)

	31 December 2018	Par Interest Accrued	Repayment	Issuance of current year	Interest adjustment	Others (Note)	31 December 2019
First term of Corporate Bond of China Overseas Property Group Co., Ltd. in 2019 II	-	52,705	-	1,500,000	-	-	1,552,705
First term of asset-backed notes priority tranche of Shanghai CSCEC Dongfu Investment Development Co., Ltd. in 2019	-	38,983	(1,558,983)	1,520,000	-	-	-
First term of Corporate Bond China Construction Communications Engineering Group Co., Ltd. in 2019	-	10,268	-	300,000	-	-	310,268
First medium-term note of CSCEC Xinjiang Construction & Engineering (Group) Co., Ltd. in 2019	-	23,353	-	800,000	(2,220)	-	821,133
No. 4437 guaranteed note of Hong Kong in 2019	-	23,766	-	1,742,000	(6,275)	28,282	1,787,773
No. 4438 guaranteed note of Hong Kong in 2019	-	50,310	-	3,064,265	(12,857)	49,855	3,151,573
No. 40076 guaranteed note of Hong Kong in 2019	-	5,475	-	2,004,301	(20,951)	31,971	2,020,796
China Construction Third Engineering Bureau Co., Ltd.-Shiyan Pipe Gallery PPP project asset support special plan asset-backed securities priority tranche 01	-	114	-	88,000	-	-	88,114
China Construction Third Engineering Bureau Co., Ltd.-Shiyan Pipe Gallery PPP project asset support special plan asset-backed securities priority tranche 02	-	167	-	129,000	-	-	129,167
China Construction Third Engineering Bureau Co., Ltd.-Shiyan Pipe Gallery PPP project asset support special plan asset-backed securities priority tranche 03	-	193	-	149,000	-	-	149,193
China Construction Third Engineering Bureau Co., Ltd.-Shiyan Pipe Gallery PPP project asset support special plan asset-backed securities priority tranche 04	-	225	-	174,000	-	-	174,225
China Construction Third Engineering Bureau Co., Ltd.-Shiyan Pipe Gallery PPP project asset support special plan asset-backed securities priority tranche 05	-	260	-	201,000	-	-	201,260
China Construction Third Engineering Bureau Co., Ltd.-Shiyan Pipe Gallery PPP project asset support special plan asset-backed securities priority tranche 06	-	303	-	234,000	-	-	234,303
China Construction Third Engineering Bureau Co., Ltd.-Shiyan Pipe Gallery PPP project asset support special plan asset-backed securities priority tranche 07	-	350	-	271,000	-	-	271,350
China Construction Third Engineering Bureau Co., Ltd.-Shiyan Pipe Gallery PPP project asset support special plan asset-backed securities priority tranche 08	-	407	-	315,000	-	-	315,407
China Construction Third Engineering Bureau Co., Ltd.-Shiyan Pipe Gallery PPP project asset support special plan asset-backed securities priority tranche 09	-	472	-	365,000	-	-	365,472
China Construction Third Engineering Bureau Co., Ltd.-Shiyan Pipe Gallery PPP project asset support special plan asset-backed securities priority tranche 10	-	354	-	274,000	-	-	274,354
Sub-total	139,175,628	5,552,443	(34,686,873)	15,130,566	74,777	829,071	126,075,612
Less: current portion of bonds payable	(29,730,111)						(26,479,014)
Total	109,445,517						99,596,598

Note: Others are mainly caused by change of foreign exchange rate in 2019.

## 4 Notes to the consolidated financial statements (Continued)

### (37) Bonds payables (Continued)

As at 31 December 2019, details about bonds are as follows:

	Par value	Issuance date	Maturity	Issuance amount	Annual interest rate (%)	Issued by
No. 4503 guaranteed note of Hong Kong in 2010	USD1 billion	10 November 2010	10 years	USD1 billion	5.50	China Overseas Finance (Cayman) II Limited
Guaranteed note in 2012	HKD1.5 billion	28 June 2012	10 years	HKD1.5 billion	6.00	China Overseas Finance Investment (Cayman) II Limited
No. 4579 guaranteed note of Hong Kong in 2012	USD700 million	15 November 2012	10 years	USD700 million	3.95	China Overseas Finance (Cayman) V Limited
No. 4580 guaranteed note of Hong Kong in 2012	USD300 million	15 November 2012	30 years	USD300 million	5.35	China Overseas Finance (Cayman) V Limited
USD100,000 thousand privately raised bonds of Agricultural Bank of China Hong Kong Branch in 2013	USD100 million	20 August 2013	7 years	USD100 million	4.05	China Overseas Finance Investment (Cayman) III Limited
B-level guaranteed note of Hong Kong in 2013	USD500 million	29 October 2013	10 years	USD500 million	5.38	China Overseas Finance (Cayman) III Limited
C-level guaranteed note of Hong Kong in 2013	USD500 million	29 October 2013	30 years	USD500 million	6.38	China Overseas Finance (Cayman) III Limited
No. 5746 guaranteed note of Hong Kong in 2014	USD700 million	08 May 2014	10 years	USD700 million	5.95	China Overseas Finance (Cayman) VI Limited
No. 6013 guaranteed note of Hong Kong in 2014	USD500 million	11 June 2014	20 years	USD500 million	6.45	China Overseas Finance (Cayman) VI Limited
First medium-term note in 2015	RMB3 billion	24 April 2015	5 years	RMB3 billion	4.65	The Company
First medium-term note of China Construction First Building (Group) Corporation Limited. in 2015	RMB600 million	21 December 2015	5 years	RMB600 million	3.68	China Construction First Building (Group) Corporation Limited
First medium-term note of China Construction Seventh Engineering Division Corp. Ltd. in 2015	RMB100 million	24 April 2015	5 years	RMB100 million	5.48	China Construction Seventh Engineering Division Corp. Ltd.
First medium-term note of China Construction Eighth Engineering Division Corp. Ltd. in 2015	RMB100 million	29 April 2015	5 years	RMB100 million	5.24	China Construction Eighth Engineering Division Corp. Ltd.
Second medium-term note of China Construction Eighth Engineering Division Corp. Ltd. in 2015	RMB1.6 billion	17 August 2015	5 years	RMB1.6 billion	4.80	China Construction Eighth Engineering Division Corp. Ltd.
Second medium-term note in 2015	RMB2 billion	05 November 2015	5 years	RMB2 billion	3.69	The Company
CSCEC FN N2011	USD500 million	19 November 2015	5 years	USD500 million	2.95	CSCEC Finance (Cayman) I Limited
First term of Corporate Bond of China Overseas Property Group Co., Ltd. in 2015	RMB7 billion	19 November 2015	6 years	RMB7 billion	4.20	China Overseas Enterprise Development Group Co., Ltd.
Second term of Corporate Bond of China Overseas Property Group Co., Ltd. in 2015	RMB1 billion	19 November 2015	7 years	RMB1 billion	3.85	China Overseas Enterprise Development Group Co., Ltd.
First private Corporate Bond of CITIC Real Estate Co., Ltd in 2015	RMB4 billion	09 December 2015	5 years	RMB4 billion	4.80	CITIC Real Estate Co., Ltd.

## 4 Notes to the consolidated financial statements (Continued)

### (37) Bonds payables (Continued)

As at 31 December 2019, details about bonds are as follows (Continued):

	Par value	Issuance date	Maturity	Issuance amount	Annual interest rate (%)	Issued by
First private Corporate Bond of CITIC Real Estate Co., Ltd in 2016	RMB1 billion	15 January 2016	5 years	RMB1 billion	4.40	CITIC Real Estate Co., Ltd.
First medium-term note in 2016	RMB3 billion	11 April 2016	5 years	RMB3 billion	3.60	The Company
CSCEC II N2106	USD500 million	14 June 2016	5 years	USD500 million	2.70	CSCEC Finance (Cayman) II Limited
First term of Corporate Bond of China Overseas Property Group Co., Ltd. in 2016	RMB6 billion	23 August 2016	10 years	RMB6 billion	3.10	China Overseas Enterprise Development Group Co., Ltd.
First medium-term note of China Construction Sixth Engineering Division Corp. Ltd. in 2016	RMB500 million	24 August 2016	5 years	RMB500 million	3.48	China Construction Sixth Engineering Division Corp, Ltd
First medium-term note of West Construction in 2016	RMB700 million	27 September 2016	5 years	RMB700 million	3.97	West Construction
First medium-term note in 2017	RMB5 billion	18 April 2017	3 years	RMB5 billion	4.70	The Company
CSCEC II N2206	USD500 million	06 July 2017	5 years	USD500 million	2.90	CSCEC Finance (Cayman) II Limited
CSCEC II N2706	USD500 million	06 July 2017	10 years	USD500 million	3.50	CSCEC Finance (Cayman) II Limited
First private Corporate Bond of China Construction Fangcheng Investment & Development Co., Ltd in 2017	RMB300 million	30 October 2017	3 years	RMB300 million	5.09	China Construction Fangcheng Investment & Development Co., Ltd
A-level guaranteed note of Hong Kong in 2017	USD550 million	29 November 2017	5 years	USD550 million	3.38	China State Construction Finance (Cayman) II Limited
B-level guaranteed note of Hong Kong in 2017	USD250 million	29 November 2017	10 years	USD250 million	3.88	China State Construction Finance (Cayman) II Limited
First medium-term note of China Overseas Property Group Co., Ltd. in 2018	RMB3 billion	05 February 2018	3 years	RMB3 billion	5.60	China Overseas Land International (Cayman) Limited
First medium-term note of China Construction Second Engineering Bureau Ltd. in 2018	RMB1 billion	17 April 2018	5 years	RMB1 billion	5.03	China Construction Second Engineering Bureau Ltd
First private Corporate Bond of China Construction Fangcheng Investment & Development Co., Ltd in 2018	RMB700 million	24 April 2018	3 years	RMB700 million	5.55	China Construction Fangcheng Investment & Development Co., Ltd
No. 4475 guaranteed note of Hong Kong in 2018	USD750 million	26 April 2018	5 years	USD750 million	4.25	China Overseas Land International (Cayman) Limited
No. 4476 guaranteed note of Hong Kong in 2018	USD750 million	26 April 2018	10 years	USD750 million	4.75	China Overseas Land International (Cayman) Limited
First term of Corporate Bond China Construction Communications Engineering Group Co., Ltd. in 2018	RMB500 million	23 July 2018	5 years	RMB500 million	5.10	China Construction Communications Engineering Group Co., Ltd
First medium-term note in 2018	RMB5 billion	15 August 2018	5 years	RMB5 billion	4.70	The Company

## 4 Notes to the consolidated financial statements (Continued)

### (37) Bonds payables (Continued)

As at 31 December 2019, details about bonds are as follows (Continued):

	Par value	Issuance date	Maturity	Issuance amount	Annual interest rate (%)	Issued by
Second medium-term note in 2018	RMB5 billion	15 August 2018	5 years	RMB5 billion	4.70	The Company
First term of Corporate Bond of China Overseas Property Group Co., Ltd. in 2018	RMB3.5 billion	22 October 2018	6 years	RMB3.5 billion	4.00	China Overseas Enterprise Development Group Co., Ltd.
First medium-term note of China Construction Seventh Engineering Division Corp. Ltd. in 2018	RMB2 billion	08 November 2018	3 years	RMB2 billion	4.16	China Construction Seventh Engineering Division Corp. Ltd.
Third medium-term note of China Construction Fourth Engineering Division Corp. Ltd. in 2018	RMB2 billion	22 November 2018	3 years	RMB2 billion	4.19	China Construction Fourth Engineering Division Corp. Ltd.
First term of Corporate Bond of China Overseas Property Group Co., Ltd. in 2019 I	RMB2 billion	23 January 2019	6 years	RMB2 billion	3.47	China Overseas Enterprise Development Group Co., Ltd.
First term of Corporate Bond of China Overseas Property Group Co., Ltd. in 2019 II	RMB1.5 billion	23 January 2019	7 years	RMB1.5 billion	3.75	China Overseas Enterprise Development Group Co., Ltd.
First term of Corporate Bond China Construction Communications Engineering Group Co., Ltd. in 2019	RMB300 million	10 April 2019	5 years	RMB300 million	4.75	China Construction Communications Engineering Group Co., Ltd.
First medium-term note of CSCEC Xinjiang Construction & Engineering (Group) Co., Ltd. in 2019	RMB800 million	20 June 2019	3+N years	RMB800 million	5.73	CSCEC Xinjiang Construction & Engineering (Group) Co., Ltd.
No. 4437 guaranteed note of Hong Kong in 2019	HKD2 billion	15 July 2019	5.5 years	HKD2 billion	2.90	China Overseas Finance (Cayman) VIII Limited
No. 4438 guaranteed note of Hong Kong in 2019	USD450 million	15 July 2019	10 years	USD450 million	3.45	China Overseas Finance (Cayman) VIII Limited
No. 40076 guaranteed note of Hong Kong in 2019	USD294 million	27 November 2019	10 years	USD294 million	3.05	China Overseas Finance (Cayman) VIII Limited
China Construction Third Engineering Bureau Co., Ltd.-Shiyan Pipe Gallery PPP project asset support special plan asset-backed securities priority tranche 01	RMB88 million	20 December 2019	3.082 years	RMB88 million	3.88	CSCEC Shiyan Urban Pipe Corridor Construction, Operation and Management Co., Ltd.
China Construction Third Engineering Bureau Co., Ltd.-Shiyan Pipe Gallery PPP project asset support special plan asset-backed securities priority tranche 02	RMB129 million	20 December 2019	6.088 years	RMB129 million	3.88	CSCEC Shiyan Urban Pipe Corridor Construction, Operation and Management Co., Ltd.
China Construction Third Engineering Bureau Co., Ltd.-Shiyan Pipe Gallery PPP project asset support special plan asset-backed securities priority tranche 03	RMB149 million	20 December 2019	9.085 years	RMB149 million	3.88	CSCEC Shiyan Urban Pipe Corridor Construction, Operation and Management Co., Ltd.



## 4 Notes to the consolidated financial statements (Continued)

### (37) Bonds payables (Continued)

As at 31 December 2019, details about bonds are as follows (Continued):

	Par value	Issuance date	Maturity	Issuance amount	Annual interest rate (%)	Issued by
China Construction Third Engineering Bureau Co., Ltd.-Shiyan Pipe Gallery PPP project asset support special plan asset-backed securities priority tranche 04	RMB174 million	20 December 2019	12.09 years	RMB174 million	3.88	CSCEC Shiyan Urban Pipe Corridor Construction, Operation and Management Co., Ltd.
China Construction Third Engineering Bureau Co., Ltd.-Shiyan Pipe Gallery PPP project asset support special plan asset-backed securities priority tranche 05	RMB201 million	20 December 2019	15.088 years	RMB201 million	3.88	CSCEC Shiyan Urban Pipe Corridor Construction, Operation and Management Co., Ltd.
China Construction Third Engineering Bureau Co., Ltd.-Shiyan Pipe Gallery PPP project asset support special plan asset-backed securities priority tranche 06	RMB234 million	20 December 2019	18.096 years	RMB234 million	3.88	CSCEC Shiyan Urban Pipe Corridor Construction, Operation and Management Co., Ltd.
China Construction Third Engineering Bureau Co., Ltd.-Shiyan Pipe Gallery PPP project asset support special plan asset-backed securities priority tranche 07	RMB271 million	20 December 2019	21.093 years	RMB271 million	3.88	CSCEC Shiyan Urban Pipe Corridor Construction, Operation and Management Co., Ltd.
China Construction Third Engineering Bureau Co., Ltd.-Shiyan Pipe Gallery PPP project asset support special plan asset-backed securities priority tranche 08	RMB315 million	20 December 2019	24.099 years	RMB315 million	3.88	CSCEC Shiyan Urban Pipe Corridor Construction, Operation and Management Co., Ltd.
China Construction Third Engineering Bureau Co., Ltd.-Shiyan Pipe Gallery PPP project asset support special plan asset-backed securities priority tranche 09	RMB365 million	20 December 2019	27.096 years	RMB365 million	3.88	CSCEC Shiyan Urban Pipe Corridor Construction, Operation and Management Co., Ltd.
China Construction Third Engineering Bureau Co., Ltd.-Shiyan Pipe Gallery PPP project asset support special plan asset-backed securities priority tranche 10	RMB274 million	20 December 2019	29.104 years	RMB274 million	3.88	CSCEC Shiyan Urban Pipe Corridor Construction, Operation and Management Co., Ltd.

## 4 Notes to the consolidated financial statements (Continued)

### (38) Long-term payables

	31 December 2019	31 December 2018
Project quality warranty payable	26,917,481	34,928,498
Payables for finance leases	390,313	343,000
Payables for minority interest financing	2,293,675	1,692,365
Payables for leasing companies	1,189,334	1,100,000
Others	3,042,676	759,271
Sub-total	33,833,479	38,823,134
Less: current portion of long-term payables (a)	(13,936,249)	(18,942,792)
Total	19,897,230	19,880,342

#### (a) Current portion of long-term payables

Current portion of long-term payables mainly includes project quality warranty due within one year.

### (39) Provisions

	31 December 2018	Increase in current year	Decrease in current year	31 December 2019
Pending actions	74,000	2,652,901	(42,886)	2,684,015
Warranties	395,514	494,300	(226,107)	663,707
Others	129,812	680,753	(259)	810,306
Less: current portion of provisions				(49,294)
Total				4,108,734

### (40) Deferred income

	31 December 2019	31 December 2018
Government grant (a)	440,499	387,345
Others	4,296	–
Total	444,795	387,345

## 4 Notes to the consolidated financial statements (Continued)

### (40) Deferred income (Continued)

#### (a) Government grant

Government grant items	31 December 2018	Increase in current year	Amount written down in cost of sales	Amount written down in general and administrative expenses	Amount recognised in other income in current year	Amount recognised in non- operating income in current year	Other changes in current year	31 December 2019	Related to assets/ Related to income
Government compensation for demolition of Tangshan Fengrun District Linyin Road West Side land	87,480	-	-	-	-	(5,048)	-	82,432	Related to assets
Government compensation for demolition of Guiyang Dayingpo Renovation Project	77,371	-	-	-	-	(2,370)	-	75,001	Related to assets
Compensation for Tianjin Steel Structure Land	33,982	-	-	-	-	(758)	-	33,224	Related to assets
Others	188,512	163,369	-	-	(49,791)	(17,859)	(34,389)	249,842	Related to assets and income
Total	387,345	163,369	-	-	(49,791)	(26,035)	(34,389)	440,499	

### (41) Long-term employee benefits payable

	31 December 2019	31 December 2018
Supplementary retirement benefits payable (a)	1,984,467	2,035,172
Termination Benefits payable (b)	103,662	114,669
Less: Termination benefits expected to be paid within one year (Note 4(31)(c))	(23,640)	(27,167)
Total	2,064,489	2,122,674

#### (a) Supplementary retirement benefits payable

The Company pays supplementary retirement benefits for its employees who retired on or before 31 March 2007 in addition to the contribution made to statutory insurance schemes. The supplementary retirement benefit is a type of defined benefit plan. The present value of defined plan liability is calculated annually by an independent actuary, Towers Watson consulting company, using projected unit credit method, which is based on the Treasury rate, similar as the duration and currency of the employee benefits liability.

## 4 Notes to the consolidated financial statements (Continued)

### (41) Long-term employee benefits payable (Continued)

#### (a) Supplementary retirement benefits payable (Continued)

- (i) The movement of the Group's supplementary retirement benefits payable of the Group is as below:

	The present value of defined benefit plan liability
1 January 2019	2,035,172
Cost of defined benefit plan recognised in profit or loss for the current period	
– Cost of past service	73,297
– Gains on settlement	–
– Net interest	61,140
Cost of defined benefit plan recognised in other comprehensive income	
– Losses on remeasurement of the defined benefit plan liability	27,690
Other movement	
– Benefits paid	(212,832)
31 December 2019	1,984,467

- (ii) The actuarial assumptions used to determine the present value of defined benefit obligations are as follows:

	31 December 2019	31 December 2018
Discount rate	3.25%	3.25%
Annual growth rate of living expenses for the family dependents of deceased employees	4.50%	4.50%
Annual growth rate of average medical expenses	8.00%	8.00%
Annual growth rate of supplementary welfare for retired employees	0.00%	0.00%
Mortality rate	Move two years backward annuity life chart of China's Life Insurance Industry of man/women (Year 2010-2013)	Move two years backward annuity life chart of China's Life Insurance Industry of man/women (Year 2010-2013)

- (iii) The actuarial assumption that significantly affects the Group's defined benefit plans is discount rate, and its sensitivity analysis is as follows:

	Effect of present value of defined benefit obligations		
	Assumed fluctuation	Assumed increase	Assumed decrease
Discount rate	0.25%	(38,050)	39,540

The above sensitivity analysis was based on that just one assumption changed while the other assumptions remained firm. However, assumptions are often interrelated. The above sensitivity analysis used the same projected unit credit method in calculating the present value of the defined benefit obligations.

## 4 Notes to the consolidated financial statements (Continued)

### (41) Long-term employee benefits payable (Continued)

#### (a) Supplementary retirement benefits payable (Continued)

- (iv) The weighted average duration of fair value of the Group's supplementary retirement benefits payable is 8.0 year.

The aging of undiscounted defined benefit plan is analysed as follows:

	31 December 2019		
	Within one year	Over one year	Total
Supplementary retirement benefits	225,250	2,398,450	2,623,700

- (v) Supplementary retirement benefits expose the Group to various risks, mainly including risk of changes in the interest rate of Treasury bonds, inflation risk, etc.. Decline in the interest rate of Treasury bonds will lead to an increase in defined benefit plan obligations; Supplementary retirement benefits obligations keep pace with inflation, the rise in inflation will increase the defined benefit plan obligations.

#### (b) Termination Benefits payable

- (i) Some of the Group's employees early retired. At the balance sheet date, the main actuarial assumptions used to determine the Group's early retirement benefits payable are as follows:

	31 December 2019	31 December 2018
Discount rate	2.75%	2.75%
Annual growth rate of living expenses for the early retired employees	4.50%	4.50%
Annual growth rate of average medical expenses	8.00%	8.00%
Mortality rate	Move two years backward annuity life chart of China's Life Insurance Industry of man/women (Year 2010-2013)	Move two years backward annuity life chart of China's Life Insurance Industry of man/women (Year 2010-2013)

- (ii) Early retirement benefits recognised in profit or loss for the current period

	2019	2018
General and administrative expenses	12,407	8,272
Financial expenses	2,110	3,460

## 4 Notes to the consolidated financial statements (Continued)

### (42) Other non-current liabilities

	31 December 2019	31 December 2018
Exchangeable bonds in 2016 (Note 1)	4,695,968	10,937,880
Prepaid investment of convertible bonds in 2015 (Note 2)	1,625,455	1,942,286
VAT output to be transferred	1,415,728	892,700
Contract liabilities over one year	583,797	594,307
Total	8,320,948	14,367,173

Note 1: The Group's subsidiary China Overseas Finance Investment (Cayman) V Limited (hereinafter "the issuer") publicly issued exchangeable bonds of USD1.5 billion on Hong Kong Stock Exchange on 6 January 2016. The bonds are guaranteed by China Overseas Holdings Limited, and maturity date is 5 January 2023. Related clauses are as follows:

- The bondholder is entitled to apply for redemption of bonds at 111.54% of par value on 5 January 2020;
- In cases of the change of guarantor, or delisting or restricted trading of China Overseas Land & Investment Ltd. on Hong Kong Stock Exchange, bond holders have the right to require the issuer to redeem the bonds readily;
- Bond holders have the right to apply for redemption on maturity date at 121.07% of par value;
- During the exchange period from 15 February 2016 to 8 work days before maturity date, bond holders have the right to exchange the bonds for ordinary shares of China Overseas Land & Investment Ltd., the par value of which is HKD0.10, at the price of HKD41.50 per share;
- At any time from 5 January 2020 to 7 work days before maturity date, if the stock price of China Overseas Land & Investment Ltd. during 15 trading days is continuously higher than 130% of early redemption price set in the agreement divided by exchange rate, the issuer has the right to carry out exchange in the full (not partial) amount, and should release notice in no more than 3 days after the matter occurs.

Exchangeable bonds in 2016 were recognised as Financial liabilities at fair value through profit or loss in the first place and disclosed in other non-current liabilities. Since the issuer and bondholders reached an agreement in December 2019 to partially redeem in 2020, the redemption amount is equivalent to RMB6,939,864 thousand which disclosed in other non-current liabilities (Note 4(34)).

Note 2: Related information regarding prepaid investment of convertible bonds in 2015.

As at 31 December 2019, the relevant clause of conversion to equity under the framework agreement have not yet been determined, Strategic Capital, LLC has cumulatively redeemed US \$67 million.

## 4 Notes to the consolidated financial statements (Continued)

### (43) Paid-in capital

	31 December 2018	Issuance of new shares	Stock distribution	Transfer from capital surplus	Others	Sub-total	31 December 2019
Shares not subjected to trading restriction	41,624,385	–	–	–	(483,310)	(483,310)	41,141,075
Shares subjected to trading restriction	360,789	–	–	–	473,766	473,766	834,555
Total	41,985,174	–	–	–	(9,544)	(9,544)	41,975,630

	31 December 2017	Issuance of new shares	Stock distribution	Transfer from capital surplus (Note)	Others	Sub-total	31 December 2018
Shares not subjected to trading restriction	29,731,704	–	–	11,892,681	–	11,892,681	41,624,385
Shares subjected to trading restriction	268,296	–	–	103,083	(10,590)	92,493	360,789
Total	30,000,000	–	–	11,995,764	(10,590)	11,985,174	41,985,174

Note: According to the resolution at the meeting of shareholders held on 3 May 2018, based on the total share capital of 30 billion shares on December 31, 2017 after deducting approximately 10.59 million shares of treasury shares that have been repurchased and cancelled on the equity registration date, the Company converted reserves to common shares at the rate of 4 shares for every 10 to all stakeholders, and the total amount of converted shares was 12 billion.

### (44) Other equity instruments

#### (a) Preference Share

The Company acquired Approval on its non-public issue preference shares (Guozi Chanquan ([2014] No.436) from the SASAC and Permission about its non-public issue preference shares (Zhengjian Approval[2014] No.1419) from China Securities Regulatory Commission on 10 June 2014 and 25 December 2014 respectively, which approved that the Company to non-publicly issue preference shares to qualified investor, with total shares no more than 300,000,000 and initial issued shares no less than 150,000,000, with the issue price per share of RMB100. During the period of 5 years commencing from the first value date of each tranche, the Company is entitled to redeem and cancel all or part of the preference shares of such tranche at the dividend payment date of such shares each year. The holders have no redemption right to sell them back to the Company. Unless the mandatory interest payment events whose occurrence can be decided by the Company itself incurred, the Company's meeting of shareholders is empowered to decide to cancel all or part of dividends of preference shares, which will not constitute a default by the Company, and the dividends of preference shares issued at the time will not be accumulated. The Company received an actual amount of RMB14,975,410 thousand after deducting related transaction expenses from the total amount collected by initial issuance of 150,000,000 preference shares on 2 March 2015, and classified such amount as other equity instruments.

