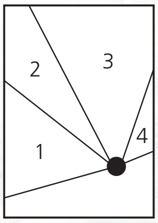
中國中鐵股份有限公司

CHINA RAILWAY GROUP LIMITED

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

Stock Code : 390

2023 ANNUAL REPORT



Cover Legend

1. Cable-Stayed Bridge, Chengdu South Railway Station
2. Wanan Tunnel, Nanchang to Ganzhou Railway
3. Chengdu-Yaan High-speed Railway
4. Assembly and Debugging of Shield Machine

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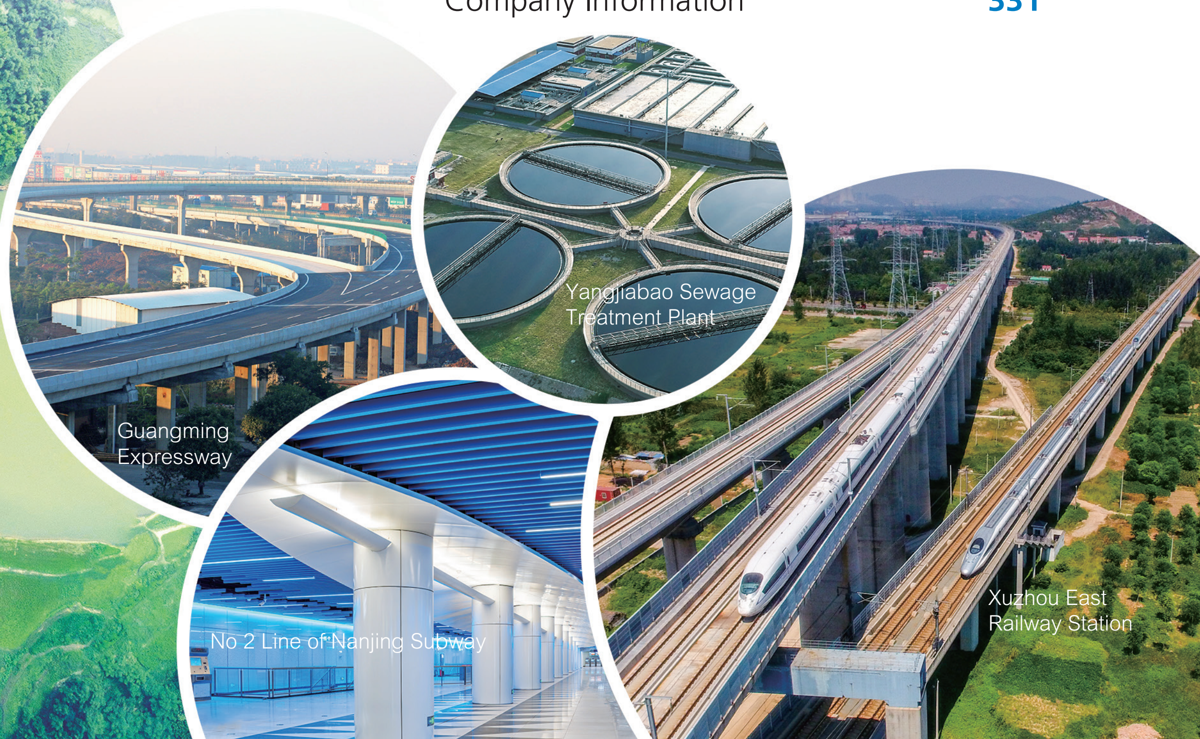
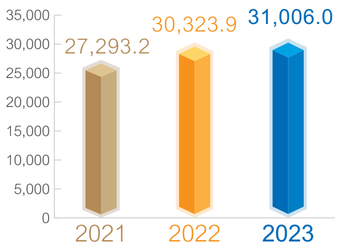


Guangming Expressway
Yangjiabao Sewage Treatment Plant
No 2 Line of Nanjing Subway
Xuzhou East Railway Station

SNAPSHOT OF ANNUAL REPORT

New contracts

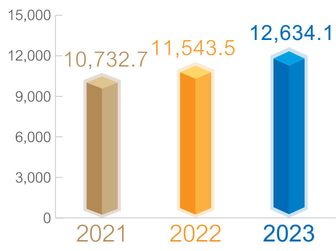
(RMB100 million)



Year-on-year increase
2.2%

Revenue

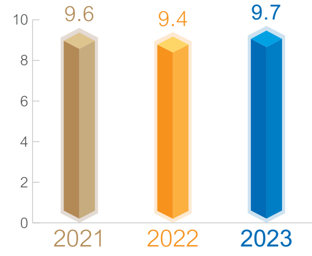
(RMB100 million)



Year-on-year increase
9.4%

Gross profit margin

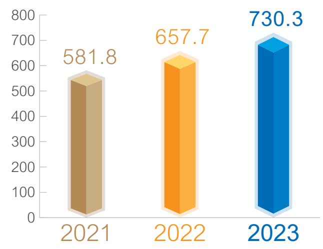
(%)



Year-on-year increase
0.3 percentage point

EBITDA

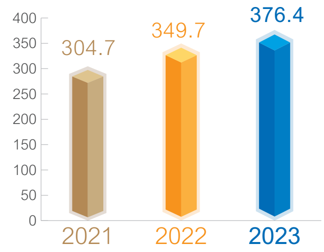
(RMB100 million)



Year-on-year increase
11.0%

Net profit

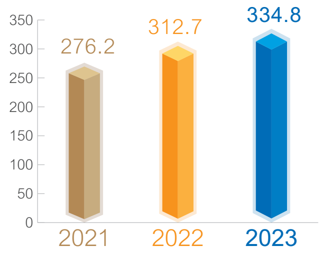
(RMB100 million)



Year-on-year increase
7.6%

Net profit attributable to owners of the Company

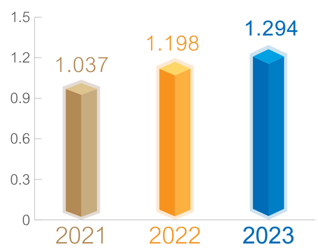
(RMB100 million)



Year-on-year increase
7.1%

Basic earnings per share

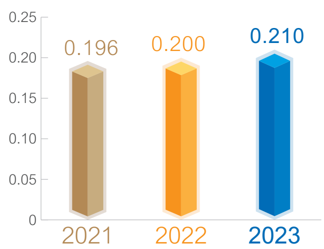
(RMB/share)



Year-on-year increase
8.0%

Dividend per share (tax inclusive)

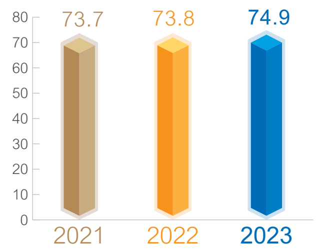
(RMB/share)



Year-on-year increase
5.0%

Gearing ratio

(%)



Increase by **1.1 percent point** from the beginning of the year

COMPANY PROFILE

The Company was established as a joint stock company with limited liability in the People's Republic of China (the "**PRC**") under the Company Law of the PRC on 12 September 2007. The A shares and H shares issued by the Company were listed on the Shanghai Stock Exchange and the main board of The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**") on 3 December 2007 and 7 December 2007 respectively.

We are one of the largest multi-functional integrated construction group in the PRC and Asia in terms of the total revenue of the engineering contract, and rank 39th on the 2023 Fortune Global 500 list. We offer a full range of construction-related services, including infrastructure construction, survey, design and consulting services and engineering equipment and component manufacturing, and also expand to property development and other businesses such as mining.

We have outstanding advantages in the construction of infrastructure facilities such as railways, highways, municipal works and urban rails. In particular, we hold leading positions in the design and construction of bridges, tunnels and electrified railways, and the design and manufacturing of bridge steel structures and turnouts in the PRC, which has achieved advanced international standards. While we operate in every province across the PRC, we have also explored extensive global markets.

Adhering to the motto of "strive to challenge limits and achieve excellence", the Company is committed to continuous development of the Company to create a brighter and better future.

Agu Extra Large Bridge, Yunnan Yuchu Expressway

FINANCIAL SUMMARY

Summary of Consolidated Income Statement

	For the year ended 31 December					Change 2023 vs
	2023	2022	2021	2020	2019	**2022**
	RMB million					(%)
Revenue						
Infrastructure Construction	**1,133,077**	1,019,730	953,038	876,310	762,084	11.1
Survey, Design and Consulting Services	**19,269**	19,795	18,607	17,321	17,031	-2.7
Engineering Equipment and Component Manufacturing	**35,978**	38,863	33,176	29,793	24,322	-7.4
Property Development	**51,563**	54,082	51,300	49,763	43,662	-4.7
Other Businesses	**109,785**	111,538	101,942	74,183	70,402	-1.6
Inter-segment Eliminations and Adjustments	**(86,260)**	(89,659)	(84,791)	(72,638)	(66,658)	
Total	**1,263,412**	1,154,349	1,073,272	974,732	850,843	9.4
Gross Profit	**122,686**	108,890	103,386	90,189	79,864	12.7
Profit before Income Tax	**47,581**	44,692	39,636	35,612	33,187	6.5
Profit for the Year	**37,637**	34,967	30,470	27,250	25,379	7.6
Profit for the Year attributable to Owners of the Company	**33,483**	31,273	27,618	25,188	23,678	7.1
Earnings per share *(RMB)*						
– Basic	**1.294**	1.198	1.037	0.963	0.950	8.0
– Diluted	**1.292**	1.198	1.037	0.963	0.950	7.8

Summary of Consolidated Balance Sheet

	As at 31 December					Change 2023 vs 2022
	2023	2022	2021	2020	2019	**2022**
			RMB million			*(%)*
Assets						
Current Assets	**1,005,695**	898,566	801,012	742,107	709,770	11.9
Non-current Assets	**823,595**	714,569	560,672	457,870	346,271	15.3
Total Assets	**1,829,290**	1,613,135	1,361,684	1,199,977	1,056,041	13.4
Liabilities						
Current Liabilities	**1,010,641**	873,375	787,860	705,145	676,034	15.7
Non-current Liabilities	**358,895**	316,891	215,666	181,786	134,679	13.3
Total Liabilities	**1,369,536**	1,190,266	1,003,526	886,931	810,713	15.1
Total Equity	**459,754**	422,869	358,158	313,046	245,328	8.7
Total Equity and Liabilities	**1,829,290**	1,613,135	1,361,684	1,199,977	1,056,041	13.4

CHAIRMAN'S REPORT

CHEN Yun

Chairman, Executive Director and
Secretary to the CPC Committee

The year 2023 is the inaugural year to fully implement the spirit of the 20th National Congress of the Communist Party of China. It is a crucial year for China Railway to build upon past achievements and forge ahead towards a brighter future. Looking back on the past year, we have deeply implemented the important instructions of General Secretary Xi Jinping regarding the new missions and roles of central enterprises in the new era and on the new journey, and effectively played our part in scientific and technological innovation, industrial control, and safety support for building a modern industrial system and a new development layout. We have made solid progress towards building a "high-quality China Railway".

CHAIRMAN'S REPORT

Over the past year, we took proactive actions, with an eye on the country's most fundamental interests, immersing ourselves deeply in major regional strategies such as the coordinated development of the Beijing-Tianjin-Hebei region, the development of the Yangtze River Economic Belt, and the revitalization of Northeast China. We also contributed to the high-quality Belt and Road Initiative. In the face of challenges including earthquake and flood relief, rural revitalization, and support for Xinjiang and Xizang, we fearlessly tackled major challenges, shouldered heavy responsibilities, and fully demonstrated China Railway's commitment to its mission.

Over the past year, we prioritized the quality of development, with a focus on enhancing efficiency and creating value. We vigorously pursued "profitable revenue and cash-flow-generating profits" and successfully achieved the expected targets for major economic indicators such as the operating income, net profit, return on net assets and operating cash ratio. China Railway's economic operation has shown steady progress and improvement, with a solid foundation for development and a promising outlook.

Over the past year, we closely followed the pace of state-owned enterprise reform in the new era, focusing on improving our core competitiveness and strengthening our core functions. We launched comprehensive actions to deepen and elevate reform, coordinated efforts to advance reforms across various sectors, implemented strategies for innovation-driven development, and strengthened our commitment to self-reliance and self-improvement in science and technology. We actively planned for strategic emerging industries and future industry layouts, improved our scientific and technological innovation system, accelerated the gathering of innovation elements, and promoted the transformation of scientific and technological achievements. We have achieved new breakthroughs through reform and innovation.

Hainan Lihu Peninsula Project

CHAIRMAN'S REPORT

In the past year, we notably attended the 2023 International Forum on China Brand Development and the Exposition on China Brand 2023. China Railway ranked among the "Top 30 Chinese Central State-owned Enterprises by Brand Building" for its brand value for the first time. We were awarded the Best Corporate Culture Practice among Chinese Companies, have been credited in the Fortune Global 500 for 18 consecutive years, ranked second among ENR's Top 250 International Contractors, were classified by SASAC as an "A-level" enterprise for 10 consecutive years, received an A-level rating in the assessment for Party building responsibility system by the SASAC for the fifth time, and have been assessed as an A-type (outstanding) listed company by the Shanghai Stock Exchange for 15 consecutive years. Our reputation and level of excellence have placed us at the forefront among central enterprises in the construction sector.

Unyielding dreams weather any storm; while adversity strengthens the resolve of a resilient ship, guiding it through treacherous currents. The year 2024 marks the 75th anniversary of the founding of the People's Republic of China and is a crucial year for achieving the goals and tasks of the "14th Five-Year Plan". We will unite more closely around the Party Central Committee with Comrade Xi Jinping at its core, firmly and resolutely uphold the principles of the "Two Establishes" and the "Two Safeguards", and vigorously carry forward the "pioneering spirit". Boundless opportunities await those who continue to forge ahead beyond the high tide. We will spare no effort in accomplishing the annual targets and tasks. By pursuing high-quality development, we will serve as a driving force for the stable growth of the Chinese economy and make new and greater contributions to building a modern socialist country in all respects.

Here, I would like to express my sincere appreciation to the shareholders who have supported China Railway's reform, to all sectors of society who have shown care to the Company's development, as well as to all employees who have a shared future with the Company!

Chen Yun
Chairman

Beijing, China
28 March 2024

CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

I. Changes in Share Capital

1. Changes in Shares

(1) Changes in shares

During the Reporting Period, there have been no changes in respect of the total number of shares and the share capital structure of the Company.

(2) Explanation on changes in shares

Not applicable

(3) Impacts of changes in share on the financial indicators of earnings per share, net assets per share for the most recent year and the most recent period

Not applicable

(4) Other contents that the Company deems necessary or required by the securities regulatory authority to be disclosed

Not applicable

2. Changes in Shares with Selling Restrictions

Not applicable

II. Issuance and Listing of Securities

1. Issuance of securities as of the Reporting Period

Not applicable

2. Changes in respect of the total number of shares and the shareholder structure of the Company and changes in respect of the asset and liability structure of the Company

Not applicable

3. Existing shares held by internal employee

Not applicable

CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

III. Information of Shareholders and Ultimate Controller

1. Number of shareholders

Total number of shareholders of ordinary shares as at the end of the Reporting Period	504,093
Total number of shareholders of ordinary shares at the end of the month preceding the date of the annual report	491,216
Total number of shareholders of preference shares with reinstated voting rights as at the end of the Reporting Period	0
Total number of shareholders of preference shares with reinstated voting rights at the end of the month preceding the date of the annual report	0

2. Shareholdings of the top ten shareholders and top ten shareholders of tradable shares (or shareholders without selling restrictions) as at the end of the reporting period

Unit: Shares

Shareholdings of the top ten shareholders

No.	Name of shareholder	Increase/ decrease during the reporting period	Total number of shares held at the end of the period	Shareholding percentage (%)	Number of shares with selling restriction	Number of pledged or frozen shares: Conditions of shares	Number of pledged or frozen shares: Number	Nature of shareholder
1	CREC	0	11,623,119,890	46.96	0	Nil	0	State-owned legal person
2	HKSCC Nominees Limited	611,795	4,010,204,717	16.20	0	Nil	0	Others
3	China Securities Finance Corporation Limited	0	619,264,325	2.50	0	Nil	0	State-owned legal person
4	Hong Kong Securities Clearing Company Limited	-5,727,301	542,302,470	2.19	0	Nil	0	Others
5	China Reform Development Investment Management Co., Ltd.	69,697,357	456,747,488	1.85	0	Nil	0	State-owned legal person
6	Central Huijin Asset Management Ltd.	0	230,435,700	0.93	0	Nil	0	State-owned legal person
7	China Great Wall Asset Management Co., Ltd	-38,241,200	138,562,835	0.56	0	Nil	0	State-owned legal person
8	Boshi Fund – Agricultural Bank of China – Boshi China Securities Financial Asset Management Plan	0	131,135,600	0.53	0	Nil	0	Others

CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

No.	Name of shareholder	Increase/decrease during the reporting period	Total number of shares held at the end of the period	Shareholding percentage (%)	Number of shares with selling restriction	Number of pledged or frozen shares: Conditions of shares	Number of pledged or frozen shares: Number	Nature of shareholder
8	Yifangda Fund – Agricultural Bank of China – Yifangda China Securities Financial Asset Management Plan	0	131,135,600	0.53	0	Nil	0	Others
8	Dacheng Fund – Agricultural Bank of China – Dacheng China Securities Financial Asset Management Plan	0	131,135,600	0.53	0	Nil	0	Others
8	Jiashi Fund – Agricultural Bank of China – Jiashi China Securities Financial Asset Management Plan	0	131,135,600	0.53	0	Nil	0	Others
8	Guangfa Fund – Agricultural Bank of China – Guangfa China Securities Financial Asset Management Plan	0	131,135,600	0.53	0	Nil	0	Others
8	Central European Fund – Agricultural Bank of China – Central European China Securities Financial Asset Management Plan	0	131,135,600	0.53	0	Nil	0	Others
8	Huaxia Fund – Agricultural Bank of China – Huaxia China Securities Financial Asset Management Plan	0	131,135,600	0.53	0	Nil	0	Others
8	Yinhua Fund – Agricultural Bank of China – Yinhua China Securities Financial Asset Management Plan	0	131,135,600	0.53	0	Nil	0	Others
8	Southern Fund – Agricultural Bank of China – Southern China Securities Financial Asset Management Plan	0	131,135,600	0.53	0	Nil	0	Others

Statement on the related relationship and concerted actions between the shareholders above	CREC, the largest shareholder, does not have related relationship or acting-in-concert relationship with the other above shareholders. The Company is not aware of any related relationship or acting-in-concert relationship among the other above shareholders.

CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

Shareholdings of the top ten shareholders without selling restrictions

No.	Name of shareholder	Number of shares held without selling restrictions	Type and number of shares: Type	Type and number of shares: Number
1	CREC	11,458,725,890	RMB-denominated ordinary shares	11,458,725,890
		164,394,000	Overseas listed foreign shares	164,394,000
2	HKSCC Nominees Limited	4,010,204,717	Overseas listed foreign shares	4,010,204,717
3	China Securities Finance Corporation Limited	619,264,325	RMB-denominated ordinary shares	619,264,325
4	Hong Kong Securities Clearing Company Limited	542,302,470	RMB-denominated ordinary shares	542,302,470
5	China Reform Development Investment Management Co., Ltd.	456,747,488	RMB-denominated ordinary shares	456,747,488
6	Central Huijin Asset Management Ltd.	230,435,700	RMB-denominated ordinary shares	230,435,700
7	China Great Wall Asset Management Co., Ltd	138,562,835	RMB-denominated ordinary shares	138,562,835
8	Boshi Fund – Agricultural Bank of China – Boshi China Securities Financial Asset Management Plan	131,135,600	RMB-denominated ordinary shares	131,135,600
8	Yifangda Fund – Agricultural Bank of China – Yifangda China Securities Financial Asset Management Plan	131,135,600	RMB-denominated ordinary shares	131,135,600
8	Dacheng Fund – Agricultural Bank of China – Dacheng China Securities Financial Asset Management Plan	131,135,600	RMB-denominated ordinary shares	131,135,600
8	Jiashi Fund – Agricultural Bank of China – Jiashi China Securities Financial Asset Management Plan	131,135,600	RMB-denominated ordinary shares	131,135,600
8	Guangfa Fund – Agricultural Bank of China – Guangfa China Securities Financial Asset Management Plan	131,135,600	RMB-denominated ordinary shares	131,135,600
8	Central European Fund – Agricultural Bank of China – Central European China Securities Financial Asset Management Plan	131,135,600	RMB-denominated ordinary shares	131,135,600

CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

No.	Name of shareholder	Number of shares held without selling restrictions	Type and number of shares: Type	Type and number of shares: Number
8	Huaxia Fund – Agricultural Bank of China – Huaxia China Securities Financial Asset Management Plan	131,135,600	RMB-denominated ordinary shares	131,135,600
8	Yinhua Fund – Agricultural Bank of China – Yinhua China Securities Financial Asset Management Plan	131,135,600	RMB-denominated ordinary shares	131,135,600
8	Southern Fund – Agricultural Bank of China – Southern China Securities Financial Asset Management Plan	131,135,600	RMB-denominated ordinary shares	131,135,600
Statement on the special account for repurchase of the top ten shareholders				Nil
Statement on entrustment of voting right, voting right by proxy and abstaining from voting of the shareholders above				Nil
Statement on the related relationship and concerted actions between the shareholders above		CREC, the largest shareholder, does not have related relationship or acting-in-concert relationship with the other above shareholders. The Company is not aware of any related relationship or acting-in-concert relationship among the other above shareholders.		
Statement on shareholders of preference shares with reinstated voting rights and the number of shares held				Nil

Note 1: H shares held by HKSCC Nominees Limited are held on behalf of its various clients, and the number of H shares held by CREC is already deducted.

Note 2: A shares held by Hong Kong Securities Clearing Company Limited are held on behalf of its various clients.

Note 3: The data shown in the table is based on the register of members of the Company as of 31 December 2023.

3. Shareholdings of top ten shareholders of shares with selling restrictions and terms of selling restrictions

Not applicable

4. Strategic investors or general legal persons becoming the top ten shareholders by placing new shares

Not applicable

IV. Information on Controlling Shareholder and Ultimate Controller

1. Details of controlling shareholder

(1) Legal person

Name	China Railway Engineering Group Company Limited
Person-in-charge or Legal representative	CHEN Yun
Date of establishment	7 March 1990
Principal business	Construction works, related engineering technological research, survey, design, services, manufacturing of specialized equipment and real estate development and operation.
Details of controlling interests and investments in other domestic and overseas-listed companies during the Reporting Period	Nil
Other information	Nil

(2) Natural person

Not applicable

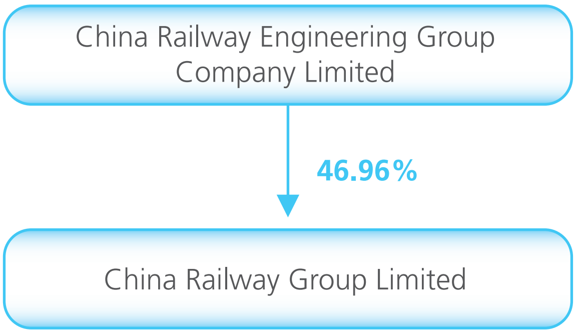
(3) Special explanation that the Company does not have any controlling shareholder

Not applicable

(4) Details of changes of the controlling shareholder during the Reporting Period

Not applicable

(5) The diagram of the interests and controlling relationships between the Company and the ultimate controller



2. Details of ultimate controller

(1) Legal person

Ultimate controller of the Company – SASAC, which is the ministry level institution directly under the State Council, and was set up in accordance with the institutional reform plan of the State Council and the Notice of the State Council on Establishment of Institutions passed at the First Session of the 10th National People's Congress. SASAC is authorised by the State Council to perform its duties as an investor on behalf of the State. The scope of supervision of SASAC extends to the state-owned assets of central government owned enterprises (excluding financial enterprises). Currently, SASAC holds 90% equity interests in CREC and National Social Security Fund holds 10% equity interests in CREC.

(2) Natural person

Not applicable

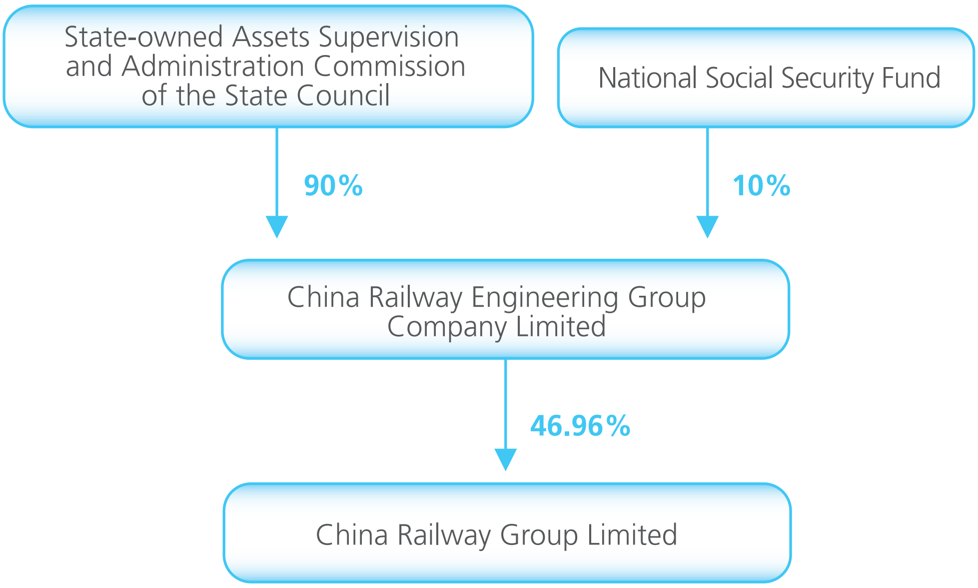
(3) Special explanation that the Company does not have any controlling shareholder

Not applicable

(4) Details of changes of the controlling shareholder during the Reporting Period

Not applicable

(5) The diagram of the interests and controlling relationships between the Company and the ultimate controller



(6) Ultimate controller controls the Company through trust or other asset management methods

Not applicable

V. The Company's Controlling Shareholder or the Largest Shareholder and the Party Acting in Concert thereof holding Cumulative Pledged Shares accounting for over 80% of the Company's Shares

Not applicable

VI. Other Legal Person Shareholders with Shareholding of over 10%

As of the end of the Reporting Period, except for HKSCC Nominees Limited, the Company has no other legal person shareholders with shareholding over 10%.

VII. Information on the Restrictions on Reduction of Shareholdings

Not applicable

VIII. Details of Repurchase of Shares during the Reporting Period

Not applicable

BUSINESS OVERVIEW

The Group is one of the largest multi-functional integrated construction groups in the world, which enables us to offer a full range of construction and industrial products and related services to our customers. The Group holds an industrial leading position in fields such as engineering construction, design consulting, and equipment manufacturing. The Group also diversifies its business and expands its value-added services by venturing into other businesses such as featured real estate, financial and merchandise trading, resource utilization, asset operation, and construction technology innovation and application. After years of practice and development, the Group's businesses have established a close upstream – downstream relationship among themselves, and have gradually formed a vertically integrated construction industry chain with outstanding principal business supplemented by diversified relevant business horizontally.

I. Industry Development Overview

1. Engineering construction

(1) Domestic

China's economy witnessed momentum of recovery with solid progress in high-quality development in 2023. Infrastructure construction continued to play an effective role in expanding effective investment and mobilizing private investment enthusiasm. During the year, China accelerated the construction of a modern infrastructure system, focusing on key areas and weak links of the national economy. Infrastructure investment was moderately advanced, with major infrastructure projects in transportation, energy, and water conservancy being strengthened. The systematic layout of new infrastructure, including a modern comprehensive three-dimensional transportation system, a new energy system, and a national water network, continued to improve, providing strong support for promoting high-quality economic development. According to the data released by the National Bureau of Statistics, the fixed assets investments in China in 2023 (excluding rural households) amounted to RMB50,303.6 billion, representing a year-on-year increase of 3.0%. Among them, infrastructure investment (excluding production and supply of electricity, heating, gas and water) increased by 5.9% year on year; fixed asset investment in transportation exceeded RMB3.9 trillion, representing a year-on-year increase of 2.6%; the added value of the construction industry was RMB8.6 trillion, representing a year-on-year increase of 7.1%, and the added value of the construction industry accounted for 6.8% of GDP, and its position as a pillar industry of the national economy continued to be stable. In terms of railways, fixed asset investments amounted to RMB764.5 billion, an increase of 7.5% year on year. New lines of 3,637 kilometers were put into operation, including 2,776 kilometers of high-speed railways. The length of railways in operation nationwide reached over 159,000 kilometers (among which, the length of high-speed railways reached 45,000 kilometers) as of the end of 2023. In terms of highways, 7,000 kilometers of new and expanded expressways were built; 1,000 kilometers of waterways were added and improved; and the number of transport airports reached 259. In addition, a report released by the China Association of Metros shows that in 2023, a total of 27 Chinese cities added 54 new urban rail lines, new sections, or extensions, with a cumulative increase of 884.55 kilometers. As of the end of the year, there were 59 cities operating rail transit in China, with a cumulative operating mileage of 11,232.65 kilometers. With the implementation of a package of initiatives, such as ultra-long special treasury bonds specifically used for the implementation of major national strategies and the construction of safety capabilities in key areas, the coordinated promotion of new industrialization and urbanization, and the continuous upgrading of modern metropolitan areas, infrastructure construction will continue to provide important support for national economic growth.

(2) International

In 2023, the global economic recovery remained weak, geopolitical conflicts intensified, and protectionism and unilateralism were on the rise, leading to an increasingly unfavorable external environment for China's development. During the year, China successfully hosted events such as the China-Central Asia Summit and the third "Belt and Road" Forum for International Cooperation, making significant contributions to promoting world peace and development. As a priority area of the Belt and Road Initiative, infrastructure interconnectivity plays a crucial role in maintaining the stability of global supply chains and facilitating economic and trade exchanges among participating countries. According to the statistics issued by the Ministry of Commerce, in 2023, China's overseas contracted engineering projects achieved a turnover of RMB1,133.88 billion, an increase of 8.8% (equivalent to USD160.91 billion, an increase of 3.8%); newly signed contracts amounted to RMB1,863.92 billion, an increase of 9.5% (equivalent to USD264.51 billion, an increase of 4.5%). Chinese enterprises achieved a turnover of RMB930.52 billion in overseas contracted engineering projects in countries along the "Belt and Road", an increase of 9.8% (equivalent to USD132.05 billion, an increase of 4.8%); newly signed contracts amounted to RMB1,600.73 billion, an increase of 10.7% (equivalent to USD227.16 billion, an increase of 5.7%). According to the Global Infrastructure Outlook report released by the G20's Global Infrastructure Hub (GIH), global infrastructure investment needs will reach USD94 trillion by 2040, with an average annual growth of approximately USD3.7 trillion. Through joint efforts among participating countries under the Belt and Road framework, a comprehensive, multi-level, and composite infrastructure network with railways, highways, shipping, aviation, pipelines, and space information networks as its core will be formed at an accelerated pace. This will significantly reduce transaction costs for goods, capital, information, and technology between regions, providing new opportunities and space for the steady development and quality improvement of China's overseas contracted engineering projects.

2. Design and consulting

Being a technology – and intelligence-intensive and production-based service industry, design consulting stays in the front of the engineering construction projects of various industries, including construction, transportation, electricity and water conservancy, serves the whole lifecycle of the construction projects, and offers technical and management services throughout the decision-making and implementation process of the projects. It plays an underlying role in improving the investment benefits and social benefits of construction projects, as a key link in project construction. With the issuance of the Guiding Opinions on Informatization in the 14th Five-Year Plan for the Engineering Survey and Design Industry, the 14th Five-Year Plan for the Development of the Engineering Survey and Design Industry, the Overall Layout Plan for the Construction of Digital China, and the Opinions on Comprehensively Promoting the Construction of a Beautiful China, the direction of the industry's development is further clarified. As China's energy structure continues its shift towards green and low-carbon sources, market demand for ecological and environmental protection, water conservancy, wind power, and energy storage is rapidly expanding. Renewable energy development is further integrating with ecological civilization construction, new-type urbanization, rural revitalization, new infrastructure, and new technologies. All of these factors will continuously bring new opportunities for the growth of this sector. In particular, the extensive integration and deep penetration of digital technology with the construction industry will further accelerate the green, industrial, and digital transformation of the survey, design and consulting industry. This will enhance technological management innovation and comprehensive service capabilities, while further improving standardization and integration levels. In the future, tasks such as "dual carbon" goals, regional coordinated development strategies, new urban infrastructure construction, urban renewal, complete residential community construction, and rural construction initiatives will continue to support the steady development of the survey, design, and consulting industry, further highlighting its leading role in engineering construction.

3. Equipment manufacturing

In 2023, China's efforts to build a modern industrial system accelerated, with the manufacturing industry rapidly transforming towards high-end, smart, green, and service-oriented directions, and the resilience and security level of industrial and supply chains continuously improved. Data from the National Bureau of Statistics shows that in 2023, the value added of industrial enterprises above designated business scale recorded a year-on-year increase of 4.6%, in which the added value of equipment manufacturing industry above designated business scale increased by 6.8% year on year; manufacturing investment grew by 6.5% year on year, 3.5 percentage points higher than China's fixed asset investments. The Guiding Opinions on Accelerating the Transformation and Upgrading of Traditional Manufacturing Industry, jointly issued by eight departments like the Ministry of Industry and Information Technology, and the National Development and Reform Commission, pointed out that by 2027, the level of high-end, smart, green, and integrated development of traditional manufacturing industry will be significantly improved, effectively supporting the basic stability of the proportion of manufacturing industry and further consolidating and enhancing its position and competitiveness in the global industrial division of labor. The penetration rate of digital R&D and design tools and the numerical control rate of key processes in industrial enterprises will exceed 90% and 70% respectively, and industrial energy consumption intensity and carbon dioxide emission intensity will continue to decline. In synergy with previously issued and implemented documents such as the Five-Year Action Plan for Accelerating the Construction of a Strong Transportation Country (2023-2027), the Outline of the Construction of a Strong Quality Nation, "Action Plan for Improving the Level of Environmental Infrastructure Construction (2023-2025)", and "National Carbon Peaking Pilot Construction Plan", it creates favorable conditions for China's equipment manufacturing industry to fully shift towards high-quality development and innovation-driven growth. In the future, under the background of vigorously promoting the construction of a modern industrial system and accelerating the development of new productive forces, the high-end, smart, green and high-quality development of the manufacturing industry driven by scientific and technological innovation will continue to inject new vitality into economic development.