## 4 Notes to the consolidated financial statements (Continued)

### (44) Other equity instruments (Continued)

#### (a) Preference Share (Continued)

The dividends of preference shares the Company decided to pay will be paid annually. Dividend payment date is the day of 1 year commencing from the payment deadline for the issuance of preference shares, while the dividend payment date for the initially issued preference shares is 2 March. If such date is a legal holiday or non-working day, it will be postponed to the next working day, and dividends payable will not bear interest during the postponement. Preference shares issued at the time are at fixed dividend rate attached with one-time rate raise arrangement as follows. Nominal dividend rate of the initially issued preference shares is determined to be and kept at 5.80% for the 1st to 5th dividend accrual years through enquiry method. From the 6th dividend accrual year, if the Company does not exercise all of the rights of redemption, dividend rate per share will be 2 percentage points higher than that of the 1st to 5th dividend accrual years, and will remain the same after the adjustment in the 6th dividend accrual year.

The mandatory interest payment events stated before comprise one of circumstances below which occur 12 months before dividend payment date: (1) Distribution of dividends to ordinary shareholders (including cash, shares, the combination of cash and shares and other legitimate patterns); (2) Capital withdrawal by shareholders (except for the redemption and cancellation of shares incurred by equity incentive plan, or the redemption and cancellation of ordinary shares by issuance of preference shares).

As at 31 December 2019 and 31 December 2018, the outstanding preference shares of the Company have a carrying amount of RMB14,975,410 thousand.

#### (b) Perpetual Bond

(1) On 4 September 2014, the Company issued second medium-term note of which the value day was 5 September 2014, and it can be redeemed by the Company in 2019 and thereafter. The total amount was RMB2,000,000 thousand, and the actual amount received was RMB1,996,770 thousand after deduction of related transaction expenses such as underwriting fees. According to the clauses of the medium-term note (the "Clauses"), the term of the medium-term note will be indefinite unless the Company redeemed the note under the Clauses. At the fifth and each interest payment date thereafter, the Company will be entitled to redeem the medium-term note at par value plus interest payable (including all deferred interest and accrued interest) (the "Right of redemption"). The holders of the medium-term note have no redemption right to sell it back to the Company. At each interest payment date the Company can at its own discretion choose to postpone payment of the interest for current-period as well as interest deferred in accordance with the Clauses to the next interest payment date unless the mandatory interest payment events whose occurrence can be decided by the Company itself incurred. The Company classified the actual amount received as other equity instruments.

The nominal interest rate of the medium-term notes will be fixed in the first 5 years with annual interest rate of 6.2%. The annual interest rate will be reset to the current benchmark interest rate plus initial interest-rate spread (i.e. the variance between nominal interest rate and benchmark interest rate at the issue date) and 200 basis points every 5 years from the sixth interest-bearing year, if the Company did not exercise the Right of redemption.

The mandatory interest payment events stated before comprise one of circumstances below which occur 12 months before dividend payment date: (1) Distribution of dividends to ordinary shareholders; (2) Capital withdrawal by shareholders (except for the redemption and cancellation of shares incurred by incentive plan, or the redemption and cancellation of ordinary shares by issuance of preference shares).

On 5 September, 2019, the fifth interest payment date of the perpetual bond, in accordance with the terms of the issuance terms, the company exercised the redemption right at the face value plus interest payable and fully redeemed the bonds held by the holder.



## 4 Notes to the consolidated financial statements (Continued)

### (44) Other equity instruments (Continued)

#### (b) Perpetual Bond (Continued)

- (2) On 6 March 2018, the Company signed a perpetual bond contract of which the value day was 7 March 2018 with China Credit Trust Co, and the bond can be redeemed by the Company at 6 September 2018 and thereafter. The amount of the bond was RMB6 billion, and the actual amount received was RMB6 billion. According to the clauses of the contract, unless an event triggered by an accelerated repayment mechanism that can be decided by the company or by the redemption rights occurs, the perpetual debt will survive for a long period of time, or unless a compulsory interest payment event occurs that can be decided by the company. The company may defer the current interest and all interest that has been deferred on each interest payment day at its own discretion. Payment is made on the next interest payment day and is not subject to any number of deferred interest payments. The company credits the perpetual debt to other equity instruments.

The nominal interest rate of the medium-term notes will be fixed in the first 2 years with annual interest rate of 6.5%. The annual interest rate will be reset to the current benchmark interest rate plus initial interest-rate spread (i.e. the variance between nominal interest rate and benchmark interest rate at the issue date) and 200 basis points every 2 years from the third interest-bearing year, if the Company did not exercise the Right of redemption. The final rested interest rate will not exceed 10%.

The accelerated repayment mechanism mentioned previously include: (A) One of the following situations occurs before the deferred payment of investment income and its fruits is completed (1) Distribution of dividends to ordinary shareholders. (2) Capital withdrawal by shareholders (except for the redemption and cancellation of shares incurred by incentive plan, or the redemption and cancellation of ordinary shares by issuance of preference shares). (B) Events of breach of contract for perpetual bond.

The mandatory interest payment events stated before comprise one of circumstances below which occur 12 months before dividend payment date: (1) Distribution of dividends to ordinary shareholders; (2) Capital withdrawal by shareholders (except for the redemption and cancellation of shares incurred by incentive plan, or the redemption and cancellation of ordinary shares by issuance of preference shares).

As at 31 December 2019 and 31 December 2018, the outstanding perpetual bonds of the Company have a carrying amount of RMB6,000,000 thousand and RMB7,996,770 thousand.

- (3) As at 31 December 2019, the total amount of perpetual bonds and loans issued and acquired by the Company's subsidiaries (the subsidiaries perpetual bonds) was RMB55,466,050 thousand, and the actual amount received was approximately RMB55,251,459 thousand, The amount of repayment in the current period is RMB3,001,000 thousand, after deduction of related transaction expenses such as underwriting fees. The term of the subsidiaries perpetual bonds is indefinite and the subsidiaries can at their own discretion choose to redeem or repay the perpetual bond. At each interest payment date the subsidiaries can at its their discretion choose to postpone payment of the interest for current-period as well as interest deferred to the next interest payment date unless the mandatory interest payment events whose occurrence can be decided by the subsidiaries themselves incurred. The Group classified the subsidiaries perpetual bonds as non-controlling interests.

## 4 Notes to the consolidated financial statements (Continued)

### (44) Other equity instruments (Continued)

#### (c) Convertible bonds issued by subsidiaries

In December 2019, some subsidiaries of the Company signed Capital Increase Agreement and Shareholder Agreement with certain third-party investors. According to the Capital Increase Agreement and the Shareholder Agreement (hereinafter collectively referred to as the "Agreement"), third-party investors will increase the capital of the subsidiaries of these subsidiaries (hereinafter referred to as the Target Company) in cash. After the capital increase is completed, the subsidiaries' shareholding ratio in the target company decreased, but none of them lost control of the target company. The agreement stipulates that the profit distribution of the target company shall be determined by the shareholders' meeting. The withdrawal method of the third-party investor needs to be agreed with the Target Company's controlling shareholder. Moreover, after the expiration of a certain period of time (the Investment Period) from the payment date of the investment price, the Target Company's controlling shareholder shall have the right to acquire or designate other parties to acquire the equity of the underlying company held by a third-party investor. During the investment period, if the target company has a specific situation or the investment period expires, a third-party investor may make a request to the subsidiary of the company to acquire the equity of the target company it holds. If a subsidiary of the company does not choose to acquire such equity, the annual expected dividend ratio jumps up to the agreed upper limit of dividend ratio. However, if the target company's shareholders meeting decides not to pay dividends, this matter does not constitute a breach of contract; Third-party investors can transfer all or part of the target company's equity to any third party. Or increase the voting rights of third-party investors in the target company's shareholders' meeting and board of directors to achieve joint control of the target company with its subsidiaries. The above agreement arrangement does not constitute the delivery of cash or other financial assets by the company or the company's subsidiaries to other parties or the contractual obligations to exchange financial assets or financial liabilities with other parties under potentially adverse conditions. Therefore, the company accounts for such capital increase as the equity of the target company. As of December 31, 2019, the amount of additional capital raised by third-party investors for the target company totaled RMB15,600,000 thousand. These transactions resulted in an increase of RMB15,606,801,000 in the minority interests of the Group's consolidated financial statements on December 31, 2019.

## 4 Notes to the consolidated financial statements (Continued)

### (45) Capital surplus

Item	31 December 2018	Increase in current year	Decrease in current year	31 December 2019
Share premium	10,184,032	237,955	(44,368)	10,377,619
Other capital surplus –				
Share of changes in equity other than comprehensive income and profit distribution of investees under the equity method	349,213	94,727	–	443,940
Transfer of capital surplus recognised under the previous accounting system	203,342	–	–	203,342
Others	525,702	654,785	(177,778)	1,002,709
Total	11,262,289	987,467	(222,146)	12,027,610

Item	31 December 2017	Increase in current year	Decrease in current year	31 December 2018
Share premium	23,851,245	192,226	(13,859,439)	10,184,032
Other capital surplus –				
Share of changes in equity other than comprehensive income and profit distribution of investees under the equity method	351,581	–	(2,368)	349,213
Transfer of capital surplus recognised under the previous accounting system	203,342	–	–	203,342
Others	477,114	233,165	(184,577)	525,702
Total	24,883,282	425,391	(14,046,384)	11,262,289

Note: Increase in share premium is mainly due to the second batch of second-phase restricted stocks unlocked on December 29, 2019 (as described in Note 4(64)), and the impact on changes in the shareholding ratio of subsidiaries.

#### 4 Notes to the consolidated financial statements (Continued)

##### (46) Other comprehensive income

	Other comprehensive income in Balance Sheet				Other comprehensive income in 2019 Income Statement					
	31 December 2018	Changes in accounting policies	1 January 2019	Attributable to equity holders of the Company after income tax	31 December 2019	current year accrual before income tax	Less: Reclassification of previous other comprehensive income to profit or loss	Less: Income tax expenses	Attributable to equity of the Company after income tax	Attributable to non-controlling interests after income tax
Other comprehensive income items which will not be reclassified subsequently to profit or loss										
The changes of net obligation arising from remeasurement of defined benefit plan	(172,189)	-	(172,189)	(27,690)	(199,879)	(27,690)	-	-	(27,690)	-
Changes in fair value of investment in other equity instruments	-	(846,842)	(846,842)	1,061,454	214,612	1,401,844	(2,245)	(338,042)	1,061,454	103
Differences arising from translation of foreign currency financial statements	-	-	-	-	-	129,779	-	-	-	129,779
Other comprehensive income items which will be reclassified subsequently to profit or loss										
Share of the other comprehensive income of the investee accounted for using equity method which will be reclassified subsequently to profit and loss	(798,405)	-	(798,405)	(189,202)	(987,607)	(304,360)	-	-	(189,202)	(115,158)
Changes in fair value of available-for-sale financial assets	(194,087)	194,087	-	-	-	-	-	-	-	-
Changes in fair value of other debt investments	-	(4,904)	(4,904)	11,483	6,579	13,810	8,298	-	11,483	10,625
Differences arising from translation of foreign currency financial statements	(535,196)	11	(535,185)	(275,265)	(810,450)	(275,265)	-	-	(275,265)	-
Total	(1,699,877)	(657,648)	(2,357,525)	580,780	(1,776,745)	938,118	6,053	(338,042)	580,780	25,349

**(46) Other comprehensive income (Continued)**

	Other comprehensive income in Balance Sheet			Other comprehensive income in 2018 Income Statement		
	Attributable to equity holders of the Company after income tax	31 December 2018	current year accrual before income tax	Reclassification of previous other comprehensive income to profit or loss	Less:  Attributable to equity holders of the Company after income tax	Attributable to non-controlling interests after income tax
	1 January 2018 (Note)					
Other comprehensive income items which will not be reclassified subsequently to profit or loss						
The changes of net obligation arising from remeasurement of defined benefit plan	(72,189)	(172,189)	(100,100)	-	-	(100)
Other comprehensive income items which will be reclassified subsequently to profit or loss						
Share of the other comprehensive income of the investee accounted for using equity method which will be reclassified subsequently to profit and loss	(385,438)	(798,405)	(681,371)	-	-	(268,404)
Changes in fair value of available-for-sale financial assets	758,110	(194,087)	(1,251,877)	(7,481)	297,263	(9,898)
Differences arising from translation of foreign currency financial statements	(320,850)	(535,196)	385,627	-	-	599,973
Total	(20,367)	(1,699,877)	(1,647,721)	(7,481)	297,263	321,571

Note: As at 31 December 2017, the balance of the other comprehensive income was RMB17,345 thousand. The Company's subsidiary, China Overseas Group, adopted the New Revenue Standards, which makes the opening balance of the other comprehensive income decrease by RMB3,022 thousand.

## 4 Notes to the consolidated financial statements (Continued)

### (47) Special reserve

Item	31 December 2018	Increase in current year	Decrease in current year	31 December 2019
Reserve for safety in production	77,329	23,237,877	(23,226,732)	88,474

Item	31 December 2017	Increase in current year	Decrease in current year	31 December 2018
Reserve for safety in production	55,387	19,820,498	(19,798,556)	77,329

### (48) Surplus reserve

Item	31 December 2018	Changes in accounting policies (a)	1 January 2019	Increase in current year	Decrease in current year	31 December 2019
Statutory surplus reserve	6,003,665	72,060	6,075,725	1,640,424	–	7,716,149

Item	31 December 2017	Increase in current year	Decrease in current year	31 December 2018
Statutory surplus reserve	5,522,490	481,175	–	6,003,665

(a) As at 1 January, 2019, due to the first implementation of the New Financial Instruments Standard, the adjustment of the surplus reserve was RMB72,060 thousand (Note 2 (32)).

In accordance with the Company Law and the Company's Articles of Association, the Company should appropriate 10% of net profit for the year to the statutory surplus reserve, and the Company can cease appropriation when the statutory surplus reserve accumulated to more than 50% of the registered capital. The Company appropriated 10% of net profit, amounting to RMB1,640,424 thousand for the year 2019 (2018: RMB481,175 thousand) to the statutory surplus reserve.

## 4 Notes to the consolidated financial statements (Continued)

### (49) Undistributed profits

	Note	2019	2018
Undistributed profits at the beginning of the year (before adjustment)	(a)	165,628,207	138,102,075
Changes in accounting policies		516,681	(2,263,784)
Undistributed profits at the beginning of the year (after adjustment)		166,144,888	135,838,291
Add: net profit attributable to the Company for the current year		41,881,399	38,241,324
other		5,737	7,426
Less: Appropriation for statutory surplus reserve		(1,640,424)	(481,175)
Appropriation to general reserve	(b)	(494,541)	(145,936)
Ordinary share dividends payable	(c)	(7,052,853)	(6,447,723)
Dividends payable to other equity holders	(d)	(1,302,795)	(1,384,000)
Undistributed profits at the end of the year		197,541,411	165,628,207

- (a) As at 1 January, 2019, due to the first implementation of the New Financial Instruments Standard, the undistributed profit at the beginning of 2019 was increased by RMB516,681 thousand (Note 2(32)). As at 1 January 2018, the Company's subsidiary, China Overseas Group, adopted the new revenue standards, which made the opening balance of undistributed profits decrease by RMB2,263,784 thousand (Note 2(32)).
- (b) In accordance with the requirements of the Administrative Measures for the Provision of Reserves of Financial Enterprises (Cai Jin [2012] No.20), financial institutions (including financial companies) shall provide general risk reserve for assets bearing risks and losses at the balance sheet date. The general reserve shall be appropriated from net profit as profit distribution with an appropriation ratio not lower than 1.5% of risk assets at end of year. If it's difficult for financial institutions to appropriate 1.5% general reserve at one time, it can also be made in years but principally not more than 5 years. In 2019, the general reserve provided by China State Construction Finance Co., Ltd. was RMB618,176 thousand (2018: RMB182,420 thousand), of which RMB494,541 thousand is attributable to the Company China State Construction (2018: RMB145,936 thousand).
- (c) According to the resolution at the meeting of shareholders dated 7 May 2019, the Company proposed a cash dividend of RMB0.168 (before tax) per share to the shareholders on 14 June 2019, amounting to RMB70.5 billion (2018: RMB6.45 billion) calculated by the amount of shares before the implementation of the profit distribution plan, which was 419.8 billion.
- (d) As stated in Note 4(44), according to the resolution at the meeting of shareholders dated 7 May 2019, the payment of 2018 cash dividend by the Company to ordinary shareholders was one of the mandatory interest payment events prescribed in the clauses of preference share and perpetual bond, which triggered that the Company has to pay related dividends on upcoming dividend payment date of preference share (2 March 2020) and of perpetual bond (5 September 2019 and 7 March 2020) respectively, so the Company made a provision for preference share dividend of RMB870,000 thousand and a provision for perpetual bond dividend of RMB432,795 thousand this year.

## 4 Notes to the consolidated financial statements (Continued)

### (50) Revenue and cost of sales

	2019	2018
Revenue from main operations	1,415,382,493	1,196,814,860
Revenue from other operations	4,454,095	2,509,665
Total	1,419,836,588	1,199,324,525

	2019	2018
Cost of sales from main operations	1,259,224,958	1,055,001,941
Cost of sales from other operations	3,001,242	1,707,649
Total	1,262,226,200	1,056,709,590

(a) Please refer to Note 8 for details of analysis of the Group's revenue and cost of sales by industry and region.

(b) Revenue and cost of sales from other operations

	2019		2018	
	Revenue from other operations	Cost of sales from other operations	Revenue from other operations	Cost of sales from other operations
Sale of raw materials	1,114,871	893,128	821,991	655,247
Leasing	649,253	437,001	281,365	236,260
Leasing and sale of Investment properties	1,720,002	1,077,096	595,483	295,129
Others	969,969	594,017	810,826	521,013
Total	4,454,095	3,001,242	2,509,665	1,707,649

(c) The Group's income in 2019 is broken down as follows:

	Building construction engineering	Infrastructure construction and investment	Real estate development and investment	Prospecting and design	Others	Total
Revenue from main operations	854,153,349	318,085,139	216,942,909	9,854,917	16,346,179	1,415,382,493
Including: Revenue recognized at a point of time	–	–	185,215,974	–	5,075,861	190,291,835
Revenue recognized over time	854,153,349	318,085,139	31,726,935	9,854,917	11,270,318	1,225,090,658
Revenue from other operations	–	–	–	–	4,454,095	4,454,095
Total	854,153,349	318,085,139	216,942,909	9,854,917	20,800,274	1,419,836,588

As of December 31, 2019, part of the Group's project contracting business is still in the process of operation, and the transaction price allocated to the unfulfilled or partially unfulfilled performance obligations is related to the progress of the corresponding contract, and will be recognized as revenue according to the progress of performance in the future performance period.



## 4 Notes to the consolidated financial statements (Continued)

### (51) Taxes and surcharges

	2019	2018	Tax base
Land appreciation tax	12,322,394	11,099,486	30%-60%
City maintenance and construction tax	1,554,181	1,567,420	5% or 7%
Educational surcharge	859,195	948,819	3%
Business tax	16,090	419,755	3% or 5%
Others	2,468,143	2,159,517	N/A
Total	17,220,003	16,194,997	

### (52) Selling expenses

	2019	2018
Advertising and communication fees	1,856,860	1,310,121
Operating expenses	1,207,133	1,200,026
Employee benefits	1,020,749	950,044
Others	246,084	189,695
Total	4,330,826	3,649,886

### (53) General and administrative expenses

	2019	2018
Employee benefits	19,045,142	16,074,609
Office and travelling expenses	2,603,233	2,561,326
Lease expenses	1,780,282	1,346,674
Depreciation and amortisation	1,248,697	1,027,427
Service fees of specialist agency	666,342	597,075
Others	2,341,781	1,744,782
Total	27,685,477	23,351,893

### (54) Research and development expenses

	2019	2018
Materials, fuels and power of consumption	11,224,721	4,012,438
Employee benefits	3,557,488	2,347,380
Design and testing expenses	521,086	313,949
Maintenance and Lease expenses	820,064	200,771
Travelling and meeting expenses	140,225	119,799
Others	1,026,355	626,609
Total	17,289,939	7,620,946

## 4 Notes to the consolidated financial statements (Continued)

### (55) Financial expenses

	2019	2018
Loan Interest cost	21,721,127	19,189,354
Less: Interest cost capitalised	(11,244,722)	(8,714,983)
Interest expense	10,476,405	10,474,371
Less: Interest income	(3,648,525)	(3,277,464)
Factoring Commission	14,059	5,099,471
Commission charges	1,362,685	908,253
Exchange losses/(gains)	(495,822)	1,244,646
Discounted long-term receivables/payables and others	202,909	887,001
Total	7,911,711	15,336,278

### (56) Expenses by nature

The cost of sales, selling expenses, general and administrative expenses and research and development expenses in the income statements are listed by nature as follows:

	2019	2018
Changes in inventories of finished goods and work in progress	144,153,318	114,407,952
Subcontracting cost	371,839,766	337,332,850
Labor expenditure	198,314,361	142,923,317
Consumed raw materials	379,523,138	319,161,340
Other construction cost	104,928,003	78,751,532
Employee benefits	70,056,207	61,557,719
Cost of sales from other products	20,504,116	18,318,800
Depreciation and amortization expenses	9,047,392	8,675,592
Others	13,166,141	10,203,213
Total	1,311,532,442	1,091,332,315

In 2019, the government subsidy for reducing expenses was RMB3,740 thousand (2018: 5,111 thousand), of which the amount used to reduce operating costs was RMB3,140 thousand (2018: the amount used to reduce operating costs was RMB5,111 thousand).

## 4 Notes to the consolidated financial statements (Continued)

### (57) Investment income

	2019	2018
Income from long-term equity investment under equity method	4,673,782	4,191,367
Loss from disposal of financial assets measured at amortized cost	(2,330,684)	–
Income from disposal of long-term equity investment	274,341	101,135
Income/(Loss) from stepped acquisition	248,249	(238)
Income earned during the holding of trading financial assets	127,601	–
Income earned during the holding of other equity instrument investment	270,650	–
Income earned during the holding of available-for-sale financial assets, etc.	–	457,012
Income earned during the holding of debt investment	493,277	–
Income earned during the holding of other debt investment	11,600	–
Income from capital lending	–	247,830
Income from disposal of Financial assets at fair value through profit or loss	48,743	(14,155)
Others	394,979	649,205
Total	4,212,538	5,646,311

There is no significant restriction on recovery of investment income.

### (58) Losses arising from changes in fair value

	2019	2018
Financial assets at fair value through profit or loss –		
Investment in debt instrument held-for-trading	299,934	(320,982)
Investment in equity instrument held-for-trading	(233,260)	(503)
Financial liabilities at fair value through profit or loss –		
Others	(551,426)	(46,858)
Total	(484,752)	(368,343)

### (59) Credit impairment loss

	2019	2018
Impairment loss on accounts receivables	669,843	–
Impairment loss on other receivables	413,847	–
Impairment loss on long-term receivables	388,458	–
Impairment loss on contract assets	1,340,039	–
Others	799,408	–
Total	3,611,595	–

## 4 Notes to the consolidated financial statements (Continued)

### (60) Asset impairment loss

	2019	2018
Impairment loss on bad debts	–	8,523,749
Impairment loss on intangible assets	89,713	686,280
Impairment loss on decline in the values of inventories	(190,180)	1,192,909
Other asset impairment losses	27,097	62,961
Total	(73,370)	10,465,899

### (61) Non-operating income

	2019	2018	Amount recognised in non-recurring profit or loss in 2019
Government grant (a)	137,067	75,848	137,067
Others	1,156,965	533,333	1,156,965
Total	1,294,032	609,181	1,294,032

#### (a) Details of government grants

	2019	2018	Related to assets/ Related to income
Government compensation for hydropower transformation of China Construction Second Engineering Bureau Co., Ltd	32,065	25,792	related to income
Government compensation for transforming hydropower of Jidiban of Jingmensha City of China Construction Third Engineering Bureau Co., Ltd	24,008	17,969	related to income
Government compensation for demolition of Shandong Jianze Station	13,947	1,807	related to assets
Government compensation for hydropower transformation of China Construction Fifth Engineering Bureau Co., Ltd	11,034	9,180	related to income
Others	56,013	21,100	related to assets and income
Total	137,067	75,848	

### (62) Non-operating expenses

	2019	2018	Amount recognised in non-recurring profit or loss in 2019
Penalty cost	65,354	73,246	65,354
Litigation Estimated Liabilities	2,752,695	13,757	2,752,695
Others	803,223	398,686	803,223
Total	3,621,272	398,686	3,621,272

Based on the updated information on related litigation matters of the subsidiaries of the Group and the judgment results in 2019, after a full evaluation, it confirmed that non-operating expenses were approximately RMB2.75 billion.

## 4 Notes to the consolidated financial statements (Continued)

### (63) Income tax expenses

	2019	2018
Current income tax calculated based on tax law and related regulations	21,238,648	19,594,049
Deferred income tax	(2,976,045)	(3,155,461)
Total	18,262,603	16,438,588

The reconciliation from income tax calculated based on the applicable tax rates and total profit presented in the consolidated financial statements to the income tax expenses is as follows:

	2019	2018
Total profit	81,467,846	71,788,788
Income tax expenses calculated at applicable tax rates (25%)	20,366,962	17,947,197
Effect of differences by tax rates	(1,166,976)	(1,646,284)
Income not subjected to tax	(1,656,673)	(1,533,986)
Weighted deduction of expenditure on research	(1,674,640)	(897,680)
Costs, expenses and losses not deductible for tax purposes	1,547,740	1,032,158
Deductible losses for which no deferred tax asset was recognized in current year	1,800,250	1,525,872
Utilization of deductible losses for which no deferred tax assets was recognized in previous years	(989,317)	(719,744)
Recognize the deductible losses of derecognized taxes in previous years	(1,043,424)	(123,544)
Deductible temporary differences for which no deferred tax asset was recognized in current year	1,456,571	1,705,826
Deductible temporary differences resulting from rehearsal or recognition of previously unrecognized deferred tax assets in current year	(405,638)	(447,111)
Taxable temporary differences for which no deferred tax liability was recognized in current year	(13,884)	(9,624)
Adjustment of previous tax expenses	41,632	(394,492)
Tax expenses	18,262,603	16,438,588

### (64) Share-based payment

#### (a) Share-based payment by the Company

- (1) In accordance with the authorisation of the first extraordinary General Meeting of Shareholders held on 19 December 2016, the Company held the 104th meeting of the first session of the Board of Directors on 29 December 2016, and the Board of Directors approved the resolution of China State Construction Engineering Corp., Ltd. Granted Second Batch Restricted Shares Incentive Plan (A share) ("the second batch Incentive Plan"), in which the Company was approved to grant the restricted shares incentive to 1,575 targets ("the second batch Incentive Targets"). From 23 December 2016 to 27 December 2016, the Company completed the repurchase of 260,130,000 shares ("the second batch of Restricted Shares") in total from secondary market and completed the granting to the second batch Incentive Targets on 29 December 2016 ("the second batch grant day"). The second batch Incentive Targets' purchase price is RMB4.866 per share and the limited sales period is 2 years. If the unlock condition of the restricted shares prescribed by the plan is met, the second batch Incentive Targets can unlock the shares with the upper limit of 1/3, 1/3 and 1/3 of the granted shares on 29 December 2018 (the first batch of Phase II), 29 December 2019 (the second batch of Phase II) and 29 December 2020 (the third batch of Phase II) respectively.

## 4 Notes to the consolidated financial statements (Continued)

### (64) Share-based payment (Continued)

#### (a) Share-based payment by the Company (Continued)

In accordance with the authorisation of the third extraordinary General Meeting of Shareholders held on 3 December 2018, the Company held the 15th meeting of the second session of the Board of Directors on 26 December 2018, and the Board of Directors approved the resolution of China State Construction Engineering Corp., Ltd. Granted Third Batch Restricted Shares Incentive Plan (A share) ("the second batch Incentive Plan"), in which the Company was approved to grant the restricted shares incentive to 2,081 targets ("the third batch Incentive Targets"). From 4 December 2018 to 21 December 2018, the Company completed the repurchase of 599,910,000 shares ("the third batch of Restricted Shares") in total from secondary market and completed the granting to the second batch Incentive Targets on 26 December 2018 ("the third batch grant day"). The third batch Incentive Targets' purchase price is RMB3.468 per share and the limited sales period is 2 years. If the unlock condition of the restricted shares prescribed by the plan is met, the third batch Incentive Targets can unlock the shares with the upper limit of 1/3, 1/3 and 1/3 of the granted shares on 26 December 2020 (the first batch of Phase III), 26 December 2021 (the second batch of Phase III) and 26 December 2022 (the third batch of Phase III) respectively.

- (2) The market price of the second batch of Restricted Shares was RMB9.16 per share at the second batch grant date. The price paid by the second batch Incentive Targets was RMB4.866 per share, considering the influence from gain restrictive, the fair value of the second batch of Restricted Shares granted this time was determined to be RMB2.2118 per share at the second batch grant date. Due to converting reserves into shares approved by the resolution of the general meeting of shareholders on 3 May 2018, the subscription price of the second batch Incentive Targets was adjusted to RMB3.476 per share.

The market price of the third batch of Restricted Shares was RMB5.58 per share at the third batch grant date. The price paid by the third batch Incentive Targets was RMB3.468 per share, based on which, the fair value of the third batch of Restricted Shares granted this time was determined to be RMB2.2112 per share at the third batch grant date.

- (3) Increase/decrease of restricted shares in the reporting period

	2019
Number of restricted shares at the beginning of the year	833,000,803
Number of restricted shares granted in current year	—
Number of restricted shares unlocked in current year	(112,527,800)
Number of restricted shares forfeited in current year	(10,604,200)
Number of restricted shares at the end of the year	709,868,803

## 4 Notes to the consolidated financial statements (Continued)

### (64) Share-based payment (Continued)

#### (a) Share-based payment by the Company (Continued)

##### (3) Increase/decrease of restricted shares in the reporting period (Continued)

On 29 December 2019, the time requirement of the lock-out period for the second batch of Phase II of Restricted Shares was met. According to the performance and situation of the Company in 2018 and the assessment situation and special circumstances of the Incentive Targets, the unlocked restricted shares that met the conditions as required by the Incentive Plan amounted to 112,527,800 shares. Meanwhile, 20% of the Restricted Shares granted to 48 Incentive Target and 100% Restricted Shares granted to 11 Incentive Target due to the assessment result in the second batch of Phase II would be repurchased. According to <The Second A-share Restrictive Stock Plan of CSCEC>, 16 Incentive Target can unlock the second batch of Phase II, but should repurchase the third batch of Phase II, 28 Incentive Target should repurchase all the unlocked restricted stocks in the second and third batch of Phase II. According to <The Third A-share Restrictive Stock Plan of CSCEC>, 11 Incentive Target should repurchase all the unlocked restricted stocks in Phase III. The number of restricted stocks to be repurchased by the company totaled 10,604,200 shares, of which the number of restricted stocks in the phase II was 7,214,200 shares and the number of restricted stocks in the phase III was 3,390,000 shares. The company will implement the repurchase according to the adjusted subscription price of RMB3.476 per share for the second batch Incentive Targets and RMB3.468 per share for the third batch Incentive Targets, and the above-mentioned restricted stock will be cancelled according to the current regulations after repurchase. The above-mentioned 112,527,800 unlocked shares of the second batch of Phase II were approved for listing and circulation on 14 February 2020.

##### (4) The impact on the Company's financial position and operating results from restricted shares is as follows:

	2019	2018
Total expenses recognised in equity-settled share-based payment	554,496	179,777

	31 December 2019	31 December 2018
Accumulated amount of equity-settled share-based payment in capital surplus	1,174,217	619,721

#### (b) Share Option Schemes by China Overseas Land & Investment Ltd

On 29 June 2018, China Overseas Land & Investment Ltd offered to grant share options (the "Share Options") to certain eligible persons (collectively, the "Grantees"), to subscribe for a total of 107,320,000 shares, subject to acceptance of the Grantees, under the share option scheme adopted by China Overseas Land & Investment Ltd on 11 June 2018. Out of the 107,320,000 Share Options granted, a total of 2,000,000 Share Options were granted to directors of China Overseas Land & Investment Ltd. The exercise price is HK\$25.85 per share.

The Share Options granted will vest on 29 June 2020, 29 June 2021 and 29 June 2022 respectively. As at 31 December 2019, 102,310,000 share options were granted for the plan (2018: 105,040,000).

The fair value of the Share Options in 2019 was determined by the Binomial Options Pricing Model. For the year 2019, the relevant cost was RMB205,425 thousand arising from staff services. (2018: RMB109,518 thousand).

## 4 Notes to the consolidated financial statements (Continued)

### (65) Earnings per share

#### (a) Basic earnings per share

Basic earnings per share is calculated by dividing consolidated net profit attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding:

	2019	2018
Net profit attributable to ordinary shareholders of the Company	41,881,399	38,241,324
Less: The effect of other equity instruments dividends (Note 1)	(1,302,795)	(1,384,000)
The effect of restricted shares (Note 2)	(685,765)	(842,158)
	39,892,839	36,015,166
Weighted average number of ordinary shares outstanding (in units of 1000 shares) (Note 3)	41,175,428	41,631,054
Basic earnings per share	0.97	0.87

Note 1: In accordance with the relevant clauses and regulations of preference shares and perpetual bonds stated in Note 4(44), while calculating the basic earnings per share this year, the company execute as below. the accrued dividends of preference shares amounting to RMB870 million in 2019, dividends yielded by perpetual bonds with a dividend date of September 5, 2014 amounting to RMB124 million and dividends yielded by perpetual bonds with a dividend date of March 7, 2018 amounting to RMB309 million were deducted from net profit attributable to shareholders of the Company.

Note 2: As stated in Note 4(64), the Company has completed the granting of restricted shares to the incentive targets in accordance with incentive plans on 29 December 2016, and the granting of the third batch of Restricted Shards to the third batch Incentive Targets in accordance with the third batch Incentive Plan on 26 December 2018. In accordance with the relevant stipulations in Explanation of Accounting Standards for Business Enterprises No.7 issued by the Ministry of Finance in 2015, the Company deducted net profits attributable to restricted shares, which are expected to be unlocked in the future from net profits attributable to shareholders of the Company while calculating the basic earnings per share. The net profits attributable to restricted shares which are expected to be unlocked in the future was about RMB690 million and RMB840 million in 2019 and 2018 respectively.

Note 3: As stated in Note 4(64), in accordance with the regulations of the incentive plans and the second batch Incentive Plan, whether the unlocked shares granted could be listed and circulated depended on whether the restricted shares met the unlocking conditions at the unlocking date. Therefore, the impacted amount of the restricted shares not yet meeting the unlocking conditions and those invalid restricted shares were deducted from weighted average number of outstanding ordinary shares when calculating the basic earnings per share.

#### (b) Diluted earnings per share

In 2019, the restricted shares outstanding have no dilutive effects when calculating the earnings per share. However, the convertible bond issued by the Company's subsidiary China Overseas Holdings Limited and the share options issued by the Company's subsidiary China Overseas Holdings Limited has dilutive effects on consolidated net profit attributable to ordinary shareholders of the Company. Relevant calculation results are as follows:

	2019	2018
Consolidated net profit attributable to ordinary shareholders of the Company used for calculating diluted earnings per share	39,329,822	35,279,417
Weighted average number of ordinary shares outstanding used for calculating diluted earnings per share (in units of 1000 shares)	41,175,428	41,631,054
Diluted earnings per share	0.96	0.85



## 4 Notes to the consolidated financial statements (Continued)

### (66) Notes to the consolidated cash flow statement

#### (a) Cash received relating to other operating activities

	2019	2018
Interest income	3,554,856	3,250,868
Deposits and warrant received and returned by third party	5,635,528	12,531,243
Deposits absorbed by Finance Co.	—	642,946
Other receivables received and returned by third party	1,045,775	7,710,411
Restricted cash	—	280,759
Receivables, Taxes withheld and construction reward	7,879,399	8,703,301
Others	1,254,039	1,412,889
Total	19,369,597	34,532,417

#### (b) Cash paid relating to other operating activities

	2019	2018
Restricted cash	1,387,681	—
Deposits and warrant paid and refunded to third party	4,937,665	4,529,012
Other payables paid to third party	12,656,312	4,699,870
Deposits repaid by Finance Co.	382,930	—
Others	10,421,396	5,075,666
Total	29,785,984	14,304,548

#### (c) Cash received relating to other investing activities

	2019	2018
Entrusted loan	1,679,700	63,190
Repayment of loan from related parties	10,741,001	11,683,415
Repayment of loan from co-operative corporation and projects	3,333,198	3,486,351
Others	481,403	1,006,731
Total	16,235,302	16,239,687

#### (d) Cash paid relating to other investing activities

	2019	2018
Loan to related parties	15,736,313	16,739,034
Payment to co-operative corporation and projects	3,812,586	3,036,228
Others	835,449	—
Total	20,384,348	19,775,262

#### (e) Cash received relating to other financing activities

	2019	2018
Received from financing	10,533,485	16,026,097

## 4 Notes to the consolidated financial statements (Continued)

### (66) Notes to the consolidated cash flow statement (Continued)

#### (f) Cash paid relating to other financing activities

	2019	2018
Repayment of loan	13,744,825	4,024,697
Lease fee for fixed assets held under finance leases	244,053	302,344
Others	34,956	6,000
Total	14,023,834	4,333,041

### (67) Supplementary information to the consolidate cash flow statement

#### (a) Reconciliation from net profit to cash flows from operating activities

	2019	2018
Net profit	63,205,243	55,350,200
Add: Asset impairment losses	(73,370)	10,465,899
Credit impairment losses	3,611,595	–
Depreciation of fixed assets	6,543,253	6,530,713
Depreciation of investment properties	1,718,108	1,514,560
Amortisation of intangible assets	447,821	440,444
Amortisation of long-term prepaid expenses	338,210	189,875
Profit from disposal of fixed assets, intangible assets and other long-term assets	(568,141)	(175,112)
Financial expenses	10,179,757	12,568,535
Losses on changes in fair value	484,752	368,343
Investment income	(4,212,538)	(5,646,311)
Increase in deferred tax assets	(3,083,170)	(2,511,075)
Increase/(Decrease) in deferred tax liabilities	107,125	(644,386)
Increase in inventories	(70,420,830)	(96,125,732)
Increase/(Decrease) in restricted cash	(1,387,681)	280,759
Increase in operating receivables	(125,133,902)	(108,365,569)
Increase in operating payables	83,217,173	135,881,219
Others	806,518	188,928
Net cash flows (used in)/from operating activities	(34,220,077)	10,311,290

#### (b) Cash and cash equivalents

	31 December 2019	31 December 2018
Cash at bank and on hand	292,441,419	317,500,675
Less: Fixed deposits which would mature after three months	(1,738,949)	(1,103,500)
Restricted deposits and other bank balances	(18,974,662)	(17,586,981)
Cash	271,727,808	298,810,194
Including: Cash on hand	143,503	190,704
Cash at bank that can be readily drawn on demand	270,689,033	298,396,288
Other cash that can be readily drawn on demand	895,272	223,202
Cash and cash equivalents at the end of the year	271,727,808	298,810,194

## 4 Notes to the consolidated financial statements (Continued)

### (68) The foreign currency monetary items

	31 December 2019		
	Amount in foreign currency	Exchange rate	Amount in RMB
<b>Cash at bank and on hand –</b>			
USD	2,318,654	6.9762	16,175,394
HKD	12,984,933	0.8958	11,631,903
MOP	2,922,876	0.8679	2,536,764
SGD	309,672	5.1739	1,602,212
EUR	183,766	7.8155	1,436,223
DZD	24,116,528	0.0584	1,408,405
GBP	81,994	9.1501	750,253
Others	NA	NA	2,466,833
Total			38,007,987
<b>Accounts receivable</b>			
HKD	6,697,119	0.8958	5,999,279
USD	771,435	6.9762	5,381,685
AED	785,020	1.8992	1,490,910
DZD	18,582,764	0.0584	1,085,233
XAF	83,793,654	0.0119	997,144
SGD	82,983	5.1739	429,346
Others	N/A	N/A	2,076,508
Total			17,460,105
<b>Other receivables –</b>			
USD	171,323	6.9762	1,195,184
HKD	796,889	0.8958	713,853
XAF	20,943,287	0.0119	249,225
Others	N/A	N/A	954,598
Total			3,112,860
<b>Creditor's rights investment</b>			
HKD	12,921,323	0.8958	11,574,921
EUR	2,581	7.8155	20,172
Total			11,595,093
<b>Long-term receivables</b>			
XAF	17,587,172	0.0119	209,287
USD	15,838	6.9762	110,489
HKD	509,055	0.8958	456,011
Others	N/A	N/A	309
Total			776,096
<b>Current portion of non-current assets –</b>			
HKD	371,272	0.8958	332,585
USD	18,301	6.9762	127,671
THB	174,309	0.2328	40,579
Others	N/A	N/A	1,114,310
Total			1,615,145

#### 4 Notes to the consolidated financial statements (Continued)

##### (68) The foreign currency monetary items (Continued)

	31 December 2019		
	Amount in foreign currency	Exchange rate	Amount in RMB
<b>Short-term borrowings –</b>			
USD	246,088	6.9762	1,716,759
Others	N/A	N/A	526,836
Total			2,243,595
<b>Accounts payable</b>			
USD	809,830	6.9762	5,649,536
DZD	62,018,571	0.0584	3,621,885
HKD	3,967,954	0.8958	3,554,493
AED	1,705,763	1.8992	3,239,585
SGD	493,762	5.1739	2,554,675
PKR	27,614,720	0.0450	1,242,662
MOP	1,397,277	0.8679	1,212,697
Others	N/A	N/A	3,498,864
Total			24,574,397
<b>Other payables –</b>			
USD	234,984	6.9762	1,639,295
XAF	18,048,594	0.0119	214,778
HKD	128,706	0.8958	115,295
PKR	2,307,212	0.0450	103,825
Others	N/A	N/A	1,334,983
Total			3,408,176
<b>Current portion of non-current liabilities –</b>			
USD	2,697,083	6.9762	18,815,390
HKD	7,735,220	0.8958	6,929,210
Others	N/A	N/A	937,477
Total			26,682,077
<b>Long-term borrowings –</b>			
HKD	73,316,333	0.8958	65,676,771
USD	1,049,607	6.9762	7,322,268
GBP	197,696	9.1501	1,808,938
SGD	220,144	5.1739	1,139,003
Others	N/A	N/A	243,801
Total			76,190,781

## 4 Notes to the consolidated financial statements (Continued)

### (68) The foreign currency monetary items (Continued)

	31 December 2019		
	Amount in foreign currency	Exchange rate	Amount in RMB
<b>Bonds payables –</b>			
USD	7,617,936	6.9762	53,144,245
HKD	3,448,985	0.8958	3,089,601
Total			56,233,846
<b>Long-term payables</b>			
HKD	913,734	0.8958	818,523
USD	55,023	6.9762	33,851
MOP	395,453	0.8679	343,214
SGD	56,668	5.1739	93,195
Others	N/A	N/A	999,759
Total			2,838,542
<b>Other non-current liabilities</b>			
USD	906,141	6.9762	6,321,423

## 5 Changes of consolidation scope

- (1) The Group does not have entity which is newly included in the consolidation scope through business combination not under common control in 2019.
- (2) The Group does not have entity which is newly included in the consolidation scope through business combination under common control in 2019.
- (3) The Group has entities which are not significant excluded from the consolidated scope due to disposal of subsidiaries in 2019.

## 6 Interests in other entities

### (1) Interests in subsidiaries

#### (a) Significant subsidiaries obtained through incorporation

Subsidiaries Name	Main operation Location	Place of registration	Nature of business	Shareholding Percentage (Note)
China Overseas Holdings Limited	Hong Kong	Hong Kong	Investment	100.00
China Overseas Land & Investment Ltd.	Hong Kong	Hong Kong	Real Estate Investment and Development	55.99
China State Construction International	Hong Kong	Cayman Islands	Construction and Installation	64.66
China Overseas Property Holdings Ltd.	Hong Kong	Cayman Islands	Property Management	61.18
China Construction First Building (Group) Corporation Limited	Beijing	Beijing	Construction and Installation	100.00
China Construction Second Engineering Bureau Ltd.	Beijing	Beijing	Construction and Installation	100.00
China Construction Third Engineering Bureau Co.,Ltd	Wuhan	Wuhan	Construction and Installation	100.00
China Construction Fourth Engineering Division Corp.Ltd	Guangzhou	Guangzhou	Construction and Installation	100.00
China Construction Fifth Engineering Division Corp.,Ltd	Changsha	Changsha	Construction and Installation	100.00
China Construction Sixth Engineering Division Corp.,Ltd	Tianjin	Tianjin	Construction and Installation	100.00
China Construction Seventh Engineering Division. Corp.Ltd	Zhengzhou	Zhengzhou	Construction and Installation	100.00
China Construction Eighth Engineering Division. Corp.Ltd	Shanghai	Shanghai	Construction and Installation	100.00
China Construction Engineering Design Group Corporation Limited	Beijing	Beijing	Engineering Prospecting and Design	100.00
China Construction Decoration Group Ltd.	Beijing	Beijing	Industrial Decoration	100.00
China Construction Fangcheng Investment & Development Group Co., Ltd.	Beijing	Beijing	Infrastructure Construction	100.00

Note: Shareholding percentage refers to the shares of subsidiaries' net assets held by the Group.

#### (b) Significant subsidiaries under common control

Subsidiaries Name	Main operation location	Place of registration	Nature of business	Percentage of Shares (%)
CSCEC Xinjiang Construction & Engineering (Group) Co., Ltd	Urumqi	Urumqi	Construction Installation	85.00
West Construction	Chengdu	Urumqi	Construction Materials	57.79
Shenzhen China Overseas Investing Management., Ltd.	Hong Kong	Shenzhen	Real Estate Development and Investment	100.00
China State Construction Finance Co., Ltd.	Beijing	Beijing	Finance	80.00

## 6 Interests in other entities (Continued)

### (1) Interests in subsidiaries (Continued)

#### (c) Significant subsidiaries not under common controlled

Subsidiaries Name	Main operation location	Place of registration	Nature of business	Percentage of Shares (%)
Far East Global Group Ltd. (Note)	Hong Kong	Cayman Islands	Construction Installation	47.89
China Construction Port Construction Co., Ltd.	Shanghai	Shanghai	Infrastructure Construction	70.00
Tuxiana Corp.	Wanning	The British Virgin Islands	Real Estate Development and Operation	55.99
CITIC Real Estate Group Co., Ltd.	Beijing	Beijing	Real Estate Development and Operation	55.99

Note: The Group holds 47.89% of shares of Far East Global Group Ltd. The board of directors has the rights to determine the relevant activities of Far East Global Group Ltd.. The Group holds 74.06% of voting rights of Far East Global Group Ltd. according to the proportion of the board of directors.

#### (d) Significant subsidiaries involving non-controlling interest

Subsidiaries Name	Shareholding of Non-controlling Interest (%)	Non-controlling Interest in 2019	Dividend attributable to the non-controlling shareholders in 2019	Non-controlling Interest at 31 Dec. 2019
China Overseas Land & Investment Ltd.	44.01	14,586,993	4,050,349	99,086,044
China State Construction International	35.34	1,890,599	649,210	18,853,750
West Construction	42.21	278,903	33,143	3,020,243
China State Construction Finance Co., Ltd.	20.00	91,456	–	1,603,021

## 6 Interests in other entities (Continued)

### (1) Interests in subsidiaries (Continued)

#### (d) Significant subsidiaries involving non-controlling interest (Continued)

After necessary adjustments of our company's accounting policy, financial information of the above companies listed as follows:

	31 December 2019					31 December 2018				
	Current Assets	Non-current Assets	Total Assets	Current Liabilities	Non-current Liabilities	Total Liabilities	Current Assets	Non-current Assets	Total Assets	Total Liabilities
China Overseas Land & Investment Ltd.	549,735,090	118,679,866	668,414,956	258,248,215	164,162,438	422,410,653	478,029,628	113,713,505	591,743,133	368,683,746
China State Construction International	67,631,068	72,894,203	140,525,271	63,672,863	35,208,338	98,881,201	52,802,149	62,542,251	115,344,400	81,477,067
West Construction	19,109,898	3,324,746	22,434,644	12,460,089	751,557	13,211,646	16,551,336	3,255,185	19,806,521	12,816,156
China State Construction Finance Co., Ltd.	53,488,354	42,446,849	95,935,203	87,920,100	-	87,920,100	63,209,457	26,976,669	90,186,126	82,587,506

	2019				2018			
	Revenue	Net Profit	Other Comprehensive Income	Cash flow from operating activities	Revenue	Net Profit	Other Comprehensive Income	Cash flow from operating activities
China Overseas Land & Investment Ltd.	165,180,936	33,945,880	33,988,546	9,898,481	145,747,683	30,777,254	19,043,346	(6,925,116)
China State Construction International	54,375,087	5,035,112	4,745,444	(2,381,444)	47,086,748	3,841,254	1,826,742	(1,627,180)
West Construction	22,896,385	733,573	736,669	2,063,989	18,848,862	338,307	335,510	(982,909)
China State Construction Finance Co., Ltd.	2,082,544	457,279	457,279	(15,525,192)	1,729,185	395,398	395,398	18,078,100



## 6 Interests in other entities (Continued)

### (2) Interests in joint ventures and associates

#### (a) General information of significant joint ventures and associates

	Main operation location	Place of registration	Nature of business	Important to the Group on strategic level	Percentage of Shares
<b>Associates –</b>					
Overseas Oceans	Hong Kong	Hong Kong	Real Estate Investment and Development	Yes	38.32%

#### (b) General financial information of Overseas Oceans

	31 Dec. 2019	31 Dec. 2018
Current Assets	128,355,460	99,201,723
Including: Cash and cash equivalents	16,755,435	22,221,794
Non-current Assets	5,741,814	4,425,815
Total Assets	134,097,274	103,627,538
Current Liabilities	90,557,019	62,289,383
Non-current Liabilities	22,026,947	23,570,061
Total Liabilities	112,583,966	85,859,444
Non-controlling Interests	1,967,981	727,600
Attributable to shareholders of the Company	19,545,327	17,040,494
Net assets calculated by the percentage of shares holding (i)	7,489,769	6,529,917
Book value of investment of associates	7,489,769	6,529,917
Market value of associates (Public)	6,258,273	2,954,329

	2019	2018
Revenue	28,590,883	21,619,670
Net Profit	3,496,961	2,114,964
Other Comprehensive Income	(302,751)	(1,308,175)
Total Comprehensive Income	3,194,210	806,789
Dividends received from Overseas Oceans in current year	196,548	66,123

- (i) The interest of the Group is based on the amount of joint ventures and associates in combined financial state attributable to the Company and calculated by the percentage of shareholding. The consolidated financial statements of joint venture and associates have taken the market value of recognised assets and liabilities at the acquisition date and its accounting policy adjustments into consideration.

## 6 Interests in other entities (Continued)

### (2) Interests in joint ventures and associates (Continued)

#### (c) Other general information of joint ventures and associates which are not significant

	2019	2018
<b>Joint Ventures:</b>		
Total book value of investment	34,354,496	31,275,303
Subtotals by the percentage of share holding		
Net Income (i)	1,783,311	1,852,944
Other Comprehensive Income (i)	33,006	(256,383)
Total Comprehensive Income	1,816,317	1,596,561
<b>Associates:</b>		
Total book value of investment	33,072,636	28,188,779
Subtotals by the percentage of share holding		
Net Income (i)	1,614,537	1,557,096
Other Comprehensive Income (i)	(221,352)	55,017
Total Comprehensive Income	1,393,185	1,612,113

(i) The calculation of net profit and other comprehensive income has taken the market value of recognised assets and liabilities at the acquisition date and its accounting policy adjustments into consideration.

#### (d) Guarantees to joint ventures/associates are set out in Note 9.

### (3) Consolidated special purpose vehicle

As at 31 December 2019, the main consolidated structured entities which set up by the Group's subsidiary China Construction Investment Fund Management (Beijing) Co., Ltd amounted to RMB13,633,963 thousand, and the Group's subscribed amount is RMB3,331,093 thousand. As at 31 December 2019, the Group's paid-in amount is RMB2,934,444 thousand and other parties is RMB8,526,325 thousand. The Group classified other parties' paid-in amount as non-controlling interests. The Group has no obligation and intention to provide financial supporting to these structured entities.

## 7 Interests of non-consolidated structured entities

As at 31 December 2019, the non-consolidated structured entities China Construction Investment Fund Management (Beijing) Co., Ltd participated in is amounted to RMB32,253,241 thousand, and the Group's subscribed amount is RMB6,224,996 thousand and other parties is RMB26,028,245 thousand. The Group has no control power over these special purpose vehicles, thus The Group cannot consolidate them. As at 31 December 2019, the Group's paid-in amount is RMB3,562,250 thousand and classified as long-term equity investments. The largest risk exposure of the Group is the paid-in amount as at the balance sheet date. The Group has no obligation and intention to provide financial supporting to these structured entities.

## 8 Segment information

The Group identifies 5 reportable segments based on internal organisation structure, management requirements and internal reporting system, and discloses segment information of reportable segments which is determined on the basis of operating segments. The management of the Group regularly evaluates their operating results respectively, in order to make decisions about resources to be allocated to these segments and to assess their performance.

The 5 reportable segments of the Group are as follows:

- Building construction engineering
- Infrastructure construction and investment
- Real estate development and investment
- Prospecting, design, etc.
- Others

Segment information is disclosed based on the accounting policy and measurement criteria adopted by the management of segment which is consistent with the accounting policy and measurement criteria used in preparing the financial statements.