Nanchang-Jingdezhen-Huangshan High-speed Railway

BUSINESS OVERVIEW

4. Property development

In 2023, China's real estate regulation direction shifted from "preventing systemic risks caused by the real estate industry, supporting essential and improved housing demand, and promoting the smooth transition of the real estate industry to a new development model" to "adapting to the new situation of significant changes in the supply and demand relationship in China's property market and adjusting and optimizing real estate policies in a timely manner." The meeting of the CPC Central Committee Politburo and the Central Financial Work Conference have all made deployments to support reasonable financing in the real estate market, increase the construction and supply of government-subsidized housing, actively promote the transformation of urban villages and the construction of "dual-use" public infrastructure that can accommodate emergency needs, and revitalize and renovate various types of idle properties. Accelerating the construction of the "three major projects" is increasingly becoming an important lever for building a new development model for real estate. According to the data released by the National Bureau of Statistics, in 2023, the property development investments nationwide amounted to RMB11,091.3 billion, representing a year-on-year decline of 9.6% (including investments in residential housing amounting to RMB8,382.0 billion, representing a year-on-year decline of 9.3%. The housing area that has commenced construction amounted to 953.76 million square meters, representing a year-on-year decrease of 20.4% (including the residential housing area that has commenced construction reaching 692.86 million square meters, representing a year-on-year decrease of 20.9%. The housing completion area amounted to 998.31 million square meters, representing a year-on year increase of 17.0% (including the residential housing completion area amounting to 724.33 million square meters, representing a year-on-year increase of 17.2%. As of the end of 2023, the area of commodity housing available for sale was 672.95 million square meters, representing a year-on-year increase of 19.0% (including area of residential housing available for sale with a year-on-year increase of 22.2%). Construction or acquisition of 2.13 million units of government-subsidized rental housing started, exceeding the annual target. According to the Ministry of Housing and Urban-Rural Development, renovation of a total of 53,700 old urban residential areas started nationwide in 2023, with a total investment of nearly RMB240 billion. In the future, with the accelerated implementation of supporting measures and financing coordination mechanisms for the "three major projects", it will play an important role in stabilizing expectations, confidence, and investment, further promoting the stable and healthy development of the real estate market.

5. Asset operation

In 2023, a total of RMB3.7 trillion new special bonds were issued for project construction across China, supporting over 35,000 projects. These proceeds were primarily used for key areas such as municipal construction and industrial park infrastructure, social undertakings, transportation infrastructure, government-subsidized housing projects, and agriculture, forestry, and water conservancy. Additionally, RMB1 trillion treasury bonds were issued in the fourth quarter, supporting over 15,000 projects. Furthermore, according to the Guiding Opinions on Regulating the Implementation of the New Public-Private Partnership Mechanism that has been officially implemented, the new mechanism is characterized by a new franchise model which focuses on user payment and strict control of local hidden debt, and encourages qualified state-owned enterprises to participate in the revitalization of stock assets through the franchise model in a standardized manner. This will facilitate the reasonable growth of Public-Private Partnership projects, ensure the safe implementation of the Public-Private Partnership model, further mobilize the enthusiasm of social capital, and create favorable external conditions for the construction and operation of Public-Private Partnership projects. Also, a series of policies and measures were released, including the Opinions on Doing a Good Job in Key Tasks for Comprehensively Promoting Rural Revitalization in 2023, Guiding Opinions on Actively and Steadily Promoting the Renovation of Urban Villages in Hyper-cities and Megacities, Notice on Properly, Efficiently and Effectively Applying for and Recommending Projects of Infrastructure Real Estate Investment Trusts (REITs), and Notice on Accelerating the Pilot Participation of Water Conservancy Projects in Infrastructure Real Estate Investment Trusts (REITs). These policies and measures will lay a good foundation to further facilitate the revitalization of stock assets, form a virtuous circle between stock assets and new investments, and ensure high-quality and efficient public services.

6. Resource utilization

In 2023, against the backdrop of a slowdown in global economic recovery and easing inflationary pressure, non-ferrous metal prices generally showed a volatile and weak trend. In terms of product price trends, for copper products, the growth rate of global copper supply remained stable, while demand elasticity slowed down, and the supply and demand shifted from a tight balance to a slight surplus. LME copper prices showed a volatile and weak trend, falling from USD9,550/ton at the beginning of the year to a range of USD7,856-8,600/ton, while SHFE copper prices remained in a relatively narrow range of RMB62,690-71,500/ton. For cobalt products, the continuous increase in upstream capacity and lower-than-expected downstream demand led to a significant slowdown in downstream consumption growth compared to the supply side, causing cobalt prices to hit a low point at one point; data from the London Metal Exchange (LME) showed that cobalt futures prices fell by 44% during the year. For molybdenum products, the global molybdenum market was in a slight surplus in 2023, with prices rising significantly in the first quarter. In February 2023, molybdenum prices reached a nearly 17-year high before falling back in a volatile manner. According to Antaike data, the closing price of molybdenum concentrate (40%-50%) at the end of the year was RMB3,185/ton, and the average price for the year was RMB3,885/ton. Looking ahead, the differentiation in demand for mineral products is becoming increasingly evident. Firstly, with global warming and the increase in extreme weather events, the substitution of clean energy for fossil fuels is irreversible. Photovoltaics, wind power, power batteries, new energy vehicles, and lightweight transportation vehicles will continue to be growth points for expanding non-ferrous metal consumption. Secondly, affected by the global economic downturn, the growth in consumption of bulk mineral products has slowed down significantly. The demand for bulk minerals such as iron and copper has slowed down, but with the expected six-month shutdown of copper mines in Panama, the copper supply is expected to shift from surplus to shortage. Thirdly, strategic minerals such as lithium, cobalt and nickel are strongly driven by industries such as electric vehicles and energy storage, and the rapid development of emerging fields will provide certain support for the stability of non-ferrous metal prices.

7. Financial and merchandise trading

In 2023, the Central Financial Work Conference emphasized the need to "accelerate the building of a financial powerhouse", elevating financial work to a higher strategic level. During the year, the People's Bank of China implemented a prudent monetary policy in a precise and forceful manner, strengthening the counter-cycle and cross-cycle adjustment of monetary policy tools to create a favorable monetary and financial environment for the operation of financial markets, including the capital market. The foreign exchange market and the RMB exchange rate remained basically stable. During the year, the People's Bank of China lowered the deposit reserve ratio twice to maintain reasonable and ample liquidity and promote moderate and steady growth in the total amount of monetary credit; it also lowered policy interest rates twice, driving down market interest rates such as the Loan Prime Rate (LPR), and guiding commercial banks to reduce existing first-home mortgage rates in an orderly manner. China established the National Financial Regulatory Administration on the basis of the China Banking and Insurance Regulatory Commission, and new regulations on differentiated regulatory rating, and hierarchical and classified supervision were implemented, marking the all-round strengthening of financial regulation. In the trust industry, the Circular on Regulating the Classification of Trust Business of Trust Companies was officially issued, redefining the business boundary of trust companies, and prompting trust organizations to get rid of the dependence on traditional paths and return to the post of trustees. In the finance company industry, the National Financial Regulatory Administration further revised the Measures for the Supervision and Rating of Financial Companies of Enterprise Groups and the Capital Rules for Commercial Banks, which establishes a differentiated capital regulatory system, and makes significant adjustments to the rating elements and their weighting, with more detailed regulatory rating classification, and stricter regulatory measures, in order to guide finance companies to adhere to their main responsibilities and business, operate prudently and develop in a standardized manner, and continuously improve their capabilities to serve the real economy. With the increasing maturity of advanced technologies such as big data, cloud computing, artificial intelligence, Internet of Things, blockchain, and 5G, a new round of technological revolution led by digitization, networking, and intelligence is accelerating its penetration into all aspects of the supply chain. An increasing number of leading commodity traders are leveraging their massive business data, vast customer resources, rich application scenarios, and profound operational experience to take the lead in effectively integrating digital and intelligent technologies with business operations. This further integrates the upstream and downstream industrial chains, continuously enhances the comprehensive competitiveness of supply chain operations, and gradually transforms them towards supply chain management to better meet the needs of existing and new customers and continuously improve profitability.

8. Emerging business

In 2023, focusing on strategic emerging industries such as next-generation mobile communications, artificial intelligence, and new materials, as well as future industries like future information technology, SASAC launched the "Revitalization Action for Strategic Emerging Industries" and the "Debut Action for Future Industries" within centrally-administered state-owned enterprises (SOEs). These initiatives aim to plan and promote a number of major projects, establish clusters of strategic emerging industries, and achieve landmark results in key areas such as biotechnologies, new materials, and new energy vehicles. The goal is to accelerate progress in increasing the proportion of revenue and added value generated by strategic emerging industries and achieve a strategic transformation in the layout and structure of SOEs. Additionally, the Ministry of Water Resources accelerated the construction tasks identified in the Outline of National Water Network Construction Plan, completing water conservancy construction investments of RMB1,199.6 billion, a year-on-year increase of 10.1%. It implemented 41,014 water conservancy projects to address four major water issues. The Ministry of Ecology and Environment coordinated the promotion of high-quality economic development and high-level ecological and environmental protection, focusing on major regional strategies, promoting the construction of pilot zones for a beautiful China, and vigorously promoting green, low-carbon, and high-quality development. The Ministry of Transport accelerated the construction of a modern transport infrastructure system and vigorously promoted the green and intelligent development of transportation. The National Energy Administration clearly stated that according to the needs of new energy development and power system operation, new energy system will be planned and built scientifically, rationally and orderly. According to data from the National Energy Administration, the total installed capacity of renewable energy power generation in China reached 1.516 billion kilowatts, accounting for 51.9% of the China's total installed power generation capacity. Among them, the installed capacity includes 421 million kilowatts of hydroelectricity, a year-on-year increase of 1.8%; 441 million kilowatts of wind power, a year-on-year increase of 20.7%; 60 million kilowatts of nuclear power, a year-on-year increase of 2.4%. In the future, guided by the new development concept, the construction of new infrastructure that is low-carbon, efficient, digitally integrated, systematic and complete, and safe and reliable will further empower China's high-quality economic and social development.

II. Business Development Overview

In 2023, the Group recorded newly signed contracts of RMB3,100.6 billion, a year-on-year increase of 2.2%; revenue of RMB1,263.412 billion, a year-on-year increase of 9.4%; net profit of RMB37.637 billion, a year-on-year increase of 7.6%; net profit attributable to shareholders of the listed company of RMB33.483 billion, a year-on-year increase of 7.1%. The Company's operating scale, efficiency and quality have advanced to new levels year after year. The Group has been one of the top 500 enterprises in the world for 18 consecutive years. The Group ranked 39th on the latest Fortune Global 500 list, 4th on the Fortune China 500 listed companies list, 2nd among the top 250 global contractors by Engineering News – Record ("ENR"); has been awarded an A-level rating in the annual performance assessment among central enterprises for 10 consecutive years; obtained an A-level (excellent) rating in the assessment among listed companies on Shanghai Stock Exchange for 15 consecutive years, including A-level evaluation for information disclosure from Shanghai Stock Exchange for 10 consecutive years; ranked among the "Top 30 Central Enterprises in Brand Building Capability" for the first time, and was awarded the Best Corporate Culture Practice among Chinese Companies. The top international rating agencies Moody's and Fitch rated China Railway as A3/A-, and maintained the outlook of "stable".

– **Effectively leveraged functional value and fully demonstrated commitment to mission.** The Group actively served the national strategies, focusing on the country's needs and its core responsibilities and business. The Group has deeply integrated itself into major regional strategies such as the coordinated development of Beijing-Tianjin-Hebei region, the development of the Yangtze River Economic Belt, and the revitalization of Northeast China. The Group completed a large number of landmark projects with high quality, including the Shenzhen-Zhongshan Bridge, the Beijing-Xiong'an Expressway, the Guiyang-Nanning High-speed Railway, and the Shanghai-Chongqing-Chengdu High-speed Railway, effectively demonstrating its role as a national team in infrastructure construction. The Group contributed to the high-quality Belt and Road cooperation, organized the "Stepping into China Railway" event for diplomatic envoys together with the Ministry of Foreign Affairs, and actively participated in major economic and trade cooperation activities such as the "Belt and Road" Forum for International Cooperation. A number of overseas representative projects in which the Group participated for construction have been put into operation, including the Jakarta-Bandung High-speed Railway, the railway line connecting the Padma Bridge in Bangladesh, the Busanga Hydropower Station in the Democratic Republic of Congo, and the Siem Reap Angkor International Airport in Cambodia. These projects have continuously polished the image of "China Road", "China Bridge", "China Tunnel", "China Electrification", and "China High-speed Railway". The Jakarta-Bandung High-speed Railway and the Shenzhen-Zhongshan Bridge were selected among the Top 10 Super Projects by Central Enterprises in 2023. In major battles and tests such as earthquake and flood relief, rural revitalization, and assistance to Xinjiang and Xizang, the Company charged ahead and shouldered heavy responsibilities, for example, fully participating in the post-disaster reconstruction efforts following the Jishishan earthquake, fully demonstrating its commitment as a central enterprise and receiving widespread praise.

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– **Strengthened foundations, improved quality and efficiency, and steadily enhanced development quality.** The Group has consistently adhered to high-quality development as the fundamental principle in the new era, unswervingly optimized structure of state-owned capitals and made state-owned enterprises stronger. Focusing on improving efficiency and creating value, the Group vigorously pursued "profitable revenue and cash-flow-generating profits". Major economic indicators such as the operating income, net profit, return on equity and operating cash ratio all met expectations. Adhering to the principle of "cash is king", the Company coordinated efforts on both revenue and expenditure with focus on cash flow management for engineering projects, and has achieved positive year-end operating cash inflow for 11 years in a row. The Company continuously optimized regional distribution, promoted the accelerated concentration of high-quality in key regions, continuously optimized its industrial structure, and vigorously advanced its development into an "Ace Engineering Bureau", key Grade 3 company, and specialized and sophisticated enterprise that produces new and unique products. The Company effectively improved management efficiency, deeply promoted the efficiency improvement campaign for large-scale business management and project management, and further figured out comprehensive efficiency improvement methods and paths. The Company has achieved significant results in cost control, loss management, asset operation, and debt collection, ongoing improvements in operational quality and efficiency, and played a role as a "pillar" and "ballast" in sustaining and stabilizing the growth of the national economy.

– **Achieved breakthroughs in reform with determination and concerted efforts.** The Group closely followed the pace of state-owned enterprise reform in the new era, comprehensively launched the reform deepening and improvement campaign, and coordinated the deepening of reforms in various fields. With a focus on improving core competitiveness and strengthening core functions, the Group refined and clarified 476 specific reform measures, and continuously increased its efforts in areas such as optimizing the governance system, innovating the management system, reshaping the distribution system, reforming the cadre and personnel system, coordinating development across the entire industrial chain, and reforming investment companies to address the problems hindering its high-quality development and received two consecutive A-level ratings in the special assessment on reform of central enterprises. The Group organically combined market value management with the quality improvement of listed companies, took several special initiatives in a coordinated manner such as promoting a new round of reforms and creating value with reference to the world's first-class enterprises, continuously drove the forming of the Group's intrinsic value and potential improvement. The Group deepened and expanded the exemplary action for scientific and technological transformation, and the "Double Hundred Action", with three units shortlisted as "Double Hundred Enterprises", namely China Railway No.1 Engineering Group Co., Ltd., China Railway Construction Engineering Group No.4 Construction Co., Ltd., and China Railway Communications Investment Group Co., Ltd., two units shortlisted as "Model Enterprises that Undergo Scientific and Technological Transformation", namely China Railway High-Speed Electrification Equipment Corporation, and Anhui Digital Intelligence Research Institute of China Railway No.4 Engineering Group Co., Ltd., and three units shortlisted as world-class professional leading demonstration enterprises by SASAC, namely China Railway Major Bridge Engineering Group Co., Ltd., China Railway Electrification Engineering Group Co., Ltd., and China Railway Engineering Equipment Group Co., Ltd.

– Effectively led with scientific and technological innovation, and achieved remarkable results in transformation and upgrading. The Group has put into practice the spirit of the important instructions of General Secretary Xi Jinping on "Three Transformations" by unswervingly implementing the innovation-driven development strategy and strengthening self-reliance in science and technology. The Group actively planned the layout of strategic emerging industries and future industries, closely integrated the innovation chain around the industrial chain, improved the scientific and technological innovation system, accelerated the gathering of innovation elements, and promoted the transformation of scientific and technological achievements. The Group has successfully overcome a number of "bottleneck" problems in key core technologies and has held the China Smart Manufacturing Brand Forum for four consecutive years. The Group accelerated its transformation and upgrading towards industrialization, digitization, and green development. A number of "tools with great significance for the country" made their debut, including the world's first green shield machine, the first downhill mining TBM with a large inclination angle, the first cantilever smart bridge-building machine, and the first hydrogen-powered subway construction vehicle. The Shenzhen Binhai Avenue (Headquarters Base Section) Comprehensive Transport Reconstruction Project and the "TBM + Earth Pressure + Slurry" three-mode shield machine won the Engineering Award of the Year, and Product/Equipment Innovation Award by the International Tunneling and Underground Space Association, respectively. The Group has expanded and optimized its innovation platforms, adding one national-level technology center, eight national intellectual property demonstration and advantageous enterprises, and five provincial and ministerial-level innovation platforms, and optimized and integrated three national-level laboratories. During the reporting period, the Group won 17 Zhan Tianyou Awards, 17 Luban Awards, 57 National Quality Engineering Awards (including 5 gold awards), and 2 Dayu Awards, Our level of excellence and reputation have ranked among the top central enterprises in the construction sector.

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During the Reporting Period, the operation of primary business of the Group are described as follows:

1. New contracts and contract backlog

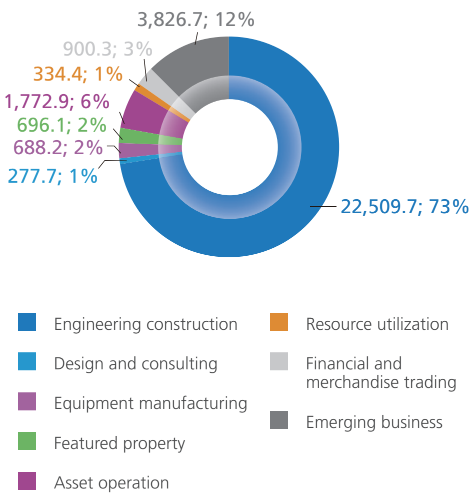
In 2023, the amount of newly signed contracts of the Group was RMB3,100.6 billion, representing a year-on-year increase of 2.2%. The amount of newly signed contracts in the domestic business amounted to RMB2,900.81 billion, representing a year-on-year increase of 1.8%; the amount of newly signed contracts for the overseas business amounted to RMB199.79 billion, representing a year-on-year increase of 8.7%. As of the end of the reporting period, the amount of the Group's contract backlog was RMB5,876.41 billion, representing a year-on-year increase of 19.2%. The amount of newly signed contracts by business segment is set out as below:

Unit: 100 million Currency: RMB

Amount of New Contracts			
Business type	**2023**	2022	**Year-on-year increase/ decrease**
Engineering construction	**22,509.7**	20,203.1	11.4%
Design and consulting	**277.7**	278.9	-0.4%
Equipment manufacturing	**688.2**	631.9	8.9%
Featured property	**696.1**	751.9	-7.4%
Asset operation	**1,772.9**	3,915.6	-54.7%
Resource utilization	**334.4**	236.0	41.7%
Financial and merchandise trading	**900.3**	695.5	29.4%
Emerging business	**3,826.7**	3,611.0	6.0%
Total	**31,006.0**	30,323.9	2.2%
Domestic	**29,008.1**	28,486.1	1.8%
Overseas	**1,997.9**	1,837.8	8.7%

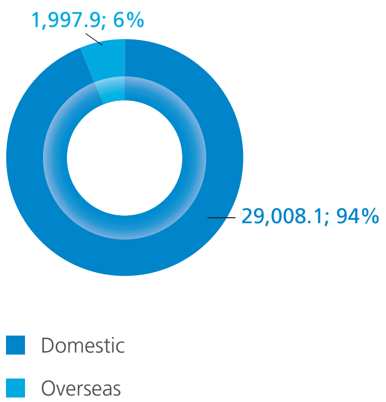
New Contracts by Business Segment in 2023

Unit: RMB 100 million



New Contracts by Geographical Location in 2023

Unit: RMB 100 million



2. Developments of the principal business segments

(1) Engineering construction

Engineering construction is the core of the Group, the foundation for consolidating the leading position of the Group in the construction industry and enhancing brand strength, an important pillar for improving the market influence, and a key field for improving the economic benefits and promoting the high-quality development of the Group. The engineering construction business of the Group involves railway, highway, municipal works, housing construction, urban rail transit, and other engineering fields, covering more than 100 countries and regions in the world. The Group has special-grade qualifications for general contracting of construction of railways, highways, municipal public engineering, building engineering, etc. The basic operation mode is to obtain orders through market competition at home and abroad, complete the tasks of survey, design, procurement, construction and operation of projects in accordance with the contracts by means of general engineering contracts and general construction contracts, etc., and is responsible for the quality, safety and construction period of the contracted project.

The Group has always been a leader in China's infrastructure construction industry and one of the largest construction contractors in the world. As of the end of the reporting period, the Group has 3,551 construction enterprise qualifications, being one of the enterprises with highest, complete and most qualifications. In terms of special-grade qualification for construction general contracting, the Group has 18 general contracting qualifications for railway construction at special grade, accounting for over 50% of the total number of general contracting qualifications for railway construction at special grade in China; 33 general contracting qualifications for highway construction at special grade; and 21 general contracting qualifications for engineering construction at special grade, 9 general contracting qualifications for municipal public engineering at special grade and 1 general contracting qualification for port and waterway construction at special grade. The Group has the National Engineering Research Center of High Speed Railway Construction Technology, National Key Laboratory of Tunnel Boring Machine and Intelligent Operation and Maintenance, National Key Laboratory of Bridge Intelligence and Green Construction, and National and Local Joint Engineering Research Center for the Research and Application of Digital Rail Transit Technologies, representing the most advanced technological level in terms of railway, bridges, tunnels and rail transit construction in China. The Group is one of the major infrastructure construction forces in the construction of the Belt and Road Initiative. It is the main contractor of the representative projects along the "Belt and Road" including China-Laos Railway, the Indonesian Jakarta-Bandung High – speed Railway, the Budapest-Belgrade Railway and the Padma Bridge in Bangladesh.

During the reporting period, the amount of newly signed contracts for the engineering construction business of the Group was RMB2,250.97 billion, representing a year-on-year increase of 11.4%. From a business segment perspective: ①The amount of newly signed contracts for railway construction business amounted to RMB318.53 billion, representing a year-on-year decrease of 35.6%. ②The amount of newly signed contracts for highways construction business amounted to RMB220.99 billion, representing a year-on-year increase of 29.4%. ③The amount of newly signed contracts for municipal works business amounted to RMB261.42 billion, representing a year-on-year decrease of 5.7%. ④The amount of newly signed contracts for urban rail business amounted to RMB164.48 billion, representing a year-on-year increase of 39.7%. ⑤The amount of newly signed contracts for housing construction business amounted to RMB1,147.82 billion, representing a year-on-year increase of 37.9%. ⑥The amount of newly signed contracts for other business segments amounted to RMB137.73 billion, representing a year-on-year increase of 8.2%.

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(2) Design and consulting

Design and consulting is the core of the Group, an important engine for leading the upgrading of technology and industry of the Group and driving the development of other business, an important basis for enhancing the brand influence of the Group, and an important support for promoting industrial coordination and improving the innovation ability of the whole industrial chain. Our design and consulting business covers the whole process of capital construction services such as research, planning, consulting, cost, survey and design, supervision, general engineering contracting, and product industrialization, mainly involving industries such as railways, urban rail transit, highways, municipal works, housing construction, water transport and hydropower survey and design. The Group constantly expands into new industries and new fields such as rack railway, suspended rail, medium and low speed maglev, high speed maglev, new infrastructure, smart transport, civil airports, ports and wharfs, power, energy conservation and environmental protection. The basic operation mode is to obtain survey and design orders through market competition at home and abroad, and complete the tasks such as design and consulting and relevant services of engineering projects as agreed in the contract. At the same time, the Group constantly innovates the operation mode of design and consulting business, makes full use of the advantages of urban transport infrastructure planning, plays the role of the market as a driving force and in expanding our reach to comprehensively enhance our capabilities to provide integrated services across the entire industry chain, and promotes the development of the entire industrial chain. As a backbone enterprise in China's design and consulting industry, the Group has played an important leading role in the field of engineering construction, especially in assisting in the formulation of construction codes and quality acceptance standards of the railway industry. The Group has won 154 National Excellent Engineering Survey and Design Awards, 110 National Excellent Engineering Consulting Achievement Awards, and 35 International Engineering Consulting (FIDIC) and Engineering Design Awards. On the ENR 2023 list of Top 150 Global Design Firms and Top 225 International Design Firms, the Group ranked 16th and 119th respectively.

During the reporting period, the Group fully leveraged the professional advantages and leading role of each enterprise in the design sector, and recorded newly signed contracts of RMB27.77 billion for design and consulting services, which is nearly the same as last year.

(3) Equipment manufacturing

Equipment manufacturing is the core segment of the Group, an important carrier for practicing the "three transformations" and promoting the high-end brand of the Group, an important force for boosting the transformation and upgrading of the Group, and an important support for reinforcing and upgrading weak links in the industrial chains as well as improving the core competitiveness. The Group's equipment manufacturing business mainly serves the infrastructure construction at home and abroad, and its products cover turnouts, tunnel construction equipment, bridge construction steel structure, engineering construction machinery, fabricated building components and rail transit electrification equipment, etc. The basic operation mode is mainly to obtain orders through market competition at home and abroad, and provide relevant products and services with guaranteed quality and quantity on schedule according to the contract. **In terms of turnout products,** the Group has the core competitive advantages of the whole industry chain from design, research and development to manufacturing, and has the annual production capacity of 20,000 turnouts of various types. The products are widely used in railways, subways, tramcars and other fields. **In**

terms of tunnel construction equipment and services, the Group provides relevant products and supporting services covering various series of tunnel boring machines such as the composite shield machine, hard rock TBM and supporting equipment, and tunnel construction machinery, and has established the whole industrial chain layout of design, R&D, manufacturing and supporting services of spare parts and supporting equipment, and has maintained its leading position in various sub-sectors. Notably, it holds a market share exceeding 60% in the water conservancy sector and over 80% in the pumped storage sector. **In terms of steel structure manufacturing and installation,** the manufacturing and installation business of the Group's bridge steel structure mainly focuses on manufacturing and installing various large-scale bridge steel structures, which has obvious advantages in the steel structure market of bridges crossing rivers. The bridge steel structures and steel-pylons manufactured have reached the international advanced standard. **In terms of construction machinery,** the Group is a large-sized scientific and technological enterprise specialized in manufacturing and R&D of special construction machinery for railways, highways, urban rail transits, etc. in China and even in the world. Its products include railway construction equipment such as the rail laying machine, bridge erecting machine, girder carrier and handling machine, and other large-scale engineering machinery such as the lifting machinery. **In terms of electrification equipment for railways and urban rail transits,** the Group's rail transit electrification equipment mainly includes complete set of catenary equipment for the regular railway, acceleration railway, and high-speed railway, and complete set of power supply equipment of all power supply forms of urban rail transit. Among them, the catenary equipment for railway passenger lines and high-speed railways are at the international advanced the level. **In terms of prefabricated buildings,** the Group is a supplier with rich product structures and a complete set of solutions for prefabricated buildings in the domestic prefabricated building component industry, devoting itself to creating a high-tech and innovative prefabricated building business platforms.

The Group has a leading position in the field of high-end equipment manufacturing related to transportation infrastructure such as railways, highways, urban rail transit and underground engineering in the country and even the world. It has outstanding competitiveness in scientific and technological innovation strength, core technology advantages, production and manufacturing the level, brand awareness and other aspects. The Group is the world's leading shield/TBM R&D manufacturer, the world's leading steel structure manufacturer of turnouts and bridges, the leading railway construction equipment manufacturer in China, and the world's leading manufacturer of infrastructure construction service equipment. The Group develops and manufactures tunnel boring machines, special equipment for tunnel mechanization, engineering construction machinery, turnouts, steel bridges, etc. with abundant and stable market demand. Our market share for related products maintains a leading position in the industry. CRHIC (stock code: 600528.SH), a controlling subsidiary of the Group, has the most complete products in the field of railway infrastructure equipment in our country and is the only industrial enterprise in A share main board market that mainly engages in high-end equipment for rail transit and underground excavation. CRHEEC (stock code: 688285.SH) is an important supplier engaging in the R&D, production and system integration of domestic electrified catenary components and power supply equipment for urban rail transit. CRPCC (stock code: 300374.SZ) is a supplier with rich product structures and integration service capability of prefabricated buildings in the domestic prefabricated building component industry, able to provide a complete set of solutions for prefabricated buildings.

As a leading manufacturer of high-end equipment for engineering construction, the Group continuously enhances its innovation-driven development capability and makes new breakthroughs in the new-type rail transit industry and new-type technology-based environmental protection industry. The Group holds the second-largest global market share in overseas markets of tunnel boring machines, while its medium and large-diameter shield machines have gained high recognition from customers in the European high-end market.

During the reporting period, the amount of newly signed contracts for the equipment manufacturing business of the Group was RMB68.82 billion, representing a year-on-year increase of 8.9%.

(4) Featured property

Featured property is an important carrier for diversified brands of China Railway. The Group shifts to the model of "property + infrastructure" and "property + industry" relying on its main business advantages, striving to be an excellent comprehensive urban development operator. The Group also accelerates the transformation from traditional commercial property development to the comprehensive multi-industry and multi-function development model. Giving full play to industrial chain integration, the Group innovates business models and activating new drivers of distinctive development, with the focus on expanding the field of integrated infrastructure and property, area development, industrial property, cultural tourism property, TOD, and property for old-age care and health preserving. The Group's featured property business includes primary land development and secondary real estate development. The operation mode of primary land development refers to that the local government or its authorized department and platform company entrust the Group to legally expropriate the land in a certain area, construct urban infrastructures and social public facilities according to the planning requirements by means of competition, so as to make the land within the area meet the specified supply conditions, and the government or its authorized department obtains the land transfer income by transferring the land with compensation, and pays the Group 's investment and income according to the agreement. The secondary property development is to obtain the authorization of property development through market competition at home and abroad and sell or lease the newly built commercial housing.

In 2023, the Group performed in-depth analysis of the changing real estate market environment, continuously optimized the map of investment projects, strengthened the construction of the risk prevention and control system, and upheld the principles of sales-based production and revenue-based expenditure to ensure the safety of cash flow of real estate business, and promote the steady and healthy development, transformation and upgrading of real estate business. During the reporting period, the Group's featured property sector achieved a sales amount of RMB69.61 billion, representing a year-on-year decrease of 7.4%, and its sales area was 4.458 million square meters, representing a year-on-year decrease of 18.7%. The area that we have commenced construction was 3.133 million square meters, representing a year-on-year decrease of 41%; the area that we have completed construction was 5.354 million square meters, representing a year-on-year decrease of 9.6%; and the newly acquired land reserve was 0.804 million square meters, representing a year-on-year decrease of 38.4%. As of the end of the reporting period, the Group's land reserve to be developed covered 12.9922 million square meters.

(5) Asset operation

Asset operation is an important carrier for China Railway to optimize industrial layout and strengthen the brand of the whole industry chain, and a key link for strengthening operational asset management, guaranteeing investment income and enhancing capital circulation capacity. The scope of the Group's asset operation business mainly covers the operational management of infrastructure investment projects and asset management. There are three operational modes, namely independent operation, entrusted operation and joint operation. Independent operation is used for most of on-balance sheet projects. The Group has established a scientific operational management system and a professional operational management platform, and has built the operation brand of China Railway in such fields as expressway, environmental protection for water resources. The Group has also established standardized operational management systems in areas such as underground utility tunnels and rail transit, providing support for becoming a first-class infrastructure investor and operator and building the operation brand of China Railway. In 2023, the Group deeply promoted the high-quality development of asset operation business, focusing on improving the value creation capability throughout the whole life cycle of investment projects. The Group comprehensively considered the financing feasibility, exit feasibility, full-cycle financial viability, and capital recovery period of projects, and continuously strengthened risk management and control. The Group proactively selected and cultivated high-quality projects that can be revitalized, and strengthened the research and application of revitalization methods such as public REITs, quasi-REITs, ABS, and equity fund replacement. At present, the Group operates such infrastructure projects as rail transit, expressway, underground utility tunnels, environmental protection for water resources, municipal roads, sponge cities, industrial parks, etc., across most cities and regions in China, with the operation period ranging from 8 to 40 years. During the reporting period, the Group actively addressed the impact of changes in national policies, made controlling risk and enhancing investment quality the fundamental prerequisites for undertaking investment projects, intensified our internal oversight, selected high-quality investment projects within our main business, strictly implemented rigid management of our investment budgets to maintain reasonable control over the scale of our investments. As a result, the Group recorded newly signed contracts of RMB177.29 billion, a year-on-year decrease of 54.7%, in asset operation business.

(6) Resource utilization

The Group's resource utilization business is mainly based on the management and development of mining entities. Currently, it wholly owns, controls or holds shares to invest in the construction of five modern mines at home and abroad, including Luming Molybdenum Mine, Heilongjiang, Luishia Copper-Cobalt Mine, Comagnie Minière de Luisha S.A.S, Congo, MKM Copper-Cobalt Mine, SICOMINES Copper-Cobalt Mine, and Wulan Lead and Zinc Mine, Mongolia, all of which are in good conditions. The main mineral products produced and sold by the Group include concentrate of varieties involving copper, cobalt, molybdenum, lead, zinc and others, copper cathode and cobalt hydroxide. Currently, the retained reserves of copper, cobalt and molybdenum of the Group are in the leading position in the same industry in China, and the mines' production capacity for copper and molybdenum has been at the forefront in the same industry in China. In recent years, the Group has been using the management and development of mining entities as the foundation to continuously expand its mining services business, including ore stripping and the sale of mining equipment, and further acquired projects of construction sand and gravel aggregates.