## 8 Segment information (Continued)

[illegible]

## 8 Segment information (Continued)

	2018					
	Building construction engineering	Infrastructure construction and investment	Real estate development and investment	Prospecting and design	Others	Unallocated
Revenue						
Revenue from external	711,244,817	276,642,361	184,086,996	9,406,667	17,943,684	-
Inter-segment revenue	12,985,965	32,923	25,494	29,548	2,806,687	-
Total revenue	724,230,782	276,675,284	184,112,490	9,436,215	20,750,371	-
Less: Cost of sales	(675,859,196)	(253,366,234)	(119,674,084)	(7,739,985)	(14,644,604)	-
Taxes and surcharges	(1,853,374)	(754,124)	(13,332,899)	(82,766)	(171,834)	-
Selling expenses	(341,892)	(16,912)	(3,100,836)	(8,734)	(181,512)	-
General and administrative expenses	(11,440,415)	(3,344,186)	(2,481,816)	(674,388)	(2,629,162)	(2,796,681)
Research and development expenses	(5,668,024)	(1,013,482)	(61,460)	(365,840)	(351,780)	(160,360)
Financial expenses	-	-	-	-	-	(15,336,278)
Asset impairment losses	(4,628,363)	(4,238,940)	(1,452,792)	(73,707)	(72,097)	-
Add: Other income	-	-	-	-	-	322,790
Investment income	-	-	-	-	-	5,646,311
Gains arising from changes in fair value	-	-	-	-	-	(368,343)
Gains on disposals of assets	-	-	-	-	-	69,502
Operating profit	24,439,518	13,941,406	44,008,603	490,795	2,699,382	(12,623,059)
Add: Non-operating income	-	-	-	-	-	609,181
Less: Non-operating expenses	-	-	-	-	-	(485,689)
Total profit	24,439,518	13,941,406	44,008,603	490,795	2,699,382	(12,499,567)
Less: Income tax expenses						(16,438,588)
Net profit						55,350,200
Supplementary information:						
Depreciation and amortization	4,202,972	1,887,086	1,552,803	121,264	811,504	99,963
Capitalized expenditure	6,630,154	2,880,489	6,225,122	146,480	2,149,847	14,873
31 December 2018						
Total segment assets	485,336,379	392,773,629	689,880,635	12,630,019	230,073,949	190,521,467
Total segment liabilities	355,672,059	317,186,123	361,234,198	7,358,809	179,444,527	350,506,746
						(138,826,420)
						1,861,840,298
						1,432,576,042

## 8 Segment information (Continued)

Revenue from external customers	2019	2018
China Mainland	1,315,805,861	1,109,042,345
In other countries/geographical areas	104,030,727	90,282,180
Total	1,419,836,588	1,199,324,525

Total non-current assets	31 December 2019	31 December 2018
China Mainland	260,947,653	105,929,909
In other countries/geographical areas	30,635,140	23,738,149
Total	291,582,793	129,668,058

Note: At 31 December 2019, Non-current assets are non-current assets except for debt investments, other debt investments, Long-term receivables, long-term equity investments, investments in other equity instruments, other non-current financial assets and deferred tax assets (at 31 December 2018, non-current assets are non-current assets except for long-term equity investments, available-for-sale financial assets, long-term receivables and deferred tax assets).

## 9 Related parties and related party transactions

### (1) Information of the parent company:

#### (a) General information of the parent company:

	Place of registration	Nature of business
CSCEC	Beijing	Investment holding

The Group's ultimate controlling party is State-owned Assets Supervision and Administration Commission of the State Council.

#### (b) Registered capital and changes in registered capital of the parent company

	31 December 2018	Increase in current year	Decrease in current year	31 December 2019
CSCEC	10,000,000	—	—	10,000,000

## 9 Related parties and related party transactions (Continued)

### (1) Information of the parent company: (Continued)

#### (c) The percentages of shareholding and voting rights in the Company held by the parent company

	31 December 2019		31 December 2018	
	Shareholding	Voting rights	Shareholding	Voting rights
CSCEC	56.30%	56.30%	56.28%	56.28%

### (2) Information of subsidiaries

The general information and other related information of the subsidiaries is set out in Note 6.

### (3) Information of joint ventures and associates

Except the general information and other related information of joint ventures and associates set out in Note 6, the rest of information is listed as follows:

	Main operation location	Place of registration	Nature of business	Important to the Group on strategic level	Percentage of Shares (%)
<b>Joint Ventures –</b>					
Haixing Material Co., Ltd	Hong Kong	Hong Kong	Material Sale	No	50.00
Guiheng Investment Co., Ltd.	Chongqing	Hong Kong	Real Estate Investment and Development	No	50.00
Lang Light International Co., Ltd. (Note 1)	Chongqing	Hong Kong	Real Estate Investment and Development	No	60.00
Ningbo Cha Ting Properties Co., Ltd. (Note 1)	Zhejiang	Zhejiang	Real Estate Investment and Development	No	35.00

## 9 Related parties and related party transactions (Continued)

### (3) Information of joint ventures and associates (Continued)

	Main operation location	Place of registration	Nature of business	Important to the Group on strategic level	Percentage of Shares (%)
<b>Joint Ventures –</b>					
Shandong China Overseas Huachuang Real Estate Co., Ltd. (Note 1)	Shandong	Shandong	Real Estate Investment and Development	No	60.00
Guizhou Zhengxi Expressway Investment Management Co., Ltd. (Note 1)	Guizhou	Guizhou	Infrastructure Construction and Investment	No	60.00
Speedy Champ Investments Limited (Note 1)	Hong Kong	Hong Kong	Real Estate Investment and Development	No	45.00
CSCEC (Tangshan Caoheidian) Engineering Construction Co., Ltd. (Note 1)	Hebei	Hebei	Infrastructure Construction and Investment	No	90.00
Huizhou Zhongjian Municipal Wulu Investment Co., Ltd. (Note 1)	Guangdong	Guangdong	Infrastructure Construction and Investment	No	10.00
Changsha CSCEC Chengtuo Pipe Well Development Investment Co., Ltd. (Note 2)	Hunan	Hunan	Infrastructure Construction and Investment	No	66.00
Liupanshui City Pipe Well Development Investment Co., Ltd. (Note 1)	Guizhou	Guizhou	Infrastructure Construction and Investment	No	80.00
Xuzhou Metro Line Three Investment Development Co., Ltd. (Note 3)	Jiangsu	Jiangsu	Infrastructure Construction and Investment	No	80.00
CSCEC-Dacheng Construction Ltd	Beijing	Beijing	Building Construction	No	50.00
Dongguan Jiafang Real Estate Development Co., Ltd. (Note 1)	Guangdong	Guangdong	Real Estate Investment and Development	No	32.50
Xi'an Dingsheng Dongyue Properties Co., Ltd.	Shanxi	Shanxi	Material Sale	No	50.00
Xi'an Hehui Xingshang Properties Co., Ltd.	Shanxi	Shanxi	Material Sale	No	50.00
Dazhou Dahuan Development Management Co., Ltd. (Note 1)	Sichuan	Sichuan	Infrastructure Construction and Investment	No	65.80
Beijing Nanyue Real Estate Development Co., Ltd. (Note 1)	Beijing	Beijing	Real Estate Investment and Development	No	35.00
Zunyi South Ring Expressway Development Co., Ltd. (Note 1)	Guizhou	Guizhou	Infrastructure Construction and Investment	No	60.00
Zhaotong CSCEC Construction Investment Development Co., Ltd. (Note 2)	Yunnan	Yunnan	Infrastructure Construction and Investment	No	51.00
Xing Gui Investment Co., Ltd.	Hangzhou	Hong Kong	Real Estate Investment and Development	No	50.00
Xing Chuang Enterprise Co., Ltd.	Hong Kong	Hong Kong	Real Estate Investment and Development	No	50.00
Xiamen Yongjing Bay Real Estate Co., Ltd. (Note 1)	Fujian	Fujian	Real Estate Investment and Development	No	20.00
Taida Group Co., Ltd. (Note 1)	Hong Kong	Hong Kong	Infrastructure Construction and Investment	No	33.00
Tianjin HDA Real Estate Development Co., Ltd. (Note 1)	Tianjin	Tianjin	Real Estate Investment and Development	No	25.00
Tianjin Wan Jiang Real Estate Co., Ltd. (Note 1)	Tianjin	Tianjin	Real Estate Investment and Development	No	33.40



## 9 Related parties and related party transactions (Continued)

### (3) Information of joint ventures and associates (Continued)

	Main operation location	Place of registration	Nature of business	Important to the Group on strategic level	Percentage of Shares (%)
<b>Joint Ventures –</b>					
Guangzhou Sui Hai Real Estate Co., Ltd. (Note 1)	Guangdong	Guangdong	Real Estate Investment and Development	No	25.00
Dalian Zhongjian sponge city construction and Development Co., Ltd. (Note 1)	Liaoning	Liaoning	Infrastructure Construction and Investment	No	49.00
CSCEC Road & Bridge Group Co., Ltd. (Note 2)	Hebei	Hebei	Infrastructure Construction and Investment	No	51.00
Tianjin Shun Ji Property Co., Ltd. (Note 1)	Tianjin	Tianjin	Real Estate Investment and Development	No	12.50
Sanya Bi Hai Jin Cheng Business Management Co., Ltd. (Note 1)	Hainan	Hainan	Real Estate Investment and Development	No	17.00
China Resources (Taiyuan) Land Co., Ltd.	Shanxi	Shanxi	Real Estate Investment and Development	No	50.00
Anhui Bengwu Expressway Investment Management Co., Ltd. (Note 1)	Anhui	Anhui	Infrastructure Construction and Investment	No	70.00
Shenzhen and Shantou Special Cooperation Zone Zhong Pu Infrastructure Investment Co., Ltd. (Note 1)	Guangdong	Guangdong	Infrastructure Construction and Investment	No	64.00
Shenzhen Chuang Liang Cci Capital Ltd. (Note 1)	Guangdong	Guangdong	Real Estate Investment and Development	No	34.00
Changsha Zhongjian International Development Co., Ltd. (Note 1)	Hunan	Hunan	Infrastructure Construction and Investment	No	65.00
Qingdao Fangchuan Real Estate Co., Ltd. (Note 1)	Shandong	Shandong	Real Estate Investment and Development	No	18.00
Qingdao Fanghui Real Estate Co., Ltd. (Note 1)	Shandong	Shandong	Real Estate Investment and Development	No	18.00
Qingdao Fangchen Real Estate Co., Ltd. (Note 1)	Shandong	Shandong	Real Estate Investment and Development	No	18.00
Danjiangkou Haijia Construction Co., Ltd. (Note 1)	Hubei	Hubei	Infrastructure Construction and Investment	No	60.00
China Construction Xi'an Infrastructure Construction Investment Co., Ltd. (Note 1)	Shanxi	Shanxi	Infrastructure Construction and Investment	No	25.00
Guizhou Leirong Expressway Investment Management Co., Ltd. (Note 1)	Guizhou	Guizhou	Infrastructure Construction and Investment	No	69.90
Cangzhou Bohai New Area China Construction Port Construction Management Co., Ltd. (Note 1)	Hebei	Hebei	Infrastructure Construction and Investment	No	90.00
Luminous Dream Limited (Note 1)	Hong Kong	Hong Kong	Real Estate Investment and Development	No	51.00
Marble Edge Limited (Note 1)	Hong Kong	Hong Kong	Real Estate Investment and Development	No	18.00

## 9 Related parties and related party transactions (Continued)

### (3) Information of joint ventures and associates (Continued)

	Main operation location	Place of registration	Nature of business	Important to the Group on strategic level	Percentage of Shares (%)
<b>Joint Ventures –</b>					
China Construction International (Xiangyang) Construction Co., Ltd. (Note 1)	Hubei	Hubei	Construction	No	70.00
China Shipping Hongyang Haifu (Hefei) Real Estate Development Co., Ltd. (Note 1)	Anhui	Anhui	Real Estate Investment and Development	No	45.00
Xuancheng Haijia Lancheng Real Estate Co., Ltd. (Note 1)	Anhui	Anhui	Real Estate Investment and Development	No	65.00
Sunrise JV Limited	Hong Kong	Hong Kong	Others	No	50.00
Qingdao Fangqian Real Estate Co., Ltd. (Note 1)	Shandong	Shandong	Real Estate Investment and Development	No	18.00
Dongguan Zhonghai Century City Education Technology Development Co., Ltd.	Guangdong	Guangdong	Others	No	50.00
Ultra Keen Holdings Limited (Note 1)	Hong Kong	Hong Kong	Real Estate Investment and Development	No	30.00
Dragon Star H.K.Investments Limited (Note 1)	Hong Kong	Hong Kong	Real Estate Investment and Development	No	20.00
Xi'an Jiarun Rongcheng Real Estate Co., Ltd.	Shanxi	Shanxi	Real Estate Investment and Development	No	50.00
Qingdao Songmao Property Co., Ltd. (Note 1)	Shandong	Shandong	Real Estate Investment and Development	No	18.00
Rizhao Zhongjian Transportation Service Co., Ltd. (Note 1)	Shandong	Shandong	Infrastructure Construction and Investment	No	5.00
China Construction Chia Tai Technology Co., Ltd.	Beijing	Beijing	Infrastructure Construction and Investment	No	50.00
China Railway Construction Capital Construction Investment Co., Ltd. (Note 1)	Sichuan	Sichuan	Infrastructure Construction and Investment	No	20.00
Shanghai Duolun Construction Development Co., Ltd. (Note 1)	Shanghai	Shanghai	Real Estate Investment and Development	No	80.00
Fuzhou Xinzhiyuan Investment and Development Co., Ltd.	Fujian	Fujian	Real Estate Investment and Development	No	50.00
Changsha Yida Chuangzhi Property Development Co., Ltd.	Hunan	Hunan	Real Estate Investment and Development	No	49.00
<b>Associates –</b>					
Fast Shift Investments Limited	Macau	Macau	Real Estate Investment and Development	No	29.00
Beijing China Construction Runtong Electrical Engineering Construction Co., Ltd.	Beijing	Beijing	Building Construction	No	30.00
Jinmao Investment (Changsha) Co., Ltd.	Hunan	Hunan	Real Estate Investment and Development	No	20.00
Macau Concrete Co., Ltd.	Macau	Macau	Material Sale	No	31.34
Zhengzhou Yirongyijian Supply Chain Management Co., Ltd. (Note 4)	Henan	Henan	Material Sale	No	18.00

## 9 Related parties and related party transactions (Continued)

### (3) Information of joint ventures and associates (Continued)

	Main operation location	Place of registration	Nature of business	Important to the Group on strategic level	Percentage of Shares (%)
<b>Associates –</b>					
Jiqing Express Railway Co., Ltd. (Note 4)	Shandong	Shandong	Infrastructure Construction and Investment	No	8.67
Shijiazhuang City Jiaojian Expressway Development Management Co., Ltd.	Hebei	Hebei	Infrastructure Construction and Investment	No	49.00
Guangzhou Lihe Real Estate Development Co., Ltd.	Guangdong	Guangdong	Real Estate Investment and Development	No	20.00
Xuzhou Metro Line One Investment Development Co., Ltd.	Jiangsu	Jiangsu	Infrastructure Construction and Investment	No	38.30
Shanghai Xingxin Real Estate Development Co., Ltd.	Shanghai	Shanghai	Real Estate Investment and Development	No	40.00
Beijing Jinliang Xingye Real Estate Development Co., Ltd.	Beijing	Beijing	Real Estate Investment and Development	No	40.00
CCCC Jijiao Expressway Investment & Development Co., Ltd.	Hebei	Hebei	Infrastructure Construction and Investment	No	21.00
Jinyu Jiaying Nanjing Real Estate Development Co., Ltd.	Nanjing	Nanjing	Real Estate Investment and Development	No	30.00
Xiamen Junyi Properties Co., Ltd. (Note 5)	Fujian	Fujian	Real Estate Investment and Development	No	50.00
Beijing Zhengde Fengze Real Estate Development Co., Ltd. (Note 4)	Beijing	Beijing	Real Estate Investment and Development	No	16.52
Qingdao Changming Real Estate Co., Ltd.	Shandong	Shandong	Real Estate Investment and Development	No	22.50
Changsha Xirong Real Estate Co., Ltd.	Hunan	Hunan	Real Estate Investment and Development	No	33.00
Qingdao Yufu Real Estate Co., Ltd.	Shandong	Shandong	Real Estate Investment and Development	No	20.00
Zhongjian new urbanization (Xinjiang) Investment Co., Ltd.	Xinjiang	Xinjiang	Infrastructure Construction and Investment	No	20.00
Hangzhou Tianzhi Investment Co., Ltd. (Note 4)	Guangdong	Guangdong	Real Estate Investment and Development	No	16.66
Suzhou Mu Du Zhong Xin land Co., Ltd.	Jiangsu	Jiangsu	Real Estate Investment and Development	No	35.00
Xuchang Chen Heng real estate Co., Ltd.	Henan	Henan	Real Estate Investment and Development	No	39.00
Baoding Zhongjian Xingye Investment Co., Ltd. (Note 4)	Hebei	Hebei	Infrastructure Construction and Investment	No	15.00
Changji Zhongjian infrastructure development Co., Ltd.	Xinjiang	Xinjiang	Infrastructure Construction and Investment	No	29.70
Zhengzhou public Zhongcheng Luqiao Construction Management Co., Ltd.	Henan	Henan	Infrastructure Construction and Investment	No	25.00
Hebei Cheng Hong pipe gallery Engineering Co., Ltd. (Note 4)	Hebei	Hebei	Infrastructure Construction and Investment	No	5.00

## 9 Related parties and related party transactions (Continued)

### (3) Information of joint ventures and associates (Continued)

	Main operation location	Place of registration	Nature of business	Important to the Group on strategic level	Percentage of Shares (%)
<b>Associates –</b>					
Shandong Qilu ningliang Expressway Co., Ltd.	Shandong	Shandong	Infrastructure Construction and Investment	No	49.00
Ji'nan Hong Bi Real Estate Co., Ltd.	Shandong	Shandong	Real Estate Investment and Development	No	20.00
Suzhou Chun Da National Road 206 Construction Co., Ltd.	Anhui	Anhui	Building Construction	No	20.00
Gangjiu Concrete Co., Ltd.	Hong Kong	Hong Kong	Material Sale	No	31.50
Shanghai Jiasheng Real Estate Development Co., Ltd.	Shanghai	Shanghai	Real Estate Investment and Development	No	49.00
Guangzhou Zengcheng run Yu Real Estate Co., Ltd.	Guangdong	Guangdong	Real Estate Investment and Development	No	20.00
Ji'nan Tai Hui real estate development Co., Ltd.	Shandong	Shandong	Real Estate Investment and Development	No	33.00
Beijing Rong Zhu Real Estate Development Co., Ltd.	Beijing	Beijing	Real Estate Investment and Development	No	33.00
Guangzhou Bi son Real Estate Development Co., Ltd. (Note 4)	Guangdong	Guangdong	Real Estate Investment and Development	No	14.28
China Ge Yongmao (Suzhou) Real Estate Development Co., Ltd.	Suzhou	Suzhou	Real Estate Investment and Development	No	25.00
Guangzhou Lurong Real Estate Development Co., Ltd. (Note 4)	Guangdong	Guangdong	Real Estate Investment and Development	No	16.66
Shangqiu Yun Heng Urban Construction Development Co., Ltd. (Note 4)	Henan	Henan	Infrastructure Construction and Investment	No	7.61
Shangqiu CSCEC Yuncheng City Development Co., Ltd (Note 4)	Henan	Henan	Other	No	9.00
Wuhan yangsigang road and bridge construction and operation Co. LTD	Hubei	Hubei	Infrastructure Construction and Investment	No	40.00
Xinyu Huancheng road Construction Investment Co. LTD. (Note 4)	Jiangxi	Jiangxi	Infrastructure Construction and Investment	No	10.00
Wuhan Zhongxia Road Construction Engineering Co. Ltd (Note 4)	Hubei	Hubei	Infrastructure Construction and Investment	No	29.83
Nanjing CSCEC Gubei City Development Co. Ltd	Jiangsu	Jiangsu	Other	No	45.00
Chongqing Tiancheng Yuanjiang Real Estate Co., Ltd (Note 4)	Chongqing	Chongqing	Real Estate Investment and Development	No	10.00
Qingdao Runfu Real Estate Co., Ltd	Shandong	Shandong	Real Estate Investment and Development	No	47.62
Mianyang Zhongjian Kefa pipe gallery road investment and Construction Co., Ltd	Sichuan	Sichuan	Infrastructure Construction and Investment	No	23.17
Hebei Xiong'an Citizen Service Center Co., Ltd. (Note 5)	Hebei	Hebei	Infrastructure Construction and Investment	No	50.50

## 9 Related parties and related party transactions (Continued)

### (3) Information of joint ventures and associates (Continued)

	Main operation location	Place of registration	Nature of business	Important to the Group on strategic level	Percentage of Shares (%)
<b>Associates –</b>					
Haikou Qiyue Urban Construction Co., Ltd (Note 4)	Hainan	Hainan	Infrastructure Construction and Investment	No	2.00
Suzhou Xinghui West Ring Road Construction Co., Ltd	Anhui	Anhui	Infrastructure Construction and Investment	No	30.05
Shandong Zhongcheng Machinery Leasing Co., Ltd	Shandong	Shandong	Leasing	No	30.00
Xianyi International Co., Ltd	Hong Kong	Hong Kong	Other	No	30.00
Jinjiang zhongyun Sports Construction Development Co., Ltd (Note 4)	Fujian	Fujian	Infrastructure Construction and Investment	No	10.00
Shantou Zhongjian New Urbanization Investment Co., Ltd	Guangdong	Guangdong	Infrastructure Construction and Investment	No	36.77
Nanjing Zhongjian Rural Tourism Construction Investment Co., Ltd	Jiangsu	Jiangsu	Infrastructure Construction and Investment	No	20.00
Rizhao China Construction Eighth Bureau Culture and Technology Development Co., Ltd (Note 4)	Shandong	Shandong	Infrastructure Construction and Investment	No	14.00
Shanghai Fu Hong Real Estate Co., Ltd.	Shandong	Shandong	Real Estate Investment and Development	No	30.00
Beijing Jianyan Real Estate Development Co., Ltd	Beijing	Beijing	Real Estate Investment and Development	No	49.00
Shangqiu New Voyage Development Construction Management Co., Ltd (Note 4)	Henan	Henan	Other	No	4.16
Putian City Puyang University Construction Co., Ltd	Fujian	Fujian	Building Construction	No	32.90
Shengshi Jingzhou Real Estate Development Co., Ltd. of China Construction Third Engineering Bureau (Note 5)	Hubei	Hubei	Real Estate Investment and Development	No	51.00
Panzhihua No.3 Construction Bureau Government Affairs Service Center Project Construction Development Co., Ltd (Note 4)	Sichuan	Sichuan	Infrastructure Construction and Investment	No	9.00
Wuhan Hongtai Hongli Zhongjian Yipin Real Estate Co., Ltd (Note 5)	Hubei	Hubei	Real Estate Investment and Development	No	51.00
Wuhan Zhongjian Yipin Zhaoying Real Estate Co., Ltd (Note 5)	Hubei	Hubei	Real Estate Investment and Development	No	50.00
CSCEC Haoyun Co., Ltd	Hebei	Hebei	Other	No	35.00
China Construction Technology Jingmen Co., Ltd (Note 5)	Hubei	Hubei	Other	No	50.00
Chongqing Jinke Zhaoji Real Estate Development Co., Ltd	Chongqing	Chongqing	Real Estate Investment and Development	No	45.00
Xianning Dazhou lake ecological construction and Operation Co., Ltd.	Hubei	Hubei	Infrastructure Construction and Investment	No	45.00

## 9 Related parties and related party transactions (Continued)

### (3) Information of joint ventures and associates (Continued)

	Main operation location	Place of registration	Nature of business	Important to the Group on strategic level	Percentage of Shares (%)
<b>Associates –</b>					
China construction Wuhan Huangxiaohu airport river environment comprehensive treatment construction operation Co., Ltd	Hubei	Hubei	Infrastructure Construction and Investment	No	42.20
Nanchong Environmental Construction Investment Co., Ltd. (Note 4)	Sichuan	Sichuan	Infrastructure Construction and Investment	No	15.00
Jingzhou huanchanghu construction and Operation Co., Ltd.	Hubei	Hubei	Infrastructure Construction and Investment	No	20.00
Yichang urban pipe gallery construction and Operation Co., Ltd.	Hubei	Hubei	Infrastructure Construction and Investment	No	41.29
Sanmenxia National Highway 310 Southward Project Construction Management Co., Ltd	Henan	Henan	Infrastructure Construction and Investment	No	40.00
Beijing China Construction Zhongchao Concrete Co., Ltd.	Beijing	Beijing	Other	No	30.00
Zhangzhou Yingzhi Construction Development Co., Ltd. (Note 4)	Fujian	Fujian	Infrastructure Construction and Investment	No	3.00
Chengdu Chuanhui Jianxing Construction Co., Ltd	Sichuan	Sichuan	Infrastructure Construction and Investment	No	20.00
Hangzhou Chengtou Wulin Investment Development Co., Ltd (Note 4)	Zhejiang	Zhejiang	Infrastructure Construction and Investment	No	15.00
Haikou tuoyi Real Estate Co., Ltd	Hainan	Hainan	Real Estate Investment and Development	No	20.00
Sichuan Xijianzhong Machinery Co., Ltd	Sichuan	Sichuan	Other	No	40.00
Sichuan Xijianshantui Logistics Co., Ltd	Sichuan	Sichuan	Other	No	30.00
Yunnan Huali Expressway Investment Development Co., Ltd	Yunnan	Yunnan	Infrastructure Construction and Investment	No	46.00

## 9 Related parties and related party transactions (Continued)

### (3) Information of joint ventures and associates (Continued)

Note 1: The percentage of shares of the invested company is the percentage of that held directly by the Group. The board of directors of Lang Light International Co., Ltd., Ningbo Cha Ting Properties Co., Ltd., Shandong China Overseas Huachuang Real Estate Co., Ltd., Guizhou Zhengxi Expressway Investment Management Co., Ltd., Speedy Champ Investments Limited, CSCEC (Tangshan Caofeidian) Engineering Construction Co., Ltd. Huizhou Zhongjian Municipal Wulu Investment Co., Ltd., Liupanshui City Pipe Well Development Investment Co., Ltd., Dazhou Dahuan Development Management Co., Ltd., Beijing Nanyue Real Estate Development Co., Ltd, Zunyi South Ring Expressway Development Co., Ltd., Xiamen Yongjing Bay Real Estate Co., Ltd., Taida Group Co., Ltd, Tianjin HDA Real Estate Development Co., Ltd., Tianjin Wan Jiang Real Estate Co., Ltd., Guangzhou Sui Hai Real Estate Co., Ltd., Dalian Zhongjian sponge city construction and Development Co., Ltd., Tianjin Shun Ji Property Co., Ltd., Sanya Bi Hai Jin Cheng Business Management Co., Ltd. Anhui Bengwu Expressway Investment Management Co., Ltd., Shenzhen and Shantou Special Cooperation Zone Zhong Pu Infrastructure Investment Co., Ltd., Shenzhen Chuang Liang Cci Capital Ltd., Changsha Zhongjian International Development Co., Ltd., Qingdao Fangchuan Real Estate Co., Ltd., Qingdao Fanghui Real Estate Co., Ltd., Qingdao Fangchen Real Estate Co., Ltd., Danjiangkou Haijia Construction Co., Ltd., China Construction Xi'an Infrastructure Construction Investment Co., Ltd., Guizhou Leirong Highway Investment Management Co., Ltd., Cangzhou Bohai New Area China Construction Port Construction Management Co., Ltd., Luminous Dream Limited, Marble Edge Limited, China Construction International (Xiangyang) Construction Co., Ltd., China Shipping Hongyang Haifu (Hefei) Real Estate Development Co., Ltd., Xuancheng Haijia Blue City Real Estate Co., Ltd., Qingdao Fangqian Real Estate Co., Ltd., Ultra Keen Holdings Limited, Dragon Star HK Investments Limited, Qingdao Songmao Real Estate Co., Ltd., Rizhao Zhongjian Transportation Service Co., Ltd., Zhongchengdu Metro Transportation Construction Investment Co., Ltd. and Shanghai Duolun Construction Development Co., Ltd. can not make an important decision without an unanimous consent of the investors. The Group is not able to exercise substantial control, therefore those companies are deemed as joint ventures.