BUSINESS OVERVIEW

In 2023, the Group's overall development and sales of mineral resources remained stable. The Group produced 283,800 tons of copper, a year-on-year decrease of 6.3%, 4,600 tons of cobalt, a year-on-year decrease of 11.5%, 15,200 tons of molybdenum, a year-on-year increase of 1.3%, 8,500 tons of lead, a year-on-year decrease of 10.5%, 26,600 tons of zinc, a year-on-year increase of 11.3%, and 44 tons of silver, flat year on year.

Mining Resource Project Table (As at 31 December 2023)

No.	Project name	Mining resource Type	Mining resource Grade	Resource/ Reserve (10,000 tons)	Equity ratio (%)	Planed total investment (RMB100 million)	Accumulated investment of the project (RMB100 million)	Production quantity in the reporting period (10,000 tons)	Project progress
1	Luming Molybdenum Mine, Yichun City of Heilongjiang	Molybdenum	0.09%	62.16	83	60.17	60.26	1.52	In normal production
		Copper	/	/				0.14	
2	SICOMINES Copper-Cobalt Mine	Copper	3.53	691.51	41.72	45.86	30.92	23.55	In normal production
		Cobalt	0.15	54.75				0.39	
3	Luishia Copper-Cobalt Mine	Copper	2.57	45.50	72	21.38	21.60	3.01	In normal production
		Cobalt	0.06	1.13				0.05	
4	MKM Copper-Cobalt Mine	Copper	1.87%	3.10	80.2	11.95	12.35	1.82	In normal production
		Cobalt	0.24%	0.32				0.02	
5	Wulan Lead and Zinc Mine, Xinxin Company	Lead	1.15%	14.86	100	15.4	15.4	0.85	In normal production
		Zinc	2.91%	37.48				2.66	
		Silver	56.55g/t	0.07				0.0044	
6	Muhaer Lead and Zinc Mine, Xinxin Company	Lead	0.63%	4.11	100	–	–	–	Not yet exploited
		Zinc	2.37%	15.47					
		Silver	118.17g/t	0.08					
7	Wurile Ovoo and Zhanggai Tolgoi Gold Mine, Xinxin Company	Gold	3g/t	0.0003	100	–	–	–	Not yet exploited
8	Silver-Lead-Zinc polymetallic Mine, Chafu, Xianglong Mineral Co., Ltd.	Lead	7.00%	8.97	100	3.3	–	–	Ceased production

(7) Financial and merchandise trading

When carrying out financial business, the Group has strictly implemented the State regulatory policies and adhered to the overall guidelines of integration of industry and finance. Centering on the target of serving internal financial needs, promoting the development of principal construction business and creating value and adhering to the principle of giving priority to benefits in the allocation of financial resources, the Group's financial business segment has effectively promoted the flow of financial resources to efficient assets, while firmly holding the bottom line of avoiding financial risks. The Group holds the financial licenses for trust, finance company, and public fund, and is approved to engage in such financial businesses such as assets management, private equity fund, insurance brokerage, finance lease, and commercial factoring, which are the financial businesses that SASAC allows to be conducted in a prudent and regulated manner. The Group has built a multi-level, wide-covered and differentiated "finance, quasi-finance" institutional service system represented by China Railway Trust Co., Ltd., China Railway Finance Co., Ltd. and China Railway Capital Co., Ltd. The three companies actively explore new ways to integrate industry and finance to serve internal financial needs. China Railway Trust Co., Ltd. continuously enhances its ability and level of service to its main business and industry by strengthening asset management trusts, expanding asset service trusts, and optimizing charitable trusts. China Railway Finance Co., Ltd. is responsible for strengthening internal capital concentration, establishing capital pool, and deepening treasury construction. It actively explores a new "treasury-type, centralized, online" direct bank-enterprise connection model and give full play to the advantages of the platform of financial integration to improve capital utilization efficiency, and reduce financing costs. China Railway Capital Co., Ltd. has developed diversified businesses such as the project fund, asset securitization, supply chain finance, commercial factoring, financial leasing, insurance brokerage, innovative venture and international investment and financing, and enhanced the efforts for obtaining equity financing for investment projects.

The merchandise trading business of the Group represents the trading business carried out by the trading enterprises at all levels of the Group relying on the demand advantage, product advantage and resource channel advantage and centralized purchase and supply based on the main Corporate bonds internal trading demand of the Group and provides external services in an appropriate manner. China Railway Resources Group Co., Ltd., a wholly-owned subsidiary of the Group, is responsible for the sales of mineral products in the resource sector. China Railway Material Trade Co., Ltd., a wholly-owned subsidiary of the Group, has established a national-wide operation and service network, and maintained good cooperative relationship with domestic large-scale production enterprises of steel, cement, petrochemical, components for communications engineering, signal engineering, electrical engineering and electrification engineering, building decoration materials and other products. China Railway Material Trade Co., Ltd. carries out centralized procurement and supply of major materials at the Group level, and supplies materials to other domestic construction enterprises, significantly improving the Group's capabilities in resources acquisition, supply security, procurement and bargaining power. During the fluctuation period of commodity prices, it provided reliable material supply guarantee for the Group's production and operation and helped the Group address the price fluctuation risks by making appropriate reserves and locking price in good time.

During the reporting period, the amount of newly signed contracts for the financial and merchandise trading business of the Group was RMB90.03 billion, representing a year-on-year increase of 29.4%.

(8) Emerging business

The Group's emerging business, encompassing both "second curve" emerging business and strategic emerging industries (including future industries), is the China Railway's key cultivation segment. Emerging business is crucial for aligning with national strategies, building a modern industrial system, accelerating the formation of new productive forces, and ensuring the Group's sustainable development. They also play a vital role in establishing a competitive advantage for the future. In 2023, the Group issued the Guiding Opinions of China Railway on Further Strengthening the Construction of the "Second Curve", which, in close alignment with national strategies such as the "3060" dual carbon goals and "two priorities and one new", focuses on key regions and emerging fields, highlights a market-oriented approach to adjust its industrial structure and guides business models with technological innovation in order to concentrating its efforts on continuously developing emerging business. In terms of strategic emerging industries, the Group is focusing on four major areas: artificial intelligence, industrial software, high-end machine tools, and future space. It is also increasing its development efforts in high-end equipment manufacturing and energy conservation and environmental protection (green building), strengthening its industrial layout in new materials and service industries in relation to strategic emerging industries, and leveraging its advantages in main business to specialize in and expand construction engineering and related engineering services for strategic emerging industries such as new energy.

During the reporting period, the amount of new contracts for the emerging businesses of the Group was RMB382.67 billion, representing a year-on-year increase of 6%. From a business segment perspective: ① The amount of newly signed contracts for water conservancy and hydropower business amounted to RMB69.49 billion, representing a year-on-year decrease of 29.5%. ②The amount of newly signed contracts for clean energy business amounted to RMB97.88 billion, representing a year-on-year increase of 123.3%. ③The amount of newly signed contracts for ecological and environmental protection business amounted to RMB97.26 billion, representing a year-on-year increase of 20.7%. ④The amount of newly signed contracts for airport and port waterways business amounted to RMB30.68 billion, representing a year-on-year increase of 18.4%. ⑤The value of newly signed contracts for urban operations business amounted to RMB22.41 billion, representing a year-on-year decrease of 64.9%. ⑥The amount of newly signed contracts for other business amounted to RMB64.95 billion, representing a year-on-year increase of 34.2%.

III. Scientific Research Investment and Technological Achievements

As one of the country's first "innovation-oriented enterprises" awarded by the Ministry of Science and Technology, the SASAC and the All-China Federation of Trade Unions, the Group has 3 national laboratories (the National Engineering Laboratory of High Speed Railway Construction Technology, National Key Laboratory of Tunnel Boring Machine and Intelligent Operation and Maintenance, and National Key Laboratory of Bridge Intelligence and Green Construction (engineering research center), 10 postdoctoral workstations, 1 national local joint research center (national and local joint engineering research center for the research and application of digital rail transit technologies), 52 provincial and ministerial research and development centers (laboratories), 19 nationally recognized technology centers, and 138 enterprise technical centers recognized at the ministerial or provincial level. It restructured 17 professional corporate R&D centers in an optimal manner and invested in the national technology innovation center for the Sichuan-Xizang railway. In 2023, the Group was approved by the National Intellectual Property Administration to set up the national operation center for intelligent property rights of underground works, and successfully passed the review as a Beijing Intellectual Property Advantage Unit. Eight of our subsidiaries were newly recognized as National Intellectual Property Demonstration Enterprises and Advantageous Enterprises, including three Demonstration Enterprises and five Advantageous Enterprises. This brings the total number of such enterprises within the Group to 25.

In 2023, our research and development efforts focused on key topics such as plateau railway construction technology, high-speed railway construction technology, bridge survey, design, construction and maintenance technologies, tunnel and underground engineering construction technology, four-electricity engineering technology, construction equipment and industrial product manufacturing technology, building construction technology, intelligent construction, green and low-carbon and information technology, and energy saving and emission reduction technology. In line with the actual production and operation needs, the Group leveraged key and challenging projects such as the Chengdu-Chongqing Middle Line High-speed Railway, Dali-Ruili Railway, Shanghai-Chongqing-Chengdu High-speed Railway, Chongqing-Kunming High-speed Railway (Sichuan-Chongqing Section), Xiongan-Shangqiu High-speed Railway, Brazil East-West Railway, Guangzhou-Zhanjiang Railway, Zhejiang Zhoushan Xihoumen Highway-Railway Bridge, Chongqi-Qidong Yangtze River Highway-Railway Bridge, Changtai Yangtze River Bridge, Ma'anshan Yangtze River Highway-Railway Bridge, Zhuhai Xijiang Highway-Railway Bridge, Zhongshan Station in Antarctica, Dianzhong Water Diversion Project, and Dongguan Songshan Lake Water Plant to perform research under the topics such as bridge survey and design theories and methods, new bridge structures and materials, intelligent bridge construction technologies and equipment, intelligent construction and data collaborative management of drill-and-blast tunnel engineering, risk control and equipment for urban rail transit foundation pit construction, research on key technologies and equipment for electrified highways, intelligent assessment of service performance and key technologies for performance improvement of high-speed railway ballastless track-bridge structural systems, integration and application demonstration of intelligent construction technologies for unmanned construction sites in transportation infrastructure, intelligent engineering management and maintenance technologies, and standardization of key component and key system status monitoring and performance evaluation for engineering equipment (tunnel boring machines). Leveraging a number of plateau engineering projects such as the Sejila Mountain Tunnel and Dadu River Bridge, the Group conducted research on topics of construction technologies for roadbeds in complex environments and disaster prevention and control, key technologies for plateau canyon kilometer-span railway suspension bridges, drill-and-blast construction technologies for high-altitude and deep-buried complex geological and environmental tunnels, and manufacturing of the "Linghang" super-large diameter slurry shield machine. During the reporting period, the Group won 17 China Zhan Tianyou Civil Engineering Awards, 17 Luban Awards, 480 scientific and technological advancement awards at the provincial and ministerial level; 8,324 authorized patents, including 2,438 invention patents and 315 overseas PCT patents, and 1,184 provincial and ministerial engineering methods. The Group also won 3 Excellence Awards at the 24th China Patent Awards, one gold medal and two silver medals at the 48th Geneva International Exhibition of Inventions. Notably, the patent "Test System for Driving Safety of High-speed Railway Bridges under Earthquakes" applied by the High-speed Railway Engineering Center won the gold medal at the Geneva International Exhibition of Inventions, marking a new breakthrough for China Railway in this award.

IV. Establishment and Implementation of Safety and Quality System

As a construction company, China Railway places the utmost importance on ensuring production safety and reducing work-related accidents. Strict compliance with laws and regulations during production and operations is crucial for the Group's sustainable development. The Group strictly adheres to relevant laws and regulations such as the Work Safety Law of the People's Republic of China, Occupational Disease Prevention and Control Law of the People's Republic of China, Fire Protection Law of the People's Republic of China, and Work-related Injury Insurance Regulations, as well as other laws and regulations in the locations where the Group operates that have a significant impact on the health and safety of our employees. The Group has formulated systems such as the Regulations on Occupational Safety and Health Supervision and Management and the Guiding Opinions on Employee Living Security Work, continuously strengthening management in this regard, so as to provide employees with a healthy and safe work environment, reduce work-related accidents, and protect the legitimate rights and interests of workers.

In terms of the establishment of the system, The Group has set up the Production Safety (quality) Committee, which is responsible for all aspects of the production safety of the Group. The Committee has 2 directors, who are the secretary of the Party committee, chairman, and president of the Group respectively, 1 deputy director, who is the vice president in charge of safety and quality, and members including other leadership team and senior management, and heads of relevant departments of the headquarters of the Group. Tier 2 and tier 3 companies have production safety supervision and management departments, and construction and investment enterprises have full-time safety directors.

In terms of the improvement of the system, In 2023, the Group fully implemented the "General System + Special Systems + Rigid Standards" institutional system. The Group implemented the Measures of China Railway for the Management of Safety, Quality and Environmental Protection, a programmatic document for safety and quality. It makes the four-tier safety management system more comprehensive and effective, with enhanced management support from business systems, and a progressive synergistic effect. The Group established a comprehensive "1+9+N" system and issued the Notice on Continuously Improving Production Safety Management Awareness and Leading the In-depth Advancement of Safety and Quality Management System Improvement and the China Railway Carbon Peaking Action Plan, steadily promoting the "dual carbon" work. In terms of emergency management, the Group formulated the Emergency Plan for Safety, Quality, Ecological Environment, and Disaster Accidents (Incidents) and conducted emergency drills using three methods: tabletop drill, functional drill, and comprehensive drill. Emergency drill activities were organized in June 2023, a "Production Safety Month".

In terms of monitoring the implementation of the system, All of the Group's construction subsidiaries have established control and inspection teams and worked out a regular reporting system for monitoring with a view to promptly eliminating various safety, quality, and environmental hazards on construction sites. The number of major safety hazards was significantly reduced, and control over on-site construction production by control and inspection teams at all levels became increasingly strict. By systematically analyzing issues identified through regular hazard inspections throughout the year, the Group greatly reduced the number of project safety hazards, cultivated a stronger safety management culture, and initially took a posture of strict management.

V. Implementation of Environmental Protection Measures

The details are set out in the "Environmental Information" under the "Environmental and Social Responsibility" on page 320 to page 323 of this annual report.

VI. Compliance with Laws and Regulations

As a company dually listed on Shanghai Stock Exchange and the main board of the Hong Kong Stock Exchange, during the reporting period, the Group strictly complied with laws and regulations including the Company Law, the Securities Law, the Code of Corporate Governance for Listed Companies, and the various rules of the Shanghai Stock Exchange and the Hong Kong Stock Exchange, continuously enhanced the corporate governance structure and brought forth new ideas to the operational mechanism of corporate governance, thereby continuously enhancing the rationality and effectiveness of corporate governance. During the reporting period, there was no material breach of laws and regulations by the Group.

VII. Maintenance of Relationship with Stakeholders

The Group always maintains a cooperation relationship of harmony, mutual trust and mutual benefit with its stakeholders, insists on putting itself in the shoes of the stakeholders to consider issues and proactively responds to the important issues of the stakeholders' concern. The Group has in place a smooth, standardized and distinctive communication system with the stakeholders, and strives to achieve mutual, harmonious and win-win development with the stakeholders.

VIII. Outlook

Facing the exceptionally complex international environment and the arduous tasks of domestic development and stability, the Central Economic Work Conference emphasized the necessity to "adhere to the general principle of seeking progress while maintaining stability, implement the new development philosophy fully, faithfully and comprehensively, focus on promoting high-quality development, comprehensively deepen reform and opening up, and build self-reliance and strength in high-level science and technology, intensify macro regulation, do a good job both in both expanding domestic demand and deepening supply-side structural reform, ensure both new urbanization and rural revitalization across the board, and secure both high-quality development and high-level security". This highlights the determination and confidence of the Central Committee of CPC and the State Council to grasp big economic picture and accelerate the economic recovery in the first year after the 20th National Congress of CPC. The infrastructure investment, as the main force of stabilizing the economy by "counter-cycle adjustment + cross-cycle adjustment", is expected to play a more dominant role as an engine in stabilizing growth. **From the perspective of planning and development opportunities.** Along with the successive release of a series of important planning documents including the 14th Five-Year Plan for the Development of Modern Integrated Transportation System, the 14th Five – year Plan for the Development of Construction Industry, Guideline To Accelerate Construction of Urban and Rural Environmental Infrastructure, 14th Five-Year Plan on Modern Energy System Planning, Work Plan on Solidly Promoting the Implementation of Major Transportation Projects under the 14th Five-Year Plan, New Urbanization Implementation Plan during the 14th Five-Year Plan Period, and the 14th Five-Year Plan National Urban Infrastructure Construction, and the thorough implementation of regional major strategies and regional coordinated development strategies including the coordinated development of the Beijing-Tianjin-Hebei region, the development of the Yangtze River Economic Belt, the construction of Guangdong-Hong Kong-Macao Greater Bay Area, the integrated development of the Yangtze River Delta, and the ecological protection and high-quality development of the Yellow River basin, the construction in areas such as the "Three Major Projects", urban renovation, rural revitalization, new energy, ecological and environmental protection, high-standard farmland, national backbone water networks, and new infrastructure (including big data centers and other information infrastructure, converged infrastructure, and innovative infrastructure) continued to advance, laying a solid foundation for the steady and sound development of the infrastructure industry in the future. **From the perspective of degree of financial support.** China is giving top priority to stabilizing growth. Fiscal policy will be more effective and fiscal expansion will be further intensified. With the comprehensive use of deficit, special bonds, discount interest and other tools, fiscal funds for infrastructure construction will maintain a steady growth. In particular, further expansion of the areas of investment and scope of capitalization of the special-purpose bonds will leverage more incremental funds. In 2023, tax and fee reductions of over RMB2.2 trillion were made, and additional government bonds of RMB1 trillion were issued to support post-disaster recovery and reconstruction and enhance disaster prevention, mitigation, and relief capabilities. Monetary policy will be targeted and effective, the required reserve ratio (RRR) was lowered twice, and the policy rate was lowered twice, with the focus on supporting infrastructure and major projects. Credit conditions are expected to be further eased, market-based interest rates will continue to fall, and the scale of new policy-based development financial instruments will continue without abating. According to the reports of 31 provinces on the execution of budgets for 2023 and on the draft budgets for 2024, new special-purpose bonds and general bonds for 2024 approved by the Ministry of Finance ahead of time were RMB2.28 trillion and RMB432 billion in aggregate, respectively. It is proposed in the 2024 Government Work Report that, RMB3.9 trillion of special-purpose bonds for local governments will be issued, and starting this year and over each of the next several years, ultra-long special treasury bonds be issued, and RMB1 trillion of such bonds will be issued in 2024. As the pursuit of high-quality development continues to advance, the demand for equipment renewal will be steadily unleashed, ushering in a massive market of over RMB5 trillion. **From the perspective of industry innovation and upgrading.** During the 14th Five-Year Plan period, investment in traditional infrastructure will continue to remain high. Major projects such as Plateau Railway, Chengdu-Chongqing Middle Line High-speed Railway, and Yangtze River – Han River Water Diversion proceed in an orderly manner. The "New Infrastructure" will boost continuously. There is vast potential for the development of smart cities, smart transportation and smart energy. Industry innovation requires more than more technological empowerment. The construction industry will gradually shift from being driven by investment and labor and other factors to by innovation. The integration of the construction industry with advanced manufacturing, information technology and energy-saving technology will be further enhanced, and the upgrading of industrialization, digitization and intelligence will accelerate, leading to higher quality development of the construction industry towards content-intensive integration.

During the 14th Five-Year Plan period, China Railway will focus on its historical mission and main responsibilities and business, take promoting high-quality development as the theme, promote transformation and upgrading as the main task, follow the "eight must-haves" as the strategic guidance, promoted the implementation of the "123456" development strategy, and adopt the growth approach of "two transformations" (i.e. transformation from debt-driven development to accumulation and innovation-driven development, transformation from traditional production and operation to asset management and capital operation). It is committed to becoming an enterprise with five characteristics in the new era: a national pillar with strong sense of responsibility, a pioneer with leading infrastructure, a leader in the industrial chain focusing on green development, a transnational company with brand influence and a modern enterprise with social respect, and continue to enhance its capacities of competitiveness, innovation, control, influence and risk resistance, and initially build itself into a world-class comprehensive construction industry group with global core competitiveness.

During the "14th Five-Year Plan" period, China Railway will focus on improving its primacy ratio in the industry, in China, and in the world, and on enhancing the synergy among various businesses in the industry chain, the value chain, the supply chain and the innovation chain. It is committed to strengthening the three core businesses of design consulting, engineering construction and equipment manufacturing to catch up with the world-class level; optimizing the two key businesses of characteristic real estate and asset operation to build a first-class brand in China; specializing the two major supporting businesses of resources utilization and financial and merchandise trading to build a first-class platform in the industry; and expanding relevant emerging businesses to create new drivers of development, so as to comprehensively enhance its core competitiveness, and lay a solid foundation for its transformation and upgrading.

IX. Operating Plan

2024 marks the 75th anniversary of the founding of the People's Republic of China. It is also a crucial year for achieving the objectives and tasks laid down in the 14th Five-Year Plan. The Group will follow the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, implement the guiding principles from the 20th National Congress of the CPC on all fronts, act on the guidelines of the Central Economic Work Conference, deeply implement the requirements of the Meeting of Heads of Central Enterprises, comprehensively execute the arrangements and deployments of the Fifth Party Congress of the Group, pursue progress while ensuring stability, consolidate stability through progress, and establish the new before abolishing the old. The Group will also unswervingly implement the "123456" development strategy, anchor on the main line of "efficiency improvement and value creation", deeply promote the "Reform Deepening and Enhancement Action", and focus on five key elements (i.e. grassroots organizations, reform, innovation, image and work style) and control risks in a solid manner. The Group will focus on improving our core competitiveness and strengthening our core functions, strive to give full play to our role in scientific and technological innovation, industrial control, and safety support in building a modern industrial system and a new development pattern, and strive to achieve effective improvement in quality and reasonable growth in quantity, in order to contribute to the building of Chinese modernization through concrete actions and tangible results that promote high-quality development of the Group.

The Group proposed the development goal of "stable growth in profit and continuous optimization in five ratios" for 2024 according to the assessment index system of "one profit and five ratios" by SASAC in consideration of the reality of China Railway. To this end, efforts should be made to ensure that total profit will be no lower than last year, the gearing ratio will not increase year on year, and return on equity, labor productivity, operating cash ratio, and R&D investment all will grow from 2023. While maintaining a stable foundation for development, the Group will place greater emphasis on improving profitability and efficiency, value creation capabilities, and risk management level.

In 2024, the Group plans to achieve total revenue of approximately RMB1.3 trillion, costs of operation (including interest expense) of approximately RMB1,177.1 billion, and four expenses of approximately RMB66.6 billion. It is estimated that the newly signed contracts to be entered into will amount to approximately RMB3.3 trillion. The Group will promptly adjust its operation plan to suit market conditions and to reflect the actual implementation of the plan.

MANAGEMENT DISCUSSION AND ANALYSIS

CHEN Wenjian

Executive Director, President and Deputy Secretary to the CPC Committee

I. Financial Performance Overview

The Group's principal business activities are infrastructure construction, survey, design and consulting services, engineering equipment and component manufacturing, property development and other businesses.

In the year of 2023, the Group achieved revenue of RMB1,263.412 billion, representing a year-on-year increase of 9.4%. Profit for the year increased by 7.6% year-on-year to RMB37.637 billion while profit for the year attributable to owners of the Company increased by 7.1% year-on-year to RMB33.483 billion.

A comparison of the financial results for 2023 and 2022 is set forth below.

II. Consolidated Results of Operations

Revenue

In 2023, the Group's revenue increased year-on-year by 9.4% to RMB1,263.412 billion. It was mainly due to the increase in revenue from the Group's infrastructure construction business. Among which, revenue from overseas was RMB62.256 billion, representing a year-on-year increase of 6.5%.

Cost of sales and services and gross profit

The Group's cost of sales and services primarily includes cost of raw materials and consumables, subcontracting cost, equipment usage cost (consisting of maintenance, rental and fuel), employee compensation and benefits

and depreciation and amortization expenses. In 2023, the Group's cost of sales and services recorded a year-on-year increase of 9.1% to RMB1,140.726 billion while gross profit of the Group increased year-on-year by 12.7% to RMB122.686 billion. The overall gross profit margin for 2023 was 9.7%, representing an increase of 0.3% from 9.4% for 2022.

Other income

The Group's other income primarily consists of subsidies from government, interest income from other financial assets at amortised cost, compensation and claims, and dividend income. In 2023, the Group's other income was RMB3.439 billion, decreased by 7.5% from RMB3.716 billion of last year. Such decrease of other income was primarily due to the decrease in dividend income.

Other expenses

The Group's other expenses primarily includes compensation expenditure, penalty cost and lawsuit expenditure. In 2023, other expenses increased by 14.9% from RMB1.082 billion of last year to RMB1.243 billion, mainly due to the increase in compensation expenditure.

Net impairment losses on financial assets and contract assets

The Group's net impairment losses on financial assets and contract assets mainly includes impairment losses on trade and other receivables, other financial assets at amortised cost and contract assets. In 2023, the Group's net impairment losses on financial assets and contract assets increased year-on-year by 113.8% to RMB7.147 billion, mainly attributable to the increase in impairment losses on trade and other receivables.

MANAGEMENT DISCUSSION AND ANALYSIS

Other gains, net

The Group's other gains and losses mainly include gains/losses on disposal/write-off of right-of-use assets and property, plant and equipment, foreign exchange gains/losses and gains/losses on disposal and changes in the fair value of financial assets/liabilities through profit and loss. The Group's other gains recorded RMB383 million in 2023, mainly comprised of gains of RMB404 million on disposal/write-off of right-of-use assets.

Losses from derecognition of financial assets at amortised cost

The Group's losses from derecognition of financial assets at amortised cost mainly include the losses arising on derecognition of trade receivables which were transferred in accordance with asset-backed notes ("**ABN**") and asset-backed securities ("**ABS**") issuance, and non-recourse factoring agreements. In 2023, the Group's losses from derecognition of financial assets at amortised cost was RMB5.139 billion, representing an increase of 13.7% from last year. In 2023, the Group transferred trade receivables of RMB67.619 billion and RMB14.765 billion under the issuance of ABN and ABS, and non-recourse factoring agreements, respectively (2022: RMB68.033 billion and RMB16.908 billion, respectively).

Selling and marketing expenses

The Group's selling and marketing expenses primarily consist of employee compensation and benefits, distribution and logistic costs and advertising costs. In 2023, the Group's selling and marketing expenses amounted to RMB6.850 billion, representing a year-on-year increase of 8.2%. Such increase was mainly due to strengthened marketing efforts and increase in marketing investment. The selling and marketing expenses as a percentage of the total revenue for 2023 was 0.5%, basically remained the same as last year.

Administrative expenses

The Group's administrative expenses mainly consist of employee compensation and benefits and depreciation and amortisation of its assets related to administration. In 2023, the Group's administrative expenses was RMB28.958 billion, representing a year-on-year increase of 9.6%. Such increase was mainly due to the expansion in business scale and increase in business activities, resulting in increase in staff remuneration and travelling expenses. Administrative expenses as a percentage of revenue for 2023 was 2.3%, basically remained the same as last year.

Research and development expenditures

In 2023, the Group's research and development expenditures increased by 8.1% from RMB27.742 billion of last year to RMB30.000 billion, mainly due to the Group's continuous advancement on scientific research and technological innovation and further input in research and development.

Finance costs, net

In 2023, the Group's net finance costs (finance costs less finance income) was RMB3.181 billion, representing an increase of 32.7% from last year. It was mainly due to the increase in interest expenses charged to profit and loss.

Profit before income tax

As a result of the foregoing factors, the profit before income tax for 2023 increased by RMB2.889 billion or 6.5% to RMB47.581 billion from RMB44.692 billion for 2022.

Income tax expense

In 2023, the Group's income tax expense increased year-on-year by 2.3% to RMB9.944 billion. By excluding the impact of land appreciation tax, the effective income tax rate of the Group was 17.7% for 2023, basically remained the same as last year.

Profit for the year attributable to owners of the Company

In 2023, profit for the year attributable to owners of the Company increased by 7.1% to RMB33.483 billion from RMB31.273 billion for 2022.

III. Segment Results

The revenue and results of each segment of the Group's business for the year ended 31 December 2023 are set forth in the table below.

Business segment	Revenue	Growth rate	Profit/(loss) before income tax	Growth rate	Profit/(loss) before income tax margin[1]	Revenue as a percentage of total	Profit/(loss) before income tax as a percentage of total
	RMB million	*(%)*	*RMB million*	*(%)*	*(%)*	*(%)*	*(%)*
Infrastructure Construction	1,133,077	11.1	40,748	3.7	3.6	84.0	80.4
Survey, Design and Consulting Services	19,269	-2.7	1,323	-24.5	6.9	1.4	2.6
Engineering Equipment and Component Manufacturing	35,978	-7.4	2,037	-14.2	5.7	2.7	4.0
Property Development	51,563	-4.7	(840)	-42.1	-1.6	3.8	-1.7
Other Businesses	109,785	-1.6	7,469	-4.9	6.8	8.1	14.7
Inter-segment Elimination and Adjustments	(86,260)		(3,156)				
Total	**1,263,412**	**9.4**	**47,581**	**6.5**	**3.8**	**100.0**	**100.0**

1 *Profit/(loss) before tax margin is the profit before tax divided by the revenue.*

Infrastructure construction business

Revenue from the Group's infrastructure construction business is mainly derived from construction of railway, highway and municipal works. Revenue from the infrastructure construction business continues to account for a high percentage of total revenue of the Group. In 2023, the revenue from the infrastructure construction business accounted for 84.0% of the total revenue of the Group (2022: 82.0%). In 2023, the Group coordinated and promoted various production and operation tasks, speed up the production and operation progress, and advanced all tasks in a steady and orderly manner. The Group's revenue of infrastructure construction business increased by 11.1% year-on-year to RMB1,133.077 billion. Gross profit margin and profit before income tax margin of the infrastructure construction segment for 2023 was 8.6% and 3.6% respectively (2022: 8.1% and 3.9% respectively). The increase in gross profit margin was mainly due to the Group further promoted large-scale business management and engineering project management efficiency improvement actions, and continued to improve the efficiency capability and level of engineering projects. Profit before income tax margin basically remained the same as last year.

Survey, design and consulting services business

Revenue from the operation of the survey, design and consulting services business primarily derives from providing a full range of services on survey, design and consulting, research and development, feasibility studies and compliance certification of infrastructure construction projects. In 2023, the Group's survey, design and consulting services business developed sustainably and steadily, with revenue recorded RMB19.269 billion, representing a year-on-year decrease of 2.7%. Gross profit margin and profit before income tax margin for the segment for 2023 was 28.0% and 6.9% respectively (2022: 27.9% and 8.9% respectively). The gross profit margin basically remained the same as last year and the decrease in profit before income tax margin was mainly due to the increase in credit impairment losses and research and development expenditures.

Engineering equipment and component manufacturing business

Revenue from the operation of the engineering equipment and component manufacturing business primarily derives from the design, research and development, manufacture and sale of turnouts and other railway-related equipment, bridge steel structures and construction machinery. In 2023, the Group continued to increase market development efforts and revenue of the engineering equipment and component manufacturing business of the Group decreased by 7.4% year-on-year to RMB35.978 billion. Gross profit margin and profit before income tax margin was 21.0% and 5.7% respectively for 2023 (2022: 20.0% and 6.1% respectively). The increase in gross profit margin was mainly due to the Group further strengthened the cost control over manufacturing and installation businesses of tunnel construction equipment and steel structures to improve product profitability. Profit before income tax margin basically remained the same as last year.

Property development business

In 2023, revenue from property development business recorded RMB51.563 billion, decreased by 4.7% year-on-year. Gross profit margin and profit before income tax margin was 12.1% and -1.6% (2022: 12.4% and -2.7% respectively). The decrease in gross profit margin was mainly due to the continued downward trend of the domestic real estate market resulting in decrease in sales prices and the prolongation of sales cycle.

Other businesses

In 2023, the Group strived to progressively implementing the limited and interrelated diversification strategy, revenue from other businesses decreased year-on-year by 1.6% to RMB109.785 billion in 2023. Gross profit margin for 2023 was 16.6%, basically remained the same as 17.4% for 2022. Profit before income tax for 2023 was RMB7.469 billion (2022: RMB7.856 billion). Among which, ①Revenue from asset operation business was RMB4.063 billion, a year-on-year decrease of 7.9%. ②Revenue from resources utilisation business was RMB9.004 billion, a year-on-year increase of 12.5%. ③Revenue from merchandise trading business was RMB73.496 billion, a year-on-year decrease of 5.4%. ④Revenue from financial business was RMB4.403 billion, a year-on-year decrease of 4.7%.

IV. Cash Flow

In 2023, the net cash inflow from operating activities of the Group amounted to RMB38.364 billion, representing a decrease in net cash inflow of RMB5.188 billion from RMB43.552 billion for 2022, mainly attributable to the Group actively took effective measures to strengthen cash flow management and control and continued to maintain a good cash flow level.

In 2023, the net cash outflow from investing activities of the Group amounted to RMB74.640 billion, representing a decrease in net cash outflow of RMB9.748 billion from RMB84.388 billion for 2022, which was mainly due to the decrease in investment in infrastructure investment projects under the intangible asset mode.

In 2023, the net cash inflow from financing activities of the Group amounted to RMB27.131 billion, a decrease in net cash inflow of RMB69.234 billion from RMB96.365 billion for 2022, which was mainly due to the decrease in the Group's external borrowings and shareholders' investment in infrastructure investment projects.

Capital expenditure

The capital expenditure of the Group primarily comprises expenditure on purchases of equipment, upgrading of the Group's production facilities and investment in infrastructure investment projects under intangible assets mode. The Group's total capital expenditure for 2023 was RMB75.011 billion (2022: RMB103.246 billion), such decrease was mainly due to the capital expenditure in relation with the Group's acquisition of equity interest in Yunnan Dianzhong Water Diversion Engineering Co., Ltd. in 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

The following table sets forth the Group's capital expenditure by business segment in 2023.