Note 2: The percentage of shares of the invested company is the percentage of that held directly by the Group. Pursuant to the Articles of Association of Changsha CSCEC Chengtuo Pipe Well Development Investment Co., Ltd, Chongqing Metro Line nine Construction Operation Co., Ltd., Zhaotong CSCEC Construction Investment Development Co., Ltd., Changsha Zhongjian Future Technology City Investment Co., Ltd. Urumqi Zhongcheng Silk Road Sports Management Co., Ltd. and Changsha Yida creative real estate development Co., Ltd., the mechanism of significant operation and financial decisions should be approved by the shareholders representing at least two thirds of the voting rights, if and only if the decisions can be approved with an unanimous consent of other shareholders and the Group. The Group is not able to exercise substantial control, therefore those companies are deemed as joint ventures.

Note 3: The percentage of shares of the invested company is the percentage of that held directly by the Group. Pursuant to the Articles of Xuzhou Metro Line Three Investment Development Co., Ltd. which set the decision mechanism of significant operation and financial decision, the issues voted on the shareholders' meeting should be approved by the shareholders representing at least two thirds of the voting rights. The group has 66% of the voting rights, if and only if the decisions can be approved with an unanimous consent of other shareholders and the Group. The Group is not able to exercise substantial control. Therefore, those companies are deemed as joint ventures of the Group.

Note 4: The percentage of shares of the invested company is the percentage of that held directly by the Group. Since the group assigned directors to Zhengzhou Yirongyijian Supply Chain Management Co., Ltd., Jiqing Express Railway Co., Ltd., Beijing Zhengde Fengze Real Estate Development Co., Ltd., Hangzhou Tianzhi Investment Co., Ltd., Baoding Zhongjian Xingye Investment Co., Ltd, Hebei Cheng Hong pipe gallery Engineering Co., Ltd, Guangzhou Bi son Real Estate Development Co., Ltd, Guangzhou Lurong Real Estate Development Co., Ltd., Shangqiu Yun Heng Urban Construction Development Co., Ltd., Shangqiu CSCEC Yuncheng City Development Co., Ltd, Xinyu Huancheng road Construction Investment Co. LTD, Wuhan Zhongxia Road Construction Engineering Co. Ltd, Chongqing Tiancheng Yuanjiang Real Estate Co., Ltd, Haikou Qiyue Urban Construction Co., Ltd, Jinjiang zhongyun Sports Construction Development Co., Ltd, Rizhao China Construction Eighth Bureau Culture and Technology Development Co., Ltd, Shangqiu New Voyage Development Construction Management Co., Ltd, Panzhihua No.3 Construction Bureau Government Affairs Service Center Project Construction Development Co., Ltd, Nanchong Environmental Construction Investment Co., Ltd, Zhangzhou Yingzhi Construction Development Co., Ltd and Hangzhou Chengtuo Wulin Investment Development Co., Ltd the group has rights to participate in their operation decisions and has significant impacts. Therefore, those companies are deemed as associates of the Group.

Note 5: The percentage of shares of the invested company is the percentage of that held directly by the Group. Pursuant to the Articles of Xiamen Junyi Properties Co., Ltd., Hebei Xiong'an Citizen Service Center Co., Ltd., Shengshi Jingzhou Real Estate Development Co., Ltd. of China Construction Third Engineering Bureau, Wuhan Hongtai Hongli Zhongjian Yipin Real Estate Co., Ltd, Wuhan Zhongjian Yipin Zhaoying Real Estate Co., Ltd and which set the decision mechanism of significant operation and financial decision, the Group is not able to exercise substantial control or joint control on them, but only has significant impacts. Therefore, those companies are deemed as associates of the Group.

## 9 Related parties and related party transactions (Continued)

### (4) Information of other related parties

	Relationship with the Group
CSCEC Water & Environmental Protection Co., Ltd	Controlled by the same parent company
CSCEC Electronic Commerce Co., Ltd	Controlled by the same parent company
CSCEC Lvxin Material Co., Ltd	Controlled by the same parent company
China automobile material Trade Co., Ltd	Controlled by the same parent company
Beijing Zhongjian Qiming Enterprise Management Co., Ltd.	Controlled by the same parent company
Chengdu Zhongjian Minjiang Construction Engineering Investment Co., Ltd	Controlled by the same parent company
Shanghai International (Group) Ruitai Development Co., Ltd.	Controlled by the other shareholder of a subsidiary of the Group
Shanghai Port Group Israel Haifa New Port Wharf Co., Ltd.	Controlled by the other shareholder of a subsidiary of the Group
	Relationship with the Group
CSCEC Water & Environmental Protection Co., Ltd	Controlled by the same parent company
CSCEC Electronic Commerce Co., Ltd	Controlled by the same parent company
CSCEC Lvxin Material Co., Ltd	Controlled by the same parent company
China automobile material Trade Co., Ltd	Controlled by the same parent company
Beijing Zhongjian Qiming Enterprise Management Co., Ltd.	Controlled by the same parent company
Chengdu Zhongjian Minjiang Construction Engineering Investment Co., Ltd	Controlled by the same parent company
Shanghai International (Group) Ruitai Development Co., Ltd.	Controlled by the other shareholder of a subsidiary of the Group
Shanghai Port Group Israel Haifa New Port Wharf Co., Ltd.	Controlled by the other shareholder of a subsidiary of the Group

### (5) Related party transactions

#### (a) Sale and purchase of goods, and rendering and receiving of services

Purchase of goods and accepting services

Name	Nature of the transaction	Pricing policy and procedure for decision-making	2019	2018
Zhengzhou Yirongyijian Supply Chain Management Co., Ltd.	Purchase of goods	As per agreement	2,403,343	2,915,317
CSCEC Electronic Commerce Co., Ltd	Purchase of goods	As per agreement	480,940	75,833
Macau Concrete Co., Ltd.	Purchase of goods	As per agreement	81,367	125,312
Haixing Materials Co., Ltd	Purchase of goods	As per agreement	45,448	91,266
Gangjiu Concrete Co., Ltd.	Purchase of goods	As per agreement	34,263	116,360
Others	Purchase of goods and accepting services	As per agreement	96,284	100,833
Total			3,141,645	3,424,921



## 9 Related parties and related party transactions (Continued)

### (5) Related party transactions (Continued)

#### (b) Leasing

The group as lessor:

Name	Types of leased assets	2019	2018
CSCEC Water & Environmental Protection Co., Ltd	Office Building	2,920	7,032
CSCEC Electronic Commerce Co., Ltd	Office Building	257	1,119
Others	Office Building	–	1,161
Total		3,177	9,312

The group as lessee:

Name	Types of leased assets	2019	2018
Shandong Zhongcheng Machinery Leasing Co., Ltd	Machinery Equipment	184,782	58,811
Sichuan Xijianzhong Machinery Co., Ltd	Transportation Equipment	55,977	64,349
Sichuan Xijianshantui Logistics Co., Ltd	Transportation Equipment	55,640	57,940
Others	Machinery Equipment, etc	51,596	56,687
Total		347,995	237,787

#### (c) Contract engineering

Name	Nature of the transaction	Pricing policy and procedure for decision-making	2019	2018
Guizhou Zhengxi Expressway Investment Management Co., Ltd.	Contract engineering	As per agreement	4,589,409	4,140,802
Sanmenxia National Highway 310 Southward Project Construction Management Co., Ltd	Contract engineering	As per agreement	2,472,977	1,865,937
Jiqing Express Railway Co., Ltd.	Contract engineering	As per agreement	1,654,438	1,211,960
Xuzhou Metro Line One Investment Development Co., Ltd.	Contract engineering	As per agreement	1,612,505	2,280,745
Shangqiu CSCEC Yuncheng City Development Co., Ltd	Contract engineering	As per agreement	1,600,404	1,376,536
Zhongjian new urbanization (Xinjiang) Investment Co., Ltd.	Contract engineering	As per agreement	1,507,903	1,164,186
Shijiazhuang City Jiaojian Expressway Development Management Co., Ltd.	Contract engineering	As per agreement	1,478,838	1,987,708
Shandong Qilu ningliang Expressway Co., Ltd.	Contract engineering	As per agreement	1,429,465	1,204,945
Yunnan Huali Expressway Investment Development Co., Ltd.	Contract engineering	As per agreement	1,346,324	–
Wuhan yangsigang road and bridge construction and operation Co. LTD	Contract engineering	As per agreement	1,137,436	–
Xinyu Huancheng road Construction Investment Co. LTD.	Contract engineering	As per agreement	982,913	425,348

## 9 Related parties and related party transactions (Continued)

### (5) Related party transactions (Continued)

#### (c) Contract engineering (Continued)

Name	Nature of the transaction	Pricing policy and procedure for decision-making	2019	2018
Huizhou CSCEC Metro 5-way Investment Co., Ltd.	Contract engineering	As per agreement	937,683	794,357
Shantou Zhongjian New Urbanization Investment Co., Ltd.	Contract engineering	As per agreement	892,252	14,058
Jinjiang zhongyun Sports Construction Development Co., Ltd (Note 4)	Contract engineering	As per agreement	873,798	143,048
Xianyi International Co., Ltd	Contract engineering	As per agreement	849,988	104,221
Zhengzhou public Zhongcheng Luqiao Construction Management Co., Ltd.	Contract engineering	As per agreement	836,850	140,740
CSCEC Water & Environmental Protection Co., Ltd	Contract engineering	As per agreement	827,344	67,408
Xuzhou Metro Line Three Investment Development Co., Ltd.	Contract engineering	As per agreement	757,220	922,757
CCCC Jijiao Expressway Investment & Development Co., Ltd.	Contract engineering	As per agreement	717,896	2,639,383
Zunyi South Ring Expressway Development Co., Ltd.	Contract engineering	As per agreement	687,959	1,628,624
Putian City Puyang University Construction Co., Ltd	Contract engineering	As per agreement	648,480	3,338
Wuhan Zhongxia Road Construction Engineering Co. Ltd (Note 4)	Contract engineering	As per agreement	636,745	98,040
Beijing Jianyan Real Estate Development Co., Ltd	Contract engineering	As per agreement	616,471	–
Mianyang Zhongjian Kefa pipe gallery road investment and Construction Co., Ltd	Contract engineering	As per agreement	545,883	43,236
China Construction International (Xiangyang) Construction Co., Ltd.	Contract engineering	As per agreement	543,526	255,187
China Railway Construction Capital Construction Investment Co., Ltd.	Contract engineering	As per agreement	535,535	–
Anhui Bengwu Expressway Investment Management Co., Ltd.	Contract engineering	As per agreement	493,135	331,852
Danjiangkou Haijia Construction Co., Ltd.	Contract engineering	As per agreement	467,415	131,148
Zhangzhou Yingzhi Construction Development Co., Ltd.	Contract engineering	As per agreement	447,725	536,499
Suzhou Chun Da National Road 206 Construction Co., Ltd.	Contract engineering	As per agreement	440,478	265,756
Dalian Zhongjian sponge city construction and Development Co., Ltd.	Contract engineering	As per agreement	426,129	380,158

## 9 Related parties and related party transactions (Continued)

### (5) Related party transactions (Continued)

#### (c) Contract engineering (Continued)

Name	Nature of the transaction	Pricing policy and procedure for decision-making	2019	2018
Hebei Cheng Hong pipe gallery Engineering Co., Ltd. (Note 4)	Contract engineering	As per agreement	424,052	1,034,533
Shanghai International (Group) Ruitai Development Co., Ltd.	Contract engineering	As per agreement	370,230	346,379
Nanchong Environmental Construction Investment Co., Ltd. (Note 4)	Contract engineering	As per agreement	365,308	–
Guizhou Leirong Expressway Investment Management Co., Ltd.	Contract engineering	As per agreement	360,244	–
Chengdu Chuanhui Jianxing Construction Co., Ltd	Contract engineering	As per agreement	351,270	144,827
Changsha Zhongjian International Development Co., Ltd. (Note 1)	Contract engineering	As per agreement	342,313	501,295
Fast Shift Investments Limited	Contract engineering	As per agreement	334,979	1,663,497
Others	Contract engineering	As per agreement	14,834,602	10,247,379
Total			50,378,122	38,095,887

#### (d) Projects sub-contracted out

Name	Nature of the transaction	Pricing policy and procedure for decision-making	2019	2018
CSCEC-Dacheng Construction Ltd.	Contract engineering	As per agreement	500,945	138,567
CSCEC Road & Bridge Group Co., Ltd.	Contract engineering	As per agreement	489,148	1,238,837
CSCEC Water & Environmental Protection Co., Ltd	Contract engineering	As per agreement	417,909	95,006
Beijing China Construction Runtong Electrical Engineering Construction Co., Ltd.	Contract engineering	As per agreement	42,408	–
Others	Contract engineering	As per agreement	154,541	170,885
Total			1,604,951	1,643,295

## 9 Related parties and related party transactions (Continued)

### (5) Related party transactions (Continued)

#### (e) Guarantee

Guarantee receiver	Guaranteed amount	Starting date	Ending date	Fully performed or not
Guangzhou Lihe Real Estate Development Co., Ltd.	575,460	13 Jul 2018	21 May 2021	No
Guiheng Investment Co., Ltd.	175,000	5 Jul 2017	15 Mar 2022	No
Guiheng Investment Co., Ltd.	135,150	14 Apr 2017	15 Mar 2022	No
Guiheng Investment Co., Ltd.	78,500	20 Jan 2017	13 Oct 2021	No
Guiheng Investment Co., Ltd.	52,500	16 Mar 2017	15 Mar 2022	No
Guiheng Investment Co., Ltd.	39,850	21 Mar 2017	15 Mar 2022	No
Guiheng Investment Co., Ltd.	28,150	3 Jan 2017	13 Oct 2021	No
Guangzhou Bi son Real Estate Development Co., Ltd.	108,528	11 Dec 2018	1 Feb 2021	No
Guangzhou Bi son Real Estate Development Co., Ltd.	71,393	23 Jul 2019	2 Dec 2020	No
Guangzhou Bi son Real Estate Development Co., Ltd.	62,832	2 Jan 2019	1 Jan 2021	No
Guangzhou Bi son Real Estate Development Co., Ltd.	49,980	22 Jan 2019	2 Dec 2020	No
Guangzhou Bi son Real Estate Development Co., Ltd.	32,815	2 Feb 2019	1 Feb 2021	No
Guangzhou Bi son Real Estate Development Co., Ltd.	21,420	26 Dec 2018	2 Dec 2020	No
Guangzhou Lurong Real Estate Development Co., Ltd.	233,240	13 Nov 2018	29 Nov 2021	No
Guangzhou Lurong Real Estate Development Co., Ltd.	99,960	30 Sep 2019	29 Sep 2022	No
Guangzhou Lurong Real Estate Development Co., Ltd.	59,976	1 Mar 2019	29 Nov 2021	No
Guangzhou Lurong Real Estate Development Co., Ltd.	49,980	11 Apr 2019	10 Apr 2022	No
Guangzhou Lurong Real Estate Development Co., Ltd.	16,660	28 Jun 2019	10 Apr 2022	No
Changsha Xirong Real Estate Co., Ltd.	150,713	16 Jan 2019	12 Dec 2024	No
Total	2,042,107			

## 9 Related parties and related party transactions (Continued)

### (5) Related party transactions (Continued)

#### (f) Financing

	Amount at end of year	Starting date	Ending date
<b>Financing provided –</b>			
Ultra Keen Holdings Limited	4,235,495	3 Dec 2019	No fixed maturity date
Luminous Dream Limited	2,637,429	15 Apr 2019	No fixed maturity date
CSCEC	2,630,000	10 Sep 2019	9 Sep 2020
Shanghai Fu Hong Real Estate Co., Ltd.	2,143,194	29 Sep 2019	No fixed maturity date
CSCEC	2,000,000	25 Sep 2019	30 Sep 2019
CSCEC	1,800,000	25 Sep 2019	27 Sep 2019
Dragon Star H.K.Investments Limited	1,360,948	15 Aug 2019	No fixed maturity date
Marble Edge Limited	1,213,622	29 May 2019	No fixed maturity date
Wuhan Hongtai Hongli Zhongjian Yipin Real Estate Co., Ltd	1,003,971	22 Aug 2019	18 Jun 2020
Xianyi International Co., Ltd	459,325	1 Jul 2019	No fixed maturity date
Xuancheng Haijia Lancheng Real Estate Co., Ltd.	435,064	20 Feb 2019	No fixed maturity date
Shanghai Xingxin Real Estate Development Co., Ltd.	403,972	1 Jan 2019	31 May 2020
China Construction Xi'an Infrastructure Construction Investment Co., Ltd.	378,882	28 Jun 2019	No fixed maturity date
Xuancheng Haijia Lancheng Real Estate Co., Ltd.	318,500	1 Jul 2019	No fixed maturity date
Wuhan Zhongjian Yipin Zhaoying Real Estate Co., Ltd	242,634	22 Aug 2019	31 Dec 2020
Tianjin Shun Ji Property Co., Ltd.	211,418	1 Jul 2019	No fixed maturity date
Shenzhen Chuang Liang Cci Capital Ltd.	132,600	1 Jul 2019	No fixed maturity date
Anhui Bengwu Expressway Investment Management Co., Ltd.	131,800	11 Jul 2019	No fixed maturity date
Jinjiang zhongyun Sports Construction Development Co., Ltd	120,000	1 Jul 2019	No fixed maturity date
China Construction Xi'an Infrastructure Construction Investment Co., Ltd.	101,000	1 Jul 2019	No fixed maturity date
Jinjiang zhongyun Sports Construction Development Co., Ltd	90,000	25 Oct 2019	No fixed maturity date
China Construction Xi'an Infrastructure Construction Investment Co., Ltd.	87,500	21 Jan 2019	No fixed maturity date
China Oversea Grand Oceans Group LTD	78,230	1 Jan 2019	No fixed maturity date

## 9 Related parties and related party transactions (Continued)

### (5) Related party transactions (Continued)

#### (f) Financing (Continued)

	Amount at end of year	Starting date	Ending date
<b>Financing provided –</b>			
Jinjiang zhongyun Sports Construction Development Co., Ltd	70,000	24 Dec 2019	No fixed maturity date
CSCEC Water & Environmental Protection Co., Ltd	50,000	27 Dec 2019	25 Dec 2020
Ji'nan Hong Bi Real Estate Co., Ltd.	45,000	28 Aug 2019	No fixed maturity date
China Construction Xi'an Infrastructure Construction Investment Co., Ltd.	42,098	25 Jun 2019	No fixed maturity date
Jinjiang zhongyun Sports Construction Development Co., Ltd	40,000	25 Jan 2019	No fixed maturity date
Xiamen Yongjing Bay Real Estate Co., Ltd.	32,440	31 Dec 2019	No fixed maturity date
Xianyi International Co., Ltd	30,187	1 Jan 2019	31 May 2020
Ji'nan Tai Hui real estate development Co., Ltd.	23,100	17 Jan 2019	No fixed maturity date
Xuchang Chen Heng real estate Co., Ltd.	20,000	25 Jan 2019	25 Jan 2020
Anhui Bengwu Expressway Investment Management Co., Ltd.	8,843	13 Sep 2019	No fixed maturity date
Anhui Bengwu Expressway Investment Management Co., Ltd.	8,113	25 Nov 2019	No fixed maturity date
Anhui Bengwu Expressway Investment Management Co., Ltd.	7,663	31 Dec 2019	No fixed maturity date
Fuzhou Xinzhiyuan Investment and Development Co., Ltd.	5,000	23 Nov 2019	No fixed maturity date
Fuzhou Xinzhiyuan Investment and Development Co., Ltd.	5,000	31 Dec 2019	No fixed maturity date
Xiamen Yongjing Bay Real Estate Co., Ltd.	3,320	10 Sep 2019	No fixed maturity date
Anhui Bengwu Expressway Investment Management Co., Ltd.	888	31 Jan 2019	No fixed maturity date
Total financing provided	22,607,236		
<b>Financing received –</b>			
Sunrise JV Limited	2,400,000	11 Mar 2019	22 Aug 2024
CSCEC	2,000,000	30 Dec 2019	27 Dec 2024
Sunrise JV Limited	885,000	11 Mar 2019	No fixed maturity date
Chongqing Jinke Zhaoji Real Estate Development Co., Ltd	706,500	28 Jul 2019	No fixed maturity date
China Shipping Hongyang Haifu (Hefei) Real Estate Development Co., Ltd.	369,160	26 Jun 2019	No fixed maturity date

## 9 Related parties and related party transactions (Continued)

### (5) Related party transactions (Continued)

#### (f) Financing (Continued)

	Amount at end of year	Starting date	Ending date
<b>Financing received –</b>			
Xian Dingsheng Dongyue Properties Co., Ltd.	229,987	28 Jan 2019	No fixed maturity date
Xi'an Jiarun Rongcheng Real Estate Co., Ltd.	200,000	27 Nov 2019	No fixed maturity date
Qingdao Songmao Property Co., Ltd.	138,350	27 Jun 2019	25 Nov 2020
Xi'an Dingsheng Dongyue Properties Co., Ltd.	120,000	15 Oct 2019	No fixed maturity date
Xi'an Dingsheng Dongyue Properties Co., Ltd.	89,942	27 Nov 2019	No fixed maturity date
Dongguan Jiafang Real Estate Development Co., Ltd.	82,073	1 Jan 2019	No fixed maturity date
Qingdao Fangchuan Real Estate Co., Ltd.	50,506	27 Jun 2019	26 Jun 2020
Qingdao Fanghui Real Estate Co., Ltd.	51,154	31 May 2019	30 May 2020
China Resources (Taiyuan) Land Co., Ltd.	50,000	30 Aug 2019	No fixed maturity date
Qingdao Fanghui Real Estate Co., Ltd.	40,989	30 Apr 2019	29 Apr 2020
Qingdao Fangchuan Real Estate Co., Ltd.	11,050	24 May 2019	23 May 2020
Total financing received	7,424,711		

#### (g) Accept money deposits

	31 December 2018	Increase in current year	Decrease in current year	31 December 2019
CSCEC Water & Environmental Protection Co., Ltd	282,252	1,510,711	(1,354,885)	438,078
CSCEC Electronic Commerce Co., Ltd	129,233	703,969	(517,300)	315,902
CSCEC Haoyun Co., Ltd	–	100,000	–	100,000
CSCEC-Dacheng Construction Ltd	–	52,498	–	52,498
Beijing Zhongjian Qiming Enterprise Management Co., Ltd.	540,000	54,489	(560,000)	34,489
CSCEC	407,401	47,291,447	(47,684,712)	14,136
CSCEC Lixin Material Co., Ltd	–	56,023	(46,000)	10,023
Nanjing CSCEC Gubei City Development Co. Ltd	–	2,398,000	(2,391,219)	6,781
Chengdu Zhongjian Minjiang Construction Engineering Investment Co., Ltd	–	3,407	(1,050)	2,357
Nanjing Zhongjian Rural Tourism Construction Investment Co., Ltd	–	100,861	(99,751)	1,110
China automobile material Trade Co., Ltd	–	57,275	(56,693)	582
Total	1,358,886	52,328,680	(52,711,610)	975,956

## 9 Related parties and related party transactions (Continued)

### (5) Related party transactions (Continued)

#### (h) Transfer of assets

Name of related party	Nature of transaction	Pricing policy	2019	2018
Overseas Oceans	Trademark use right	As per agreement	174,200	168,000

#### (i) Remuneration of key management personnel

	2019	2018
Remuneration of key management personnel	8,808	11,147

### (6) Receivables from and payables to related parties

#### (a) Receivables from related parties

		31 December 2019		31 December 2018	
		Ending balance	Provision for bad debts	Ending balance	Provision for bad debts
Notes receivables	Qingdao Fangqian Real Estate Co., Ltd.	50,930	–	–	–

		31 December 2019		31 December 2018	
		Ending balance	Provision for bad debts	Ending balance	Provision for bad debts
Accounts receivables	Zhongjian new urbanization (Xinjiang) Investment Co., Ltd.	1,168,242	(13,642)	53,743	–
	Xuzhou Metro Line One Investment Development Co., Ltd.	722,021	(32,491)	416,073	–
	CSCEC (Tangshan Caofeidian) Engineering Construction Co., Ltd.	651,423	(6,154)	675,755	–
	Shijiazhuang City Jiaojian Expressway Development Management Co., Ltd.	518,241	(103,714)	599,525	(115,679)
	Sanmenxia National Highway 310 Southward Project Construction Management Co., Ltd.	495,466	(4,955)	–	–
	Shanghai International (Group) Ruitai Development Co., Ltd.	435,363	(46,321)	331,082	–
	Guizhou Leirong Expressway Investment Management Co., Ltd.	371,768	–	–	–
	Suzhou Xinghui West Ring Road Construction Co., Ltd.	350,728	(15,783)	84,222	–
	China Construction International (Xiangyang) Construction Co., Ltd.	336,349	–	59,821	–
	Liupanshui City Pipe Well Development Investment Co., Ltd.	333,140	(6,663)	321,288	–



## 9 Related parties and related party transactions (Continued)

### (6) Receivables from and payables to related parties (Continued)

#### (a) Receivables from related parties (Continued)

		31 December 2019		31 December 2018	
		Ending balance	Provision for bad debts	Ending balance	Provision for bad debts
Accounts receivables	Danjiangkou Haijia Construction Co., Ltd.	308,300	–	96,622	–
	CSCEC Water & Environmental Protection Co., Ltd.	297,404	–	–	–
	Anhui Bengwu Expressway Investment Management Co., Ltd.	289,727	(9,934)	249,815	–
	Xuzhou Metro Line Three Investment Development Co., Ltd.	240,975	(10,844)	151,602	–
	Zhaotong CSCEC Construction Investment Development Co., Ltd.	205,297	(37,467)	321,290	–
	Dazhou Dahuan Development Management Co., Ltd.	157,799	(3,156)	–	–
	Xianyi International Co., Ltd.	156,687	–	–	–
	CCCC Jijiao Expressway Investment & Development Co., Ltd.	152,126	(8,504)	30,146	–
	Cangzhou Bohai New Area China Construction Port Construction Management Co., Ltd.	151,125	(8,363)	–	–
	Others	3,278,131	(157,977)	2,928,421	(46,761)
	Total	10,620,312	(465,968)	6,319,405	(162,440)
Other receivables	Huizhou Zhongjian Municipal Wulu Investment Co., Ltd.	500,000	(100)	526,000	–
	Rizhao China Construction Eighth Bureau Culture and Technology Development Co., Ltd.	450,000	(18,000)	2,411	–
	Shengshi Jingzhou Real Estate Development Co., Ltd. of China Construction Third Engineering Bureau	418,200	(12,546)	–	–
	Xing Gui Investment Co., Ltd.	237,500	–	849,390	–
	Zhengzhou Yirongyijian Supply Chain Management Co., Ltd.	220,642	(9,500)	11,237	–
	Dongguan Zhonghai Century City Education Technology Development Co., Ltd.	180,486	(11,059)	218,396	–
	Xuchang Chen Heng real estate Co., Ltd.	115,073	(6,712)	832,451	–

## 9 Related parties and related party transactions (Continued)

### (6) Receivables from and payables to related parties (Continued)

#### (a) Receivables from related parties (Continued)

		31 December 2019		31 December 2018	
		Ending balance	Provision for bad debts	Ending balance	Provision for bad debts
Other receivables	Chongqing Tiancheng Yuanjiang Real Estate Co., Ltd	106,889	(8,373)	102,432	–
	Suzhou Chun Da National Road 206 Construction Co., Ltd.	91,804	(3,686)	32,200	(1,610)
	Dalian Zhongjian sponge city construction and Development Co., Ltd.	90,000	(2,700)	–	–
	Panzhuhua No.3 Construction Bureau Government Affairs Service Center Project Construction Development Co., Ltd	68,722	(69)	–	–
	Rizhao Zhongjian Transportation Service Co., Ltd.	560,636	(2,425)	811	–
	Shantou Zhongjian New Urbanization Investment Co., Ltd	52,920	(3,704)	52,920	–
	Qingdao Yufu Real Estate Co., Ltd.	–	–	1,020,015	–
	Shanghai Jiasheng Real Estate Development Co., Ltd.	–	–	2,354,575	–
	Tianjin HDA Real Estate Development Co., Ltd.	–	–	1,018,778	–
	China Ge Yongmao (Suzhou) Real Estate Development Co., Ltd.	–	–	799,405	–
	Ji'nan Hong Bi Real Estate Co., Ltd.	–	–	702,327	–
	China Oversea Grand Oceans Group LTD	–	–	509,240	–
	Guangzhou Bi son Real Estate Development Co., Ltd.	–	–	413,971	–
	Tianjin Shun Ji Property Co., Ltd.	–	–	352,418	–
	Shenzhen Chuang Liang Cci Capital Ltd.	–	–	302,600	–
	Jinyu Jiaxing Nanjing Real Estate Development Co., Ltd.	–	–	300,076	–
	Lang Light International Co., Ltd.	–	–	275,386	–
	Ningbo Cha Ting Properties Co., Ltd.	–	–	269,500	–
	Tianjin Wan Jiang Real Estate Co., Ltd.	–	–	213,760	–
	Shangqiu Yun Heng Urban Construction Development Co., Ltd.	–	–	210,967	–
	Others	259,815	(8,825)	2,389,009	(12,987)
Total		2,852,687	(87,699)	13,760,275	(14,597)

## 9 Related parties and related party transactions (Continued)

### (6) Receivables from and payables to related parties (Continued)

#### (a) Receivables from related parties (Continued)

		31 December 2019		31 December 2018	
		Ending balance	Provision for bad debts	Ending balance	Provision for bad debts
Contract assets	Guizhou Zhengxi Expressway Investment Management Co., Ltd.	707,917	(3,503)	–	–
	Hebei Xiong'an Citizen Service Center Co., Ltd.	482,663	(500)	–	–
	Zhongjian new urbanization (Xinjiang) Investment Co., Ltd.	330,637	(1,945)	–	–
	Jiqing Express Railway Co., Ltd.	226,489	(738)	–	–
	Shenzhen and Shantou Special Cooperation Zone Zhong Pu Infrastructure Investment Co., Ltd.	219,214	(993)	–	–
	Hebei Cheng Hong pipe gallery Engineering Co., Ltd.	204,003	(2,341)	–	–
	Sanmenxia National Highway 310 Southward Project Construction Management Co., Ltd	186,733	(5,336)	–	–
	CSCEC Haoyun Co., Ltd	171,197	(1,006)	–	–
	Shangqiu New Voyage Development Construction Management Co., Ltd	104,312	(495)	–	–
	Suzhou Xinghui West Ring Road Construction Co., Ltd	103,072	(442)	–	–
	Haikou Qiyue Urban Construction Co., Ltd	100,680	(645)	–	–
	Zhengzhou public Zhongcheng Luqiao Construction Management Co., Ltd.	90,280	(451)	–	–
	Mianyang Zhongjian Kefa pipe gallery road investment and Construction Co., Ltd	88,876	(668)	–	–
	Zhaotong CSCEC Construction Investment Development Co., Ltd.	78,776	(23,264)	–	–
	Shijiazhuang City Jiaojian Expressway Development Management Co., Ltd.	77,770	(61,237)	–	–
	Others	1,532,211	(54,919)	–	–
	Total	4,704,830	(158,483)	–	–
Other current assets	CSCEC	2,630,000	(77,322)	–	–
	Shanghai Fu Hong Real Estate Co., Ltd.	2,143,194	(85,728)	–	–
	Wuhan Hongtai Hongli Zhongjian Yipin Real Estate Co., Ltd	1,003,971	(1,004)	–	–

## 9 Related parties and related party transactions (Continued)

### (6) Receivables from and payables to related parties (Continued)

#### (a) Receivables from related parties (Continued)

		31 December 2019		31 December 2018	
		Ending balance	Provision for bad debts	Ending balance	Provision for bad debts
Other current assets	Tianjin HDA Real Estate Development Co., Ltd.	961,840	–	–	–
	Xing Gui Investment Co., Ltd.	813,424	–	–	–
	Xuchang Chen Heng real estate Co., Ltd.	809,399	–	–	–
	Shanghai Jiasheng Real Estate Development Co., Ltd.	801,723	–	–	–
	Xuancheng Haijia Lancheng Real Estate Co., Ltd.	695,298	–	–	–
	China Construction Xi'an Infrastructure Construction Investment Co., Ltd.	609,480	(22,324)	–	–
	Overseas Oceans	585,712	–	–	–
	China Ge Yongmao (Suzhou) Real Estate Development Co., Ltd.	529,122	(26,041)	–	–
	Shenzhen Chuang Liang Cci Capital Ltd.	449,216	–	–	–
	Tianjin Shun Ji Property Co., Ltd.	339,918	(34,729)	–	–
	Jinjiang zhongyun Sports Construction Development Co., Ltd.	320,000	(8,800)	–	–
	Jinyu Jiaxing Nanjing Real Estate Development Co., Ltd.	300,000	(14,400)	–	–
	Wuhan Zhongjian Yipin Zhaoying Real Estate Co., Ltd.	242,634	(312)	–	–
	Ji'nan Hong Bi Real Estate Co., Ltd.	225,361	(16,229)	–	–
	Tianjin Wan Jiang Real Estate Co., Ltd.	213,760	–	–	–
	Shangqiu Yun Heng Urban Construction Development Co., Ltd.	210,967	(6,329)	–	–
	Lang Light International Co., Ltd.	210,181	–	–	–
	Others	1,299,026	(17,193)	–	–
	Total	15,394,226	(310,411)	–	–
Long-term receivables	Qingdao Yufu Real Estate Co., Ltd.	216,840	(217)	9,988	–
	Qingdao Runfu Real Estate Co., Ltd.	96,855	(97)	72,778	–
	Taida Group Co., Ltd.	–	–	1,549,146	–
	Guangzhou Lihe Real Estate Development Co., Ltd.	–	–	1,338,743	–

## 9 Related parties and related party transactions (Continued)

### (6) Receivables from and payables to related parties (Continued)

#### (a) Receivables from related parties (Continued)

		31 December 2019		31 December 2018	
		Ending balance	Provision for bad debts	Ending balance	Provision for bad debts
Long-term receivables	Guangzhou Sui Hai Real Estate Co., Ltd.	–	–	1,153,750	–
	Xiamen Junyi Properties Co., Ltd.	–	–	995,605	–
	Sanya Bi Hai Jin Cheng Business Management Co., Ltd.	–	–	981,758	–
	Qingdao Changming Real Estate Co., Ltd.	–	–	866,224	–
	Beijing Nanyue Real Estate Development Co., Ltd.	–	–	819,480	–
	Beijing Jinliang Xingye Real Estate Development Co., Ltd.	–	–	814,894	–
	Xing Chuang Enterprise Co., Ltd.	–	–	682,539	–
	Guiheng Investment Co., Ltd.	–	–	672,241	–
	Dazhou Dahuan Development Management Co., Ltd.	–	–	671,561	–
	Guangzhou Zengcheng run Yu Real Estate Co., Ltd.	–	–	645,600	–
	Xi'an Jiarun Rongcheng Real Estate Co., Ltd.	–	–	623,488	–
	Ji'nan Tai Hui real estate development Co., Ltd.	–	–	582,067	–
	Beijing Zhengde Fengze Real Estate Development Co., Ltd.	–	–	567,759	–
	Hangzhou Tianzhi Investment Co., Ltd. (Note 4)	–	–	522,742	–
	Changsha Xirong Real Estate Co., Ltd.	–	–	522,078	–
	Zhongjian new urbanization (Xinjiang) Investment Co., Ltd.	–	–	504,427	–
	Beijing Rong Zhu Real Estate Development Co., Ltd.	–	–	416,219	–
	Xiamen Yongjing Bay Real Estate Co., Ltd.	–	–	316,189	–
	Xuzhou Metro Line One Investment Development Co., Ltd.	–	–	300,744	–
	Others	–	–	3,712,659	(1,959)
	Total	313,695	(314)	19,342,679	(1,959)

Note: On December 31, 2018, the entrusted loan amounted 270,050 thousand from the joint venture company Zhongjian Xi'an Infrastructure Construction Investment Co., Ltd. and the entrusted loan amounted 100,500 thousand from the associated company Zhongjian Xi'an Urban Construction Investment Co., Ltd. are shown in others of Note 4(15).

## 9 Related parties and related party transactions (Continued)

### (6) Receivables from and payables to related parties (Continued)

#### (a) Receivables from related parties (Continued)

		31 December 2019		31 December 2018	
		Ending balance	Provision for bad debts	Ending balance	Provision for bad debts
Debt					
Investments	Ultra Keen Holdings Limited	4,235,495	–	–	–
	Luminous Dream Limited	2,637,429	–	–	–
	Taida Group Co., Ltd.	1,643,465	–	–	–
	Dragon Star H.K. Investments Limited	1,360,948	–	–	–
	Marble Edge Limited	1,213,622	–	–	–
	Guangzhou Sui Hai Real Estate Co., Ltd.	1,133,750	–	–	–
	Qingdao Changming Real Estate Co., Ltd.	882,330	–	–	–
	Xiamen Junyi Properties Co., Ltd.	805,938	–	–	–
	Dazhou Dahuan Development Management Co., Ltd.	719,272	–	–	–
	Beijing Nanyue Real Estate Development Co., Ltd.	717,487	–	–	–
	Xing Chuang Enterprise Co., Ltd.	672,572	–	–	–
	Beijing Jinliang Xingye Real Estate Development Co., Ltd.	665,981	–	–	–
	Ji'nan Tai Hui real estate development Co., Ltd.	539,167	–	–	–
	Xianyi International Co., Ltd.	483,962	–	–	–
	Guiheng Investment Co., Ltd.	473,088	–	–	–
	Sanya Bi Hai Jin Cheng Business Management Co., Ltd.	446,258	–	–	–
	Guangzhou Zengcheng run Yu Real Estate Co., Ltd.	345,600	–	–	–
	Xiamen Yongjing Bay Real Estate Co., Ltd.	323,400	–	–	–
	Changsha Yida Chuangzhi Property Development Co., Ltd.	274,103	–	–	–
	China Construction Xi'an Infrastructure Construction Investment Co., Ltd.	270,264	(2,703)	–	–
	Others	1,409,342	(12,328)	–	–
Total		21,253,473	(15,031)	–	–

Note: On December 31, 2019, the entrusted loan amounted 270,264 thousand from the joint venture company Zhongjian Xi'an Infrastructure Construction Investment Co., Ltd. and the entrusted loan amounted 100,659 thousand from the associated company Zhongjian Xi'an Urban Construction Investment Co., Ltd. are shown in the entrusted loan of Note 4(13).

## 9 Related parties and related party transactions (Continued)

### (6) Receivables from and payables to related parties (Continued)

#### (b) Payables to related parties

		31 December 2019	31 December 2018
<b>Accounts payable</b>	Zhengzhou Yirongyijian Supply Chain Management Co., Ltd.	1,244,520	1,560,198
	CSCEC Road & Bridge Group Co., Ltd.	386,450	95,614
	CSCEC Electronic Commerce Co., Ltd.	264,269	21,363
	CSCEC-Dacheng Construction Ltd	130,934	–
	Shandong Zhongcheng Machinery Leasing Co., Ltd.	116,444	22,035
	Beijing China Construction Zhongchao Concrete Co., Ltd.	40,110	43,455
	Sichuan Xijianzhong Machinery Co., Ltd.	37,882	733
	Beijing China Construction Runtong Electrical Engineering Construction Co., Ltd.	37,695	86,810
	China Construction Technology Jingmen Co., Ltd.	35,646	–
	China Construction Chia Tai Technology Co., Ltd.	28,598	6,332
	Others	370,568	601,611
Total		2,693,116	2,438,151
<b>Advances from customers</b>	CCCC Jijiao Expressway Investment & Development Co., Ltd.	–	910,997
	Chongqing Rail Line 9 construction and Operation Co., Ltd.	–	606,175
	Xuzhou Metro Line One Investment Development Co., Ltd.	–	565,675
	Xuzhou Metro Line Three Investment Development Co., Ltd.	–	407,112
	Shijiazhuang City Jiaojian Expressway Development Management Co., Ltd.	–	299,847
	Shanghai Port Group Israel Haifa New Port Wharf Co., Ltd.	–	284,261
	Changsha CSCEC Chengtuo Pipe Well Development Investment Co., Ltd.	–	269,248
	Changji Zhongjian infrastructure development Co., Ltd.	–	206,767
	Suzhou Chun Da National Road 206 Construction Co., Ltd.	–	200,000
	Shandong Qilu ningliang Expressway Co., Ltd.	–	181,943
	Dalian Zhongjian sponge city construction and Development Co., Ltd.	–	176,683
	Zhengzhou public Zhongcheng Luqiao Construction Management Co., Ltd.	–	164,566
	Others	–	537,742
Total		–	4,811,016
<b>Other Payables</b>	Speedy Champ Investments Limited	1,261,544	1,247,150
	Xing Gui Investment Co., Ltd.	995,000	1,745,000
	Sunrise JV Limited	924,473	–
	Xing Chuang Enterprise Co., Ltd.	765,000	865,000
	Chongqing Jinke Zhaoji Real Estate Development Co., Ltd.	706,500	–
	Xi'an Dingsheng Dongyue Properties Co., Ltd.	639,942	200,000
	Xi'an Hehui Xingshang Properties Co., Ltd.	550,000	600,000
	Shandong China Overseas Huachuang Real Estate Co., Ltd.	498,026	498,026
	China Shipping Hongyang Haifu (Hefei) Real Estate Development Co., Ltd.	469,363	209,532

## 9 Related parties and related party transactions (Continued)

### (6) Receivables from and payables to related parties (Continued)

#### (b) Payables to related parties (Continued)

		31 December 2019	31 December 2018
<b>Other Payables</b>	Guiheng Investment Co., Ltd.	410,000	1,000,000
	Lang Light International Co., Ltd.	393,596	388,040
	Zhengzhou Yirongyijian Supply Chain Management Co., Ltd.	387,848	–
	Dongguan Jiafang Real Estate Development Co., Ltd.	382,810	300,310
	China Resources (Taiyuan) Land Co., Ltd.	275,000	225,000
	Wuhan yangsigang road and bridge construction and operation Co. LTD	254,930	788,660
	Zhengzhou public Zhongcheng Luqiao Construction Management Co., Ltd.	222,488	–
	Suzhou Mu Du Zhong Xin land Co., Ltd.	222,021	333,734
	Xi'an Jiarun Rongcheng Real Estate Co., Ltd.	200,000	–
	Others	2,303,737	3,053,023
Total		11,862,278	11,453,475
<b>Entrusted loans</b>	CSCEC	2,000,000	1,400,000
	Jinmao Investment (Changsha) Co., Ltd.	440,000	480,000
Total		2,440,000	1,880,000
<b>Contract Liabilities</b>	CCCC Jijiao Expressway Investment & Development Co., Ltd.	1,003,852	–
	Guizhou Leirong Expressway Investment Management Co., Ltd.	746,159	–
	Fast Shift Investments Limited	547,363	–
	Xianning Dazhou lake ecological construction and Operation Co., Ltd.	463,975	–
	China construction Wuhan Huangxiahe airport river environment comprehensive treatment construction operation Co., Ltd	434,611	–
	Changsha CSCEC Chengtou Pipe Well Development Investment Co., Ltd.	284,268	–
	Anhui Bengwu Expressway Investment Management Co., Ltd.	240,112	–
	Shanghai Port Group Israel Haifa New Port Wharf Co., Ltd.	234,303	–
	Shanghai International (Group) Ruitai Development Co., Ltd.	208,037	–
	Zhengzhou public Zhongcheng Luqiao Construction Management Co., Ltd.	202,227	–
	Xuzhou Metro Line Three Investment Development Co., Ltd.	199,433	–
	Xuzhou Metro Line One Investment Development Co., Ltd.	186,597	–
	Jingzhou huanchanghu construction and Operation Co., Ltd.	147,784	–
	Yichang urban pipe gallery construction and Operation Co., Ltd.	147,150	–
	Hangzhou Chengtou Wulin Investment Development Co., Ltd	117,464	–
	Haikou tuoyi Real Estate Co., Ltd	114,815	–
	Others	1,268,052	–
Total		6,546,202	–
<b>Long-term Payables</b>	Sunrise JV Limited	2,400,000	–
	Others	129,304	–
Total		2,529,304	–



## 10 Contingencies

### (1) Pending litigation

As at 31 December 2019, pending litigations in which the Group was the defending party are listed as follows:

	Disputed value at the end of the year
China Construction Third Engineering Bureau Co., Ltd	1,824,125
China Construction Seventh Engineering Division. Corp. Ltd	1,018,443
Jilin Zhongjian Construction Engineering Co., Ltd	950,963
China Overseas Holdings Limited	508,408
China Construction First Building (Group) Corporation Limited	265,207
China Construction Engineering Design Group Corporation Limited	261,407
The Company	219,702
China Construction Decoration Group Ltd.	214,739
China Construction Eighth Engineering Division. Corp. Ltd	204,073
China Construction Fifth Engineering Division Corp., Ltd	187,035
China Construction Fourth Engineering Division Corp. Ltd	141,034
China Construction Second Engineering Bureau Ltd.	100,479
CSCEC Xinjiang Construction & Engineering (Group) Co., Ltd	97,958
China Construction Port and Shipping Bureau Group Co., Ltd.	29,811
China Southwest Geotechnical Investigation & Design Institute Co., Ltd.	24,790
China Construction (Siping) infrastructure development Co., Ltd	20,947
Total	6,069,121

Note: The above pending litigations are mostly related with project quality, progress payment, etc.. Please refer to Note 4(62) for the progress of litigation matters in 2019 and the confirmed losses of judgment results, and relevant liabilities are not recognized for the event that the potential obligations generated do not meet the conditions for the recognition of provisions for other liabilities and charges.

### (2) Guarantee provided

Type of guarantee	Guaranteed amount at the end of the year
Property Owners mortgage guarantee (Note)	67,602,266
Guarantees for bank loan	5,542,107
Total	73,144,373

Note: The Group provides guarantees to property owners and property owners pledge the houses they have bought when taking loans from banks. In 2019, there was no significant breach of contract from commodity house buyers and the Group considers the risk associated with the guarantee obligation is immaterial (Note 2(31)(c)).

## 11 Commitments

### (1) Capital expenditures commitments

The Group's capital expenditures commitments contracted for but not yet necessary to be recognised on the balance sheet at the balance sheet date are as follows:

	31 December 2019	31 December 2018
Purchase and construction of non-current assets	4,276,122	1,455,199

### (2) Operating lease commitments

The future minimum lease payments due under the signed irrevocable operating leases contracts are summarised as follows:

	31 December 2019	31 December 2018
Within 1 year	585,259	450,268
1 to 2 years	210,325	159,249
2 to 3 years	142,339	114,169
Over 3 years	183,909	163,486
Total	1,121,832	887,172

### (3) Significant purchase commitments

In 2019, the Group has no significant purchase commitments.

### (4) Investment commitments

The Group's significant investment commitments for the subsequent years are as follows:

Investee/Project	Total investment amounts	Investment amount as at 31 December 2019	Retained investment amounts
Yunnan Huali Expressway Investment Development Co., Ltd	2,561,000	790,000	1,771,000
Xuzhou Metro Line One Investment Development Co., Ltd.	2,500,000	790,000	1,710,000
Guizhou Leirong Expressway Investment Management Co., Ltd.	1,894,047	455,261	1,438,786
China Construction (Tianjin) Rail Transit Investment Development Co., Ltd	1,275,000	244,112	1,030,888
Anhui Province Yuehuang Expressway Co., Ltd.	1,121,855	224,000	897,855
Zhongjian Xi'an Urban Construction Investment Co., Ltd	708,040	3,000	705,040
Qingyang zhongjianyuanqing Highway Construction Management Co., Ltd	763,500	100,000	663,500
Wuhan zhongjianwudi development and Construction Co., Ltd	600,300	150,000	450,300
Sanmenxia National Highway 310 Southward Project Construction Management Co., Ltd	1,328,670	900,000	428,670
Xuzhou Metro Line Three Investment Development Co., Ltd. (Note 3)	415,160	50,560	364,600
CSCEC International (Xiangyang) Construction Co., Ltd.	400,000	111,000	289,000
Yuejian Investment Development Co., Ltd. of Qingyuan China Construction Fourth Engineering Bureau	500,500	217,700	282,800

## 11 Commitments (Continued)

### (4) Investment commitments (Continued)

Investee/Project	Total investment amounts	Investment amount as at 31 December 2019	Retained investment amounts
Zhongshan Cuiheng new area water conservancy investment and Construction Co., Ltd	610,000	325,180	284,820
Qufu Nishan cultural tourism real estate Co., Ltd	658,960	401,649	257,311
Liupanshui Dongda Expressway Investment Development Co., Ltd.	400,000	147,080	252,920
Nanjing Kangyuan Real Estate Development Co., Ltd.	271,180	24,450	246,730
Heibei Qu Harbor Expressway Development Co., Ltd.	429,954	189,000	240,954
Zunyi South Ring Expressway Development Co., Ltd.	436,617	241,042	195,575
Hengshui CSCEC Hayuan Project Management Co., Ltd	696,542	506,721	189,821
Wuhan Hongtai Hongli Zhongjian Yipin Real Estate Co., Ltd	352,800	176,400	176,400
Yunnan Huali Expressway Investment Development Co., Ltd	479,750	311,880	167,870
Xuzhou Metro Line One Investment Development Co., Ltd.	1,056,840	900,000	156,840
Guizhou Leirong Expressway Investment Management Co., Ltd.	300,000	180,000	120,000
China Construction (Tianjin) Rail Transit Investment Development Co., Ltd	51,000	5,100	45,900

In addition, the group's other investment commitments in the future are about RMB4.2 billion.

## 12 Events after the balance sheet date

- Pursuant to the *Motion on the Redemption of 150,000,000 Unlisted Preference Shares of China Construction Co., Ltd.*, the *Motion on Amendments to the Articles of Association of China Construction Co., Ltd.* and the *Motion on Amendments to the Rules of Procedure of the General Meeting of China Construction Co., Ltd.*, which were approved at the first extraordinary general meeting of the Company in 2020 dated 19 February 2020, the Company, on 2 March 2020, redeemed all 150,000,000 preference shares held by all the preference shareholders of the Company at the nominal amount (totalling RMB15,000,000,000) plus dividends to be distributed but not yet paid for the current period, as agreed upon in the Company's *Unlisted Preference Share Prospectus*. After this redemption, the number of preference shares of the Company is zero.

## 12 Events after the balance sheet date (Continued)

2. After the balance sheet date, bonds issued by the Company and the subsidiaries of the Group are as follows:

Issuer	Type of bond	Value in issue	Date of issue	Date of value	Interest rate (%)
China Overseas Finance (Cayman) VIII Limited	Medium-term notes	USD500 million	2 March 2020	2 March 2020	2.750
China Overseas Finance (Cayman) VIII Limited	Medium-term notes	USD300 million	2 March 2020	2 March 2020	2.375
China Overseas Finance (Cayman) VIII Limited	Medium-term notes	USD200 million	2 March 2020	2 March 2020	3.125
CHINA CONSTRUCTION COMMUNICATIONS ENGRG. GROUP CORP. LTD	Medium-term notes	RMB800 million	11 March 2020	13 March 2020	4.200
CHINA CONSTRUCTION SEVENTH ENGINEERING DIVISION CORP. LTD	Medium-term notes	RMB2 billion	25 March 2020	27 March 2020	3.700
The Company	Medium-term notes	RMB4 billion	1 April 2020	3 April 2020	3.290
The Company	Medium-term notes	RMB3 billion	9 April 2020	13 April 2020	3.100
The Company	Medium-term notes	RMB3 billion	16 April 2020	20 April 2020	3.090
CHINA CONSTRUCTION FIFTH ENGINEERING DIVISION CORP. LTD	Medium-term notes	RMB2 billion	20 April 2020	22 April 2020	3.350

3. The Company concluded a perpetual bond financing contract of RMB6 billion (hereinafter “the Contract”) with China Credit Trust Co., Ltd. on 6 March 2018. On 7 March 2020, the second interest-bearing year of the Contract ended, so the Company redeemed all the perpetual bonds therein at par plus interest payable in accordance with relevant terms in the Contract.
4. On 15 April 2020, the Company cancelled a total of 10,558,200 restricted shares not eligible for unlocking, which were repurchased from 108 grantees who held Phase I, Phase II and Phase III restricted shares in the Company (Phase II and Phase III restricted shares held by 7 of the 108 grantees have all been repurchased by the Company). After the cancellation, the share capital of the Company was reduced by RMB10,558,200 to RMB41,965,071,511.
5. Distribution of dividends

Pursuant to a resolution of the Board of Directors dated 24 April 2020, the Board of Directors proposed that the Company distribute a cash dividend of RMB1.85 (before tax) for every 10 ordinary shares to all ordinary shareholders on the basis of 41,965,071,500 shares as at the date of disclosure, dividends totalling approximately RMB7.76 billion. In the event of any change in the total share capital of the Company before the date of registration of the dividend distribution, it is proposed to maintain the same distribution ratio per share but to adjust the total distribution accordingly. The details of the adjustment will be disclosed separately. The proposal for the distribution of dividends is yet to be approved by the shareholders of the Company in general meeting and is not recognised in this financial statement.