	Infrastructure construction	Survey, design and consulting services	Engineering equipment and component manufacturing	Property development	Other businesses	Total
	RMB million	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*
Property, plant and equipment	24,674	513	1,528	1,844	1,008	29,567
Investment properties	172	271	–	707	498	1,448
Intangible assets	187	25	92	11	41,066	41,381
Right-of-use assets	1,564	35	74	396	546	2,615
Total	**26,597**	**844**	**1,694**	**2,758**	**43,118**	**75,011**

Working capital

	As at 31 December	
	2023	*2022*
	RMB million	*RMB million*
Inventories	**57,153**	49,198
Trade and bills receivables	**193,674**	160,574
Trade and bills payables	**588,737**	480,430
Turnover of inventory (days)	**17**	16
Turnover of trade and bills receivables (days)	**50**	50
Turnover of trade and bills payables (days)	**169**	153

At the end of 2023, the balance of the Group's inventories was RMB57.153 billion, representing an increase of 16.2% from the end of 2022. The Group's inventory turnover days was 17 days in 2023, basically remained the same as 2022.

Trade and bills receivables

At the end of 2023, the Group's trade and bills receivables increased by 20.6% from the end of 2022 to RMB193.674 billion while the turnover days of trade and bills receivables was 50 days in 2023, basically remained the same as 2022. According to the ageing analysis of the Group's trade and bills receivables, most of the Group's trade and bills receivables were of less than one year and the trade and bills receivables of more than one year accounted for 26.6% (31 December 2022: 27.6%) of the total receivables, which reflected the sound receivables management capability of the Group.

The following table sets forth the ageing analysis of the Group's trade and bills receivables as at 31 December 2023 and 2022, based on invoice date.

	As at 31 December	
	2023	2022
	RMB million	*RMB million*
Less than one year	**142,215**	116,291
One year to two years	**21,833**	19,811
Two years to three years	**9,816**	7,853
Three years to four years	**4,463**	5,587
Four years to five years	**4,969**	3,245
More than five years	**10,378**	7,787
Total	**193,674**	160,574

Trade and bills payables

The Group's trade and bills payables primarily consist of amounts owed to the Group's suppliers of raw materials, machinery and equipment. The Group's trade and bills payables increased by 22.5% from end of 2022 to RMB588.737 billion as at the end of 2023. The turnover days of trade and bills payables was 169 days in 2023, an increase of 16 days from 153 days in 2022. According to the ageing analysis of the Group's trade and bills payables, most of the Group's trade and bills payables were of less than one year and the trade and bills payables of more than one year accounted for 7.5% (31 December 2022: 8.5%) of the total payables.

The following table sets forth the ageing analysis of the Group's trade and bills payables as at 31 December 2023 and 2022, based on invoice date.

	As at 31 December	
	2023	2022
	RMB million	*RMB million*
Less than one year	**544,622**	439,796
One year to two years	**23,035**	22,478
Two years to three years	**10,204**	9,311
More than three years	**10,876**	8,845
Total	**588,737**	480,430

V. Borrowings

The following table sets forth the Group's total borrowings as at 31 December 2023 and 2022. 26.4% of the Group's borrowings were short-term borrowings (31 December 2022: 28.0%). The Group is capable of making timely repayments.

	As at 31 December	
	2023	2022
	RMB million	*RMB million*
Bank borrowings		
Secured	**142,981**	120,449
Unsecured	**221,184**	205,020
	364,165	325,469
Long-term debentures, unsecured	**48,968**	53,122
Other borrowings		
Secured	**1,415**	1,895
Unsecured	**15,415**	11,756
Total	**429,963**	392,242
Long-term borrowings	**316,647**	282,508
Short-term borrowings	**113,316**	109,734
Total	**429,963**	392,242

Bank borrowings carry interest rates ranging from 0.50% to 10.88% (31 December 2022: 0.75% to 6.65%) per annum. Long-term debentures carry fixed interest rates ranging from 2.58% to 4.80% per annum (31 December 2022: 2.14% to 4.80%). Other borrowings carry interest rates of 3.06% to 4.43% (31 December 2022: 2.90% to 4.43%) per annum. In 2023, the Group's average cost of financing was 3.88% per annum, representing a year-on-year decrease of 0.06 percentage point.

The following table sets forth the maturity of the Group's borrowings as at 31 December 2023 and 2022.

	As at 31 December	
	2023	2022
	RMB million	*RMB million*
Less than one year	**113,316**	109,734
One year to two years	**52,248**	42,096
Two years to five years	**77,439**	71,435
More than five years	**186,960**	168,977
Total	**429,963**	392,242

As at 31 December 2023 and 2022, the Group's floating-rate borrowings was RMB253.718 billion and RMB233.856 billion respectively.

The following table sets forth the carrying amounts of the Group's borrowings by currencies as at 31 December 2023 and 2022. The Group's borrowings are primarily denominated in Renminbi and the Group's foreign currency borrowings are primarily denominated in U.S. dollars.

	As at 31 December	
	2023	2022
	RMB million	*RMB million*
RMB	**420,609**	383,834
USD	**9,178**	8,213
Euro	**6**	10
Others	**170**	185
Total	**429,963**	392,242

MANAGEMENT DISCUSSION AND ANALYSIS

The following table sets forth the details of the Group's secured borrowings as at 31 December 2023 and 2022.

	As at 31 December			
	2023		2022	
	Secured borrowings	**Carrying amount of pledged assets and contract value of certain rights**	Secured borrowings	Carrying amount of pledged assets and contract value of certain rights
	RMB million	***RMB million***	*RMB million*	*RMB million*
Property, plant and equipment	**1,497**	**4,171**	**2,205**	**3,878**
Intangible assets	**78,950**	**106,796**	**75,252**	**96,955**
Properties under development for sale	**4,710**	**7,697**	**5,013**	**13,420**
Trade and bills receivables	**185**	**317**	**414**	**450**
Trade receivables from fellow subsidiaries of the Group	**–**	**–**	**14**	**375**
Contract assets	**59,054**	**88,039**	**39,446**	**63,398**
Total	**144,396**	**207,020**	**122,344**	**178,476**

As at 31 December 2023, the Group's unused credit line facility from banks was RMB2,013.219 billion (31 December 2022: RMB1,505.574 billion).

As at 31 December 2023, the Group's gearing ratio (total liabilities/total assets) was 74.9%, representing an increase of 1.1 percentage points from 73.8% as at 31 December 2022.

VI. Contingent Liabilities

The contingent liabilities related to legal claims in the Group's ordinary course of business are set forth in the table below:

	As at 31 December	
	2023	2022
	RMB million	*RMB million*
Pending lawsuits *(Note 1)*		
– arising in the ordinary course of business	**4,327**	5,116

Note 1: The Group has been involved in a number of lawsuits arising in the ordinary course of business. Provision has been made for the probable losses to the Group on those claims when the management can reasonably estimate the outcome of the lawsuits taking into account of the legal advice. No provision has been made for those pending lawsuits where the management considered that the outcome of the lawsuits cannot be reasonably estimated or management believes the outflow of resources is not probable. The aggregate sum of those unprovided claims is disclosed in the table above.

VII. Business Risks

The risks the Group may face include real estate investment risk, cash flow risk, international operations risk, and infrastructure investment risk.

(1) Real estate investment risk: This refers to the possibility of incurring losses due to investment returns falling below expectations. This can occur during real estate project development and operation if significant changes occur in external factors such as interest rates, market supply and demand, competition, and relevant policies.

(2) Cash flow risk: This risk arises from increased cash outflows and relatively slower inflows, leading to significant financial pressure. This can result in escalating financing needs, potential delays in payments, investments, or debt repayment, ultimately causing financial losses or reputational damage to the Group.

(3) International operation risk: This refers to the risk that due to the influence of international political situation, foreign policy changes, administrative intervention from government, economic, social, environmental or technological standard changes and other factors, which may cause potential negative impact on the Group's operations, disrupt overseas production and operations, or lead to financial losses and brand damage.

(4) Infrastructure Investment Risk: This refers to the possibility of incurring losses due to investment returns falling below expectations. This can occur during infrastructure investment if significant changes occur in external policies, market environment, and financing conditions.

To prevent the occurrence of various types of risks, the Group carries out assessment, monitoring and early warning of relevant major risks, makes various types of risks correspond to the various business processes through the establishment and operation of the risk management and internal control systems, pursuant to which the Group can decompose and identify the critical control point of business processes, develop specific control measures, establish procedures control lists, implement the responsibilities of the various types of risks and critical control point, work closely with the day-to-day management and control, and control risk factors and elements. In addition, the Group strictly supervises the important control aspects of earlier stage of feasibility study, planning, reviewing, auditing, approval and decision-making; enhances procedure control and post-assessment work, and develops strategies and contingency plans to deal with risks, which guarantees the overall controllability of the Group's various types of risks.

VIII. Material Acquisitions or Disposals

Save as disclosed in this annual report, the Group did not have any other material acquisitions or disposals of subsidiaries, associates and joint ventures during the reporting period.

IX. Future Plans for Material Investments or Acquisitions of Capital Assetsand Expected Source of Funding

Save as disclosed in this annual report, the Group did not have any other plans for material investments or acquisition of capital assets as at 31 December 2023.

BIOGRAPHY OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

I. Directors

Chen Yun
Chairman, Executive Director and Secretary to the CPC Committee

CHEN Yun (陳雲) (no other former name/alias), aged 60, senior economist, senior engineer, currently is the President, an executive director, Secretary to the CPC Committee and Chairman of the Strategy Committee and the Nomination Committee under the Board of the Directors of the Company, and is the Chairman and the Secretary to the CPC Committee of CREC. He served as a Standing Member of the CPC Committee of China Communications Construction Group Co., Ltd. and the Deputy General Manager and a Standing Member of the CPC Committee of China Communications Construction Company Limited from April 2007 to September 2014; a Standing Member of the CPC Committee of China Communications Construction Group and a Standing Member of the CPC Committee and the Deputy General Manager of China Communications Construction Company Limited from September 2014 to March 2017; the Deputy Secretary to the CPC Committee of China Communications Construction Group and the Deputy Secretary to the CPC Committee and the Vice President of China Communications Construction Company Limited from March 2017 to September 2017; the Deputy Secretary to the CPC Committee of China Communications Construction Group and the Deputy Secretary to the CPC Committee and an executive director of China Communications Construction Company Limited from September 2017 to November 2017; the Deputy Secretary to the CPC Committee and the Chairman of the Labor Union of China Communications Construction Group and the Deputy Secretary to the CPC Committee, an executive director and the Chairman of the Labor Union of China Communications Construction Company Limited from November 2017 to June 2019. He served as the Deputy Secretary to the CPC Committee of the Company and the Deputy Secretary to the CPC Committee of CREC from June 2019 to August 2019; the President and the Deputy Secretary to the CPC Committee of the Company and the General Manager, a director and the Deputy Secretary to the CPC Committee of CREC from August 2019 to October 2019; the President, an executive director and the Deputy Secretary to the CPC Committee of the Company and the General Manager, a director and the Deputy Secretary to the CPC Committee of CREC from October 2019 to November 2020. He served as the President, an executive director and the Deputy Secretary to the CPC Committee of the Company and the Chairman and the Secretary to the CPC Committee of CREC from November 2020 to December 2020; and served as the Chairman, an executive director and the Secretary to the CPC Committee of the Company and the Chairman and the Secretary to the CPC Committee of CREC since December 2020.

BIOGRAPHY OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

CHEN Wenjian
Executive Director, President and Deputy Secretary to the CPC Committee

CHEN Wenjian (陳文健) (no other former name/alias), aged 51, senior engineer, currently is the President, an executive director, the Deputy Secretary to the CPC Committee and Chairman of the Safety, Health and Environmental Protection Committee under the Board of the Directors of the Company, and is concurrently the General Manager, a director and the Deputy Secretary to the CPC Committee of CREC. He served as the General Manager and the Secretary to the CPC Committee of the Algeria branch of CSCEC from January 2007 to September 2014; the General Manager of the Overseas Business Department of China State Construction Engineering Corporation Limited ("CSCEC") from September 2014 to August 2016; the General Manager and the Secretary to the Community Party Working Committee of the Overseas Business Department of CSCEC from August 2016 to December 2017; the General Manager and the Secretary to the Community Party Working Committee of the Overseas Business Department of CSCEC and the General Manager of the Overseas Department of CSCEC from December 2017 to June 2018; the General Manager of the Overseas Department of CSCEC and the Chairman and the Secretary to the CPC Committee of the China State Construction Engineering Corporation International Operations ("**CSCEC International Operations**") from June 2018 to October 2018; the General Manager of the Overseas Department of CSCEC, the Chairman and the Secretary to the CPC Committee of CSCEC International Operations and the Chairman of China Construction (South Pacific) Development Co., Pte Ltd. from October 2018 to March 2020; the Secretary to the CPC Committee and the Chairman of the China Construction Third Engineering Bureau Co., Ltd. from March 2020 to November 2020. He served as the General Manager, a director and the Deputy Secretary to the CPC Committee of CREC from November 2020 to December 2020. He served as the President, an executive director, and the Deputy Secretary to the CPC Committee of the Company, and the General Manager, a director and the Deputy Secretary to the CPC Committee of CREC from December 2020 to today.

BIOGRAPHY OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

WANG Shiqi
Executive Director and Deputy Secretary to the CPC Committee Chairman of the Labor Union

WANG Shiqi (王士奇) (no other former name/alias), aged 58, senior economist, senior political work professional, currently is an executive director, the Deputy Secretary to the CPC Committee and Chairman of the Labor Union of the Company, and the employee director, Deputy Secretary to the CPC Committee, Chairman of the Labor Union, and Party School Principal of CREC. He served as the discipline inspector (deputy bureau director) and supervision commissioner of the Case Hearing Office of the Central Commission for Discipline Inspection of the Communist Party ("**CCDI**") from February 2009 to April 2014. He served as a Standing Member of the CPC Committee, and the Secretary to the Discipline Inspection Committee of the CPC Committee of the Company and a Standing Member of the CPC Committee and the Secretary to the Discipline Inspection Committee of the CPC Committee of CREC from April 2014 to January 2020; Standing Member of the CPC Committee, the Secretary to the Discipline Inspection Committee of the CPC Committee of the Company and the Deputy Secretary to the CPC Committee of CREC from January 2020 to February 2020. He served as the Deputy Secretary to the CPC Committee of the Company and the Deputy Secretary to the CPC Committee of CREC from February 2020 to April 2020; and an executive Director and the Deputy Secretary to the CPC Committee of the Company, the Deputy Secretary to the CPC Committee and Party School Principal of CREC from April 2020 to January 2021. He has been serving as the executive Director, the Deputy Secretary to the CPC Committee and the Chairman of the Labor Union of the Company and the employee director, the Deputy Secretary to the CPC Committee, the Chairman of the Labor Union, and Party School Principal of CREC since January 2021.

WEN Limin
Non-executive Director

WEN Limin (文利民) (no other former name/alias), aged 57, senior accountant and certified public accountant, currently is a non-executive Director of the Company and an external director of China Aerospace Science & Technology Corporation and an external director of China First Heavy Industries Group Co. Ltd. He served as the Chief Accountant of Dongfang Electric Corporation from September 2005 to August 2016 with concurrent position as the Chairman of the Supervisory Committee of Dongfang Electric Co., Ltd. from June 2014 to March 2018, the Chief Accountant and a member of the CPC Committee Leadership Group of Dongfang Electric Corporation from August 2016 to January 2018, and the Chief Accountant and a member of the CPC Committee Leadership Group of China Southern Power Grid Company Limited from January 2018 to September 2020. He has been an external director of China Aerospace Science & Technology Corporation and an external director of China First Heavy Industries Group Co. Ltd. since December 2020. He has been a non-executive Director of the Company since March 2021.

BIOGRAPHY OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

CHUNG Shui Ming Timpson
Independent Non-executive Director

Shui Ming Timpson (鍾瑞明) (no other former name/alias), aged 72, currently is an independent non-executive director of the Company, and concurrently a Pro-Chancellor of the City University of Hong Kong. He is currently an independent non-executive director of The Miramar Hotel & Investment Co., Limited, China Unicom (Hong Kong) Limited, China Overseas Grand Oceans Group Limited, China Everbright Limited, Orient Overseas (International) Limited and Postal Savings Bank of China Co., Ltd. He served as a member of the 10th to 13th National Committee of the Chinese People's Political Consultative Conference, a senior audit officer of PricewaterhouseCoopers, an independent non-executive director of China Netcom Group Corporation (Hong Kong) Limited, the chairman of China Business of Jardine Fleming Holdings Limited, deputy chief executive officer of BOC International Limited, director – general of the Democratic Alliance for the Betterment and Progress of Hong Kong, chairman of the Advisory Committee on Art Developments, chairman of the Council of the City University of Hong Kong, chairman of the Hong Kong Housing Society, member of the Executive Council of the Hong Kong Special Administrative Region, vice chairman of the Land Fund Advisory Committee of Hong Kong Special Administrative Region Government, member of the Managing Committee of the Kowloon-Canton Railway Corporation, member of the Hong Kong Housing Authority, member of the Disaster Relief Fund Advisory Committee, independent non-executive director of Henderson Land Development Company Limited and Nine Dragons Paper (Holdings) Limited, and China Construction Bank Corporation, independent director of China Everbright Bank Corporation Limited and China State Construction Engineering Corporation Limited, and external director of China Mobile Communications Corporation. He holds a bachelor of science degree from the University of Hong Kong and a master's degree of business administration from the Chinese University of Hong Kong and obtained a Doctor of Social Sciences honoris causa from the City University of Hong Kong. He was appointed as a Justice of the Peace and received the Gold Bauhinia Star from the Government of Hong Kong Special Administrative Region. He has been an independent non-executive director of the Company since June 2017.

BIOGRAPHY OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

ZHANG Cheng
Independent Non-executive Director

ZHANG Cheng (張誠) (with the former name of ZHANG Xuedong), aged 66, senior engineer, currently is an independent non-executive director of the Company and an external director of Dongfang Electric Corporation. He served as the General Manager and the Secretary to the CPC Committee of China Yangtze Power Co., Ltd. from January 2006 to March 2010, a member of the CPC Committee Leadership Group and a Deputy General Manager of China Three Gorges Corporation with concurrent position as the General Manager and a director of China Yangtze Power Co., Ltd. from March 2010 to April 2015, and concurrently a director of China National Nuclear Power Co., Ltd. from May 2013 to December 2018, as well as a member of the CPC Committee Leadership Group and a Deputy General Manager of China Three Gorges Corporation with concurrent position as Vice Chairman of China Yangtze Power Co., Ltd. from May 2015 to December 2017. He has been an external director of Dongfang Electric Corporation since June 2020. He has been an independent non-executive director of the Company since March 2021.

XIU Long
Independent Non-executive Director

XIU Long (修龍) (other former name XIU Long (修瓏)), aged 66, senior engineer, researcher and an expert with special State Council allowances, currently is an independent non-executive director of the Company, an external director of China Green Development and Investment Group Co., Ltd. and concurrently the Chairman of the Architectural Society of China. He served as the President and the Deputy Secretary to the CPC Committee of China Architecture Design & Research Group from January 2007 to December 2017 with concurrent position as the Chairman of China Construction Technology Consulting Co., Ltd in 2014, and the Secretary to the CPC Committee and the Chairman of China Construction Technology Co., Ltd. from January 2018 to July 2020 with concurrent position as the Secretary to the CPC Committee and the Chairman of China Construction Technology Consulting Co., Ltd. He has been the Chairman of the Architectural Society of China since 2016 and an external director of China Green Development and Investment Group Co., Ltd. since November 2020. He has been an independent non-executive director of the Company since March 2021.

BIOGRAPHY OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

II. Supervisors

JIA Huiping
Chairman of Supervisory Committee and Shareholder Representative Supervisor

JIA Huiping (賈惠平) (no other former name/alias), aged 58, senior economist and senior political work professional, currently is the Chairman of the Supervisory Committee and Shareholder Representative Supervisor of the Company. He served as the Deputy Secretary to the CPC Committee and the Secretary to the Disciplinary Committee of China Railway No.7 Engineering Group Co., Ltd. from March 2008 to November 2010; the Deputy Secretary to the CPC Committee, the Secretary to the Discipline Inspection Committee, and the Chairman of the Supervisory Committee of China Railway Airport Construction Co., Ltd. from November 2010 to December 2011; the Deputy Secretary to the CPC Committee, the Secretary to the Discipline Inspection Committee and the Chairman of the Supervisory Committee of China Railway Airport Construction Co., Ltd., and head of the South China Center of China Railway Airport Construction Co., Ltd. from December 2011 to August 2014; the Chairman and the Secretary to the CPC Committee of Wuhan Railway Electrification Bureau Group Co., Ltd. from August 2014 to June 2017, as well as head of the cadre department of the Company and head of the cadre department of the CPC Committee of CREC from June 2017 to February 2020. He served as the Vice Chairman of the Labor Union of the Company and the Vice Chairman of the Labor Union of CREC from February 2020 to March 2021. He has been the Chairman of the Supervisory Committee and Shareholder Representative Supervisor of the Company since March 2021.

LI Xiaosheng
Employee Representative Supervisor

LI Xiaosheng (李曉聲) (no other former name/alias), aged 51, senior political work professional, currently is an employee representative supervisor and Vice Chairman of the Labor Union of the Company, and concurrently the Vice Chairman of the Labor Union of CREC. He served as the Deputy Secretary to the CP Committee of China Railway No.5 Engineering Group Co., Ltd. from January 2008 to August 2011 and concurrently the external director and vice-chairman of China Railway No.5 Mechanized Engineering Co., Ltd. from April 2009, and the Commanding Officer of China Railway No.5 China-Laos Railway Construction Headquarters from December 2010; the Secretary to the CPC Committee, director and vice-chairman of China Railway International Economic Cooperation Co. Ltd. from August 2011 to October 2013. He served as the deputy chief economist and head of the International Business Department of the Company from October 2013 to April 2015; the vice-chairman of the Labor Union of the Company and CREC from April 2015 to January 2021. He has been an employee representative supervisor and the vice-chairman of the Labor Union of the Company and the vice-chairman of the Labor Union of CREC since January 2021.

BIOGRAPHY OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

WANG Xinhua
Employee Representative Supervisor

WANG Xinhua (王新華) (no former name/alias), aged 53, senior accountant, currently is an employee representative supervisor and head (supervisor) of the Audit Department (Office of the Supervisory Committee) of the Company. He served as the chief accountant of the Seventh Engineering Branch of China Railway No.4 Engineering Group Co., Ltd. from January 2011 to July 2014; head of the Finance and Accounting Department, deputy chief accountant, Secretary to the Board of Directors, chief accountant and member of the Standing Committee of the CPC Committee of China Railway No.6 Engineering Group Co., Ltd. from August 2014 to January 2020. He served as the deputy head of the Audit Department of the Company from January 2020 to July 2020, and the head (supervisor) of the Audit Department (Office of Supervisory Committee) of the Company from July 2020 to January 2021. He has been an employee representative supervisor and the head (supervisor) of the Audit Department (Office of Supervisory Committee) of the Company since January 2021.

WANG Ming
Employee Representative Supervisor

WANG Ming (萬明) (no other former name/alias), aged 53, senior economist, currently is an employee representative supervisor, and head of the Legal and Compliance Department of the Company. He served as the Chief Legal Advisor of the 8th Engineering Co., Ltd. of CTCE Group from December 2006 to April 2008; the director of the General Office of the Office of the Board of Directors of the Company form April 2008 to March 2011; the deputy director of the Office of the Board of Directors (Office of Supervisory Committee) from March 2011 to September 2015; the director of the Office of Discipline Inspection Committee and director of the Inspection Office of the Company from September 2015 to March 2018; a Standing Member of the CPC Committee, Deputy Secretary to the CPC Committee and the Secretary to the Discipline Inspection Committee of the CPC (kept original rank) of the Company from March 2018 to May 2021; head of the Legal and Compliance Department of the Company from May 2021 to September 2021. He has been an employee representative supervisor, and head of the Legal and Compliance Department of the Company since September 2021.

III. Senior Management

SUN Cui
Chief Accountant

SUN Cui (孫璀) (no other former name/alias), aged 57, senior accountant, currently is a member of the CPC Committee and Chief Accountant of the Company, and is also a Standing Member of the CPC Committee of CREC. He served as a member of Preparatory Group and a temporary Standing Member of the CPC Committee of Power Construction Corporation of China, and a Standing Member of the CPC Committee of Sinohydro Corporation and Chief Accountant and Standing Member of the CPC Committee of Sinohydro Group Ltd. from March 2011 to August 2011; the Chief Accountant of Power Construction Corporation of China, a Standing Member of the CPC Committee of Sinohydro Corporation, and Chief Accountant and Standing Member of the CPC Committee of Sinohydro Group Ltd. from August 2011 to December 2011; the Chief Accountant of Power Construction Corporation of China and a Standing Member of the CPC Committee of Sinohydro Corporation from December 2011 to February 2014; a Standing Member of the CPC Committee of Power Construction Corporation of China and a Standing Member of the CPC Committee and Chief Accountant of Powerchina Limited from February 2014 to January 2020; a Standing Member of the CPC Committee of CREC from January 2020 to March 2020; a Standing Member of the CPC Committee and Chief Accountant of the Company and a Standing Member of the CPC Committee of CREC from March 2020 to November 2023. He has been a member of the CPC Committee and Chief Accountant of the Company and a Standing Member of the CPC Committee of CREC since November 2023.

LIU Baolong
Vice President

LIU Baolong (劉寶龍), formerly named as LIU Baolong (劉保龍), aged 59, senior engineer, currently is a member of the CPC the Members and the Vice President of the Company and a Standing Member of the CPC Committee of CREC. He served as the General Manager, Deputy Secretary to the CPC Committee and Vice Chairman of China Railway No.3 Engineering Group Co., Ltd. and the Commanding Officer of the Construction Headquarters of the Beijing-Shanghai Express Railway undertaken by China Railway No.3 Engineering Group Co., Ltd. from November 2009 to January 2013; a Secretary to the CPC Committee and Vice Chairman of China Railway No.3 Engineering Group Co., Ltd. from January 2013 to March 2014; a Secretary to the CPC Committee, Chairman and legal representative of China Railway No.3 Engineering Group Co., Ltd. from March 2014 to June 2018; a Vice President of the Company from June 2018 to February 2021; a Vice President of the Company and a Standing Member of the CPC Committee of CREC from February 2021 to March 2021; a Standing Member of the CPC Committee and Vice President of the Company and a Standing Member of the CPC Committee of CREC from March 2021 to November 2023. He has been a member of the CPC Committee and Vice President of the Company and a Standing Member of the CPC Committee of CREC since November 2023.

BIOGRAPHY OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

REN Hongpeng
Vice President

REN Hongpeng (任鴻鵬) (no other former name/alias), aged 50, senior engineer, currently is a Member of the CPC Committee and the Vice President of the Company and a Standing Member of the CPC Committee of CREC. He served as a Deputy General Manager of China Road and Bridge Corporation from September 2011 to August 2015, a Deputy General Manager and Standing Member of the CPC Committee of China Road and Bridge Corporation from August 2015 to December 2015; a Deputy General Manager and Standing Member of the CPC Committee of China Road and Bridge Corporation and director of CCCG Real Estate Group Co., Ltd. from December 2015 to January 2016; a director of CCCG Real Estate Group Co., Ltd., director, General Manager (legal representative) and temporary Secretary to the CPC Committee of CCCG Overseas Real Estate Pte. Ltd. from January 2016 to February 2017; a director and temporary member of CPC Committee of CCCG Real Estate Group Co., Ltd. and a director, General Manager (legal representative) and temporary Secretary to the CPC Committee of CCCG Overseas Real Estate Pte. Ltd. from February 2017 to June 2018. He served as the Vice President of the Company from June 2018 to February 2021; the Vice President of the Company and a Standing Member of the CPC Committee of CREC from February 2021 to March 2021; a Standing Member of the CPC Committee and Vice President of the Company and a Standing Member of the CPC Committee of CREC from March 2021 to November 2023. He has been a member of the CPC Committee and the Vice President of the Company and a Standing Member of the CPC Committee of CREC since November 2023.

KONG Dun
Vice President and Chief Engineer

KONG Dun (孔遁) (no other former name/alias), aged 58, senior engineer, currently is a member of the CPC Committee, Vice President, and the Chief Engineer of the Company. He served as the Deputy General Manager of China Railway No.4 Engineering Group Co., Ltd. from September 2005 to November 2010; a director, General Manager, and Deputy Secretary to the CPC Committee of Shanghai Civil Engineering Co., Ltd. of CREC from November 2010 to June 2018. He was the Chief Engineer of the Company from June 2018 to April 2021; the Vice President, and Chief Engineer of the Company from April 2021 to May 2021; a Standing Member of the CPC Committee, Vice President, and Chief Engineer of the Company from May 2021 to November 2023. He has been a member of the CPC Committee, Vice President, and Chief Engineer of the Company since November 2023.

BIOGRAPHY OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

MA Jiangqian
Vice President and Chief Economist

MA Jiangqian (馬江黔) (no other former name/alias), aged 55, senior economist, currently is a member of the CPC Committee and Vice President of the Company. He served as the Secretary to the CPC Committee and a director of China Railway No.5 Engineering Group Co., Ltd. From November 2010 to August 2011; the Chairman and Secretary to the CPC Committee of China Railway No.5 Engineering Group Co., Ltd. from August 2011 to January 2013; the General Manager, Deputy Secretary to the CPC Committee and a director of China Railway No.6 Engineering Group Co., Ltd. from January 2013 to June 2014; the General Manager, Deputy Secretary to the CPC Committee and Vice Chairman of China Railway No.6 Engineering Group Co., Ltd. from June 2014 to June 2018. He served as the Chief Economist of the Company from June 2018 to April 2021; Vice President and Chief Economist of the Company from April 2021 to May 2021; a Standing Member of the CPC Committee, Vice President and Chief Economist of the Company from May 2021 to June 2022; a Standing Member of the CPC Committee, and Vice President of the Company from June 2022 to November 2023. He has been a member of the CPC Committee and Vice President of the Company since November 2023.

LI Xinsheng
Vice President

LI Xinsheng (李新生) (no other former name/alias), aged 44, senior economist and senior political work professional, currently is a member of the CPC Committee and Vice President of the Company. He served as a member of the CPC Committee and the Secretary of the Youth League Committee of the Company from January 2008 to April 2014; the Deputy Secretary to the CPC Committee, the Secretary to the Discipline Inspection Committee of the CPC Committee, Chairman of the Labor Union, and Chairman of Supervisory of Committee of China Railway Resources Group Co., Ltd. from April 2014 to November 2015; the Secretary to the CPC Committee, Executive Director and legal representative of China Railway Material Trade Co., Ltd. from November 2015 to June 2017; the Director of the Party Committee Office (Confidentiality Office) of the Company from June 2017 to October 2017; a member of the CPC Committee, and the Director of the Party Committee Office (Confidentiality Office) of the Company from October 2017 to January 2020; and the Secretary of the CPC Committee, Chairman, and legal representative of China Railway No.5 Engineering Group Co., Ltd. from January 2020 to April 2021; Vice President of the Company from April 2021 to May 2021; a member of the CPC Committee and Vice President of the Company from May 2021 to November 2023. He has been a member of the CPC Committee and Vice President of the Company since November 2023.

BIOGRAPHY OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

HE Wen
Secretary to the Board of Directors, Joint Company Secretary

HE Wen (何文) (no other former name/alias), aged 59, senior accountant and senior economist, currently is the Secretary to the Board of Directors and Joint Company Secretary of the Company, and concurrently the head of the Appraisal and Distribution Department of the Company. He served as a director and Chief Accountant of China Railway No.4 Engineering Group Co., Ltd. from April 2007 to November 2013, and the Secretary to the CPC Committee, Chairman of the Board of Supervisors and Secretary to the Discipline Inspection Committee of China Railway Trust Co., Ltd. from November 2013 to March 2014. He served as the Deputy Chief Accountant and head of the Finance Department of the Company from March 2014 to June 2017; the head of the Finance Department of the Company from June 2017 to August 2018; the Secretary to the Board of Directors, Joint Company Secretary of the Company, and the head (director) of the Finance and Financial Management Department (Beijing Financial Shared Service Center) of the Company from August 2018 to May 2021. He has been the Secretary to the Board of Directors, Joint Company Secretary of the Company, and the head of Appraisal and Distribution Department of the Company since May 2021.

ZHAO Bin
Chief Economist

ZHAO Bin (趙斌), (no other former name/alias), aged 55, senior engineer and senior economist, currently is the Chief Economist and General Manager of Operation and Development Center of the Company. He served as the Deputy General Manager of China Railway No.3 Engineering Group Co., Ltd. From April 2009 to November 2010; is a Standing member of the CPC Committee and Deputy General Manager of Shanghai Civil Engineering Co., Ltd. of CREC from November 2010 to December 2017; General Manager (in charge of administration), Deputy Secretary to the CPC Committee and a director of Guangzhou Civil Engineering Co., Ltd. of CREC from December 2017 to March 2018; General Manager, Deputy Secretary to the CPC Committee and a director of Guangzhou Civil Engineering Co., Ltd. of CREC from March 2018 to May 2021; Director of the Operation and Development Center of the Company from May 2021 to September 2021; General Manager of the Operation and Development Center of the Company from September 2021 to June 2022. He has been the Chief Economist and General Manager of Operation and Development Center of the Company since June 2022.