## 12 Events after the balance sheet date (Continued)

6. After the outbreak of Coronavirus Disease 2019 ("COVID-19") in early 2020, prevention and control measures have been and continue to be implemented in an orderly manner throughout the nation under the joint prevention and control mechanism. Things are getting all the way better in China now with COVID-19 almost kept under control and production and ordinary life brought back to normal at a quicker pace. The Group has conscientiously acted on the instructions in the *Notice on the Effective Strengthening of Scientific Prevention and Control of the COVID-19 Outbreak and on Work Resumption* issued by the State Council under the joint prevention and control mechanism, and has promoted resumption of work by region and priority.

COVID-19 has exercised impact on the economic and social order of some provinces and cities, including Hubei and Wuhan, which has in turn affected to some extent the construction progress of the Group's projects. The extent of the impact will depend on COVID-19 prevention and control measures, resumption of labour and implementation of various regulatory policies.

As at the date on which the financial statements were authorised for issue, things were getting better in China but worse internationally. The Group will pay close attention to the development of the COVID-19 outbreak and evaluate its impact on the financial position and operating results of the Group. As at the date on which the financial statements were authorised for issue, the Group was not aware of any material adverse effect.

## 13 Leases

The future lease payments of fixed assets held under finance leases (Note 4(19)(b)) are as follows:

	31 December 2019	31 December 2018
Within 1 year	169,689	127,102
1-2 years	152,288	111,556
2-3 years	63,574	101,104
Over 3 years	28,441	24,093
Total	413,992	363,855

As at 31 December 2019, the unrecognised financing charge amounts to RMB23,679 thousand (31 December 2018: RMB20,855 thousand).

## 14 Business combinations

Please refer to Note 5 for details.

## 15 Financial instrument and risk

The Group's activities expose it to a variety of financial risks: mainly include market risk (primarily foreign exchange risk, interest rate risk and other price risk), credit risk and liquidity risk. The above financial risks and the risk management policies adopted to reduce these risks are as follows:

The Board of Directors is responsible for planning and establishing the Group's risk management structure, formulating the Group's risk management policies and related guidelines, and supervising the implementation of risk management measures. The Group has formulated risk management policies to identify and analyze the risks faced by the Group. These risk management policies specify specific risks, covering market risk, credit risk and liquidity risk management. The Group regularly assesses changes in the market environment and the Group's operating activities to decide whether to update the risk management policies and systems. The risk management of the Group is carried out by the Risk Management Committee in accordance with the policies approved by the Board of Directors. The Risk Management Committee identifies, evaluates and avoids related risks through close cooperation with other business departments of the Group. The internal audit department of the Group conducts regular audits on risk management controls and procedures, and reports the audit results to the audit committee of the Group.

## 15 Financial instrument and risk (Continued)

### (1) Market risk

#### (a) Foreign exchange risk

The Group's major operational activities are carried out in Mainland China and a majority of the transactions is denominated in RMB. The Group is exposed to foreign exchange risk arising from the recognised assets and liabilities, and future transactions denominated in foreign currencies, primarily with respect to US dollars and HK dollars. The Group's finance department at its headquarters is responsible for monitoring the amount of assets, liabilities and transactions denominated in foreign currencies. The Group may consider entering into forward exchange contracts or currency swap contracts to mitigate the foreign exchange risk. In 2019 and 2018, the Group did not enter into any significant forward exchange contracts or currency swap contracts.

As at 31 December 2019 and 31 December 2018, the carrying amounts in RMB equivalent of the Group's assets and liabilities denominated in foreign currencies are summarized as follows:

	31 December 2019			
	USD	HKD	Others	Total
Financial assets denominated in foreign currency – cash at bank and on hand	16,175,394	11,631,903	10,200,690	38,007,987
Financial assets held for trading	856,602	–	3,825	860,427
Accounts receivable	5,381,685	5,999,279	6,079,141	17,460,105
Other receivables	1,195,184	713,853	1,203,823	3,112,860
Non-current assets that mature within one year	127,671	332,585	1,154,889	1,615,145
Creditor's rights investment	–	11,574,921	20,172	11,595,093
Other creditor's right investment	412,106	–	–	412,106
Long-term receivables	110,489	456,011	209,596	776,096
Investment in other equity instruments	–	41,202	37,183	78,385
Total	24,259,131	30,749,754	18,909,319	73,918,204
Financial liabilities denominated in foreign currency –	5,649,536	3,554,493	15,370,368	24,574,397
Accounts payable	1,639,295	115,295	1,653,586	3,408,176
Other payables	1,716,759	–	526,836	2,243,595
Short-term borrowings	18,815,390	6,929,210	937,477	26,682,077
Current portion of non-current liabilities	7,322,268	65,676,771	3,191,742	76,190,781
Long-term borrowings	53,144,245	3,089,601	–	56,233,846
Bonds payables	383,851	818,523	1,636,168	2,838,542
Long-term payables	6,321,423	–	–	6,321,423
Other non-current liabilities	5,649,536	3,554,493	15,370,368	24,574,397
Total	94,992,767	80,183,893	23,316,177	198,492,837

## 15 Financial instrument and risk (Continued)

### (1) Market risk (Continued)

#### (a) Foreign exchange risk (Continued)

	31 December 2018			
	USD	HKD	Others	Total
Financial assets denominated in foreign currency – Cash at bank and on hand	16,696,175	12,913,614	10,701,838	40,311,627
Financial assets at fair value through profit or loss	4,604,937	–	4,033	4,608,970
Notes receivable and accounts receivable	6,573,587	3,539,873	6,026,212	16,139,672
Other receivables	483,430	2,334,284	1,357,031	4,174,745
Available-for-sale financial assets	280,926	44,319	37,183	362,428
Long-term receivables	768,850	3,789,791	3,207,766	7,766,407
Current portion of non-current assets	1,612,262	2,093,584	654,476	4,360,322
Total	31,020,167	24,715,465	21,988,539	77,724,171
Financial liabilities denominated in foreign currency –				
Notes payable and accounts payable	1,777,651	5,138,124	14,770,502	21,686,277
Other payables	1,543,843	204,596	1,381,382	3,129,821
Short-term borrowings	961,507	–	215,717	1,177,224
Current portion of non-current liabilities	10,336,398	–	8,453,371	18,789,769
Long-term borrowings	2,053,408	53,715,314	3,260,144	59,028,866
Bonds payables	58,670,592	1,309,539	–	59,980,131
Long-term payables	224,461	684,269	938,542	1,847,272
Other non-current liabilities	12,880,166	–	–	12,880,166
Total	88,448,026	61,051,842	29,019,658	178,519,526

As at 31 December 2019, if the currency had strengthened/weakened by 10% against the foreign currencies while all other variables had been held constant, the Group's will increase or decrease net profit of about RMB9.65 billion (31 December 2018: RMB7.76 billion).

## 15 Financial instrument and risk (Continued)

### (1) Market risk (Continued)

#### (b) Interest rate risk

The Group's interest rate risk arises from interest bearing borrowings including borrowings, bonds payables and borrowings from related parties. Financial liabilities issued at floating rates expose the Group to cash flow interest rate risk. Financial liabilities issued at fixed rates expose the Group to fair value interest rate risk. The Group determines the relative proportions of its fixed rate and floating rate contracts depending on the prevailing market conditions. As at 31 December 2019, the Group's interest bearing borrowings with fixed rates amounts to RMB217,468,888 thousand (31 December 2018: RMB219,536,491 thousand) and floating rates interest bearing borrowings amounts to RMB245,642,137 thousand (31 December 2018: RMB200,435,781 thousand).

The Group's finance department at its headquarters continuously monitors the interest rate position of the Group. Increases in interest rates will increase the cost of new borrowing and the interest expenses with respect to the Group's outstanding floating rate borrowings, and therefore could have a material adverse effect on the Group's financial position. The management of the Group makes decisions with reference to the latest market conditions. The Group may enter into interest rate swap agreements to mitigate its exposure to interest rate risk. In 2019 and 2018 the Group did not enter into any significant interest rate swap agreements.

As at 31 December 2019, if interest rates on the floating rate borrowings had risen/fallen 50 basis points while all other variables had been held constant, the Group's net profit would have decreased/increased by approximately RMB982,000 thousand (31 December 2018: approximately RMB892,000 thousand).

#### (c) Other price risks

The Group's other price risks mainly arise from various types of equity instrument investments, and there is a risk of changes in equity instrument prices.

As of December 31, 2019, if the expected price of various types of equity instrument investments of the Group increased or decreased by 10% and other factors remained unchanged, the Group will increase or decrease its net profit by approximately RMB5,841 thousand (December 2018 31st: approximately RMB356,338 thousand), increase or decrease other comprehensive income by approximately RMB902,152 thousand (December 31, 2018: approximately RMB407,741 thousand).

### (2) Credit risk

The Group's credit risk mainly arises from bank deposits, bills receivable, accounts receivable, financing receivables, other receivables, contract assets, debt investments, other debt investments, long-term receivables and financial guarantee contracts.

The Group expects that there is no significant credit risk associated with cash at bank since they are deposited at state-owned banks, other medium or large size listed banks and high credit rating banks. Management does not expect that there will be any significant losses from non-performance by these counterparties.

In addition, for bills receivables, accounts receivables, receivables financing, other receivables and contract assets, etc., the Group sets relevant policies to control credit risk exposure. The Group assesses the customer's credit qualification and sets the corresponding credit period based on the customer's financial status, the possibility of obtaining guarantees from third parties, credit history and other factors such as current market conditions. The Group will regularly monitor the customer's credit history. For customers with poor credit history, the Group will use written reminders, shorten the credit period or cancel the credit period to ensure that the overall credit risk of the Group is within a controllable range.

As of December 31, 2019, the Group had no significant collateral or other credit enhancements held by the debtor's mortgage.



## 15 Financial instrument and risk (Continued)

### (3) Liquidity risk

Cash flow forecasting is performed by each subsidiary of the Group and aggregated by the Group's finance department in its headquarters. The Group's finance department at its headquarters monitors rolling forecasts of the Group's short-term and long-term liquidity requirements to ensure it has sufficient cash and securities that are readily convertible to cash to meet operational needs, while maintaining sufficient headroom on its undrawn committed borrowing facilities from major financial institution so that the Group does not breach borrowing limits or covenants on any of its borrowing facilities to meet the short-term and long-term liquidity requirements.

The financial liabilities of the Group at the balance sheet date are analysed by their maturity date below at their undiscounted contractual cash flows.

	31 December 2019				
	Within 1 year	1-2 years	2-5 years	Over 5 years	Total
Short-term borrowings	29,076,353	—	—	—	29,076,353
Notes payable	7,030,414	—	—	—	7,030,414
Accounts payable	493,129,630	—	—	—	493,129,630
Other payables	114,030,641	—	—	—	114,030,641
Other current liabilities	1,406,893	—	—	—	1,406,893
Long-term borrowings	53,600,827	72,035,107	134,177,611	90,273,571	350,087,116
Bonds payables	34,084,055	27,454,496	51,361,125	53,749,429	166,649,105
Long-term payables	14,053,066	15,165,467	5,199,152	229,713	34,647,398
Other non-current liabilities	6,939,864	—	6,762,559	—	13,702,423
Total	753,351,743	114,655,070	197,500,447	144,252,713	1,209,759,973

	31 December 2018				
	Within 1 year	1-2 years	2-5 years	Over 5 years	Total
Short-term borrowings	19,409,514	—	—	—	19,409,514
Notes payable	13,412,795	—	—	—	13,412,795
Accounts payable	481,457,764	—	—	—	481,457,764
Other payables	114,483,815	—	—	—	114,483,815
Other current liabilities	1,363,642	—	—	—	1,363,642
Long-term borrowings	41,664,765	75,743,601	116,116,645	55,673,413	289,198,424
Bonds payables	32,588,499	32,472,227	66,244,828	44,503,760	175,809,314
Long-term payables	19,156,832	14,615,893	5,700,082	670,537	40,143,344
Other non-current liabilities	—	11,405,857	—	2,576,001	13,981,858
Total	723,537,626	134,237,578	188,061,555	103,423,711	1,149,260,470

At balance sheet day, the greatest amount of securities of the group commit to pay in related years listed as followings:

	31 December 2019				
	In 1 year	1-2 years	2-5 years	Over 5 years	Total
Securities	67,895,772	1,179,501	569,100	3,500,000	73,144,373

	31 December 2018				
	In 1 year	1-2 years	2-5 years	Over 5 years	Total
Securities	53,271,892	580,320	1,824,681	3,500,000	59,176,893

## 16 Fair value estimates

Based on the lowest level input that is significant to the fair value measurement in its entirety, the fair value hierarchy has the following levels:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3: Inputs for the asset or liability that is not based on observable market data (that is, unobservable inputs).

### (1) Assets and liabilities measured at fair value on a recurring basis

As at 31 December 2019, the assets and liabilities measured at fair value on a recurring basis by the above three levels are analysed below:

	Level 1	Level 2	Level 3	Total
<b>Financial assets –</b>				
Financial assets held for trading				
Investments in debenture held for trading (Note 4(2))	856,602	–	5,705	862,307
Investments in equity instrument held for trading (Note 4(2))	39,765	–	–	39,765
<b>Accounts receivable financing –</b>				
Notes receivables (Note 4(6))	–	–	3,674,166	3,674,166
<b>Other current assets –</b>				
Investment in listed equity instrument	–	3,557,504	–	3,557,504
<b>Other non-current financial assets –</b>				
Investment in stock	–	–	35,510	35,510
Investment in fund	–	–	15,000	15,000
<b>Other investment in debenture instrument –</b>				
Corporation bonds	612,106	–	–	612,106
<b>Other investment in equity instrument –</b>				
Investment in listed equity instrument (Note 4(17))	1,659,862	–	–	1,659,862
Investment in non-listed equity instrument (Note 4(17))	–	–	6,409,181	6,409,181
Total financial assets	3,168,335	3,557,504	10,139,562	16,865,401
<b>Financial liabilities –</b>				
<b>Current portion of non-current liabilities –</b>				
Exchangeable bonds in 2016 (Note 4(34))	–	6,939,864	–	6,939,864
<b>Other non-current liabilities –</b>				
Exchangeable bonds in 2016 (Note 4(42))	–	4,695,968	–	4,695,968
Total financial liabilities	–	11,635,832	–	11,635,832

## 16 Fair value estimates (Continued)

### (1) Assets and liabilities measured at fair value on a recurring basis (Continued)

As at 31 December 2018, the assets and liabilities measured at fair value on a recurring basis by the above three levels are analysed below:

	Level 1	Level 2	Level 3	Total
<b>Financial assets –</b>				
Financial assets at fair value through profit or loss				
Investment in debt instrument held-for-trading (Note 4(3))	4,582,970	–	–	4,582,970
Investment in equity instrument held-for-trading (Note 4(3))	17,697	–	–	17,697
Others (Note 4(3))	–	–	21,966	21,966
<b>Available-for-sale financial assets</b>				
Available-for-sale equity instrument (Note 4(14))	1,707,433	2,684,820	395,471	4,787,724
Available-for-sale bonds (Note 4(14))	500,925	–	–	500,925
Others (Note 4(14))	–	–	819	819
<b>Other current assets</b>				
Others	–	–	366,004	366,004
<b>Total financial assets</b>	<b>6,809,025</b>	<b>2,684,820</b>	<b>784,260</b>	<b>10,278,105</b>
<b>Financial liabilities –</b>				
Other non-current liabilities				
Exchangeable bonds in 2016 (Note 4(42))	–	10,937,880	–	10,937,880
<b>Total financial liabilities</b>	<b>–</b>	<b>10,937,880</b>	<b>–</b>	<b>10,937,880</b>

The Group takes the date on which events causing the transfers between the levels take place as the timing specific for recognising the transfers. There is no transfer between Level 1 and Level 2 for the current year.

The fair value of financial instruments traded in an active market is determined at the quoted market price; and the fair value of those not traded in an active market is determined by the Group using valuation technique. The valuation models used mainly comprise discounted cash flow model, market comparable corporate model, etc.. The inputs of the valuation technique mainly include future cash flow and PBR of companies in same category, etc..

## 16 Fair value estimates (Continued)

### (1) Assets and liabilities measured at fair value on a recurring basis (Continued)

The changes in Level 3 financial assets are analysed below:

	31 December 2018	Changes in accounting policies 2019	1 January 2019	Purchase	Sales/ Settles	Transfer into Level 3	Transfer out of Level 3	Total gains or losses for the current period		31 December 2019	Changes in unrealised gains or losses included in profit or loss for the current year with respect to assets still held as at 31 December 2019 – Gains on changes in fair value
								Gains or losses recognised in profit or loss	Gains or losses recognised in other comprehensive income		
Financial assets											
Financial assets at fair value through profit or loss –											
Others	21,966	(21,966)	-	-	-	-	-	-	-	-	-
Financial assets held for trading–											
Investments in debt instrument held for trading	-	393,676	393,676	548,216	(927,798)	-	-	16,813	-	5,705	-
Available-for-sale financial assets –											
Available-for-sale equity instruments	395,471	(395,471)	-	-	-	-	-	-	-	-	-
Others	819	(819)	-	-	-	-	-	-	-	-	-
Other current assets–											
Others	366,004	(366,004)	-	-	-	-	-	-	-	-	-
Account receivables financing–											
Notes receivables	-	3,427,192	3,427,192	3,672,874	(3,425,900)	-	-	-	-	3,674,166	-
Other non-current financial assets–											
Investment in stock	-	269,932	268,932	-	-	-	-	(233,422)	-	35,510	(233,422)
Investment in fund	-	-	-	15,000	-	-	-	-	-	15,000	-
Other investment in equity instrument–											
investment in non-listed equity instrument	-	5,460,759	5,460,759	643,658	(228,912)	-	-	30,320	533,676	6,409,181	-
Total financial assets	784,260	8,766,299	9,550,559	4,879,748	(4,582,610)	-	-	(186,289)	533,676	10,139,562	(233,422)

## 16 Fair value estimates (Continued)

### (1) Assets and liabilities measured at fair value on a recurring basis (Continued)

The changes in Level 3 financial assets are analysed below: (Continued)

	31 December 2017	Purchase	Sales/ Settles	Transfer into Level 3	Transfer out of Level 3	Total gains or losses for the current period		31 December 2018	Changes in unrealised gains or losses included in profit or loss for the current year with respect to assets still held as at 31 December 2018 – Gains on changes in fair value
						Gains or losses recognised in profit or loss	Gains or losses recognised in other comprehensive income		
Financial assets									
Financial assets at fair value through profit or loss –									
Others	17,744	-	-	-	-	4,222	-	21,966	4,222
Available-for-sale financial assets –									
Available-for-sale equity instruments	45,777	347,731	(422)	-	-	-	2,385	395,471	-
Others	20,096	-	-	-	-	-	-	20,096	-
Other current assets–									
Others	2,025,100	2,366,005	(4,031,875)	-	-	-	(12,503)	346,727	-
Total financial assets	2,108,717	2,713,736	(4,032,297)	-	-	4,222	(10,118)	784,260	4,222
Financial liabilities									
Financial liabilities at fair value through profit or loss	50,028	-	(50,028)	-	-	-	-	-	-

## 16 Fair value estimates (Continued)

### (2) Assets and liabilities measured at fair value on a non-recurring basis

Assets and liabilities held for sale are recognised at the amount equal to the lower of the original carrying amount and the fair value less costs to sell. As at 31 December 2019, the Group has no significant non-current assets or liabilities which are satisfied with all the held-for-sale conditions.

### (3) Assets and liabilities not measured but disclosed at fair value

Financial assets and liabilities measured at amortised cost mainly include note receivables, receivables, investment in debentures, short-term borrowings, payables, long-term borrowings, bonds payables and long-term payables, etc..

Except for financial assets and liabilities listed below, the difference between the carrying amount and the fair value of the other financial assets and liabilities not measured at fair value is not significant.

	31 December 2019		31 December 2018	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial liabilities –				
Bonds payables	99,596,598	102,571,419	109,445,517	112,359,403

The fair value of bonds payables quoted in an active market is determined at the quoted market price, and categorised within Level 1 of the fair value hierarchy. The fair value of bonds payables not quoted in an active market is the present value of the contractually determined stream of future cash flows discounted at the rate of interest applied at that time by the market to instruments of comparable credit status and providing substantially the same cash flows on the same terms, and categorised within Level 3 of the fair value hierarchy.

## 17 Capital management

The Group's capital management policies aim to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the ways of financing, issue new shares and other equity instruments, or sell assets to reduce debts.

The total capital of the Group is the shareholders' equity listed in the consolidated balance sheet. The Group is not subject to external mandatory capital requirements and monitors its capital using the gearing ratio.

As at 31 December 2019 and 31 December 2018, the debt to assets ratio of the Group is analysed below:

	31 December 2019	31 December 2018
Total assets (A)	2,034,451,929	1,861,840,298
Total liabilities (B)	1,532,616,609	1,432,576,042
Debt to assets ratio (B/A) (%)	75.33	76.94

## 18 Notes to the Company's financial statements

### (1) Accounts receivable

	31 December 2019	31 December 2018
Accounts receivable	29,916,188	27,045,332
Less: Provision for bad debts	(1,829,600)	(1,583,960)
Net balance	28,086,588	25,461,372

(a) The aging of accounts receivable is analysed as follows:

	31 December 2019	31 December 2018
Within 1 year	23,888,813	21,392,485
1-2 years	2,659,068	3,642,013
2-3 years	2,436,807	556,921
3-4 years	388,734	1,047,891
4-5 years	201,669	261,322
Over 5 years	341,097	144,700
Total	29,916,188	27,045,332

(b) As at 31 December 2019, the five largest accounts receivable according to customers are analysed as follows:

	Amount	Amount of provision for bad debt	% of total balance
The total amount of the five largest accounts receivable	5,107,065	(473,479)	17.07

(c) In 2019, the company has no accounts receivable derecognized due to the transfer of financial assets in current year (2018: RMB249,679 thousand). No related costs in current year (2018: RMB5,472 thousand).

(d) Provision for bad debts:

(i) As at 31 December 2019, accounts receivable with amounts that are individually significant and that the related provision for bad debts is provided on the individual basis are analysed as follows:

Debtor	Ending balance	Provision for bad debts	Provision Ratio (%)	Reason of provision
Company 1	2,004,490	22.00	(440,988)	Provided based on evidence and judgement
Company 2	517,409	20.04	(103,677)	Provided based on evidence and judgement
Company 3	495,466	1.00	(4,955)	Provided based on evidence and judgement
Company 4	378,603	5.92	(22,419)	Provided based on evidence and judgement
Company 5	270,299	77.83	(210,371)	Provided based on evidence and judgement
Others	10,943,072	2.08	(227,154)	Provided based on evidence and judgement
Total	14,609,339		(1,009,564)	

## 18 Notes to the Company's financial statements (Continued)

### (1) Accounts receivable (Continued)

(d) Provision for bad debts: (Continued)

(ii) Among accounts receivable of which the related provision for bad debts is provided on grouping basis, Group 1 used the aging analysis method analysed as follows:

Group 1:

	31 December 2019		
	Ending balance	Provision for bad debts	
	Amount	Provision ratio (%)	Amount
Within 1 year	4,871,767	2.00	(97,435)
1-2 years	818,301	5.00	(40,915)
2-3 years	133,891	15.00	(20,084)
3-4 years	19,147	30.00	(5,744)
4-5 years	—	45.00	—
Over 5 years	10,382	100.00	(10,382)
Total	5,853,488		(174,560)

Group 2:

	31 December 2019		
	Ending balance	Provision for bad debts	
	Amount	Provision ratio (%)	Amount
Within 1 year	2,025,215	6.00	(121,513)
1-2 years	137,901	12.00	(16,548)
2-3 years	216	25.00	(54)
3-4 years	25,154	45.00	(11,319)
4-5 years	—	70.00	—
Over 5 years	268	100.00	(268)
Total	2,188,754		(149,702)



## 18 Notes to the Company's financial statements (Continued)

### (1) Accounts receivable (Continued)

(d) Provision for bad debts: (Continued)

(ii) (Continued)

Group 3:

	31 December 2019		
	Ending balance	Provision for bad debts	
	Amount	Provision ratio (%)	Amount
Within 1 year	6,345,229	4.50	(285,535)
1-2 years	576,857	10.00	(57,686)
2-3 years	228,193	20.00	(45,639)
3-4 years	9,258	40.00	(3,703)
4-5 years	5,312	65.00	(3,453)
Over 5 years	99,758	100.00	(99,758)
Total	7,264,607		(495,774)

(iii) Provision for bad debts amounted to RMB595,711 thousand were accrued in current year. Provision for bad debts amounted to RMB891,982 thousand were collected or reversed in current year. The major amount collected or reversed are as follows:

	Reason for reversal/ collection	Basis for determining the provision for bad debts	Reversal/ collection amount	Way of collection
Company 1	Account receivable of project collected	Provided on individual basis	377,408	Cash
Company 2	Account receivable of project collected	Provided on individual basis	145,491	Cash
Company 3	Account receivable of project collected	Provided on individual basis	124,285	Cash
Company 4	Account receivable of project collected	Provided on grouping basis	22,166	Cash
Company 5	Account receivable of project collected	Provided on grouping basis	13,451	Cash
Others	Account receivable project collected	Provided individually and on grouping basis	209,181	Cash
Total			891,982	

(e) As 2019, accounts receivable that were unable to be collected and written off in current year amounted to RMB52,441 thousand, all of which were accounts receivable of projects and design fee due from third parties (2018: Nil).

(f) As at 31 December 2019 and 31 December 2018, the company has no accounts receivable that was pledged by the company to banks for borrowings.