BIOGRAPHY OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

GENG Shubiao
Assistant to the President

GENG Shubiao (耿樹標), (no other former name/alias), aged 45, senior engineer, currently is the Assistant to the President, Head of Planning and Development Department (Corporate Management Laboratory) (Director) of the Company, General Manager of China Railway High Quality Development Research Institute Co., Ltd., and Director of the "Three Transformations" Research Institute of China Railway. He served as the General Manager, Deputy Secretary to the CPC Committee and Vice Chairman of China Railway No.4 Engineering Group No. 3 Construction Company Limited from May 2011 to June 2014; the Assistant General Manager of China Railway No.4 Engineering Group Co., Ltd. from June 2014 to August 2015; the Deputy General Manager of China Railway No.4 Engineering Group Co., Ltd. from August 2015 to February 2016; the Deputy General Manager and General Counsel of China Railway No.4 Engineering Group Co., Ltd. from February 2016 to December 2019; the Deputy General Manager of China Railway No.4 Engineering Group Co., Ltd. and Permanent Deputy Head of the Preparatory Group of China Railway Professional Waterworks and Environmental Protection Company (later China Tiegong Investment and Construction Co., Ltd.) from December 2019 to January 2020; the General Manager, Deputy Secretary to CPC Committee and a Director of China Tiegong Investment and Construction Co., Ltd. from January 2020 to May 2021; the Head of Planning and Development Department (Corporate Management Laboratory) (Director) of the Company, General Manager of China Railway High Quality Development Research Institute Co., Ltd., and Director of the "Three Transformations" Research Institute of China Railway from May 2021 to June 2022. He has been the Assistant to the President of the Company, Head of Planning and Development Department (Corporate Management Laboratory) (Director) of China Railway Group Limited, General Manager of China Railway High Quality Development Research Institute Co., Ltd., and Director of the "Three Transformations" Research Institute of China Railway since June 2022.

TAM Chun Chung
Joint Company Secretary,
Authorized Representative

TAM Chun Chung (譚振忠), (no other former name/alias) aged 51, currently is the Joint Company Secretary and authorized representative of Company and also an independent non – executive director of Lap Kei Engineering (Holdings) Limited. Mr. TAM joined the Company in November 2007. Prior to joining the Company, he served as a Qualified Accountant and Joint Company Secretary of an H-share listed company in Hong Kong. He had also held various senior positions including senior manager of internal audit and senior manager of finance department in another Hong Kong listed company previously. From 1994 to 2000, Mr. TAM worked for a large international accounting firm as an assistant manager. Mr. TAM has over 28 years of experience in the accounting and auditing field. He has been a member of the Hong Kong Institute of Certified Public Accountants since December 1997 and a fellow of the Chartered Association of Certified Accountants since November 2002.

REPORT OF THE DIRECTORS

Business Review

1. Business Review of the Financial Year

We are one of the strongest and largest multifunctional integrated construction groups in the PRC and even in the world. We are primarily engaged in infrastructure construction, survey, design and consulting services, engineering equipment and component manufacturing, property development and other businesses.

2023 marks the beginning of comprehensively implementing the spirit of the 20th National Congress of the Communist Party of China. Faced with multiple risks and challenges both domestically and internationally, our group adheres to Xi Jinping's thought on socialism with Chinese characteristics for the new era as our guiding principle. We firmly carry out the major deployments of the Party Central Committee, the State Council, and SASAC. We are determined to prioritize high-quality development, always keeping in mind our original mission. We bravely take the lead, work diligently, and strive forward under pressure. Throughout the year, we have maintained a favorable development trend of steady progress and improved quality, taking solid steps towards high-quality development.

In 2023, the Group achieved revenue of RMB1,263.412 billion, representing a year-on-year increase of 9.4%. In the year of 2023, the Group achieved net profit of RMB37.637 billion, representing a year-on year increase of 7.6%. The profit for the year attributable to the owners of the Company was RMB33.483 billion, representing a year-on-year increase of 7.1%. The Group has reached a new level of scale, efficiency and quality in its operations over the years.

Further details of the Group's business review of the financial year are set out in Parts I to VII of "Business Overview" on pages 17 to 37 and Parts I to VI of "Management Discussion and Analysis" on pages 40 to 50 of this annual report.

2. Principal Risks and Uncertainties

The risks the Group may face include real estate investment risk, cash flow risk, international operations risk, and infrastructure investment risk.

Further details of the Group's principal risks are set out in "Business Risks" of "Management Discussion and Analysis" on page 51 of this annual report.

3. Future Development of Businesses

During the "14th Five-Year Plan" period, China Railway continued to deepen the changes in quality, efficiency and power, and fully implemented the key measures of "eleven projects", namely strategic leadership, in-depth reform, large-scale business management, scientific and technological innovation, management improvement, strengthening enterprises with talents, "double excellence" development overseas, risk prevention and control, digital China Railway, cultural brand, and Party construction, so as to strive to achieve the scale of operation, efficiency, innovation-driven operation, talent development, internationalization, green development, safety and quality and other development goals to achieve the high quality development of China Railway.

Details of the Group's expectations to and plans of future businesses development are set out in Part VIII to Part IX of "Business Overview" on pages 37 to 39 of this annual report.

Financial Statements

The profits of the Group for the year ended 31 December 2023 and the financial positions of the Group as at such date are set out in the Financial Statements on pages 109 to 281.

Dividends

The Board of Directors recommended the payment of a final dividend in the amount of RMB0.210 per share (including tax), totalling approximately RMB5.198 billion for the financial year ended 31 December 2023 (2022: RMB0.200 per share (including tax) totalling approximately RMB4.950 billion). The distribution plan will be implemented upon approval at the 2023 annual general meeting of the Company and the dividend is expected to be paid in around August 2024 to the shareholders of the Company.

For details of the policies for profit distribution of the Company, please refer to "Specific policies for profit distribution" of "Significant Events" on page 282 of this annual report.

Donations

Donations made by the Group during the financial year amounted to RMB96.09 million (2022: RMB89.48 million).

Property, Plant and Equipment

Changes in property, plant and equipment of the Group during the financial year are set out in note 18 to the Financial Statements.

Share Capital

Details of the Company's share capital are set out in note 37 to the Financial Statements.

Distributable Reserves

As at 31 December 2023, pursuant to the relevant laws and regulations, the Company's distributable reserves amounted to approximately RMB97.719 billion.

Reserves

Changes in reserves of the Group and the Company during the financial year are set out in the consolidated statement of changes in equity on pages 113 to 114 of this annual report.

Major Customers and Suppliers

The China State Railway Group Co., Ltd. (formerly known as China Railway Corporation), which was founded on 14 March 2013 with the approval of the State Council, is the largest customer of the Group. For the year ended 31 December 2023, sales to the China State Railway Group Co., Ltd. accounted for approximately 22.34% of the total revenue of the Group. For the same period, sales to the five largest customers of the Group (including the China State Railway Group Co., Ltd.) in aggregate accounted for approximately 24.12% of the total revenue of the Group. At no time during the financial year have the directors, their close associates or any shareholder of the Company (which, to the knowledge of the board of the directors, owns more than 5% of the Company's share capital) had any interest in these five largest customers.

For the year ended 31 December 2023, procurement amount from the five largest suppliers of the Group in aggregate accounted for approximately 1.95% of the total procurement amount of the Group in 2023.

Subsidiaries and Associates

Particulars of the Company's principal subsidiaries and the Group's principal associates as at 31 December 2023 are set out in note 24 and note 25, respectively, to the Financial Statements.

Directors, Supervisors and Senior Management of the Company

The directors of the Company during the financial year were as follows:

Name	Position
CHEN Yun	Chairman and Executive Director
CHEN Wenjian	Executive Director and President
WANG Shiqi	Executive Director
WEN Limin	Non-executive Director
CHUNG Shui Ming Timpson	Independent Non-executive Director
ZHANG Cheng	Independent Non-executive Director
XIU Long	Independent Non-executive Director

The supervisors of the Company during the financial year were as follows:

Name	Position
JIA Huiping	Chairman of the Supervisory Committee and Shareholder Representative Supervisor
YUAN Baoyin (resigned on 19 October 2023)	Employee Representative Supervisor
LI Xiaosheng	Employee Representative Supervisor
WANG Xinhua	Employee Representative Supervisor
WAN Ming	Employee Representative Supervisor

The senior management of the Company during the financial year were as follows:

Name	Position
CHEN Wenjian	Executive Director and President
SUN Cui	Chief Accountant
LIU Baolong	Vice President
REN Hongpeng	Vice President
KONG Dun	Vice President and Chief Engineer
MA Jiangqian	Vice President
LI Xinsheng	Vice President
HE Wen	Secretary to the Board of Directors, Joint Company Secretary
ZHAO Bin	Chief Economist
GENG Shubiao	Assistant to President
TAM Chun Chung	Joint Company Secretary and Company Authorized Representative

On 19 October 2023, at the second joint conference for chief of delegation of the First Meeting of the Fourth Session of the Employee Representatives General Meeting of the Company, it was considered and approved that Mr. YUAN Baoyin ceased to serve as an employee representative supervisor of the Company with effect from 19 October 2023 due to reaching retirement age.

The biographical details of the current directors, supervisors and senior management of the Company are set out in "Biography of Directors, Supervisors and Senior Management".

Directors' and Supervisors' Interests in Contracts

No transaction, arrangement or contract of significance to which the Company, or the Company's holding company or subsidiary or a subsidiary of the Company's holding company was a party and in which a director or supervisor of the Company or an entity connected with a director or a supervisor of the Company had a material interest, whether directly or indirectly, subsisted at the end of the financial year or at any time during the financial year.

Emoluments of the Directors, Supervisors and Senior Management of the Company

Details of the emoluments of the directors, supervisors and senior management of the Company in 2023 are set out in note 17 and note 49 to the audited Financial Statements.

Directors' and Supervisors' Rights to Acquire Shares or Debentures

For the year ended 31 December 2023, none of the Company or the Company's holding company or subsidiary or a subsidiary of the Company's holding company was a party to any arrangement to enable the Company's directors, supervisors or their respective spouses or minor children to acquire shares in or debentures of the Company or any other body corporate.

Directors' and Supervisors' Service Contracts

None of the directors and supervisors of the Company has entered into a service contract with the Company or its subsidiary that is not terminable within one year without payment of compensation (in addition to statutory compensation).

Permitted Indemnity Provisions

The Company has not entered into any agreement with permitted indemnity provisions with directors or supervisors of the Company to provide indemnity to a director or a supervisor of the Company against liability incurred by the director or the supervisor to third parties or other types of liabilities.

However, during the financial year, the Company has purchased appropriate liability insurance coverage for the directors, supervisors and senior management of the Company.

Directors' and Supervisors' Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 31 December 2023, none of the directors and supervisors of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "**SFO**")) which will have to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which will be required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

Substantial Shareholders and Holders of Interests or Short Positions Required to be Disclosed under Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance

As at 31 December 2023, the Company had been informed by the following persons that they had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be maintained under Section 336 of the SFO:

Holder of A shares

Name of substantial shareholders	Capacity	Number of A shares held *(Shares)*	Nature of interest	Approximate percentage of issued A shares *(%)*	Approximate percentage of total issued shares *(%)*
CREC	Beneficial owner	11,458,725,890	Long position	55.77	46.29

Holder of H shares

Name of substantial shareholders	Capacity	Number of H shares held (Shares)	Nature of interest	Approximate percentage of issued H shares (%)	Approximate percentage of total issued shares (%)
BlackRock, Inc.	Interest of controlled corporations	262,216,751	Long position	6.23	1.06
		3,680,000	Short position	0.09	0.01
JPMorgan Chase & Co.	Interest of controlled corporations	198,764,535	Long position	4.72	0.80
		58,631,138	Short position	1.39	0.24
		63,944,732	Lending Pool	1.52	0.26
Deutsche Bank Aktiengesellschaft	*(Note 1)*	229,803,271	Long position	5.46	0.93
		123,424,962	Short position	2.93	0.50
		10,406,000	Lending Pool	0.25	0.04
Lehman Brothers Holdings Inc.	Interest of controlled corporations	210,186,560	Long position	5.00	0.85
		94,560,550	Short position	2.25	0.38

Note:

1 *According to the Corporate Substantial Shareholder Notice filed by Deutsche Bank Aktiengesellschaft with the Hong Kong Stock Exchange dated 13 January 2014, the interests held by Deutsche Bank Aktiengesellschaft were held in the following capacities:*

Capacity	*Number of H shares (Long position)*	*Number of H shares (Short position)*
Beneficial owner	*139,171,310*	*123,424,962*
Person having a security interest in shares	*17,515,361*	–
Interest of controlled corporations	*54,042,600*	–
Custodian corporation	*10,406,000*	–
Others	*8,668,000*	–

2 *The interests or short positions include the underlying shares as follows:*

	Long Position				*Short Position*			
Name of substantial shareholders	*Listed equity derivative payment in kind*	*Listed equity derivatives settled in cash*	*Non-listed equity derivatives payment in kind*	*Non-listed equity derivatives settled in cash*	*Listed equity derivatives payment in kind*	*Listed equity derivatives settled in cash*	*Non-listed equity derivatives payment in kind*	*Non-listed equity derivatives settled in cash*
BlackRock, Inc.	–	–	–	*5,885,000*	–	–	–	*1,116,000*
Deutsche Bank Aktiengesellschaft	–	–	–	*17,624,000*	–	–	–	*10,166,000*
Lehman Brothers Holdings Inc.	–	–	*10,000,000*	–	–	–	*60,000*	–

Apart from the foregoing, as at 31 December 2023, no person or corporation had any interest in the share capital of the Company as recorded in the register required to be kept under section 336 of the SFO as having an interest of or any short position in the issued share capital of the Company that would fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO.

Competing Business

None of the Company's directors held any interest in any business that competes or competed or is or was likely to compete, either directly or indirectly, with the Group.

Connected Transactions

1. Continuing Connected Transactions Defined under the Listing Rules

CREC is the Company's controlling shareholder and is therefore one of the Company's connected persons under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong (the "**Listing Rules**"). Transactions between the Company and/or its subsidiaries and CREC and/or its associates constitute connected transactions.

Financial Services Framework Agreement between China Railway Finance Co., Ltd. ("China Railway Finance") and CREC

On 29 April 2014, China Railway Finance (a subsidiary of the Company, with 95% of its equity interest being held by the Company and 5% of its equity interest being held by CREC) executed a financial services framework agreement with CREC (the "**Financial Services Framework Agreement**"), which took effect upon the completion of relevant statutory procedures, being 16 March 2014, till 31 December 2015. Subsequently, on 29 December 2015, China Railway Finance and CREC entered into a financial services framework renewal agreement with a term of three years. Pursuant to the Financial Services Framework Agreement, China Railway Finance agreed to provide deposit services, loan services and other financial services to CREC in accordance with the terms and conditions stipulated in the agreement.

On 27 December 2018, China Railway Finance and CREC further entered into a financial services framework renewal agreement, effective from 1 January 2019 to 31 December 2021, to further renew the Financial Services Framework Agreement. The Company has made announcement in respect of this financial services framework renewal agreement on 27 December 2018.

On 30 December 2021, China Railway Finance and CREC further entered into a financial services framework renewal agreement (the "**Financial Services Framework Renewal Agreement 2022-2024**"), effective from 1 January 2022 to 31 December 2024, to further renew the Financial Services Framework Agreement. The Company has made announcement in respect of the Financial Services Framework Renewal Agreement 2022-2024 on 30 December 2021.

The annual caps for the year of 2022, 2023 and 2024 under the Financial Services Framework Renewal Agreement 2022 are as follows:

	For the financial year ending 31 December		
	2022	2023	2024
	RMB	*RMB*	*RMB*
(i) deposit service			
The maximum of daily deposit balance in China Railway Finance by CREC (including interest accrued)	20,000,000,000	20,000,000,000	20,000,000,000
(ii) loan services			
The maximum of daily loan balance from China Railway Finance to CREC (including interest accrued)	5,000,000,000	5,000,000,000	5,000,000,000
(iii) other financial services			
The aggregate annual amount of maximum service fees for other financial services provided by China Railway Finance to CREC	80,000,000	80,000,000	80,000,000

The factors in determining the above proposed annual caps include: (1) historical transaction amount; (2) strategies of the treasury management of the Group taking into account the cash flow requirements and financial needs of the Group for its business development plans; and (3) the effective and reasonable control of financial risks.

The Company confirms that the signing and execution of specific agreements under the continuing connected transactions during the reporting period have complied with the pricing principles of these continuing connected transactions.

The independent non-executive directors of the Company are of the opinion that, during the financial year, the above continuing connected transactions between the Group and the CREC were entered into:

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

(ii) either on normal commercial terms or better; and

(iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

Pursuant to Rule 14A.56 of the Listing Rules, the Company must engage its auditors to report on the continuing connected transaction every year. The auditors must provide a letter to the Company's Board of Directors confirming whether anything has come to their attention that causes them to believe that the continuing connected transactions:

(i) have not been approved by the Board of Directors;

(ii) were not, in all material aspects, in accordance with the pricing policies of the Group if the transactions involve the provision of goods or services by the Group;

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

(iv) have exceeded the annual cap.

In order to comply with the above requirements, the Board of Directors engaged the auditor of the Company to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements other than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued its unqualified letter containing the findings and conclusions in respect of the continuing connected transactions disclosed by the Group in pages 72 to 74 of this annual report in accordance with Rule 14A.56 of the Listing Rules. A copy of the auditor's letter has been provided by the Company for submission to the Hong Kong Stock Exchange.

In respect of the above continuing connected transactions, the Company has complied with the disclosure requirements under the Listing Rules in force from time to time.

2. Significant Related Party Transactions as Defined under PRC Laws and Regulations

Details of the significant related party transactions as defined by PRC laws and regulations during the reporting period are set out on pages 268 to 271 of this annual report. The Company confirms save and except for those continuing connected transactions set out in the section "Continuing Connected Transactions Defined under the Listing Rules" above, the other transactions were not regarded as connected transactions or continuing connected transactions under the Listing Rules or were exempt from reporting, announcement and shareholders' approval requirements under the Listing Rules.

3. Contract of Significance

Save as disclosed in this annual report, there were no contracts of significance between the Company or any of its subsidiaries and a controlling shareholder or any of its subsidiaries or any contracts of significance for the provision of services to the Company or any of its subsidiaries by a controlling shareholder or any of its subsidiaries.

Purchase, Sale or Redemption of the Company's Listed Securities

During the year ended 31 December 2023, neither the Company nor any of its subsidiaries sold any securities of the Company, nor did they repurchase or redeem any of the securities of the Company.

Pre-emptive Rights

There are no provisions for pre-emptive rights pursuant to the Company's articles of association (the "**Articles of Association**") and the relevant laws and regulations of the PRC.

Equity-linked Agreements

Save as disclosed under the section headed "2021 Restricted Share Incentive Scheme" below, no equity-linked agreements were entered into by the Company during the financial year, or existed as at 31 December 2023.

Bank and Other Loans

Details of bank and other loans of the Group as at 31 December 2023 are set out in note 42 to the Financial Statements.

Management Contract

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the financial year.

Tax Relief and Exemption

The directors of the Company are not aware of any tax relief and exemption available to the Shareholders by reason of their holding of the Company's securities.

Financial Summary

The summary of the audited consolidated statement of profit or loss and of the audited statements of the assets and liabilities of the Group for the last five financial years is set out on pages 4 to 5 of this annual report.

Emolument Policy

In accordance with the requirements of the modern corporate system, the group has been continuously improving the construction of a market-oriented salary distribution mechanism. The Group has introduced the "China Railway Corporation Limited Income Distribution Management Measures" to further optimize the management of total wage expenses. It implements the requirements of "wage-performance linkage, efficiency benchmarking adjustment, wage level regulation." Based on precise assessments, the total wage expenses of each unit are linked to business performance, input-output efficiency, and labor productivity. Efforts are actively made to promote medium and long-term incentives, coordinating the use of incentive tools such as equity incentives in listed companies, equity and dividend incentives in technology-based enterprises, sharing of excess profits, and follow-on investments to expand coverage and improve quality. The Group also standardizes the order of salary distribution, deepens reforms related to income increase and reduction, strengthens the standardized management of allowances, subsidies, and welfare, and strictly enforces discipline in salary distribution.

Employee remuneration of the Group comprises basic salary, performance-based bonus and allowances and subsidies. In accordance with PRC laws, the Company entered into an employment contract with each of its employees. Such contracts include provisions on wages, employee vacation, benefits, training programs, health and safety, confidentiality obligations and grounds for termination. In accordance with state policies, the Company makes contributions in full to the employee aged-care insurance, medical insurance, unemployment insurance, work injury compensation insurance as well as employee housing provident fund. In addition to statutory contributions, the Company also provides voluntary benefits to employees which include enterprise annuities for employees.

The remuneration of executive directors of the Company is on an annual basis and consists of base annual salary and performance-based annual bonus. According to the Salary (Remuneration, Work Subsidy) Management Measures of Directors and Supervisors of China Railway Group Limited, the remuneration of an independent non-executive director shall be determined with reference to provisions on the board of directors' pilot scheme of remuneration and treatment of external directors of central enterprises issued by the SASAC. For the head of central enterprises who has left the current office and serves as an independent non-executive director, the remuneration shall be determined with reference to the requirements of the SASAC on the relevant matters regarding the payment of work subsidies for the head of central enterprises who has left the current office and serves as an external director as well as the performance evaluation results. For details in connection with the remuneration of directors of the Group, please refer to note 17 and note 49 to the financial statements.

In 2023, the Group focused on its central tasks, development plans, and annual key projects. Following the principles of "when necessary, emphasis on effectiveness, practicality, and cost-efficiency," the Group scientifically planned, coordinated, and systematically advanced employee education and training. The Group continued to optimize and improve its training system, actively promoted long-term planning for training, coordinated and implemented education and training for various levels of cadres, and enhanced the training of key talents. This ensured that training remains highly consistent with the company's development and talent cultivation. The Group and its subsidiaries increased training efforts through various methods, including online and offline approaches, to further enhance the capabilities and qualities of the workforce, promoting high-quality development of the enterprise. The Group accumulated over 1.11 million training opportunities for personnel of various types, with over 90% of employees receiving training. Senior management received training 1,389 times, while middle-level management received training 9,538 times. On average, senior management received 106 hours of training, while middle-level management received 98 hours of training.

In 2024, the Group will continuously implement the requirements of the Party Central Committee and the SASAC for the training of personnel, take Xi Jinping's thought on socialism with Chinese characteristics for a new era as the guide to launch targeted and time-sensitive quality training courses in respect of leadership enhancement, training of outstanding young cadres, market development, investment business, financial and tax management, whole business cycle management, party mass business, international business, legal and compliance and professional management, etc. to help cultivate professional talent teams of high quality.

The personnel expenses of the Company for the year of 2023 were RMB57.472 billion. As at 31 December 2023, the number of employees hired by the Group was 299,652. The following table sets forth a breakdown of the Group's employees by professional composition as at 31 December 2023:

Professional Composition	Number of employees as at 31 December 2023
Production staff	29,135
Salesperson	12,180
Technical personnel	193,702
Financial staff	14,373
Administrative staff	50,262
Total	**299,652**

Education Level	Number of employees as at 31 December 2023
Doctor degree candidate	372
Master degree candidate	15,539
Undergraduate	177,620
Junior College and below	106,121
Total	**299,652**

Employee Retirement Benefits

Particulars of the employee retirement benefits of the Group are set out in note 43 to the Financial Statements.

Public Float

As at the date of this annual report, the Company has maintained sufficient public float, based on the information that is publicly available to the Company and within the knowledge of the directors of the Company.

Compliance with the Corporate Governance Code

For details of the Company's corporate governance practices, please refer to the Report on Corporate Governance Practices on pages 80 to 100 of this annual report.

Event After the Reporting Period

(a) In February 2023, L'Inspection Générale des Finances de la République Démocratique du Congo (the General Inspectorate of Finance of the Democratic Republic of the Congo) released a report on the implementation of cooperation agreements signed between the Democratic Republic of the Congo and the Chinese companies. The report recommended that the relevant contract parties to review the cooperation agreements in terms of the shareholder structure of specific structure companies, the capital expenditure of the infrastructure projects and the preferential tax treatment of the jointly invested companies. Pursuant to the report, the representatives from Democratic Republic of the Congo negotiated with the Chinese companies. In March 2024, a supplemental agreement has been signed on the capital expenditure of the infrastructure projects and the preferential tax treatment of the jointly invested companies. As of the approval date of this report, the Group expects there is no significantly negative influence on the Group.

(b) On 29 December 2023, the Board of Directors of the Company approved the Repurchase and Cancellation of Restricted Stock, confirming the repurchase and cancellation of 1,566,166 restricted shares granted but not yet lifted by 7 incentive subjects in accordance with the Incentive Scheme. On 11 March 2024, the repurchase and cancellation procedure of 1,566,166 restricted shares was completed. Upon the completion of the Repurchase and Cancellation, the total number of Shares of the Company have been reduced from 24,752,195,983 Shares to 24,750,629,817 Shares.

2021 Restricted Share Incentive Scheme (the "Incentive Scheme")

As at 31 December 2023, 181,266,700 A shares were issued under the Incentive Scheme and the total grant price was RMB645,046,645 (excluding the 1,379,700 restricted shares that were repurchased and canceled by the Company as at 31 December 2023 in accordance with the terms of the Incentive Scheme). On 28 December 2022, the Company completed the repurchase and cancellation of 1,379,700 restricted shares and the total repurchase price was RMB4,647,304.

On 11 March 2024, the Company completed the repurchase and cancellation of 1,566,166 restricted shares and the total repurchase price was RMB5,019,639,80. For details of the Incentive Scheme, including the purpose of the Incentive Scheme, please refer to "Share Incentive Scheme, Employee Stock Ownership Plan and Other Incentive Measures and the Impacts Thereof" of "Significant Events" on pages 286 to 292 of this annual report.

Implementation of Environmental Protection Measures

The details are set out in "Environmental Information" of "Environmental and Social Responsibility" on pages 320 to 323 of this annual report.

Compliance with Laws and Regulations

The details are set out in "Compliance with Laws and Regulations" of "Business Overview" on page 36 of this annual report.

Maintenance of Relationship with Stakeholders

The details are set out in the "Maintenance of Relationship with Stakeholders" of "Business Overview" on page 37 of this annual report.

Auditors

The 2023 financial statements of the Company which were prepared in accordance with the International Financial Reporting Standards were audited by PricewaterhouseCoopers, and the financial statements prepared in accordance with the Chinese Accounting Standards were audited by PricewaterhouseCoopers Zhong Tian LLP.

All references in this part of the annual report (Report of the Directors) to other parts, sections of or notes in the annual report, form part of the Report of the Directors.

By order of the Board of Directors
CHEN Yun
Chairman

Beijing, the PRC
28 March 2024

REPORT ON CORPORATE GOVERNANCE PRACTICES

Overview

During the reporting period, the Company has complied with the laws and regulations of the places where it operates its business as well as the regulations and guidelines prescribed by regulatory authorities such as the CSRC, the Securities and Futures Commission, the Shanghai Stock Exchange and the Hong Kong Stock Exchange. The goals of the Company are to ensure the sustainable long-term development of the Company and generate greater returns for its shareholders. The Board believes that, in order to achieve these goals, the Company must implement and maintain corporate governance principles and structures consistent with integrity, transparency, openness and effectiveness. For this reason, the Company has taken various measures to achieve an effective Board of Directors, including the establishment of five committees under the Board, i.e. the Strategy Committee, the Audit and Risk Management Committee, the Remuneration Committee, the Nomination Committee and the Safety, Health and Environmental Protection Committee, and setting up relevant functional departments. We have adopted internal working procedures to ensure accurate and timely information disclosure in accordance with the requirements under the Listing Rules as well as the requirements under relevant PRC laws and regulations. The Company will continue to adopt measures to refine its corporate governance structures, improve its corporate governance and enhance practices in corporate governance standards in light of the actual circumstances of the Company.

During the reporting period, the governance level of the Company continued to improve, and the Company continued to contribute China Railway's wisdom and China Railway's solutions to accelerate the improvement of the modern state-owned enterprise system with Chinese characteristics. Four corporate governance systems, including the Company's Board of Directors' proposals, Board of Directors' resolution implementation, and support for external directors' performance of duties, were selected into the first batch of the "Compilation of Sample Documents on Corporate Governance Systems for Central Enterprises" published by SASAC, and two corporate governance cases were selected into the "Compilation of Examples of Improving Corporate Governance for State-owned Enterprises (1)"; the Company's Board of Directors practices were selected as the "Best Board of Directors Practice Cases of Listed Companies" in 2023, the Company's Board of Directors office practices were selected as the "Best Board of Directors Practice Cases of Listed Companies", and the Company was awarded the "China Listed Companies Governance TOP50" by the 50 Forum on Corporate Governance.

Corporate Governance Framework

Pursuant to the requirements of the Company Law, the Securities Law, the Listing Rules and other relevant laws and regulations, the Company established a corporate governance framework comprising the Shareholders' General Meeting, the Board of Directors, the Supervisory Committee and senior management.

Compliance with the Code Provisions of the Corporate Governance Code

As a company listed on the main board of the Hong Kong Stock Exchange, the Company is committed to complying with the principles of the Corporate Governance Code set out in Appendix C1 to the Listing Rules. The Company has complied with all provisions of the Corporate Governance Code during the reporting period and the principles as set out in the Corporate Governance Code have been applied in our corporate governance structure.

Diversity

The Company has always focused on diversity of Board members to enhance the efficiency in decision-making of the Board and the quality of corporate governance. In accordance with the listing rules and regulatory provisions of both Shanghai and Hong Kong, the Company has formulated and implemented the Diversity Policy of the Members of the Board. Amongst the seven Directors currently on the Board of the Company, three Executive Directors have extensive experience in the construction industry and management, and four Non-Executive Directors have extensive experience in the practice and management of finance, construction engineering and design sectors. The structure and composition of the Board are in line with the requirements of the diversity policy and also satisfy the business development needs. In the context of the diversity of Board members, the Board of the Company has actively established an atmosphere of democratic deliberation, strictly implemented the voting system for motions and made full use of the advantage of the diversity of Board members, ensuring that each Director can participate in the governance of the Company and express independent opinions and decisions on matters of importance by actively making use of his or her rich expertise and management experience. The diversity of Board members has played an important role in improving the quality of corporate governance, enhancing the scientific and effective nature of Board decisions, safeguarding the overall interests of the Company and the legitimate rights and interests of all shareholders, especially the interests of minority shareholders.

In order to achieve Board diversity, the Company has adopted the Board Diversity Policy by taking into account a number of factors including without limitation of gender, age (18 years old or above), cultural and educational background, qualifications, race, professional experience, skills, knowledge and years of service. All Board members are appointed on the basis of abilities and in order to effectively achieve Board diversity, candidates will be considered on objective conditions. The Company values gender diversity and the Board aims to gradually increase the number of female directors among the Board members.

The Nomination Committee has been monitoring the implementation of the Board Diversity Policy to ensure the effectiveness of the Board Diversity Policy. In 2023, the Nomination Committee reviewed the nomination policy and the Board Diversity Policy and considered that such policies were proper and effective.

The Board valued diversity at all levels within the Group (including gender diversity). The Group would consider multiple factors when recruiting employees, including without limitation gender, age, cultural and educational background, qualifications, race, professional experience, skills, knowledge and years of service, and the Group will ensure gender diversity across the entire workforce.

Shareholders' General Meeting

The Shareholders' General Meeting is an organ of power of the Company. In accordance with the requirements of the Company Law, the Securities Law and other relevant laws and regulations, the Company formulated the Articles of Association and the Procedural Rules for Shareholders' General Meeting to regulate the convening, consideration and voting procedures for shareholders' general meetings.

During the reporting period, the Company convened and held one shareholders' general meeting, being the 2022 annual general meeting held on 28 June 2023. At the 2022 annual general meeting, a total of 13 ordinary resolutions were considered and approved, including report of the Board of Directors of the Company for the year ended 31 December 2022, the report of the supervisory committee of the Company for the year ended 31 December 2022, the work report of independent directors of the Company for the year ended 31 December 2022, 2022 A share annual report and the abstract, H share annual report and results announcement for the year of 2022 of the Company, the audited consolidated financial statements of the Company for the year ended 31 December 2022, the profit distribution plan of the Company for the year ended 31 December 2022, the proposal regarding the budget plan of the Company for the year of 2023, the proposal in relation to the engagement of the auditors for 2023, the proposal in relation to the appointment of internal control auditors for 2023, the proposal on the salary (remuneration, work subsidy) of directors and supervisors of the Company for the year of 2022, the proposal on the purchase of liabilities insurance for directors, supervisors and senior management of the Company for the year of 2023, the proposal in relation to the total amount of the provision of external guarantee by the Company for the second half of 2023 to the first half of 2024, and the proposal in relation to the provision of an entrusted loan by China Railway Communications Investment Group Co., Ltd. to China Merchants China Railway Holding Co., Ltd. and its subsidiaries.

The table below sets out the details of general meetings attendance of each director during the reporting period:

Director	Number of meetings requiring attendance for the year	Number of meetings attended in person	Number of meetings attended by proxy
CHEN Yun	1	1	–
CHEN Wenjian	1	1	–
WANG Shiqi	1	1	–
WEN Limin	1	1	–
CHUNG Shui Ming Timpson	1	1	–
ZHANG Cheng	1	1	–
XIU Long	1	1	–

The Board of Directors

1. Composition of the Board of Directors

During the reporting period, the members of the Board of the Company were as follows:

Name	Title
CHEN Yun	Chairman and Executive Director
CHEN Wenjian	Executive Director and President
WANG Shiqi	Executive Director
WEN Limin	Non-executive Director
CHUNG Shui Ming Timpson	Independent Non-executive Director
ZHANG Cheng	Independent Non-executive Director
XIU Long	Independent Non-executive Director

There was no financial, business, family or other material relationship among the directors of the Company.

During the reporting period, the Company complied with Rules 3.10(1) and 3.10(2) of the Listing Rules which require the Company to maintain at least three independent non-executive directors and have an independent non-executive director with appropriate professional qualifications or accounting or financial management expertise.

Three-seventh of the members of the Board of Directors are independent non-executive directors, which is in compliance with Rule 3.10A of the Listing Rules which requires independent non-executive directors of the Company must represent at least one-third of the Board of Directors. The Company has received confirmation of independence from the independent non-executive directors in accordance with Rule 3.13 of the Listing Rules and the Company considered each independent non-executive director as independent.

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

2. Board Meetings

In 2023, the Company held 13 Board meetings, 10 of which were on-site meetings and 3 of which were meetings held by communications. The table below sets out the details of Board meeting attendance of each director during the reporting period.