## 18 Notes to the Company's financial statements (Continued)

### (2) Other receivables

	31 December 2019	31 December 2018
Receivables from related parties	20,073,488	17,757,782
Dividends receivable	1,173,991	2,318,762
Deposits and petty cash receivable	1,150,454	462,352
Others	1,010,403	1,290,605
Sub-total	23,408,336	21,829,501
Less: Provision for bad debts	(838,625)	(800,348)
Net balance	22,569,711	21,029,153

(a) The aging of other receivables is analysed as follows:

	31 December 2019	31 December 2018
Within 1 year	16,322,284	15,403,750
1-2 years	3,933,831	4,205,225
2-3 years	1,097,297	1,365,330
3-4 years	1,232,786	188,338
4-5 year	157,518	335,369
Over 5 years	664,620	331,489
Total	23,408,336	21,829,501

(b) Loss provision and its book balance change statement:

There are no other receivables in phase ii of the group as at 31 December 2019. Other receivables in phase I and phase iii are analyzed as follows:

(i) As at 31 December 2019, the analysis of bad debt provisions for other receivables in phase I is as follows:

Individual basis	Ending balance	Expected credit loss rate in the next 12 months (%)	Provision for bad debts	Reason of provision
Company 1	3,417,687	0.00	–	Provided based on evidence and judgment
Company 2	1,760,500	0.00	–	Provided based on evidence and judgment
Company 3	1,005,000	0.00	–	Provided based on evidence and judgment
Company 4	965,546	0.00	–	Provided based on evidence and judgment
Company 5	915,324	0.00	–	Provided based on evidence and judgment
Others	13,732,661	0.06	(7,744)	Provided based on evidence and judgment
Total	21,796,718		(7,744)	

## 18 Notes to the Company's financial statements (Continued)

### (2) Other receivables (Continued)

(b) Loss provision and its book balance change statement (Continued)

(i) (Continued)

Grouping basis	Ending balance	Expected credit loss rate in the next 12 months (%)	Provision for bad debts	Reason of provision
Combination 1	387,082	2.49	(9,621)	Provided based on evidence and judgment
Combination 2	233,146	5.29	(12,340)	Provided based on evidence and judgment
Combination 3	136,186	4.39	(5,983)	Provided based on evidence and judgment
Total	756,414		(27,944)	

(ii) As at December 31, 2019, the analysis of bad debt provisions for other receivables in phase iii is as follows:

Individual basis	Ending balance	Expected credit loss rate in the entire duration (%)	Provision for bad debts	Reason of provision
Company 1	454,775	100.00	(454,775)	Provided based on evidence and judgment
Company 2	149,579	100.00	(149,579)	Provided based on evidence and judgment
Company 3	119,888	97.31	(116,660)	Provided based on evidence and judgment
Company 4	15,405	76.10	(11,724)	Provided based on evidence and judgment
Company 5	6,798	100.00	(6,798)	Provided based on evidence and judgment
Others	32,179	58.43	(18,801)	Provided based on evidence and judgment
Total	778,624		(758,337)	

Grouping basis	Ending balance	Expected credit loss rate in the entire duration (%)	Provision for bad debts	Reason of provision
combination 1	58,560	54.70	(32,032)	Provided based on evidence and judgment
combination 2	9,613	50.71	(4,875)	Provided based on evidence and judgment
combination 3	8,407	91.50	(7,693)	Provided based on evidence and judgment
Total	76,580		(44,600)	

## 18 Notes to the Company's financial statements (Continued)

### (2) Other receivables (Continued)

- (c) Provision for bad debts amounted to RMB1,036,552 thousand were accrued in current year. Provision for bad debts amounted to RMB71,183 thousand were collected or reversed in current year. The major amount collected or reversed are as follows:

	Reason for reversal/ collection	Basis for determining the provision for bad debts	Amount of reversal/ collection	Way of collection
Company 1	Receivables collected	Provided individually	43,968	Cash
Company 2	Receivables collected	Provided individually	3,305	Cash
Company 3	Receivables collected	Provided individually	2,948	Cash
Company 4	Receivables collected	Provided on grouping basis	2,202	Cash
Company 5	Receivables collected	Provided on grouping basis	1,638	Cash
Others	Receivables collected	Provided individually and on grouping basis	17,122	Cash
Total			71,183	

- (d) In 2019, other receivables that were unable to be collected and written off in current year amounted to RMB1,010,461 thousand (2018: RMB1,764 thousand). Significant written off amount are listed as follows:

	Nature of other receivables	Amount written off	Reason of written off	Written off process performed	Due to related party transaction or not
Company 1	Other receivables from related parties	1,008,400	Significant financial difficulty	Written off after authorization	Yes

- (e) As at December 31, 2019, the analysis of other receivables of the top five balances collected by the arrears is as follows:

	Relationship with the Company	Amount	Aging	% of total balance	Provision for bad debts
Company 1	Subsidiary	3,417,687	Within 1 year and 1-5 years	14.60	–
Company 2	Subsidiary	1,760,500	1-5 years	7.52	–
Company 3	Subsidiary	1,005,000	1-4 years	4.29	–
Company 4	Subsidiary	965,546	Within 1 year	4.12	–
Company 5	Subsidiary	915,324	Within 1 year	3.91	–
Total		8,064,057		34.44	–

- (f) As at 31 December 2019, the Company has no significant government grant recognised in other receivables.

## 18 Notes to the Company's financial statements (Continued)

### (3) Contract Asset

	31 December 2019	31 December 2018
Contract Asset	17,113,799	–
Less: Provisions for impairment of Contract Asset	(384,149)	–
Sub-total	16,729,650	–
Less: contract assets disclosed with the current portion of non-current assets	(1,452,578)	–
Less: contract assets disclosed within the other non-current assets	(7,781,768)	–
Total	7,495,304	–

Whether the contract assets have significant financing components or not, the provisions for impairment is measured according to the expected credit loss of the whole duration.

- (a) As at 31 December 2019, contract assets that the related provision for impairment is provided on the individual basis are analysed as follows:

	Ending balance	Provision Ratio of the whole duration (%)	provision for impairment	Reason of provision
Company 1	3,633	100.00	(3,633)	expected credit loss

- (b) As at 31 December 2019, contract assets that the related provision for impairment is provided on the grouping basis are analysed as follows:

	Ending balance	Provision Ratio of the whole duration (%)	provision for impairment	Reason of provision
Work in progress	7,558,703	0.84	(63,399)	expected credit loss

### (4) Long-term equity investments

	31 December 2019	31 December 2018
Subsidiaries	162,880,983	156,690,914
– Subsidiaries under direct control (a)	156,768,828	145,883,505
– Subsidiaries under indirect control (b)	6,112,155	10,807,409
Joint ventures (c)	4,457,648	4,840,100
Associates (d)	4,144,278	2,759,487
Total	171,482,909	164,290,501
Less: Provision for impairment	(759,180)	(759,180)
Net balance	170,723,729	163,531,321

## 18 Notes to the Company's financial statements (Continued)

### (4) Long-term equity investments (Continued)

#### (a) Subsidiaries under direct control

	Accounting Method	Investment cost	31 December 2018	Current year movement	31 December 2019	Share holding (%)	Voting rights (%)	Comment for difference between share holding and voting rights	Provision for impairment	Impairment provided in the current year	Cash dividend declared in the current year
China Overseas Holdings Limited	Cost method	49,444,328	49,444,328	-	49,444,328	100	100	N/A	-	-	7,281,230
China Construction First Building (Group) Corporation Limited	Cost method	7,576,219	7,576,219	-	7,576,219	100	100	N/A	-	-	667,230
China Construction Second Engineering Bureau Ltd.	Cost method	5,209,149	5,209,149	-	5,209,149	100	100	N/A	-	-	1,057,710
China Construction Third Engineering Bureau Co., Ltd	Cost method	6,271,354	6,271,354	-	6,271,354	100	100	N/A	-	-	2,591,010
China Construction Fourth Engineering Division Corp. Ltd	Cost method	5,199,701	5,199,701	-	5,199,701	100	100	N/A	-	-	405,030
China Construction Fifth Engineering Division Corp., Ltd	Cost method	6,413,789	6,413,789	-	6,413,789	100	100	N/A	-	-	1,086,970
China Construction Sixth Engineering Division Corp. Ltd	Cost method	4,277,946	4,277,946	-	4,277,946	100	100	N/A	-	-	18,620
China Construction Seventh Engineering Division Corp. Ltd	Cost method	6,006,530	6,006,530	-	6,006,530	100	100	N/A	-	-	1,100,620
China Construction Eighth Engineering Division Corp. Ltd	Cost method	10,139,151	10,139,151	-	10,139,151	100	100	N/A	-	-	2,401,450
China Construction Fangcheng Investment & Development Co., Ltd.	Cost method	5,851,624	5,851,624	-	5,851,624	100	100	N/A	-	-	-
Shenzhen China Overseas Investment Management Co., Ltd.	Cost method	3,601,537	3,601,537	-	3,601,537	100	100	N/A	-	-	-
Infrastructure Business of China State Construction	Cost method	10,194,030	3,855,956	6,338,074	10,194,030	100	100	N/A	-	-	-
China State Construction Finance Co., Ltd.	Cost method	4,724,554	4,724,554	-	4,724,554	80	80	N/A	-	-	-
China Construction America, Inc.	Cost method	2,655,833	2,655,833	-	2,655,833	100	100	N/A	-	-	-
China State Construction Development Co., LTD.	Cost method	1,410,947	1,400,947	10,000	1,410,947	100	100	N/A	-	-	18,000
China State Construction Standing Investment Co., Ltd.	Cost method	-	1,000,000	(1,000,000)	-	100	100	N/A	-	-	-

## 18 Notes to the Company's financial statements (Continued)

### (4) Long-term equity investments (Continued)

#### (a) Subsidiaries under direct control (Continued)

	Accounting Method	Investment cost	31 December 2018	Current year movement	31 December 2019	Share holding (%)	Voting rights (%)	Comment for difference between share holding and voting rights	Provision for impairment	Impairment provided in the current year	Cash dividend declared in the current year
China Construction Liupanshui Infrastructure Investment and Development Co., Ltd.	Cost method	800,000	800,000	-	800,000	100	100	N/A	-	-	-
China State Construction Thailand Co., Ltd.	Cost method	656,107	656,107	-	656,107	100	100	N/A	656,107	-	-
CSCEC Xinjiang Construction & Engineering (Group) Co., Ltd.	Cost method	2,641,967	2,292,614	349,353	2,641,967	85	85	N/A	-	-	124,540
China Construction (South Pacific) Development Co. Pte. Ltd.	Cost method	520,630	520,630	-	520,630	100	100	N/A	-	-	-
China Construction Decoration Group Ltd.	Cost method	548,375	548,375	-	548,375	100	100	N/A	-	-	-
China Construction Capital Holding Co., Ltd.	Cost method	3,000,000	3,000,000	-	3,000,000	100	100	N/A	-	-	-
China State Railway Investment Construction Group Co., Ltd.	Cost method	1,673,183	1,673,183	-	1,673,183	100	100	N/A	-	-	-
Zhongjian Silu Construction Investment Company Limited	Cost method	1,166,000	833,000	333,000	1,166,000	100	100	N/A	-	-	-
Zhongjian Changjiang Construction Investment Co., Ltd.	Cost method	886,096	553,096	333,000	886,096	100	100	N/A	-	-	-
China Construction North Investment Co., Ltd.	Cost method	903,981	816,435	87,546	903,981	100	100	N/A	-	-	-
CSCEC Overseas Limited	Cost method	400,000	400,000	-	400,000	100	100	N/A	-	-	-
Zhongjian Technology Limited	Cost method	1,200,000	-	1,200,000	1,200,000	100	100	N/A	-	-	-
Others	Cost method	13,395,797	10,161,447	3,234,350	13,395,797	N/A	N/A	N/A	103,073	-	129,588
Total			145,883,505	10,885,323	156,768,828				759,180	-	16,891,998

## 18 Notes to the Company's financial statements (Continued)

### (4) Long-term equity investments (Continued)

#### (b) Subsidiaries under indirect control

	Accounting Method	Investment cost	31 December 2018	Current year movement	31 December 2019	Share holding (%)	Voting rights (%)	Comment for difference between share holding and voting rights	Provision for impairment	Impairment provided in the current year	Cash dividend declared in the current year
China Construction transportation construction Group Corp Ltd.	Cost method	1,279,000	1,279,000	-	1,279,000	100	100	N/A	-	-	39,870
West Construction	Cost method	942,264	942,264	-	942,264	58	58	N/A	-	-	10,860
China Construction Installation Engineering Co., Ltd.	Cost method	837,305	837,305	-	837,305	100	100	N/A	-	-	-
CSCES Technology and Engineering Co., Ltd (Formerly known as China Construction Steel Structure Corp. Ltd)	Cost method	739,664	739,664	-	739,664	100	100	N/A	-	-	-
Hangzhou China Construction Guobao Property Investment Co., Ltd.	Cost method	668,432	668,432	-	668,432	100	100	N/A	-	-	-
Nanning China Construction Yongshen City Construction Investment Co., Ltd.	Cost method	356,700	356,700	(356,700)	-	100	100	N/A	-	-	-
CSCEC Strait Construction and Development Co., Ltd.	Cost method	300,000	300,000	-	300,000	100	100	N/A	-	-	-
China Construction Tunnel Construction Co., Ltd.	Cost method	300,000	300,000	-	300,000	100	100	N/A	-	-	-
China Construction Electric Power Construction Co., Ltd.	Cost method	230,000	230,000	-	230,000	100	100	N/A	-	-	-
China Construction Chongqing Infrastructure Investment Co., Ltd.	Cost method	-	180,000	(180,000)	-	100	100	N/A	-	-	-
China State Construction Foshan Transportation Joint Investment Co., Ltd.	Cost method	4,800	4,800	-	4,800	78	78	N/A	-	-	15,800



## 18 Notes to the Company's financial statements (Continued)

### (4) Long-term equity investments (Continued)

#### (b) Subsidiaries under indirect control (Continued)

	Accounting Method	Investment cost	31 December 2018	Current year movement	31 December 2019	Share holding (%)	Voting rights (%)	Comment for difference between share holding and voting rights	Provision for impairment	Impairment provided in the current year	Cash dividend declared in the current year
China Construction Overseas Development (Shanghai) Co., Ltd.	Cost method	100,000	100,000	-	100,000	100	100	N/A	-	-	-
CSCEC Underground Space Co., Ltd.	Cost method	100,000	100,000	-	100,000	100	100	N/A	-	-	-
China Construction Wuhan Construction Investment Co., Ltd.	Cost method	60,000	60,000	-	60,000	100	100	N/A	-	-	-
China Construction Langfang Infrastructure Investment and Development Co., Ltd.	Cost method	45,000	45,000	(45,000)	-	100	100	N/A	-	-	-
China Construction Science & Technology Co., Ltd	Cost method	-	700,000	(700,000)	-	100	100	N/A	-	-	-
China Construction Bridge Co., Ltd	Cost method	300,000	300,000	-	300,000	100	100	N/A	-	-	-
China Construction South Investment Co., Ltd	Cost method	-	1,000,000	(1,000,000)	-	100	100	N/A	-	-	-
China Construction Zhejiang Investment Co., Ltd	Cost method	-	816,424	(816,424)	-	100	100	N/A	-	-	-
China Construction East China Investment Co., Ltd	Cost method	-	485,000	(485,000)	-	100	100	N/A	-	-	-
Others	Cost method	307,140	1,362,820	(1,112,130)	250,690	N/A	N/A	N/A	-	-	-
Total			10,807,409	(4,695,254)	6,112,155				-	-	66,530

Note: The share holding of the subsidiaries under indirect control is the total of the Company's share holding under both direct control and indirect control.

## 18 Notes to the Company's financial statements (Continued)

### (4) Long-term equity investments (Continued)

#### (c) Joint ventures

	31 December 2018	Current year movement						31 December 2019
		Investment contribution or withdraw	Net profit/ loss adjusted according to equity method	Share of other comprehensive income under equity method	Profit/Cash dividends declared by joint ventures	Accrual of impairment	Others	
Zhaotong CSCEC Construction Investment Development Co., Ltd.	511,431	-	(6,986)	-	-	-	-	504,445
China Railway Construction Capital Construction Investment Co., Ltd.	375,477	-	124,546	-	-	-	-	500,023
CSCEC Road & Bridge Group Co., Ltd.	330,703	-	28,952	345	-	-	49,465	409,465
Zhengzhou Zhongjian Shenzhen Rail Transit Co., Ltd.	-	325,180	-	-	-	-	-	325,180
Changsha CSCEC Chengtuo Pipe Well Development Investment Co., Ltd.	300,218	19,800	45	-	-	-	-	320,063
CSCEC Zhanjiang Dadao Investment and Construction Co., Ltd.	16,000	314,539	(12,081)	-	-	-	-	318,458
ASEC CIMENT SPA	287,279	-	(437)	-	-	-	2,206	289,048
Yinchuan Shenyang Road Underground Pipeline Construction & Management Co., Ltd.	268,484	-	-	-	-	-	-	268,484
China Construction (Tianjin) Rail Transit Investment Development Co., Ltd.	-	235,092	-	-	-	-	-	235,092
Guizhou Zhengxi Expressway Investment Management Co., Ltd.	229,225	-	-	-	-	-	-	229,225
Dalian Zhongjian Cavernous city construction and Development Co., Ltd.	227,019	-	341	-	-	-	-	227,360
Xuzhou Metro Line Three Investment Development Co., Ltd.	100,000	-	-	-	-	-	-	100,000
CSCEC-Dacheng Construction Ltd	97,042	-	2,163	-	(5,000)	-	-	94,205
Qinghai Zhengping Jiayi Highway Construction Co., Ltd.	-	58,800	-	-	-	-	-	58,800
Chongqing Railway Line No. 9 Construction & Operation Co., Ltd.	1,600,751	(1,600,751)	-	-	-	-	-	-
Others	496,471	91,410	1,532	-	(11,613)	-	-	577,800
Total	4,840,100	(555,930)	138,075	345	(16,613)	-	51,671	4,457,648

## 18 Notes to the Company's financial statements (Continued)

### (4) Long-term equity investments (Continued)

#### (d) Associates

	31 December 2018	Current year movement						31 December 2019
		Investment contribution or withdraw	Net profit/ loss adjusted according to equity method	Share of other comprehensive income under equity method	Profit/Cash dividends declared by joint ventures	Accrual of impairment	Others	
CCCC Jijiao Expressway Investment & Development Co., Ltd.	1,248,821	131,000	(76,833)	-	-	-	-	1,302,988
Yunnan Huali Expressway Investment Development Co., Ltd.	-	790,000	-	-	-	-	-	790,000
Xuzhou Metro Line One Investment Development Co., Ltd.	186,000	279,000	-	-	-	-	-	465,000
Sanmenxia National Highway 310 Southward Project Construction Management Co., Ltd.	300,000	150,000	-	-	-	-	-	450,000
Anhui Province Yuehuang Expressway Co., Ltd.	224,000	-	-	-	-	-	-	224,000
Mianyang Zhongjian Ke Fa Guan Lang road investment and Construction Co., Ltd.	216,865	-	(2,810)	-	-	-	-	214,055
Shenshan Special Cooperation Zone Harbour City Investment & Construction Co., Ltd.	193,270	-	6,484	-	-	-	-	199,754
Shantou Zhongjian New Urbanization Investment Co., Ltd.	147,080	-	(4,062)	-	-	-	-	143,018
Liyang Zhongjian Sander Environmental Management Co., Ltd.	29,947	107,008	3,925	-	-	-	-	140,880
Cangzhou Development Zone Beiqi Industrial Park Investment Center (LP)	75,301	-	6,538	-	(6,538)	-	-	75,301
Xinyu Ring Road Construction Investment Co., Ltd.	10,000	50,000	-	-	-	-	-	60,000
Taizhou Luqiao New Island Investment Development Co., Ltd.	10,000	10,000	(273)	-	-	-	-	19,727
Shijiazhuang Transportation Investment Jinshi Expressway Construction Management Co., Ltd.	19,600	-	-	-	-	-	-	19,600
Zhangzhou Zhanyuan Environmental Technology Co., Ltd.	-	19,000	-	-	-	-	-	19,000
Shijiazhuang City Jiaojian Expressway Development Management Co., Ltd.	78,400	-	(78,400)	-	-	-	-	-
Others	20,203	2,561	(762)	-	(1,055)	-	8	20,955
Total	2,759,487	1,538,569	(146,193)	-	(7,593)	-	8	4,144,278

## 18 Notes to the Company's financial statements (Continued)

### (5) Revenue and cost of sales

	2019	2018
Revenue from main operations (a)	111,375,307	102,520,106
Revenue from other operations	41,241	55,071
Total	111,416,548	102,575,177
Cost of sales from main operations (a)	108,072,371	98,258,668
Cost of sales from other operations	32,610	48,072
Total	108,104,981	98,306,740

#### (a) Revenue and cost of sales from main operations

Analysis by industries is as follows:

	2019		2018	
	Revenue from main operations	Cost of sales from main operations	Revenue from main operations	Cost of sales from main operations
Building construction engineering	26,612,161	25,768,363	22,158,674	21,217,064
Infrastructure construction and investment	84,711,953	82,264,825	80,339,953	77,039,721
Others	51,193	39,183	21,479	1,883
Total	111,375,307	108,072,371	102,520,106	98,258,668

#### (b) The Company's income in 2019 is broken down as follows:

	2019			
	Building construction engineering	Infrastructure construction and investment	Others	Total
Revenue from main operations	26,612,161	84,711,953	51,193	111,375,307
Including: Revenue recognized at a point of time	–	–	–	–
Revenue recognized over time	26,612,161	84,711,953	51,193	111,375,307
Revenue from other operations	–	–	41,241	41,241
Total	26,612,161	84,711,953	92,434	111,416,548

## 18 Notes to the Company's financial statements (Continued)

### (6) Investment income

	2019	2018
Income from long-term equity investments under cost method	16,958,528	4,091,898
Loss from long-term equity investments under equity method	(8,118)	(71,609)
Income from disposal of long-term equity investment	169,863	9,970
Income from disposal of financial assets measured at fair value through profit or loss	25,463	–
Income earned during the holding of other equity instrument investment	53,556	–
Income earned during the holding of available-for-sale financial assets, etc.	–	68,667
Income earned during the holding of debt investment	648,808	–
Income from capital lending	–	597,554
Total	17,848,100	4,696,480

There is no significant restriction on recovery of investment income.

# SUPPLEMENTARY INFORMATION PROVIDED BY MANAGEMENT

FOR THE YEAR ENDED 31 DECEMBER 2019

(All amounts in RMB Thousand Yuan unless otherwise stated)

[English Translation for Reference Only]

## 1. Statement of non-recurring profit or loss

	2019	2018
Net profit on obsolete of non-current assets	80,472	29,931
Government grants related with non-daily operations	137,067	75,848
Gain/(loss) from stepped acquisition	248,249	(238)
Losses arising from changes in fair value and from disposal/redemption of financial assets at fair value through profit or loss, financial liabilities at fair value through profit or loss, and other debt investment at fair value through other comprehensive income	(436,009)	(325,733)
Interest income from providing loan to non-financial corporations	492,765	247,830
Reversal of the provision on receivables and contract assets for impairment on an individual basis	2,291,693	849,770
Income from disposal of long-term equity investments	274,341	3,385
Investment income from disposal of subsidiaries	138,333	226,038
Losses from non-operating activities or occasional matters	(3,127,374)	–
Net profit from other non-operating activities	77,620	87,215
Sub-total	177,157	1,194,046
Effect of income tax	(615,658)	(384,906)
Sub-total	(438,501)	809,140
Effect of non-controlling interests (after tax)	(171,647)	(103,394)
Total	(610,148)	705,746

### Basis for preparation of statement of non-recurring profit or loss

Under the requirements in Explanatory announcement No. 1 on information disclosure by companies offering securities to the public – non-recurring profit or loss [2008] from CSRC, non-recurring profit or loss refer to those arises from transactions and events that are not directly relevant to ordinary activities, or that are relevant to ordinary activities, but are extraordinary and not expected to recur frequently that would have an influence on users of financial statements making economic decisions on the financial performance and profitability of an enterprise.

## 2. Return on net assets and earnings per share

	Earnings per share					
	Weighted average return on net assets (%)					
	2019	2018	Basic earnings per share		Diluted earnings per share	
	2019	2018	2019	2018	2019	2018
Net profit attributable to ordinary shareholders of the Company	15.60	15.97	0.97	0.87	0.96	0.85
Net profit attributable to ordinary shareholders of the Company after deducting non-recurring profit or loss	15.84	15.66	0.98	0.85	0.97	0.83

Calculation of above financial indexes:

## 2. Return on net assets and earnings per share (Continued)

### (a) Formula to calculate weighted average return on equity (ROE) is as follows:

$$\text{ROE} = \frac{P}{E0 + NP \div 2 + E_i \times M_i \div M0 - E_j \times M_j \div M0 \pm E_k \times M_k \div M0}$$

Where P is the consolidated net profit attributable to ordinary shareholders of the Company and the consolidated net profit attributable to ordinary shareholders of the Company after deducting non-recurring profit or loss; NP is the net profit attributable to ordinary shareholders of the Company; E0 is the net asset attributable to ordinary shareholders of the Company at the beginning of period; E<sub>i</sub> is the net asset increased from newly issued shares or debt for equity swap that are attributable to ordinary shareholders of the Company during the reporting period; E<sub>j</sub> is the net asset decreased due to share repurchase or cash dividend attributable to ordinary shareholders of the Company during the reporting period; M0 is the number of months during the reporting period; M<sub>i</sub> is the number of months from the next month when asset increased to the end of the reporting period; M<sub>j</sub> is the number of months from the next month when asset decreased to the end of the reporting period; E<sub>k</sub> is the change in net asset due to other transactions or events; and M<sub>k</sub> the number of months from the next month when change in net asset due to other transactions or events are incurred to the end of the reporting period.

### (b) Basic earnings per share (EPS) are calculated as follows:

$$\text{EPS} = \frac{P}{S0 + S1 + S_i \times M_i \div M0 - S_j \times M_j \div M0 - S_k}$$

P stands for the consolidated net profit attributable to ordinary shareholders of the Company or the consolidated net profit attributable to ordinary shareholders of the Company after deducting non-recurring profit or loss; S is the total weighted average number of shares issued; S0 is the total number of shares at the beginning of the period; S1 is number of shares increased due to capitalization of reserve fund or dividend distribution during the reporting period; S<sub>i</sub> is the number of shares increased due to new share issuance or debt for equity swap; S<sub>j</sub> is the number of shares decreased due to share repurchase, etc. during the reporting period; S<sub>k</sub> is the shrinked number of shares during the reporting period; M0 is the number of months during the reporting period; M<sub>i</sub> is the number of months from the next month of share increase to the end of the reporting period; M<sub>j</sub> is the number of months from the next month of share decrease to the end of the reporting period.

### (c) Diluted earnings per share are calculated as follows:

Diluted earnings per share is calculated by dividing net profit attributable to ordinary shareholders of the Company adjusted based on the dilutive potential ordinary shares by the adjusted weighted average number of ordinary shares outstanding. When dilutive ordinary shares such as convertible bonds, share option or warrants are issued, diluted earnings per share can be calculated based on the following formula:

Diluted earnings per share =  $[P + (\text{interest on the dilutive ordinary shares recognised as expense} - \text{conversion expense}) \times (1 - \text{income tax rate})] / (S0 + S1 + S_i \times M_i \div M0 - S_j \times M_j \div M0 - S_k + \text{average number of shares increased from warrants, share options or convertible bonds, etc.})$

P stands for the consolidated net profit attributable to ordinary shareholders of the Company or the consolidated net profit attributable to ordinary shareholders of the Company after deducting non-recurring profit or loss. The Company shall consider all dilutive ordinary shares when calculating diluted earnings per share until it is reduced to the smallest amount. For subsidiaries issuing dilutive ordinary shares, such number of dilutive ordinary shares shall be included when calculating the consolidated diluted earnings per share as well as the subsidiary has diluted earnings per share.





中國建築股份有限公司  
CHINA STATE CONSTRUCTION ENGRG. CORP. LTD

China Construction Fortune International Center, Building 3,  
Courtyard 5, Anding Road, Chaoyang District, Beijing, China  
Tel: 86 10 8649 8888  
E-mail: [ir@cscec.com](mailto:ir@cscec.com)  
<http://www.cscec.com>



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