Director	Number of meetings requiring attendance	Number of meetings attended in person	Number of meetings held by communications	Number of meetings attended by proxy
CHEN Yun	13	12	3	1
CHEN Wenjian	13	13	3	0
WANG Shiqi	13	10	3	3
WEN Limin	13	13	3	0
CHUNG Shui Ming Timpson	13	11	3	2
ZHANG Cheng	13	12	3	1
XIU Long	13	12	3	1

3. Responsibilities and Operation of the Board

The responsibilities of the Board of Directors are, among other things, convening shareholders' general meetings and reporting its work to shareholders at such meetings, implementing resolutions of the shareholders' general meeting, making decisions on its business strategies, business plans and major investment plans of the Company, formulating proposed annual financial budgets and final accounts, formulating profit distribution plans and (where applicable) plans for making up losses previously incurred, formulating plans relating to the increase or reduction of the Company's registered capital, the issue of corporate bonds or other securities, and (where applicable) the listing of such securities, deciding the Company's internal management scheme, developing and reviewing the Company's policies and practices on corporate governance and making recommendations to the Board of Directors, reviewing and monitoring the training and continuous professional development of the directors and the senior management, reviewing and monitoring the Company's policies and practices on the compliance with law and regulatory requirements, formulating, reviewing and monitoring the code of conduct and compliance manual applicable to the employees and the directors, reviewing the Company's compliance with corporate governance, and the disclosures made in the Corporate Governance Report, and exercising any other powers conferred by the shareholders' general meeting or under the Articles of Association.

There are currently five committees established under the Board of Directors, being the Strategy and Investment Committee, the Audit and Risk Management Committee, the Remuneration Committee, the Nomination Committee and the Safety, Health and Environmental Protection Committee. Each committee has its own rules of procedures.

The offices of the Chairman and President of the Company are held by different persons and division of power between the Board of Directors and the senior management strictly complying with the Articles of Association and the relevant regulations. The Board of Directors formulates the overall strategy of the Company and monitors the financial performance of the Company. The management of the Company implements the strategic plans as determined by the Board of Directors and is responsible for the daily operations and management of the Company. The Chairman is responsible for convening and presiding over Board meetings, supervising the implementation of the Board's resolutions and coordinating the operation of the Board of Directors. Pursuant to the Articles of Association, the President is delegated with the authority to, among other things, oversee the operation and management of the Company, implement the decisions of the Board of Directors, carry out investment plans and formulate the basic management policies of the Company.

4. Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules as the code for securities transactions by its directors and supervisors. After specific enquiries to all directors and supervisors, the Company confirms that the directors and supervisors complied with the standards set out in the Model Code during the reporting period.

5. Director's Training

Directors are encouraged to participate in various continuing professional development to develop and refresh their knowledge and skills in order to constantly improve their abilities to perform duties and make their contributions for the Board of Directors. In 2023, SASAC, the Beijing Branch of the China Securities Regulatory Commission, the Shanghai Stock Exchange and the China Association of Listed Companies successively held "the Spiritual Study Seminar of the 20th National Congress of the Communist Party of China", "Seminar on Deepening and Improving the Reform of Central Enterprises", "The Rights and Responsibilities of Directors, Supervisors and Senior Management of Listed Companies", "Special Training for Directors and Supervisors", "Subsequent Training for Independent Directors", "Special Training for Independent Directors' Management Measures" and "Typical Cases of Carbon Peak and Carbon Neutrality" and other trainings. Directors participated in these trainings, in particular, CHEN Yun attended three trainings, CHEN Wenjian attended three trainings, WANG Shiqi attended three trainings, Wen Limin attended six trainings, CHUNG Shui Ming Timpson did not attend training, ZHANG Cheng attended two trainings and XIU Long attended 3 trainings.

6. Committees under the Board

As at the end of 2023, the composition of the committees under the Board of Directors was as follows: Mr. CHEN Yun, Mr. CHEN Wenjian, Mr. CHUNG Shui Ming Timpson, Mr. ZHANG Cheng and Mr. XIU Long were members and Mr. CHEN Yun was the Chairman of the Strategy and Investment Committee of the Board of Directors, Mr. CHUNG Shui Ming Timpson, Mr. WEN Limin and Mr. ZHANG Cheng were members and Mr. CHUNG Shui Ming Timpson was the Chairman of the Audit and Risk Management Committee of the Board of Directors, Mr. XIU Long, Mr. WEN Limin and Mr. ZHANG Cheng were members and Mr. XIU Long was the Chairman of the Remuneration Committee of the Board of Directors, Mr. CHEN Yun, Mr. CHUNG Shui Ming Timpson and Mr. XIU Long were members and Mr. CHEN Yun was the Chairman of the Nomination Committee of the Board of Directors, and Mr. CHEN Wenjian, Mr. WANG Shiqi, Mr. WEN Limin, Mr. ZHANG Cheng and Mr. XIU Long were members and Mr. CHEN Wenjian was the Chairman of the Safety, Health and Environmental Protection Committee of the Board of Directors.

(a) Strategy and Investment Committee

The primary responsibilities of the Strategy and Investment Committee include, among other things, reviewing proposals and making recommendations to the Board of Directors regarding the Company's strategic development plans, annual budget, capital allocation plan, major mergers and acquisitions, major investment and financing plans, material internal reorganization and work on Environmental, Social and Corporate governance.

As at the end of 2023, the Strategy and Investment Committee comprised Mr. CHEN Yun and Mr. CHEN Wenjian, who are executive directors, and Mr. CHUNG Shui Ming Timpson, Mr. ZHANG Cheng and Mr. XIU Long, who are independent non-executive directors, and is chaired by Mr. CHEN Yun.

During the reporting period, the Strategy and Investment Committee held 7 meetings, at which 21 resolutions were considered and 4 reports were heard.

The table below sets out the details of meeting attendance of each member of the Strategy and Investment Committee during the reporting period.

Director	Number of meetings requiring attendance	Number of meetings attended in person	Number of meetings attended by proxy
CHEN Yun	7	6	1
CHEN Wenjian	7	7	0
CHUNG Shui Ming Timpson	7	5	2
ZHANG Cheng	7	7	0
XIU Long	7	7	0

(b) Audit and Risk Management Committee

The primary responsibilities of the Audit and Risk Management Committee are:

(1) making recommendations to the Board of Directors on the appointment, reappointment and removal of the external auditors, and approving the remuneration and terms of engagement of the external auditors;

(2) reviewing and overseeing the external auditors' independence and objectivity and the effectiveness of the audit process;

(3) overseeing the integrity of the financial statements of the Company and the Company's annual report and accounts, interim report and quarterly reports, and reviewing significant financial reporting judgments contained in such reports;

(4) overseeing the Company's financial reporting system and risk management and internal control procedures, including but not limited to, reviewing the financial control, risk management and internal control systems, deliberating on actions to be taken in respect of any findings of major investigations of risk management and internal control matters as delegated by the Board of Directors or at its own initiative and management's response thereto, and reviewing the Group's financial and accounting policies and practices; and

(5) reviewing arrangements that employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters.

The Audit and Risk Management Committee's terms of reference are available on the websites of the Company and the Hong Kong Stock Exchange.

As at the end of 2023, the Audit and Risk Management Committee comprised Mr. CHUNG Shui Ming Timpson, who is an independent non-executive director, Mr. WEN Limin, who is a non-executive director, and Mr. ZHANG Cheng, who is an independent non-executive director, and is chaired by Mr. CHUNG Shui Ming Timpson.

During the reporting period, the Audit and Risk Management Committee held 6 meetings, at which a total of 29 proposals were considered, including the periodical reports, financial statements, and proposals on and effectiveness of internal auditing, internal control assessment and risk management, and heard 8 briefings.

The table below sets out the details of meeting attendance of each member of the Audit and Risk Management Committee during the reporting period.

Director	Number of meetings requiring attendance	Number of meetings attended in person	Number of meetings attended by proxy
CHUNG Shui Ming Timpson	6	6	0
WEN Limin	6	6	0
ZHANG Cheng	6	6	0

(c) Remuneration Committee

The primary responsibilities of the Remuneration Committee are:

(1) making recommendations to the Board of the Directors on the Company's policy and structure for remuneration of directors and senior management and on the formulation of a formal and transparent process for developing policy on such remuneration;

(2) reviewing and approving the management's remuneration proposals with reference to the corporate goals and objectives set by the Board of Directors;

REPORT ON CORPORATE GOVERNANCE PRACTICES

(3) determining, as authorised by the Board of Directors, the specific remuneration packages of individual executive directors and senior management, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment, and making recommendations to the Board of Directors in relation to the remuneration of non-executive directors;

(4) considering salaries paid by comparable companies, time commitment and responsibilities and employment conditions of other positions in the Company; and

(5) ensuring that no director or any of his associates is involved in deciding his own remuneration.

The Remuneration Committee's terms of reference are available on the websites of the Company and the Hong Kong Stock Exchange.

As at the end of 2023, the Remuneration Committee comprised Mr. XIU Long, who is an independent non-executive director, Mr. WEN Limin, who is a non-executive director, and Mr. ZHANG Cheng, who is an independent non-executive director, and is chaired by Mr. XIU Long.

During the reporting period, the Remuneration Committee held 4 meetings, at which a total of 10 reports and proposals were considered, including the plan for the performance contract with senior management and the contract signing, remuneration and assessment payment for directors and senior management, total remuneration management, assessment of performance of directors, and remuneration management plan for responsible officer of the subordinate enterprises, and heard one briefings. The Remuneration Committee made recommendations to the Board on the remuneration packages of individual executive directors and senior management.

The Remuneration Committee was responsible for preparing the Incentive Scheme and submitted it to the Board for consideration. The Remuneration Committee reviewed material matters relating to the Incentive Scheme, including the purpose of the Incentive Scheme and participants of the Incentive Scheme. For details of the Incentive Scheme, please refer to "Share Incentive Scheme, Employee Stock Ownership Plan and Other Incentive Measures and the Impacts Thereof" of "Significant Events" on pages 286 to 292 of this annual report.

The table below sets out the details of meeting attendance of each member of the Remuneration Committee during the reporting period.

Director	Number of meetings requiring attendance	Number of meetings attended in person	Number of meetings attended by proxy
XIU Long	4	4	0
WEN Limin	4	4	0
ZHANG Cheng	4	3	1

The emolument paid to directors, supervisors and members of senior management of the Company are determined in accordance with the contractual terms under their respective service contract. Details of the remuneration of directors and supervisors are set out in note 17 and note 49 to the Financial Statements.

(d) Nomination Committee

The primary responsibilities of the Nomination Committee are:

(1) formulating the standards, procedures and methods for election of directors and senior management of the Company and submitting the same to the Board of Directors for consideration;

(2) identifying individuals suitably qualified to become Board members, selecting and nominating individuals for directorship or make recommendations to the Board of Directors in this regard, reviewing the candidates for directors and President and making recommendations;

(3) reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board of Directors at least annually and making recommendations on any changes to the Board of Directors proposed to support the Company's corporate strategy;

(4) assessing the independence of independent non-executive directors of the Company; and

(5) making recommendations to the Board of Directors on the appointment or re-appointment of directors and succession planning for directors, in particular the Chairman and the President.

The Nomination Committee's terms of reference are available on the websites of the Company and the Hong Kong Stock Exchange.

As at the end of 2023, the Nomination Committee comprised Mr. CHEN Yun, who is executive director, and Mr. CHUNG Shui Ming Timpson and Mr. XIU Long, who are independent non-executive directors, and is chaired by Mr. CHEN Yun.

According to the nomination policy adopted by the Company, the Nomination Committee shall nominate director candidates for election in accordance with the formalities and procedures stipulated in the Articles of Association and the rules of procedures of the Nomination Committee, and consider candidates for directorship based on objective standards, including but not limited to education background, qualification, ability, industry related experience of the individual candidates and if the candidate is proposed to be elected as an independent non-executive director of the Company, whether or not such candidate meets the independence requirements under the Listing Rules.

According to the Articles of Association, the methods and procedures of nomination of director and supervisor candidates are as follows:

(1) shareholders holding, individually or jointly, more than 3% in the total number of the outstanding voting shares of the Company may put forward in a written proposal to the general meeting of shareholders the candidates of non-independent directors and supervisors to be appointed from those other than the employee representatives, provided that the number of persons nominated must comply with the provisions of the Articles and be not more than the number of persons contemplated to be elected. The said proposal put forward by the shareholders to the Company shall be sent to the Company at least fourteen (14) days prior to the date of the general meeting of shareholders;

(2) the Board of Directors and the Supervisory Committee may, within the scope of the number of persons as provided in the Articles, formulate a proposed name list of the candidates of directors and supervisors who are not employee representatives according to the number of persons contemplated to be elected, and put forward the said list in a written proposal to the general meeting of shareholders;

(3) the Company shall separately formulate a special system for the nomination of independent directors;

(4) the written notice concerning the intention to nominate candidates of directors and supervisors and the nominees' statement for acceptance of the nomination, as well as relevant written information of the nominees, shall be sent to the Company at least seven (7) days prior to the date the general meeting of shareholders is held. The Board of Directors and the Supervisory Committee shall provide resumes and basic information of the candidates of directors and supervisors to the shareholders;

(5) the period given by the Company to relevant nominators and nominees to submit the aforesaid notices and documents (which is counted from the next day when the notice of general meeting of shareholders is issued) shall be at least seven (7) days;

(6) the general meeting of shareholders shall vote on each candidate of directors and supervisors one by one, except those circumstances under which the cumulative voting system is applicable; and

(7) in case of any interim increase or addition of directors and supervisors, the candidates shall be put forward and suggested by the Board of Directors and the Supervisory Committee for election or replacement by the general meeting of shareholders.

During the reporting period, the Nomination Committee did not hold any meeting.

In order to enhance the efficiency in decision-making of the Board and the quality of corporate governance, and to achieve diversity on the Board, the Board of Directors has adopted the Board diversity policy, which sets out the approaches to achieve diversity among members of the Board of Directors and is available on the website of the Company. When selecting Board members, the Company gives full consideration to the benefits of all aspects of Board diversity, including but not limited to gender, race, age, territory, cultural and educational background, professional experience and length of service. All the members of the Board of Directors are appointed based on meritocratic principles and eventually decided by considering their strengths and contributions they can make to the Board of Directors.

For the purpose of implementation of the Board diversity policy, the following measurable objectives were adopted by the Board:

- at least one independent non-executive director must be ordinary resident in Hong Kong;
- at least one independent non-executive director has work experience in taking charge of financial affairs in a large-scale enterprise, or is an expert in corporate financial and accounting affairs;
- at least one independent non-executive director has experience in the selection, performance review and remuneration management of senior management personnel in an enterprise;
- the number of independent non-executive directors shall not be less than one third of the members of the Board, and the number of independent non-executive directors and external non-executive directors shall be more than half of the members of the Board;
- the members of the Board shall have professional background and work experience closely related to the business development of the Company, understand the industry in which the Company conducts its business, and have the knowledge or work experience in infrastructure construction, real estate, mining resources, corporate management, accounting, economics, law, finance and etc., and most of the directors shall be experienced in decision-making on the operation and management of large-scale enterprises.

For the year ended 31 December 2023, the Board has fulfilled the measurable objectives of the Board diversity policy.

(e) Safety, Health and Environmental Protection Committee

The primary responsibilities of the Safety, Health and Environmental Protection Committee include, among other things, providing guidance, inspecting and evaluating the implementation of the Company's plans on safety, health and environmental protection, making plans and recommendations to the Board of Directors regarding material matters relating to safety, health and environmental protection.

As at the end of 2023, the Safety, Health and Environmental Protection Committee comprised Mr. CHEN Wenjian and Mr. WANG Shiqi, who are executive directors, Mr. WEN Limin, who is non-executive director, and Mr. ZHANG Cheng and Mr. XIU Long, who are independent non-executive directors, and is chaired by Mr. CHEN Wenjian.

During the reporting period, the Safety, Health and Environmental Protection Committee held 2 meetings, at which 1 proposals was considered, and 2 reports were heard.

The table below sets out the details of meeting attendance of each member of the Safety, Health and Environmental Protection Committee during the reporting period.

Director	Number of meetings requiring attendance	Number of meetings attended in person	Number of meetings attended by proxy
CHENG Wenjian	2	1	1
WANG Shiqi	2	2	0
WEN Limin	2	2	0
ZHANG Cheng	2	2	0
XIU Long	2	2	0

Supervisory Committee

The primary responsibilities of the Supervisory Committee are

(1) supervising the performance of directors and senior management of their duties, and proposing removal of directors or senior management who have violated laws and regulations, the Articles of Association or resolutions of shareholders' general meetings;

(2) requesting directors and senior management to rectify any actions damaging the Company's interests;

(3) examining the Company's financial matters;

(4) making proposals to convene extraordinary general meetings of shareholders, and convene and preside over shareholders' general meetings in case the Board of Directors fails to perform its duty of convening and presiding over shareholders' general meetings under the Company Law;

(5) making proposals for shareholders' general meetings;

(6) making proposals to convene extraordinary meetings of the Board of Directors other than regular meetings;

(7) supervising the establishment and implementation of internal controls by Board of Directors; and

(8) supervising the review of, voting on, disclosure and performance of connected transactions, and providing comments in the annual report.

During the reporting period, the members of the Supervisory Committee of the Company were as follows:

Name	Title
JIA Huiping	Chairman of the Supervisory Committee and Shareholder Representative Supervisor
YUAN Baoyin (resigned on 19 October 2023)	Employee Representative Supervisor
Li Xiaosheng	Employee Representative Supervisor
WANG Xinhua	Employee Representative Supervisor
WAN Ming	Employee Representative Supervisor

The Supervisory Committee has detailed rules of procedures that specify its responsibilities, ensuring that the Supervisory Committee operates in a compliant and efficient manner. The term of office for each supervisor of the Company is three years which is renewable upon re-election.

During the reporting period, the Supervisory Committee held eight meetings, considered a total of 27 proposals, and heard a total of 11 briefings. The Supervisory Committee did not find any risks other than those set out in the paragraph "Business Risks" under the section "Management Discussion and Analysis" in this report, and had no objection to the supervisory matters during the reporting period.

The table below sets out the details of meeting attendance of each member of the Supervisory Committee during the reporting period.

Supervisor	Number of meetings requiring attendance	Number of meetings attended in person	Number of meetings attended by proxy
JIA Huiping	8	8	0
YUAN Baoyin (resigned on 19 October 2023)	6	5	1
LI Xiaosheng	8	6	2
WANG Xinhua	8	8	0
WAN Ming	8	8	0

Joint Company Secretaries

Mr. HE Wen and Mr. TAM Chun Chung serve as joint company secretaries of the Company.

Mr. HE and Mr. TAM have confirmed that they had taken not less than 15 hours of relevant professional trainings during the reporting period.

Shareholders' Rights

1. Convening Extraordinary General Meeting

According to the Articles of Association, the shareholders of the Company who individually or jointly hold more than 10% of the voting shares at such proposed meeting may propose to convene an extraordinary general meeting of shareholders or a class shareholders' meeting. The procedures for shareholders to convene an extraordinary general meeting or a class shareholders' meeting are stated as below:

(1) The proposing shareholder(s) shall execute one or several copies of written request with the same form and contents to propose to the Board of Directors to convene an extraordinary general meeting of shareholders or a class shareholders' meeting and set out the topics of the meeting. The Board of Directors shall make a written response as to whether or not it agrees to convene such an extraordinary general meeting of shareholders or class shareholders' meeting within ten days upon receipt of the request in accordance with laws, regulations and the Articles of Association.

(2) If the Board of Directors agrees to convene an extraordinary general meeting or a class shareholders' meeting, a notice of the meeting shall be issued within five days after the resolution of the Board of Directors is passed.

(3) In case the Board of Directors refuses to convene an extraordinary general meeting or a class shareholders' meeting, or does not give any response within ten days upon receipt of the request, the shareholders who individually or jointly hold more than 10% of the voting shares at such proposed meeting shall have the right to propose to the Supervisory Committee for convening of such meeting, and shall make such request to the Supervisory Committee in writing. If the Supervisory Committee agrees to convene an extraordinary general meeting or a class shareholders' meeting, a notice of the meeting shall be issued within five days upon receipt of the request. Changes made to the original request in the notice shall be approved by relevant shareholders. If the Supervisory Committee fails to give the notice of such a meeting within the specified time limit, it shall be deemed to have failed to convene or preside over the meeting, in which case, the shareholders who either individually or jointly hold more than 10% of the Company's shares for more than ninety consecutive days may convene and preside over the meeting by themselves.

(4) When the Supervisory Committee or the shareholders decide to convene a general meeting of shareholders by themselves, they must notify the Board of Directors in writing and at the same time file the notice with the local branch of CSRC and the stock exchange where the Company is domiciled. Before the resolutions of general meeting of shareholders are publicly announced, the proportion of shares held by the convening shareholder should be not less than 10%. When issuing the notice of general meeting of shareholders and the public announcement of the resolutions of general meeting of shareholders, the convening shareholder shall submit relevant supporting materials to the local branch of CSRC and the stock exchange where the Company is domiciled.

(5) For the general meeting of shareholders convened by the Supervisory Committee or the shareholders themselves, the Board of Directors and the Secretary to the Board of Directors shall provide cooperation. The Board of Directors shall provide the register of shareholders as at the date of record.

2. Putting Forward Proposals in the Shareholders' General Meeting

The procedures for putting forward proposals in the shareholders' general meeting are stated as below:

(1) When the Company holds a general meeting of shareholders, shareholders who individually or jointly hold more than 3% of shares of the Company shall have the right to prepare a proposal to the Company. Shareholders who hold more than 3% of shares of the Company, either individually or jointly, may prepare an interim proposal and submit it in writing to the person(s) convening the meeting ten days before the general meeting of shareholders convenes. The person(s) convening the meeting shall issue a supplementary notice of the general meeting of shareholders within two days upon receipt of the proposal and publicly announce the contents of such proposal.

(2) When the Company holds an annual general meeting of shareholders, it shall send a written notice to the shareholders at least twenty clear business days prior to the meeting; when holding an extraordinary general meeting of shareholders, it shall send a written notice to the shareholders at least ten clear business days or fifteen days, whichever is longer, prior to the meeting. Shareholders intending to be present in the general meeting of shareholders shall send a written reply of attendance to the Company within the time period stipulated in the notice.

3. Review of Shareholders' Communication

The Company reviewed its shareholders engagement and communication activities conducted in 2023 and was satisfied with the implementation and effectiveness of its shareholders' communication policy.

4. Enquiries to the Board

Shareholders who intend to put forward their enquiries about the Company to the Board of Directors could email their enquiries to: ir@crec.cn.

Amendment to the Articles of Association

Taking into account the Guidelines for the Articles of Association of Listed Companies, the Rules Governing Shareholders' General Meetings of Listed Companies, the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange, the Shanghai Stock Exchange Self-Regulatory Supervision Guidelines for Listed Companies No. 1 – Standardized Operation, the Working Rules of the Board of Directors of Central Enterprises (Trial) and other latest revisions of laws and regulations, as well as the Company's actual management needs, certain amendments to the Articles of Association were approved by the Company at the 2021 annual general meeting held on 22 June 2022.

The latest version of the Articles of Association is available on the websites of the Company and the Hong Kong Stock Exchange.

Relationship with the Controlling Shareholder

CREC is the Company's controlling shareholder. The Company is independent from CREC in respect of its staff, assets, finance, organisational structure and business. During the reporting period, except for Mr. CHEN Yun, Chairman and executive director of the Company, who also serves as a chairman of CREC, Mr. CHEN Wenjian, executive director of the Company, who also serves as a director and the general manager of CREC, Mr. WANG Shiqi, executive director of the Company, who also serves as an employee director of CREC, none of the other directors, supervisors or senior management of the Company held any positions of directors, supervisors or senior management with CREC or received any salary from CREC and/or its associates. Notwithstanding the fact that Mr. CHEN Yun, Mr. CHEN Wenjian and Mr. WANG Shiqi (each an "**Overlapping Director**") act as directors or senior executives of CREC and directors, supervisors or senior executives of the Company respectively, they have the capacity to commit to the daily management of the Company because there was less day-to-day management work of CREC. Moreover, each of the Overlapping Director represents a minority in the Board of Directors. During the reporting period, the Board of Directors also had three independent non-executive directors, which ensured that the interests of the Company and shareholders were protected. The Company also has its own financial management system and related personnel who are independent from CREC.

The Company entered into the Comprehensive Services Agreement and its renewal agreements with CREC in relation to the mutual provision of comprehensive services between the CREC and the Group on 23 November 2007, 1 January 2010, 28 March 2013, 30 December 2015 and 27 December 2018 respectively, with each valid for three years. Pursuant to the Comprehensive Services Agreement and its renewal agreements, CREC and/or its associates will provide social services to the Group, including health check, vaccination and preventive medical services, on-site medical services, prevention of occupational diseases and other special medical services to employees of the Group as well as training to the Group's employees. On 30 December 2021, the Company entered into another comprehensive services renewal agreement with CREC, effective from 1 January 2022 to 31 December 2024. None of the relevant percentage ratios of the transactions under this comprehensive services renewal agreement is more than 0.1%, and is therefore exempted from all reporting, announcement and independent shareholders' approval under the Listing Rules.

On 29 April 2014, China Railway Finance (a subsidiary of the Company, with 95% of its equity interest being held by the Company and 5% of its equity interest being held by CREC) entered into the Financial Services Framework Agreement with CREC, effective from 16 March 2014 to 31 December 2015. Pursuant to the Financial Services Framework Agreement, China Railway Finance agreed to provide deposit services, lending services and miscellaneous financial services to CREC. On 29 December 2015, China Railway Finance and CREC entered into the Financial Services Framework Renewal Agreement, effective from 1 January 2016 to 31 December 2018, to renew the Financial Services Framework Agreement. On 27 December 2018, China Railway Finance and CREC entered into another financial services framework renewal agreement, effective from 1 January 2019 to 31 December 2021. On 30 December 2021, China Railway Finance and CREC entered into a new financial services framework renewal agreement, effective from 1 January 2022 to 31 December 2024, to further renew the Financial Services Framework Agreement.

Auditors' Remuneration

The Company has engaged PricewaterhouseCoopers and PricewaterhouseCoopers Zhong Tian LLP (collectively the "**External Auditors**") as the international and domestic auditors of the Company for 2023, respectively.

For the year ended 31 December 2023, fees paid to the External Auditors for the audit of the financial statements of the Group are approximately RMB43 million and fees paid to the External Auditors (and member firms) for the non-audit services are approximately RMB25 million, which mainly includes tax services and agreed-upon procedures services etc.

Information Disclosure

The Secretary to the Board of Directors and the Joint Company Secretaries are in charge of information disclosure affairs of the Company. During the reporting period, the Company actively studied and reacted to new changes in regulatory policies in the Chinese capital market and domestic and overseas securities, and continuously adapted itself to the new requirements on information disclosure by regulatory authorities; it continued to advocate for voluntary information disclosure as a supplement to statutory disclosure requirements, intensified its efforts in internal report and approval on material matters, strengthened targetedness and effectiveness of content of periodical reports, and effectively increased transparency in information disclosure by the Company. The Company published 304 announcements and circulars in total, among which, announcements for A shares totalled 85, and announcements and circulars for H shares totalled 219. All of the announcements and circulars are duly published through the Shanghai Stock Exchange, Hong Kong Stock Exchange and designated newspapers. The Company has been recognized as Grade A (Excellent) in the assessment of listed companies on the Shanghai Stock Exchange for 15 consecutive years, of which the Company has been awarded Class A rating for information disclosure by the Shanghai Stock Exchange for 10 consecutive years.

Risk Management and Internal Control

In accordance with the Company Law, the Code of Corporate Governance for Listed Companies and other relevant laws and regulations as well as the relevant regulations and requirements of the Shanghai Stock Exchange and the Hong Kong Stock Exchange, with the goal of "strengthening internal control, preventing risks and promoting compliance", the Company continued to improve the construction of the internal control system, actively took effective control activities, prevented various risks, and ensured the orderly operation of production and operation. Firstly, the Company improved the construction of the internal control system. In 2023, the Company continued to regard system construction as the basic work for improving the construction of the internal control system. Based on the principle of "improving the system, improving the quality and reducing the quantity", the Company systematically sorted out various systems, optimised the system hierarchy, and further improved the internal control system. On the basis of major risk assessment, the Company focused on key areas, formulated and revised special management systems such as the Management Measures for Operation and Development, the Regulations on the Review and Management of Domestic Infrastructure Investment Projects and the Operation Guidelines for PPP Projects, and further embedded internal control and risk management into all key links of the Company's production and operation by improving the systems and processes. Secondly, the Company continued to optimise corporate governance. According to the new requirements of the reform of the independent director system, the Company revised the

Independent Director System and established a mechanism for special committees of independent directors to promote the effective role of independent directors. Taking into account regulatory requirements, changes in the internal and external environment of the Company and the actual management of the Company, the Board revised the List of Powers and Powers Authorised by the Board to the Management to further clarify the boundaries of powers and responsibilities of the Board and the management. The Company strictly implemented the requirements of "decision-making first and law-oriented" and carried out compliance management throughout the whole process of major economic activities such as major project investment, mergers and acquisitions and restructuring. In 2023, the legal compliance review rate of major decision-making matters of the Board of the Company was 100%. Third, strengthening the prevention and control of major risks. The Company carried out annual major risk identification and assessment and quarterly major risk monitoring and early warning, conducted a comprehensive investigation of the Company's business risks, identified and determined risks in key areas such as investment, international business, cash flow and safety production, and formulated specific risk prevention and control measures based on the actual production and operation of the Company to implement the main responsibility of risk prevention and control. Fourthly, the Company actively built a "six-in-one" supervision mechanism. The Company attaches great importance to the synergy of supervision, continuously increases the efforts in governing enterprises in accordance with the law, and builds a "six-in-one" supervision mechanism comprising inspection by the Party Committee, legal compliance, financial and accounting supervision, audit supervision, supervision by the Discipline Inspection Commission and democratic supervision by employees.

In addition, the Company carefully complied with regulatory rules and prepared 2023 annual social responsibility report and appraisal report on internal control. The Company engaged PricewaterhouseCoopers Zhong Tian LLP as the internal control auditor of the Company for 2023. PricewaterhouseCoopers Zhong Tian LLP has audited the effectiveness of the Company's internal control in relation to financial report in 2023 and issued unqualified opinions in this respect.

Whistleblowing Policy

The Group has whistleblowing policy in place, which is applicable to all directors, employees and stakeholders (including investors, customers, suppliers, creditors, debtors, etc.). The purpose of the policy is to provide channels for employees and any external parties to report any improper or illegal acts of the Company, whether potential or existing, in respect of the financial reporting, internal control or otherwise on a confidential basis.

A whistleblower can report through the reporting platform of the Company's website. The disciplinary committee of the Company is responsible for the investigation of all whistleblowing cases reported in good faith. The Board of Directors of the Company will decide any further actions (if necessary) based on the investigation findings of the disciplinary committee.

The identity of the whistleblower and all concerns or irregularities raised will be considered as confidential information, and the Company is committed to ensure the whistleblower shall not be harmed or unfairly treated as well as the confidentiality of the whole reporting process.

Anti-corruption Policy

The Company issued the "Implementation Measures for the Supervision and Management of Handling of Complaints, Reports and Cases by the Disciplinary Inspection Organisations", to strictly supervise and manage the handling of complaints, reports and cases pursuant to rules, disciplines and laws. Disciplinary inspection organisations have been established in the headquarter and each level of enterprises of the Company to handle any complaints and reports on anti-corruption. Disciplinary inspection organisations at each level had records to keep track of the handling of any clues of complaints and reported issues, and handled each issue and clue strictly in accordance with the relevant regulations. The approval procedures in respect of handling of any complaints and reports have been strictly followed, and the relevant staff are required to strictly comply with the confidentiality requirements to protect the privacy and safety of whistleblowers, and those who conceal the clues or leak any secrets will be held responsible.

Accountability of the Directors in Relation to Financial Statements

The directors of the Company are responsible for overseeing the preparation of financial statements. In preparing the financial statements for the year ended 31 December 2023, the directors of the Company have selected and applied appropriate accounting policies and made prudent and reasonable judgment and estimation so as to give a true and fair view of the financial position, results and cash flow of the Group for that financial year.

Board Independence

In order to ensure that independent views and input of the independent non-executive directors are made available to the Board, the Board is committed to assess the directors' independence annually with regards to all relevant factors related to the independent non-executive directors including the following:

- required character, integrity, expertise, experience and stability to fulfill their roles;
- time commitment and attention to the Company's affairs;
- firm commitment to their independent roles and to the Board;
- declaration of conflict of interest in their roles as independent non-executive directors;
- no involvement in the daily management of the Company nor in any relationship or circumstances which would affect the exercise of their independent judgement; and
- the Chairman meets with the independent non-executive directors regularly without the presence of the executive directors.

All directors are entitled to seek advice from the company secretary as well as from independent professional advisors at the Company's expenses.

The statement of the auditors of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditor's Report on pages 101 to 108 of this annual report.

REPORT ON CORPORATE GOVERNANCE PRACTICES

Investors Relations

In 2023, the Company continued to deepen and improve the concept system of "major investment relations" and "three-dimensional investment relations". The Company strengthened communication and exchange in an all-round way, and continued to enrich the forms of communication with investors based on the characteristics of investor types and key concerns. During the year, a total of 6 performance briefings, more than 225 video calls and on-site meetings were held, which fully covered domestic and overseas investors and analysts, especially small and medium-sized investors. The Company answered 461 calls from the investor hotline, responded to 125 investor questions from the SSE E-interaction platform, handled 447 IR emails, and timely summarised and sorted out investors' concerns and demands, further enhancing investors' understanding of the Company's production and operation and their confidence in sustainable development. The Company has established feedback mechanisms such as annual market value management report, share price trend and capital market viewpoint feedback report after the results presentation, monthly shareholders' register analysis report, weekly capital market monitoring report and share price change daily report, so as to give timely feedback to the management on market concerns and relevant policy changes, realise the integration of investor demands and enterprise management, and continuously promote the high-quality development of the Company. The Company was awarded the "Best ESG Practise Case of Chinese Listed Companies 2023" by the China Association for Public Companies and the Listed Companies Association of Beijing; "Best IR Hong Kong Listed Company (A + H Shares)" by New Fortune for five consecutive years, and "Best ESG Practise Award"; The Company was awarded a number of capital market awards such as "China's non-financial listed company ESG TOP50" by the 50 Forum on Corporate Governance.

Report on Market Value Management

In 2023, the Board of Directors and the Strategy Committee of the Board of Directors of the Company continued to give full play to their market value management responsibilities, fully listened to the report on the annual market value management, thoroughly discussed the current industry and the regulatory environment of the capital market faced by the Company, put forward market value management opinions and suggestions for the next year, and urged the management to decompose and implement the opinions and suggestions. Simultaneously, taking the opportunity of the special activities of SASAC to improve the quality of listed companies controlled by central enterprises, the Company further optimised the work measures to improve the quality of listed companies by holding market value enhancement and quality improvement work promotion meetings of listed companies, holding special training on improving the quality of listed companies, organising seminars on securities affairs of listed companies, and carrying out analysis on valuation issues of listed companies, and improved the performance appraisal system of listed companies controlled by the Company on the basis of China Railway's practise of integrating the change rate of weighted share price into the performance appraisal indicators of the management for many years, especially incorporating indicators such as the change rate of weighted share price, the appraisal results of exchange information disclosure and the factors of value realisation into the business performance appraisal system of listed companies controlled by the Company, so as to promote the implementation of the special work of quality improvement of various listing platforms of China Railway from multiple dimensions such as management concept, value creation, value transmission and value realisation.

Continuous Involvement of Corporate Governance

The Company will continue to closely study the development of corporate governance practices by the world's leading corporations and the requirements of the investors. We will also review and strengthen our corporate governance procedures and practices on a regular basis so as to ensure the long-term sustainable development of the Company.

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of China Railway Group Limited
(incorporated in the People's Republic of China with limited liability)

Opinion

What we have audited

The consolidated financial statements of China Railway Group Limited (the "Company") and its subsidiaries (the "Group"), which are set out on pages 109 to 281, comprise:

- the consolidated balance sheet as at 31 December 2023;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Key Audit Matters

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

Key audit matters identified in our audit are summarised as follows:
- Revenue and cost recognition from infrastructure construction contracts
- Expected credit losses of trade receivables and contract assets

Key Audit Matters (Continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
Revenue and cost recognition from infrastructure construction contracts	
Refer to Note 2.30(a), Note 4(b)(i) and Note 5 to the consolidated financial statements. For the year ended 31 December 2023, the revenue and the cost of sales and services from infrastructure construction contracts amounted to RMB1,087,584 million and RMB991,212 million, respectively. The Group's revenue from infrastructure construction contracts is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation, depending on the nature of the contract, is measured mainly by reference to the proportion of contract costs incurred for work performed to date to estimated total contract costs for each contract. Management estimates the total contract revenue and total contract costs at the inception of each contract. As the contract progresses, management regularly reviews and revises the estimates of contract revenue and contract costs if circumstances change, such as variations in contract work, claims and incentive payments. The increases or decreases in estimated total contract revenue or total contract costs resulted in the adjustments to the extent of progress toward completion and revenue recognised in the period in which the circumstances that give rise to the revision becomes known by management.	We performed the following procedures in relation to management's estimates of contract revenue and contract costs: – We obtained an understanding of management's internal control and assessment process of revenue and cost recognition from infrastructure construction contracts, and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors such as complexity, subjectivity, changes and susceptibility to management bias; – We evaluated and tested the key controls over estimates of total contract revenue, preparation and review of total contract costs, budget adjustments and review and other key controls related to revenue and cost recognition from infrastructure construction contracts; – We compared, on a sample basis, the actual total contract revenue and total contract costs of completed projects during the year, against the most updated estimates before completion to assess the reliability of the estimates; – We checked construction costs incurred during the year by tracing to supporting documents, such as purchase agreements, materials receipt notes and labour cost records on a sample basis, and performed cut-off tests on construction costs; – In respect of projects under construction, we performed the following procedures on a sample basis:

Key Audit Matters (Continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
We focused on the revenue and cost recognition from infrastructure construction contracts because the high degree of judgement and estimation of contract revenue and contract costs. Therefore, we identified the recognition of revenue and cost from infrastructure construction contracts as a key audit matter.	(i) Reviewed the terms and conditions of the infrastructure construction contracts, inspected the contract sum, budget information, variation orders, claims and incentive payments, if any, on which the estimated total contract revenue and total contract costs were based, and evaluated the appropriateness of the basis for management's estimation; (ii) Confirmed contract variations, settlement and historical payment records with owners of infrastructure construction projects; (iii) Assessed the reasonableness of the progress toward completion by visiting the selected sites of infrastructure construction projects to observe the progress of the contract work, and discussing with the site project management the extent to completion of the contract work; and (iv) Tested the mathematical accuracy of the progress toward completion and revenue recognised during the year based on estimates of total contract revenue, total contract costs, and actual contract costs incurred. Based on our work, we found the significant judgement and estimates adopted by management in determining the revenue and cost from infrastructure construction contracts are supported by available evidence.

INDEPENDENT AUDITOR'S REPORT

Key Audit Matters (Continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
Expected credit losses of trade receivables and contract assets	
Refer to Note 2.19, Note 2.20, Note 4(b)(ii), Note 32 and Note 33 to the consolidated financial statements. As at 31 December 2023, the carrying amounts of trade receivables and contract assets amounted to RMB156,852 million and RMB476,725 million, respectively, with loss allowances amounted to RMB15,645 million and RMB5,200 million, respectively. Provision for credit loss allowance of trade receivables and contract assets was made based on an assessment of the lifetime expected credit losses. For trade receivables and contract assets which have impaired, the Group assessed individually and provided for credit losses allowance. For other trade receivables and contract assets, given no reasonable and supportable information is available without undue cost for expected credit losses measurement, the trade receivables and contract assets were grouped by reference to the credit risk characteristics and assessed for credit losses allowance through exposure at default and the lifetime expected credit loss rates. When measuring expected credit loss, the Group considers its own credit loss incurred in the past, and adjusts by taking into consideration current conditions and forward looking factors. In assessing forward-looking information, the Group considers factors mainly including macroeconomic indicators, economic scenarios and weights.	We performed the following procedures in relation to management's assessment on the expected credit losses of trade receivables and contract assets: – We obtained an understanding of management's internal control and assessment process of expected credit losses of trade receivables and contract assets, and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors such as complexity, subjectivity, changes and susceptibility to management bias; – We evaluated and tested the key controls in place on management's assessment on the expected credit losses of trade receivables and contract assets; – For trade receivables and contract assets assessed individually, we obtained an understanding of management's assessment of financial position and creditworthiness of customers, historical payment and settlement records and forecasted future economic conditions. On a sample basis, we collaborated management's assessment against available evidence to assess the reasonableness of expected credit loss allowance provided by management.

Key Audit Matters (Continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
We focused on auditing the expected credit losses of trade receivables and contract assets because the judgement and estimation of expected credit losses is subject to high degree of estimation uncertainty. The inherent risk in relation to the expected credit losses of trade receivables and contract assets is considered significant due to the subjectivity of significant assumptions and estimates used. Therefore, we identified the expected credit losses of trade receivables and contract assets as a key audit matter.	– For trade receivables and contract assets assessed collectively by reference to the credit risk characteristics, we assessed the reasonableness of the grouping and the measurement method of the expected credit loss model, and tested, on a sample basis, the accuracy of the grouping, the accuracy and the completeness of the source data in the model and the aging profile of trade receivables and contract assets. We evaluated the basis of determining forward-looking factors made by management, including the reasonableness of management's selection of macroeconomic indicators, economic scenarios and weights, and examined the macroeconomic indicators to publicly available external data sources to analyse the reasonableness of forecasted values. We reviewed the sensitivity analysis performed by management on the forward-looking factors to assess the potential impact on expected credit losses if the relevant key assumptions were to change in a reasonable and probable manner; and recalculated the amount of expected credit losses. – We tested the cash collections of trade receivable and settlement of contract assets subsequent to end of the reporting period on a sample basis. Based on our work, we considered that the significant judgments and estimates made by management in relation to the expected credit losses of trade receivables and contract assets were supportable by the evidence obtained and procedures performed.

Other Information

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors and the Audit and Risk Management Committee for the Consolidated Financial Statements

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

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

The Audit and Risk Management Committee are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

We also provide the Audit and Risk Management Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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

The engagement partner on the audit resulting in this independent auditor's report is NG Tsun.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, March 28 2024

CONSOLIDATED INCOME STATEMENT

		Year ended 31 December	
		2023	2022
	Note	**RMB million**	RMB million
Revenue	*5*	**1,263,412**	1,154,349
Cost of sales and services	*11*	**(1,140,726)**	(1,045,459)
Gross profit		**122,686**	108,890
Other income	*6*	**3,439**	3,716
Other expenses	*6*	**(1,243)**	(1,082)
Net impairment losses on financial assets and contract assets	*7*	**(7,147)**	(3,343)
Other gains, net	*8*	**383**	615
Losses from derecognition of financial assets at amortised cost	*9*	**(5,139)**	(4,520)
Selling and marketing expenses	*11*	**(6,850)**	(6,328)
Administrative expenses	*11*	**(28,958)**	(26,413)
Research and development expenditures	*11*	**(30,000)**	(27,742)
Operating profit		**47,171**	43,793
Finance income	*10*	**8,712**	7,180
Finance costs	*10*	**(11,893)**	(9,578)
Share of post-tax losses of joint ventures	*25*	**(1,075)**	(1,437)
Share of post-tax profits of associates	*25*	**4,666**	4,734
Profit before income tax		**47,581**	44,692
Income tax expense	*13*	**(9,944)**	(9,725)
Profit for the year		**37,637**	34,967
Profit attributable to:			
– Owners of the Company		**33,483**	31,273
– Non-controlling interests		**4,154**	3,694
		37,637	34,967
Earnings per share for profit attributable to owners of the Company (expressed in RMB per share)			
– Basic	*15*	**1.294**	1.198
– Diluted	*15*	**1.292**	1.198

The above consolidated income statement should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Year ended 31 December 2023 RMB million	2022 RMB million
Profit for the year		**37,637**	34,967
Other comprehensive (expenses)/income, net of income tax			
Items that will not be reclassified to profit or loss:			
Remeasurement of retirement and other supplemental benefit obligations		**13**	(12)
Income tax relating to remeasurement of retirement and other supplemental benefit obligations		**(1)**	2
Changes in the fair value of equity investments at fair value through other comprehensive income		**(184)**	93
Income tax relating to changes in the fair value of equity investments at fair value through other comprehensive income		**46**	(20)
		(126)	63
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		**(98)**	158
Share of other comprehensive income of associates		**156**	675
		58	833
Other comprehensive (expenses)/income for the year, net of tax		**(68)**	896
Total comprehensive income for the year		**37,569**	35,863
Total comprehensive income for the year attributable to:			
– Owners of the Company		**33,398**	32,117
– Non-controlling interests		**4,171**	3,746
		37,569	35,863

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED BALANCE SHEET

	Note	As at 31 December 2023 RMB million	2022 RMB million
ASSETS			
Non-current assets			
Property, plant and equipment	*18*	**136,392**	118,250
Right-of-use assets	*19*	**14,240**	14,603
Deposits for acquisition of property, plant and equipment		**872**	1,918
Investment properties	*21*	**17,082**	15,224
Intangible assets	*22*	**183,484**	155,137
Mining assets	*23*	**3,206**	3,376
Contract assets	*33*	**242,534**	203,132
Investments in joint ventures	*25*	**60,322**	55,122
Investments in associates	*25*	**63,305**	54,611
Goodwill	*27*	**1,676**	1,771
Financial assets at fair value through other comprehensive income	*28*	**18,267**	14,945
Other financial assets at amortised cost	*29*	**26,277**	19,139
Financial assets at fair value through profit or loss	*34*	**18,929**	13,543
Deferred tax assets	*45*	**13,166**	12,225
Other prepayments		**645**	1,065
Trade and other receivables	*32*	**23,198**	30,508
		823,595	714,569
Current assets			
Properties held for sale	*30*	**54,613**	56,979
Properties under development for sale	*30*	**107,595**	101,694
Inventories	*31*	**57,153**	49,198
Financial assets at fair value through other comprehensive income	*28*	**1,078**	766
Trade and other receivables	*32*	**293,750**	252,672
Contract assets	*33*	**234,191**	169,735
Current income tax recoverable		**4,611**	3,849
Other financial assets at amortised cost	*29*	**8,487**	14,777
Financial assets at fair value through profit or loss	*34*	**9,015**	10,312
Restricted cash and term deposit with maturity over three months	*35*	**38,363**	33,597
Cash and cash equivalents	*36*	**196,150**	204,987
Assets classified as held for sale	*20*	**689**	–
		1,005,695	898,566
Total assets		**1,829,290**	1,613,135

CONSOLIDATED BALANCE SHEET

	Note	As at 31 December 2023 RMB million	2022 RMB million
EQUITY			
Equity attributable to owners of the Company			
Share capital	*37*	**24,752**	24,752
Shares held for 2021 Restricted Share Incentive Scheme	*38*	**(576)**	(612)
Share premium and reserves	*39*	**258,498**	231,296
Perpetual notes	*40*	**49,712**	45,621
		332,386	301,057
Non-controlling interests		**127,368**	121,812
Total equity		**459,754**	422,869
LIABILITIES			
Non-current liabilities			
Trade and other payables	*41*	**33,803**	26,288
Borrowings	*42*	**316,647**	282,508
Lease liabilities	*19*	**1,135**	1,139
Retirement and other supplemental benefit obligations	*43*	**1,787**	2,050
Provisions	*44*	**1,061**	578
Deferred government grants and income		**968**	1,152
Deferred tax liabilities	*45*	**3,494**	3,176
		358,895	316,891
Current liabilities			
Trade and other payables	*41*	**750,610**	617,305
Contract liabilities	*33*	**135,708**	136,937
Current income tax liabilities		**9,435**	8,663
Borrowings	*42*	**113,316**	109,734
Lease liabilities	*19*	**1,009**	343
Retirement and other supplemental benefit obligations	*43*	**262**	275
Financial liabilities at fair value through profit or loss	*34*	**292**	96
Provisions	*44*	**9**	22
		1,010,641	873,375
Total liabilities		**1,369,536**	1,190,266
Total equity and liabilities		**1,829,290**	1,613,135

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

The financial statements on pages 109 to 281 were approved by the Board of Directors on 28 March 2024 and were signed on its behalf.

Director	*Director*
Chen Yun	**Chen Wenjian**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Note	Share capital	Share premium	Shares held for 2021 Restricted Share Incentive Scheme (Note 38)	Capital reserve	Statutory reserve (Note 39)	Foreign currency translation reserve	Investment revaluation reserve	Retained earnings	Perpetual notes (Note 40)	Total	Non-controlling interests	Total
		Attributable to owners of the Company											
		RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million
Balance at 1 January 2023		24,752	52,615	(612)	3,431	19,827	(849)	678	155,594	45,621	301,057	121,812	422,869
Profit for the year		–	–	–	–	–	–	–	31,822	1,661	33,483	4,154	37,637
Other comprehensive income/ (expenses)		–	–	–	12	–	(109)	12	–	–	(85)	17	(68)
Total comprehensive income/ (expenses) for the year		–	–	–	12	–	(109)	12	31,822	1,661	33,398	4,171	37,569
Total transactions with owners, recognised directly in equity													
Amount recorded in shareholders' equity arising from 2021 Restricted Share Incentive Scheme	38	–	–	–	149	–	–	–	–	–	149	4	153
Capital contributions from non-controlling shareholders of subsidiaries		–	–	–	–	–	–	–	–	–	–	4,716	4,716
Transaction with non-controlling interests resulting from acquisition of equity interests of certain subsidiaries		–	38	–	(25)	–	–	–	–	–	13	67	80
Acquisition of subsidiaries		–	–	–	–	–	–	–	–	–	–	(83)	(83)
Disposal of subsidiaries		–	–	–	–	–	–	–	–	–	–	(207)	(207)
Transfer of fair value gains of equity investment in other comprehensive income upon disposal		–	–	–	(2)	–	–	–	277	–	275	–	275
Issuance of perpetual notes	40	–	(6)	–	–	–	–	–	–	29,900	29,894	3,149	33,043
Redemption of perpetual notes	40	–	(16)	–	–	–	–	–	–	(25,884)	(25,900)	(3,199)	(29,099)
Dividends declared to shareholders	16	–	–	36	–	–	–	–	(4,950)	–	(4,914)	–	(4,914)
Dividends declared to non-controlling shareholders of subsidiaries		–	–	–	–	–	–	–	–	–	–	(2,170)	(2,170)
Dividends declared to perpetual notes holders	40	–	–	–	–	–	–	–	–	(1,586)	(1,586)	(892)	(2,478)
Transferred to reserves		–	–	–	–	1,574	–	–	(1,574)	–	–	–	–
Balance at 31 December 2023		24,752	52,631	(576)	3,565	21,401	(958)	690	181,169	49,712	332,386	127,368	459,754

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

		Attributable to owners of the Company											
		Share capital	Share premium	Shares held for 2021 Restricted Share Incentive Scheme (Note 38)	Capital reserve	Statutory reserve (Note 39)	Foreign currency translation reserve	Investment revaluation reserve	Retained earnings	Perpetual notes (Note 40)	Total	Non-controlling interests	Total
	Note	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million
Balance at 31 December 2021		24,571	51,930	–	3,222	16,664	(935)	(88)	134,134	45,624	275,122	83,072	358,194
Change in accounting policy	*2.1(c)*	–	–	–	–	–	–	–	(22)	–	(22)	(14)	(36)
Restated total equity at 1 January 2022		24,571	51,930	–	3,222	16,664	(935)	(88)	134,112	45,624	275,100	83,058	358,158
Profit for the year		–	–	–	–	–	–	–	29,474	1,799	31,273	3,694	34,967
Other comprehensive (expenses)/income		–	–	–	(8)	–	86	766	–	–	844	52	896
Total comprehensive (expenses)/ income for the year		–	–	–	(8)	–	86	766	29,474	1,799	32,117	3,746	35,863
Total transactions with owners, recognised directly in equity													
Issuance of shares for 2021 Restricted Share Incentive Scheme	*38*	183	467	(650)	–	–	–	–	–	–	–	–	–
Repurchase and cancel unlocked restricted stock	*38*	(2)	(3)	5	–	–	–	–	–	–	–	–	–
Amount recorded in shareholders' equity arising from 2021 Restricted Share Incentive Scheme	*38*	–	–	–	139	–	–	–	–	–	139	3	142
Capital contributions from non-controlling shareholders of subsidiaries		–	–	–	–	–	–	–	–	–	–	21,519	21,519
Transaction with non-controlling interests resulting from acquisition of equity interests of certain subsidiaries		–	224	–	78	–	–	–	–	–	302	1,550	1,852
Acquisition of subsidiaries		–	–	–	–	–	–	–	–	–	–	17,362	17,362
Disposal of subsidiaries		–	–	–	–	–	–	–	–	–	–	(259)	(259)
Transfer of fair value gains of equity investment in other comprehensive income upon disposal		–	–	–	–	–	–	–	20	–	20	–	20
Issuance of perpetual notes	*40*	–	–	–	–	–	–	–	–	8,394	8,394	5,796	14,190
Redemption of perpetual notes	*40*	–	(3)	–	–	–	–	–	–	(8,397)	(8,400)	(8,604)	(17,004)
Dividends declared to shareholders	*16*	–	–	33	–	–	–	–	(4,849)	–	(4,816)	–	(4,816)
Dividends declared to non-controlling shareholders of subsidiaries		–	–	–	–	–	–	–	–	–	–	(1,209)	(1,209)
Dividends declared to perpetual notes holders	*40*	–	–	–	–	–	–	–	–	(1,799)	(1,799)	(1,150)	(2,949)
Transferred to reserves		–	–	–	–	3,163	–	–	(3,163)	–	–	–	–
Balance at 31 December 2022		24,752	52,615	(612)	3,431	19,827	(849)	678	155,594	45,621	301,057	121,812	422,869

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

		Year ended 31 December	
		2023	2022
		RMB million	RMB million
Cash flows from operating activities			
Cash generated from operations	*46*	**48,106**	52,435
Income tax paid		**(9,742)**	(8,883)
Net cash generated from operating activities		**38,364**	43,552
Cash flows from investing activities			
– Payments for property, plant and equipment		**(25,917)**	(23,521)
– Proceeds from disposal of property, plant and equipment		**1,033**	2,340
– Payments for lease prepayments		**58**	(360)
– Proceeds from disposal of lease prepayments		**–**	187
– Payments for investment properties		**(1,068)**	(747)
– Proceeds from disposal of investment properties		**378**	13
– Payments for intangible assets		**(30,975)**	(37,673)
– Proceeds from disposal of intangible assets		**(27)**	24
– Payments for mining assets		**–**	(6)
– Payments for acquisition of subsidiaries, net of cash acquired		**(1,322)**	(739)
– Net proceeds from disposal of subsidiaries		**793**	(5)
– Payments for investments in associates		**(9,437)**	(10,038)
– Payments for investments in joint ventures		**(6,406)**	(6,838)
– Proceeds from disposal of associates		**2,399**	681
– Proceeds from disposal of joint ventures		**194**	105
– Payments for financial assets at fair value through profit or loss		**(13,946)**	(15,217)
– Proceeds from disposal of financial assets at fair value through profit or loss		**12,004**	10,025
– Payments for financial assets at fair value through other comprehensive income		**(3,544)**	(2,915)
– Proceeds from disposal of financial assets at fair value through other comprehensive income		**629**	246
– Net flow in respect of other financial assets at amortised cost		**(1,836)**	(785)
– Interests received		**909**	749
– Dividends received		**1,980**	1,402
– Decrease of term deposits with initial term of over three months		**1,070**	1,063
– Increase of term deposits with initial term of over three months		**(1,897)**	(1,979)
– Other investing cash flows		**288**	(400)
Net cash used in investing activities		**(74,640)**	(84,388)

CONSOLIDATED STATEMENT OF CASH FLOWS

	Year ended 31 December	
	2023	2022
	RMB million	RMB million
Cash flows from financing activities		
– Capital contributions from non-controlling shareholders of subsidiaries	**9,184**	20,711
– Issuance of shares for 2021 Restricted Share Incentive Scheme	**–**	650
– Transaction with non-controlling interests resulting from acquisition of equity interests of certain subsidiaries	**(4,412)**	(701)
– Proceeds from debentures	**8,669**	13,150
– Repayment of debentures	**(12,971)**	(15,872)
– Proceeds from issuance of perpetual notes	**29,894**	8,394
– Redemption of perpetual notes	**(25,900)**	(8,400)
– Proceeds from bank borrowings	**202,499**	212,713
– Repayments of bank borrowings	**(161,439)**	(119,143)
– Proceeds from other borrowings	**15,174**	6,843
– Repayment of other borrowings	**(7,049)**	(1,331)
– Interests paid	**(16,455)**	(14,172)
– Dividends paid to non-controlling shareholders of subsidiaries	**(2,660)**	(1,209)
– Dividends paid to owners of the Company	**(4,950)**	(4,849)
– Dividends paid to holders of perpetual notes	**(1,737)**	(2,949)
– Repayments of lease liabilities	**(1,839)**	(734)
– Other financing cash flows	**1,123**	3,264
Net cash generate from financing activities	**27,131**	96,365
Net (decrease)/increase in cash and cash equivalents	**(9,145)**	55,529
Cash and cash equivalents at beginning of the year	**204,987**	148,116
Effect of foreign exchange rate changes	**308**	1,342
Cash and cash equivalents at end of the year	**196,150**	204,987

The above consolidated statement of cash flow should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. General information

China Railway Group Limited (the "Company") was established in the People's Republic of China (the "PRC") on 12 September 2007 as a joint stock company with limited liability, as part of the group reorganisation ("Reorganisation") of China Railway Engineering Group Company Limited ("CREC") in preparation for the listing of the Company's A shares on Shanghai Stock Exchange and H shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "HKSE").

The address of the Company's registered office is 918, Block 1, No.128 South 4th Ring Road West, Fengtai District, Beijing, the PRC. The Company's ultimate holding company is CREC, established in the PRC.

The Company and its subsidiaries (together, the "Group") are principally engaged in infrastructure construction, survey, design and consulting services, engineering equipment and component manufacturing, property development, mining and merchandise trading, financial trust management, comprehensive financial services and insurance agent.

These consolidated financial statements are presented in Renminbi ("RMB"), unless otherwise stated.

These consolidated financial statements have been approved for issue by the Board of Directors (the "Directors") on 28 March 2024.

2. Summary of material accounting policies

The material accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations issued by the IFRS Interpretations Committee ("IFRS IC") applicable to companies reporting under IFRS.

The consolidated financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities (including derivative instruments) measured at fair value.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

2. Summary of material accounting policies (Continued)

2.1 Basis of preparation (Continued)

(a) Amended standards adopted by the Group

The following amended standards have been adopted by the Group for the first time for the financial year beginning on 1 January 2023.

	Effective for accounting periods beginning on or after
IFRS 17 Insurance Contracts	1 January 2023 (deferred from 1 January 2021)
Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12 (Note 2.1(c))	1 January 2023
Definition of Accounting Estimates – Amendments to IAS 8	1 January 2023
Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2 (Note 2.1(d))	1 January 2023

Except for the new standards as described in Note 2.1(c) and Note 2.1(d), the adoption of above did not have any material impact on the Group's results for the year ended 31 December 2023 and the Group's financial position as at 31 December 2023 or result in any significant changes in the Group's accounting policies.

2. Summary of material accounting policies (Continued)

2.1 Basis of preparation (Continued)

(b) New and amended standards not yet adopted by the Group

The following new standards and amendments to standards are effective for annual periods beginning after 1 January 2023, and have not been applied in preparing the consolidated financial statements.

	Effective for accounting periods beginning on or after
Classification of Liabilities as Current or Non-current – Amendments to IAS 1	1 January 2024
Non-current liabilities with covenants – Amendments to IAS 1	1 January 2024
Lease Liability in a Sale and Leaseback – Amendments to IFRS 16	1 January 2024
Supplier finance arrangements – Amendments to IAS 7 and IFRS 7	1 January 2024
Lack of Exchangeability – Amendments to IAS 21	1 January 2025
Sale or contribution of assets between an investor and its associate or joint venture – Amendments to IFRS 10 and IAS 28	to be determined

The adoption of above new and amended standards will have no material impact on the Group's results and financial position. The relevant new disclosures relating to "Supplier finance arrangements – Amendments to IAS 7 and IFRS 7" are still under assessment.

(c) Changes in accounting policies

The amendments to IAS 12 Income Taxes require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. In preparing the financial statements for the year ended 31 December 2023, the Group have chosen to adopt the accounting treatment provision, and adopted the retrospective adjustment method to adjust the opening balance of retained earnings in 2022 and other relevant line items in the financial statements. The comparatives for the year ended 31 December 2022 were restated, and the impacts are as follows:

2. Summary of material accounting policies (Continued)

2.1 Basis of preparation (Continued)

(c) Changes in accounting policies (Continued)

Accounting treatment of exemption from the initial recognition exemption of deferred income tax related to assets and liabilities arising from single transactions.

The nature and the reasons of the changes in accounting policies	The line items affected	The amounts affected As at 1 January 2022 RMB million
Deferred tax liabilities and deferred tax assets are recognised by the Group for the equal taxable temporary differences and deductible temporary differences arising from lease transactions for which a lease liability is initially recognised and included in right-of-use assets at the lease commencement date.	Deferred tax assets	104
	Deferred tax liabilities	140
	Share premium and reserves	(22)
	Non-controlling interests	(14)
		As at 31 December 2022 RMB million
	Deferred tax assets	116
	Deferred tax liabilities	157
	Share premium and reserves	(25)
	Non-controlling interests	(16)
		For the year ended 31 December 2022 RMB million
	Income tax expense	5
	Profit for the period	(5)
	Profit attributable to:	
	– Owners of the Company	(3)
	– Non-controlling interests	(2)

2. Summary of material accounting policies (Continued)

2.1 Basis of preparation (Continued)

(d) Impact on adoption of Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2 (the "Amendments")

The Amendments require companies to disclose accounting policy information that is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The Group has adopted the Amendments in 2023 for the first time.

The adoption of the Amendments has no impact on the Group's results for the year ended 31 December 2023 and the Group's financial position as at 31 December 2023, but has affected the disclosure of the Group's accounting policies set out in Note 2 to the consolidated financial statements.

2.2 Principles of consolidation and equity accounting

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statement, statement of comprehensive income, statement of changes in equity and balance sheet respectively.

2. Summary of material accounting policies (Continued)

2.2 Principles of consolidation and equity accounting (Continued)

(b) Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting (see (d) below), after initially being recognised at cost.

In the Company's balance sheet, the investments in associates are stated at cost less provision for impairment losses. The results of associates are accounted for by the Company on the basis of dividends received and receivable.

(c) Joint arrangements

Under IFRS 11 Joint Arrangements, investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Group has both joint operations and joint ventures.

Joint operations

The Group recognises its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. These have been incorporated in the financial statements under the appropriate headings. Details of the joint operations are set out in Note 26.

Joint ventures

Interests in joint ventures are accounted for using the equity method (see (d) below), after initially being recognised at cost in the consolidated balance sheet.

In the Company's balance sheet, investments in joint ventures are stated at cost less provision for impairment losses. The results of joint ventures are accounted for by the Company on the basis of dividends received and receivable.

(d) Equity accounting

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

2. Summary of material accounting policies (Continued)

2.2 Principles of consolidation and equity accounting (Continued)

(d) Equity accounting (Continued)

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 2.13.

(e) Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Company.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

2. Summary of material accounting policies (Continued)

2.3 Business combinations

The acquisition method of accounting is used to account for the acquisitions of subsidiaries of the Group, except for those acquisitions which are considered as a business combination under common control in a manner similar to pooling-of-interests and with reference to the principles of merger accounting under Hong Kong Accounting Guideline 5 "Merger Accounting for Common Control Combinations".

Merger accounting for common control combinations

The consolidated financial statements incorporate the financial statements of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the ultimate controlling party.

The net assets of the combining entities or businesses are combined using the existing book values from the ultimate controlling parties' perspective. No amount is recognised in consideration for goodwill or excess of acquirers' interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the ultimate controlling party's interest.

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

The comparative amounts in the consolidated financial statements are presented as if the entities or businesses had been combined at the previous end of the reporting period or when they first came under common control, whichever is shorter.

Transaction costs, including professional fees, registration fees, costs of furnishing information to shareholders, costs incurred in combining operations of the previously separate businesses, etc., incurred in relation to the common control combination that is to be accounted for by using merger accounting is recognised as an expense in the year in which it is incurred.

Acquisition method of accounting for non-common control combinations

The Group applies the acquisition method to account for non-common control business combinations. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the Group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

2. Summary of material accounting policies (Continued)

2.3 Business combinations (Continued)

Acquisition method of accounting for non-common control combinations (Continued)

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the
- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

2.4 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2. Summary of material accounting policies (Continued)

2.5 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Directors, who is the chief operating decision-maker. The Directors are responsible for allocating resources and assessing performance of the operating segments, and making strategic decisions.

2.6 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in RMB, which is the Company's functional and the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

Foreign exchange gains and losses are presented in the consolidated income statement within "Other gains, net".

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as at fair value through other comprehensive income are included in other comprehensive income.

2. Summary of material accounting policies (Continued)

2.6 Foreign currency translation (Continued)

(c) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(iii) all resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Currency translation differences arising are recognised in other comprehensive income.

(d) Disposal of foreign operation and partial disposal

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a joint venture that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the currency translation differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated currency translation differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (that is, reductions in the Group's ownership interest in associates or joint ventures that do not result in the Group losing significant influence or joint control) the proportionate share of the accumulated exchange difference is reclassified to profit or loss.

2. Summary of material accounting policies (Continued)

2.7 Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the consolidated income statement during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method and the units of production method to allocate their cost to their residual values over their estimated useful lives, as follows:

– Buildings	15-50 years
– Infrastructure construction equipment	8-15 years
	Units of production method
– Transportation equipment	4-12 years
– Manufacturing equipment	5-18 years
– Testing equipment and instruments	5-10 years
– Other equipment	3-10 years

Construction-in-progress represents buildings, machinery and equipment under construction or pending installation and is stated at cost less accumulated impairment losses, if any. Costs include construction and acquisition costs, and interest charges arising from borrowings used to finance the assets during the construction period. No provision for depreciation is made on construction-in-progress until such time as the relevant assets are completed and available for use. When the assets concerned become available for use, the costs are transferred to appropriate category of property, plant and equipment and depreciated in accordance with the policy as stated above.

2. Summary of material accounting policies (Continued)

2.7 Property, plant and equipment (Continued)

The assets' residual values, useful lives and expected output are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "Other gains, net" in the consolidated income statement.

2.8 Investment properties

Investment properties are interests in land and buildings held to earn rental income and/or for capital appreciation, rather than for internal use purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at historical cost less accumulated depreciation and accumulated impairment losses, if any.

Depreciation is calculated using the straight-line method to write off the cost less accumulated impairment loss of the asset over its estimated useful life.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "Other gains, net" in the consolidated income statement.

2.9 Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset, but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset is recognised at the date of derecognition.

Non-current assets are not depreciated or amortised while they are classified as held for sale.

2. Summary of material accounting policies (Continued)

2.10 Intangible assets

(a) Service concession arrangements

The Group is engaged in certain service concession arrangements in which the Group carries out construction work (e.g. toll highways and others) in exchange for a right for the Group to operate the asset concerned in accordance with pre-established conditions set by the granting authority. In accordance with the IFRIC Interpretation 12 Service Concession Arrangement (IFRIC 12), the assets under the concession arrangements may be classified as intangible assets or financial assets. The assets are classified as intangibles if the operator receives a right (a license) to charge users of the public service or as financial assets if the operator has an unconditional contractual right to receive cash or another financial asset from or at the direction of the grantor for the construction services. The Group classifies the non-current assets linked to the long-term investment as ''service concession arrangements'' within intangible assets on the balance sheet if the intangible asset model is adopted. Such concession assets represented the consideration received for its construction service rendered (Note 2.30(e)). Once the underlying infrastructure of the concession arrangements is completed, the concession assets are amortised over the expected useful lives or the term of the concession, whichever is shorter, using traffic flow method or straight-line method under the intangible asset model.

(b) Patent and non-patented technologies

Separately acquired patent and non-patented technologies are shown at historical cost. Patent and non-patented technologies acquired in a business combination are recognised at fair value at the acquisition date. Patent and non-patented technologies have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method to allocate the cost over their estimated useful lives of 2 to 10 years.

(c) Computer software

Acquired computer software license costs recognised as assets are amortised over their estimated useful lives of 2 to 10 years.

2. Summary of material accounting policies (Continued)

2.11 Mining assets

(a) Exploration and evaluation assets

Exploration and evaluation assets are recognised at cost on initial recognition. Subsequent to initial recognition, exploration and evaluation assets are stated at cost less any identified impairment loss.

Exploration and evaluation assets include the cost of exploration rights and the expenditures incurred in the search for mineral resources as well as the determination of the technical feasibility and commercial viability of extracting those resources. Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. An impairment loss is recognised in profit and loss.

When the technical feasibility and commercial viability of extracting a mineral resource become demonstrable and the mining rights are obtained, any previously recognised exploration and evaluation assets are reclassified as mining rights or property, plant and equipment, as appropriate. Exploration and evaluation assets are assessed for impairment and any impairment loss is recognised before reclassification.

(b) Mining rights

Mining rights acquired separately are initially measured at cost. Mining rights are reclassified from exploration and evaluation assets at the carrying amount when the technical feasibility and commercial viability of extracting mineral resources are demonstrable. Mining rights with finite useful lives are carried at costs less accumulated amortisation and any identified impairment loss. Amortisation for mining rights with finite useful lives is provided using the unit of production method based on the actual production volume over the estimated total proved and probable reserves of the ores mines.

2.12 Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identified net assets acquired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the individual acquisition group level within respective operation segment.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

2. Summary of material accounting policies (Continued)

2.13 Impairment of non-financial assets

Assets that have an indefinite useful life, for example, goodwill, or exploration and evaluation assets, are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is 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 of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.14 Investments and other financial assets

2.14.1 Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and

- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income ("FVOCI").

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

2. Summary of material accounting policies (Continued)

2.14 Investments and other financial assets (Continued)

2.14.2 Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

2.14.3 Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in "Other gains, net", together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and recognised in "Other gains, net". Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in "Other gains, net" and impairment expenses are presented as separate line item in the statement of profit or loss.

2. Summary of material accounting policies (Continued)

2.14 Investments and other financial assets (Continued)

2.14.3 Measurement (Continued)

Debt instruments (Continued)

- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within "Other gains, net" in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in "Other gains, net" in the consolidated income statement as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

2.14.4 Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade and bills receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see Note 32 for further details.

2.15 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when the Group currently has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The Group has also entered into arrangements that do not meet the criteria for offsetting but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or the termination of a contract.

2. Summary of material accounting policies (Continued)

2.16 Financial Guarantee Contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of:

- the amount determined in accordance with the expected credit loss model under IFRS 9 Financial Instruments and

- the amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the principles of IFRS 15 Revenue from Contracts with Customers.

The fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Where guarantees in relation to loans or other payables of associates and joint ventures are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

2.17 Inventories

Inventories comprise raw materials and consumables, work in progress and finished goods. Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in-first-out, weighted average or specific identification method for inventories with a different nature or use. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

2.18 Properties held for sale/properties under development for sale

Properties held for sale and under development for sale are stated at the lower of cost and net realisable value. Development cost of properties comprises cost of land use rights, construction costs and borrowing costs eligible for capitalisation incurred during the construction period. Upon completion, the properties are transferred to completed properties held for sale. Net realisable value takes into account the price ultimately expected to be realised, less applicable variable selling expenses and the anticipated costs to completion. Properties held for sale and under development for sale are classified as current assets unless the construction period of the relevant property development project is expected to complete beyond normal operating cycle.

2. Summary of material accounting policies (Continued)

2.19 Trade receivables

Trade receivables are amounts due from customers for services performed or products sold in the ordinary course of business. If collection of trade receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. See Note 32 for further information about the Group's accounting for trade receivables and a description of the Group's impairment policies.

2.20 Contract assets and liabilities

A contract asset is the Group's right to consideration in exchange for goods or services that the Group has transferred to the customer. A contract asset becomes a receivable when the Group's right to consideration is unconditional, which is the case when only the passage of time is required before payment of the consideration is due.

The Group applied the simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for contract assets, see Note 33 for further details.

A contract liability is the Group's obligation to transfer, or to stand ready to transfer goods or services to the customer that the Group has received consideration or the amount is due from the customer. The Group derecognised a contract liability when the Group transfers goods or services and, therefore satisfies performance obligation.

Contract in the financial statements is presented as a contract asset or a contract liability, depending on the relationship between the Group's performance and the customer's payment.

2.21 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

2. Summary of material accounting policies (Continued)

2.22 Financial instruments classified as equity

Financial instruments issued by the Group are classified as equity instruments when all the following conditions have been met:

(i) The financial instruments have no contracted obligation to pay cash or other financial assets to others, nor to exchange financial assets or liabilities with others under potential unfavorable circumstance;

(ii) The financial instruments will or may be settled in the Group's own equity instruments: if the financial instrument is non-derivative, it should not have the contractual obligation to be settled by the Group delivering a variable number of its own equity instruments; if the financial instrument is derivative, it should solely be settled by the Group delivering a fixed number of its own equity instruments in exchange for a fixed amount of cash or other financial assets.

Financial instruments classified as equity instruments are recognised initially at fair value, net of transaction costs incurred.

2.23 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.24 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the consolidated income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

2. Summary of material accounting policies (Continued)

2.24 Borrowings (Continued)

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as finance costs.

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

2.25 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for its intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.26 Current and deferred income tax

The income tax expense for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. Income tax is recognised in the consolidated income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the income tax is also recognised in other comprehensive income or directly in equity, respectively.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries, joint ventures and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

2. Summary of material accounting policies (Continued)

2.26 Current and deferred income tax (Continued)

(b) Deferred income tax

Inside basis differences

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Outside basis differences

Deferred income tax is provided on temporary differences arising from investments in subsidiaries, associates and joint ventures, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint ventures only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

(c) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2. Summary of material accounting policies (Continued)

2.27 Employee benefits

The Group operates various post-employment schemes, including both defined benefit and defined contribution pension plans and post-employment medical plans.

(a) Pension obligations

For defined contribution plans, the full-time employees of the Group in the Mainland China are covered by the government-sponsored state-managed retirement plans under which the employees are entitled to a monthly pension based on certain formula. The relevant government agencies are responsible for the pension liability to these retired employees. The Group pays contributions to these pension plans monthly, on a mandatory or contractual basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense as incurred.

The Group also provides supplementary pension subsidies to certain qualified retired employees in Mainland China. Such supplementary pension subsidies are considered as defined benefit plans. The cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. The present value of the defined benefit plans is determined by discounting the estimated future cash outflows using interest rates of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension obligation. Remeasurement, comprising actuarial gains and losses is reflected immediately in the consolidated balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement.

The Group presents the first two components of defined benefit costs in profit or loss. Curtailment gains and losses are accounted for as past service costs.

In addition, the Group participates in various defined contribution retirement schemes for its qualified employees in certain countries or jurisdictions outside Mainland China. Employees' and employers' contributions are calculated based on various percentages of employees' gross salaries of fixed sums and length of service.

2. Summary of material accounting policies (Continued)

2.27 Employee benefits (Continued)

(b) Other post-employment obligations

The Group provides post-retirement healthcare benefits to certain qualified retired employees. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit pension plans. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. These obligations are valued semiannually by independent qualified actuaries.

(c) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognise costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

(d) Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another IFRS requires or permits the inclusion of the benefits in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

(e) Housing funds

All full-time employees of the Group in Mainland China are entitled to participate in various government-sponsored housing funds. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees. The Group's liability in respect of these funds is limited to the contributions payable in each period.

2. Summary of material accounting policies (Continued)

2.28 Provisions

Provisions are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditures required to settle the present obligation at the end of the reporting period using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.29 Government grants

Grants from the government are recognised where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the consolidated income statement over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to property, plant and equipment and intangible assets are included in non-current liabilities as deferred government grants and are credited to the consolidated income statement on a straight-line basis over the expected lives of the related assets.

2.30 Revenue recognition

Revenue is measured at the transaction price agreed under the contract. Revenue is shown, net of discounts and after eliminating sales within the Group. The Group considers the effects of variable consideration, constraining estimates of variable consideration, the existence of a significant financing component in the contract, non-cash consideration and consideration payable to a customer to determine the transaction price.

Revenues are recognised when or as the control of the asset is transferred to the customer and when specific criteria have been met for each of the Group's activities, as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

2. Summary of material accounting policies (Continued)

2.30 Revenue recognition (Continued)

(a) Revenue from infrastructure construction contracts and bridge steel structure manufacturing and installation services

Revenue from infrastructure construction contracts and bridge steel structure manufacturing and installation services is recognised when or as the constructions projects and bridge steel structure products and related installation services are transferred to the customer. Depending on the terms of the contracts and the laws that are applicable to the contracts, control of the construction projects and bridge steel structure products and related installation services may transfer over time or at a point in time. If the construction projects and the bridge steel structure manufacturing and installation services have no alternative use to the Group contractually and the Group has an enforceable right to payment from the customers for performance completed to date, the Group satisfies the performance obligation over time, and therefore, recognises revenue over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. The progress towards complete satisfaction of the performance obligation, in an amount that reflects the consideration expected to be entitled and, depending on the nature of the contract, is measured mainly by reference to (a) the proportion of contract costs incurred for work performed to date to estimated total contract costs for each contract; (b) the amount of work certified by site engineers; or (c) completion of physical proportion of the contract work.

(b) Services rendered

Revenue for services rendered including surveying, design, consulting, research and development, feasibility study, compliance certification services with respect to infrastructure projects, is recognised over the period of services are rendered by the progress towards complete satisfaction of that performance obligation measured by reference to (a) the proportion of contract costs incurred for work performed to date to estimated total contract costs for each contract; (b) stage of completion of the specific transactions and when it is probable that the economic benefits associated with the transaction will flow to the entity.

For (a) and (b) above, estimates of revenue, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

The excess of cumulative revenue recognised in profit or loss over the cumulative billings to customers is recognised as contract assets. The excess of cumulative billings to customers over the cumulative revenue recognised in profit or loss is recognised as contract liabilities.

2. Summary of material accounting policies (Continued)

2.30 Revenue recognition (Continued)

(c) Revenue from properties development

Revenue from sale of properties is recognised when control over the property has been transferred to the customer. The properties have generally no alternative use for the Group due to contractual restrictions. However, an enforceable right to payment does not arise until legal title has passed to the customer. Therefore, revenue is recognised at a point in time when the legal title has passed to the customer.

Some of the Group's primary land development recognised revenue over time, and the progress of implementation is based on the proportion of the cost incurred over the budgeted cost by the end of the reporting period. Some recognised revenue at a point in time.

(d) Sales of goods

Sales of goods are recognised when an entity has transferred the products to the customer, and the customer has obtained control of the products.

(e) Recognition of revenue from Public-Private Partnership ("PPP")

Public-Private-Partnership project contracts refers to the contract established by the Group and the government for PPP project cooperation in accordance with laws and regulations, and the contract shall meet the following features at the same time (hereinafter referred to as "double features"):

(1) The Group provides public products and services on behalf of the government by using PPP project assets during the contractually agreed operation period;

(2) The Group is compensated for the public goods and services it provides for the period agreed in the contract.

The following conditions shall be met at the same time (hereinafter referred to as "double controls"):

(1) The government controls or regulates the type, object and price of public goods and services that the Group must provide in the use of PPP project assets;

(2) When the PPP project contract is terminated, the government party controls the significant residual interests of the PPP project assets through ownership, income rights or other forms of control.

2. Summary of material accounting policies (Continued)

2.30 Revenue recognition (Continued)

(e) Recognition of revenue from Public-Private Partnership (“PPP”) (Continued)

The Group provides multiple service base on PPP contract, recognises revenues and costs of construction service in accordance with construction contract. Revenue from construction service is measured by consideration collected or entitled to charge and recognise contact assets at the same time.

In accordance with the PPP contract, during the operation of PPP project, the Group is entitled to collect cash flows from parties who received public products and services with uncertain amount, and such right doesn’t constitute an unconditional right to collect cash. The Group should recognise the consideration or the revenue recognised from construction activity of PPP assets as intangible assets when the PPP assets reach working condition.

In accordance with the PPP contract, during the operation of PPP project, the Group, entitled to collect certain cash flows (or other financial assets), should recognise revenue and receivables simultaneously when the social capital party has the right to collect such consideration (a right is only determined by the passage of time).

After PPP assets reach working condition, the social capital party should recognise revenue for operation of PPP projects.

2.31 Interest income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes.

2. Summary of material accounting policies (Continued)

2.32 Leases

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable,
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date,
- amounts expected to be payable by the group under residual value guarantees,
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third party financing, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

If a readily observable amortising loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the Group entities use that rate as a starting point to determine the incremental borrowing rate.

2. Summary of material accounting policies (Continued)

2.32 Leases (Continued)

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option.

For the lessor, the Group derecognises assets held under a finance lease in balance sheet and present them as a receivable at the present value of the lease payments. Lease income from operating leases is recognised in the consolidated income statement on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the balance sheet based on their nature.

2. Summary of material accounting policies (Continued)

2.33 Research and development

Research expenditure is recognised as an expense as incurred. Costs incurred on development projects (relating to the design and developing of new or improved products and processes) are recognised as intangible assets when it is probable that the project will be a success considering its commercial and technical feasibility and its costs can be measured reliably. Other development expenditures that do not meet these criteria are recognised as an expense when incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Capitalised development cost is measured at cost less accumulated amortisation and accumulated impairment losses. Amortisation of capitalised development cost is calculated using the straight-line method over its expected useful life from the date they are available for use.

2.34 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

2.35 Share-based payments

A share-based payment is classified as either an equity-settled share-based payment or a cash-settled share-based payment. An equity-settled share-based payment is a transaction in which the Group receives services and uses shares or other equity instruments as consideration for settlement. The 2021 Restricted Share Incentive Scheme implemented by the Group is an equity-settled share-based payment and information relating to these schemes is set out in Note 37.

An equity-settled share-based payment in exchange for services received from employees is measured at the fair value of the equity instruments granted to the employees. If such equity-settled share-based payment could vest immediately, related costs or expenses at an amount equal to the fair value on the grant date less amount paid by employees are recognised, with a corresponding increase in capital reserve; if such equity-settled share-based payment could not vest until the completion of services for a vesting period, or until the achievement of a specified performance condition, the Group at each balance sheet date during the vesting period recognises the services received for the current period as related costs and expenses, with a corresponding increase in capital reserve, at an amount equal to the fair value of the equity instruments at the grant date less amount paid by employees, based on the best estimate of the number of equity instruments expected to vest, which is made on the basis of the latest available information such as the changes in the number of covered employees.

2. Summary of material accounting policies (Continued)

2.35 Share-based payments (Continued)

The cost of equity-settled transactions is recognised, together with a corresponding increase in capital reserve, over the period in which the specified performance and service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at each end of the reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest.

Where the terms of an equity-settled share-based award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled share-based award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award.

2.36 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.37 Dividends

Dividends are received from financial assets measured at FVPL and at FVOCI. Dividends are recognised as other income in profit or loss when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits, unless the dividend clearly represents a recovery of part of the cost of an investment. In this case, the dividend is recognised in other comprehensive income if it relates to an investment measured at FVOCI. However, the investment may need to be tested for impairment as a consequence.

3. Financial Risk Management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and cash flow and fair value interest rate risk), credit risk, and liquidity risk.

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group identifies, evaluates and uses derivative financial instruments to hedge certain risk exposures.

There has been no change to the types of the Group's exposure in respect of financial instruments or the manner in which it manages and measures the risks.

(a) Market risk

(i) Foreign currency risk

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

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

Details of the Group's other financial assets at amortised cost, trade and other receivables, restricted cash and term deposit with maturity over three months, cash and cash equivalents, trade and other payables and borrowings as at 31 December 2023, denominated in foreign currencies, mainly United States Dollars ("USD"), are disclosed in Notes 29, 32, 35, 36, 41 and 42 respectively.

The management of the Group monitors foreign exchange exposure and will consider hedging significant foreign exchange exposure should the need arises.

As at 31 December 2023, if RMB had strengthened/weakened by 2% against USD with all other variables held constant, post-tax profit for the year would have been approximately RMB57 million lower/higher (2022: 9%, RMB207 million lower/higher), mainly as a result of foreign exchange gains/losses on translation of USD-denominated cash and cash equivalents, trade and other receivables, other financial assets at amortised cost, restricted cash, borrowings, and trade and other payables.

3. Financial Risk Management (Continued)

3.1 Financial risk factors (Continued)

(a) Market risk (Continued)

(ii) Price risk

The Group's exposure to equity securities price risk arises from investments held by the Group and classified in the balance sheet either as at FVPL or at FVOCI and measured by reference to quoted prices.

The Group currently does not have a policy to hedge the securities price risk. However, the management closely monitors such risk by maintaining a diversified portfolio of investments with different risks.

The Group's sensitivity to equity price risk on the financial assets and liabilities at FVPL and at FVOCI at the end of the reporting period while all other variables were held constant is as follows:

	2023	2022
Increase/(decrease) in quoted price in open markets	**4%**	15%

	2023 **RMB million**	2022 RMB million
Increase/(decrease) in post-tax profit for the year		
– as a result of increase in equity price	**24**	90
– as a result of decrease in equity price	**(24)**	(90)
Increase/(decrease) in other comprehensive income		
– as a result of increase in equity price	**9**	80
– as a result of decrease in equity price	**(9)**	(80)

3. Financial Risk Management (Continued)

3.1 Financial risk factors (Continued)

(a) Market risk (Continued)

(iii) Cash flow and fair value interest rate risk

The fair value interest rate risk relates primarily to the Group's fixed-rate borrowings and other financial assets at amortised cost. The cash flow interest rate risk of the Group relates primarily to floating-rate bank borrowing and unlisted debt related entrusted products classified in the balance sheet at FVPL. The management of the Group monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise. The fair value interest rate risk on bank deposits is insignificant as the fixed rate deposits are short-term. During 2023 and 2022, the Group's borrowings at variable rate were mainly denominated in RMB and USD.

The Group's sensitivity to interest rate risk is prepared assuming the amount of floating-rate borrowings at the end of the reporting period were outstanding and the amount of unlisted debt related entrusted products classified in the balance sheet at FVPL at the end of the reporting period retained for the whole year. Bank balances are excluded from sensitivity analysis as the Directors consider that the exposure of cash flow interest rate risk arising from variable-rate bank balances is insignificant.

	2023	2022
Increase/decrease in interest rate	**25 basis points**	25 basis points

	2023 **RMB million**	2022 RMB million
(Decrease)/increase in post-tax profit for the year		
– as a result of increase in interest rate	**(457)**	(422)
– as a result of decrease in interest rate	**457**	422

3. Financial Risk Management (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk

Credit risk arises from cash and bank balances, trade and other receivables except for prepayments, contract assets, debt investments carried at amortised cost and FVOCI, and the nominal value of the guarantees provided on liabilities.

In order to minimise the credit risk, the management of the Group has delegated the teams responsible for assessment of the credit quality of the customer, taking into account its financial position, past experience and other factors and determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover long aged debts. In addition, the Group reviews the recoverable amount of each material individual debt at the end of the reporting period to ensure that adequate expected credit losses are made for irrecoverable amounts.

(i) Impairment of financial assets

The Group has four types of financial assets that are subject to the expected credit loss model:

- trade and other receivables
- contract assets
- debt investments carried at amortised cost, and
- debt investments carried at FVOCI.

The Group holds substantially all of bank deposits in major financial institutions located in the PRC and certain overseas banks with proper credit ratings. While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

Trade receivables and contract assets

For trade receivables and contract assets which have impaired, the Group assessed individually and provided for credit losses allowance. For other trade receivables and contract assets, given no reasonable and supportable information is available without undue cost for expected credit losses measurement, the trade receivables and contract assets were grouped by reference to the credit risk characteristics and assessed for credit losses allowance through exposure at default and the lifetime expected credit loss rates. When measuring expected credit loss, the Group considers its own credit loss incurred in the past, and adjusts by taking into consideration current conditions and forward looking factors. In assessing forward-looking information, the Group considers factors mainly including macroeconomic indicators, economic scenarios and weights.

3. Financial Risk Management (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(i) Impairment of financial assets (Continued)

Debt investments

The Group assesses the loss allowance for debt investments at amortised costs and FVOCI based on expected credit loss model. The management assesses whether the credit risk of debt investments have increased significantly since their initial recognition, and apply a three-stage impairment model to calculate their expected credit loss. For debt investments classified into stages 1 for which credit risk has not increased significantly since initial recognition, the management assesses loss allowance at an amount equal to 12-month expected credit loss. For debt investments classified into stages 2 for which credit risk has increased significantly since initial recognition but that are not credit-impaired, and debt investments classified into stages 3 that are credit-impaired since initial recognition, the management assesses loss allowance at an amount equal to lifetime expected credit loss. When measuring expected credit loss, the Group considers its own credit loss incurred in the past, and adjusts by taking into consideration current conditions and forward looking factors.

(ii) Financial guarantees and shortfall payments

The Group has provided guarantees to banks in respect of banking facilities utilised by certain related companies and third parties.

The Company has provided shortfall payments given to the senior tranches in respect of asset-backed notes ("ABN") & asset-backed securitisation ("ABS") issued by the subsidiaries of the Company.

3. Financial Risk Management (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Financial guarantees and shortfall payments (Continued)

The maximum exposure of these financial guarantees and shortfall payments to the Group is as follows:

	2023		2022	
	RMB million	**Expiry period**	RMB million	Expiry period
Guarantees given to banks in respect of banking facilities to:				
Joint ventures	**5,417**	**2024-2039**	5,139	2024-2039
Associates	**852**	**2024-2045**	1,816	2023-2045
Government-related entities	**397**	**2024-2027**	362	2023-2027
Property purchasers	**34,861**	**2023-2030**	49,788	2022-2027
Shortfall payments given to the senior tranches in respect of ABN & ABS	**91,848**	**2024-2037**	97,413	2022-2037
	133,375		154,518	

(c) Liquidity risk

Liquidity risk encompasses the risk that the Group cannot meet its financial obligations in full.

Prudent liquidity risk management includes maintaining sufficient cash and the availability of funding from an adequate amount of committed credit facilities to meet obligations when due. Due to capital intensive nature of the Group's business, the Group ensures that it maintains flexibility through keeping sufficient cash and cash equivalents and credit lines to meet its liquidity requirements. The Group finances its working capital requirements through a combination of funds generated from operations and bank and other borrowings.

3. Financial Risk Management (Continued)

3.1 Financial risk factors (Continued)

(c) Liquidity risk (Continued)

The table below analyses the Group's non-derivative financial liabilities for which the contractual maturities are essential for an understanding of the timing of cash flows into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The spot rate as at the end of the reporting period is used for the cash flow calculation in relation to the amounts settled with foreign currencies. The amounts disclosed in the table are the contractual undiscounted cash flows. To the extent that interest cash flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

	On demand or Less than 1 year RMB million	Between 1 and 2 years RMB million	Between 2 and 5 years RMB million	Over 5 years RMB million	Total undiscounted cash flows RMB million	Carrying amount RMB million
At 31 December 2023						
Trade and other payables (excluding statutory and non-financial liabilities) *(Note 41)*	**698,924**	**10,965**	**9,643**	**14,185**	**733,717**	**732,515**
Borrowings *(Note 42)*	**125,447**	**63,252**	**102,606**	**286,760**	**578,065**	**429,963**
Lease liabilities *(Note 19)*	**1,055**	**330**	**564**	**241**	**2,190**	**2,144**
Financial guarantee contracts and shortfall payments	**133,375**	**–**	**–**	**–**	**133,375**	**–**
Financial liabilities at FVPL *(Note 34)*	**292**	**–**	**–**	**–**	**292**	**292**
	959,093	**74,547**	**112,813**	**301,186**	**1,447,639**	**1,164,914**

	On demand or Less than 1 year RMB million	Between 1 and 2 years RMB million	Between 2 and 5 years RMB million	Over 5 years RMB million	Total undiscounted cash flows RMB million	Carrying amount RMB million
At 31 December 2022						
Trade and other payables (excluding statutory and non-financial liabilities) *(Note 41)*	575,987	8,868	6,113	12,150	603,118	602,091
Borrowings *(Note 42)*	121,242	51,486	98,659	251,326	522,713	392,242
Lease liabilities *(Note 19)*	417	451	450	238	1,556	1,482
Financial guarantee contracts and shortfall payments	154,518	–	–	–	154,518	–
Financial liabilities at FVPL *(Note 34)*	96	–	–	–	96	96
	852,260	60,805	105,222	263,714	1,282,001	995,911

Note: The difference between total undiscounted cash flows and the carrying amount of trade and other payables represents the imputed interest expenses on interest-free retention payables.

As at 31 December 2023, there is no bank borrowing that contains a repayment on demand clause (2022: nil).

3. Financial Risk Management (Continued)

3.1 Financial risk factors (Continued)

(c) Liquidity risk (Continued)

The amounts included above for financial guarantee contracts and shortfall payment agreements are the maximum amounts the Group could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the Group considers that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee or shortfall payment which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

The amounts included above for variable interest rate instruments for non-derivative financial liabilities are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

(d) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the asset-liability ratio. This ratio is calculated as total liabilities divided by total assets. The Group aims to maintain the asset-liability ratio at a reasonable level.

	2023 **RMB million**	2022 RMB million
Total liabilities	**1,369,536**	1,190,266
Total assets	**1,829,290**	1,613,135
Asset-liability ratio	**74.87%**	73.79%

3. Financial Risk Management (Continued)

3.2 Fair value estimation

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1: The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

- Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

- Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, unlisted open-end equity funds, unlisted entrusted products, and other financial assets at FVPL.

3. Financial Risk Management (Continued)

3.2 Fair value estimation (Continued)

(a) Fair value of the Group's financial assets and financial liabilities that are measured at fair value

Financial assets/financial liabilities	Fair value as at (RMB million) 31 December 2023		31 December 2022		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Range of inputs (probability-weighted average)	Relationship of unobservable inputs to fair value
1) Derivative financial instruments	**Assets/ Liabilities**	**Amount**	Assets/Liabilities	Amount	Level 3	Option pricing model	Risk-free interest, Volatility	2.58%, 31.52%	The higher the risk-free interest rate, the higher the option value. The higher the volatility, the higher the option value.
	Assets	**135**	Assets	134					
2) Listed equity securities and money – market securities investment funds at FVPL	**Held-for-trading financial assets in Mainland China:**		Held-for-trading financial assets in Mainland China:						
	Industry	**Amount**	Industry	Amount					
	Finance	**5,996**	Finance	7,466					
	Manufacturing	**44**	Manufacturing	50					
	Transportation	**1**	Transportation	1					
	Others	**3**	Others	2					
	Total	**6,044**	Total	7,519	Level 1	Quoted bid prices in active markets.	N/A	N/A	N/A

3. Financial Risk Management (Continued)

3.2 Fair value estimation (Continued)

(a) Fair value of the Group's financial assets and financial liabilities that are measured at fair value (Continued)

Financial assets/financial liabilities	Fair value as at (RMB million) 31 December 2023		31 December 2022		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Range of inputs (probability-weighted average)	Relationship of unobservable inputs to fair value
3) Listed equity securities at fair value through other comprehensive income ("FVOCI")	**Listed equity securities in Mainland China:**		Listed equity securities in Mainland China:						
	Industry	**Amount**	Industry	Amount					
	Finance	**–**	Finance	416					
	Transportation	**8**	Transportation	11					
		8		427	Level 1	Quoted bid prices in active markets.	N/A	N/A	N/A
	Listed equity securities in Hong Kong:		Listed equity securities in Hong Kong:						
	Industry	**Amount**	Industry	Amount					
	Manufacturing	**290**	Manufacturing	280	Level 1	Quoted bid prices in active markets.	N/A	N/A	N/A

3. Financial Risk Management (Continued)

3.2 Fair value estimation (Continued)

(a) Fair value of the Group's financial assets and financial liabilities that are measured at fair value (Continued)

Financial assets/financial liabilities	Fair value as at (RMB million) 31 December 2023		31 December 2022		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Range of inputs (probability-weighted average)	Relationship of unobservable inputs to fair value
4) Unlisted open-end equity funds at FVPL	**Unlisted open-end equity funds in Mainland China:**		Unlisted open-end equity funds in Mainland China:						
	Assets		Assets						
	Industry	**Amount**	Industry	Amount					
	Finance	**1,203**	Finance	1,066	Level 1	Quoted bid prices in active markets.	N/A	N/A	N/A
	Finance	**2,516**	Finance	2,100	Level 3	Discounted cash flow. Future cash flows are estimated based on expected recoverable amounts, discounted at rates that reflect management's best estimation of the expected risk level.	Expected future cash flow, Discount rates that correspond to the expected risk level.	2.29%	The higher the future cash flow, the higher the fair value. The lower the discount rate, the higher the fair value.
	Total	**3,719**	Total	3,166					
	Liabilities		Liabilities						
	Industry	**Amount**	Industry	Amount					
	Finance	**23**	Finance	28	Level 3	Discounted cash flow. Future cash flows are estimated based on expected recoverable amounts, discounted at rates that reflect management's best estimation of the expected risk level.	Expected future cash flow, Discount rates that correspond to the expected risk level.	2.29%	The higher the future cash flow, the higher the fair value. The lower the discount rate, the higher the fair value.

3. Financial Risk Management (Continued)

3.2 Fair value estimation (Continued)

(a) Fair value of the Group's financial assets and financial liabilities that are measured at fair value (Continued)

Financial assets/financial liabilities	Fair value as at (RMB million)				Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Range of inputs (probability-weighted average)	Relationship of unobservable inputs to fair value
	31 December 2023		31 December 2022						
5) Unlisted entrusted products and other financial assets at FVPL	**Unlisted entrusted products in Mainland China:**		Unlisted entrusted products in Mainland China:						
	Industry	**Amount**	Industry	Amount					
	Real estate	**4,652**	Real estate	3,515	Level 3	Discounted cash flow. Future cash flows that are estimated based on expected recoverable amounts, discounted at rates that reflect management's best estimation of the expected risk level.	Expected future cash flow, Discount rates that correspond to the expected risk level.	6.96%-10.60%	The higher the future cash flow, the higher the fair value. The lower the discount rate, the higher the fair value.
	Construction	**531**	Construction	649					
	Finance	**3,088**	Finance	1,863					
	Others	**285**	Others	163					
	Total	**8,556**	Total	6,190					

3. Financial Risk Management (Continued)

3.2 Fair value estimation (Continued)

(a) Fair value of the Group's financial assets and financial liabilities that are measured at fair value (Continued)

Financial assets/financial liabilities	Fair value as at (RMB million) 31 December 2023		Fair value as at (RMB million) 31 December 2022		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Range of inputs (probability-weighted average)	Relationship of unobservable inputs to fair value
6) Unlisted equity investments at FVOCI	**Unlisted equity investment in Mainland China:**		Unlisted equity investment in Mainland China:		Level 3	Market valuation method by reference to P/B ratio, P/S ratio, P/E ratio, discount rate that reflects the liquidity level; and cost method by reference to the original investment cost.	P/B ratio, P/S ratio, P/E ratio, Discount rates that reflects the liquidity level, Original investment cost	0.90-3.71, 1.46-2.68, 17.03-24.44, 20.45%-29.95%, n/a	The higher the P/B ratio, P/S ratio, P/E ratio, the higher the fair value. The lower discount rate, the higher the fair value. The original investment cost is positively correlated with the fair value of unlisted equity instruments.
	Industry	**Amount**	Industry	Amount					
	Construction	**12,322**	Construction	9,663					
	Finance	**1,479**	Finance	1,306					
	Manufacturing	**140**	Manufacturing	135					
	Real estate	**18**	Real estate	–					
	Mining	**5**	Mining	5					
	Others	**4,005**	Others	3,129					
	Total	**17,969**	Total	14,238					

3. Financial Risk Management (Continued)

3.2 Fair value estimation (Continued)

(a) Fair value of the Group's financial assets and financial liabilities that are measured at fair value (Continued)

Financial assets/financial liabilities	Fair value as at (RMB million) 31 December 2023	31 December 2022	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Range of inputs (probability-weighted average)	Relationship of unobservable inputs to fair value
7) Unlisted equity investments at FVPL	**Unlisted equity investment in Mainland China:** **Industry — Amount** **Finance — 9,490**	Unlisted equity investment in Mainland China: Industry — Amount Finance — 6,846	Level 3	Market valuation method by reference to P/B ratio, discount rate that reflects the liquidity level; and cost method by reference to the original investment cost.	P/B ratio, P/S ratio Discount rates that reflect the liquidity level, Original investment cost	0.90-3.71, 1.25 31.00%, n/a	The higher the P/B ratio, P/S ratio, the higher the fair value. The lower discount rate, the higher the fair value. The original investment cost is positively correlated with the fair value of unlisted equity instruments.
8) Bills receivables at FVOCI	**Bills receivables in Mainland China:** **Industry — Amount** **Construction — 1,078**	Bills receivables in Mainland China: Industry — Amount Construction — 766	Level 3	Discounted cash flow with future cash flows that are estimated based on expected recoverable amounts, discounted at rates that reflect management's best estimation of the expected risk level.	Expected future cash flow, Discount rates that correspond to the expected risk level.	3.45%	The higher the future cash flow, the higher the fair value. The lower the discount rate, the higher the fair value.

3. Financial Risk Management (Continued)

3.2 Fair value estimation (Continued)

(a) Fair value of the Group's financial assets and financial liabilities that are measured at fair value (Continued)

There were no transfer between Level 1 and 2 during the year.

Reconciliation of Level 3 fair value measurements:

	Unlisted entrusted products RMB million	Unlisted open-end funds RMB million	Unlisted equity investments RMB million	Others RMB million	Total RMB million
Opening balance at 1 January 2023	**4,631**	**2,072**	**21,084**	**2,459**	**30,246**
Acquisitions	**3,069**	**509**	**7,124**	**1,558**	**12,260**
(Losses)/gains recognised in profit or losses	**(165)**	**(18)**	**(42)**	**156**	**(69)**
Gains recognised in other comprehensive income	**–**	**–**	**43**	**–**	**43**
Disposals	**(1,287)**	**(70)**	**(750)**	**(652)**	**(2,759)**
Closing balance at 31 December 2023	**6,248**	**2,493**	**27,459**	**3,521**	**39,721**
Opening balance at 1 January 2022	3,125	1,816	16,420	3,809	25,170
Acquisitions	3,324	625	6,087	411	10,447
(Losses)/gains recognised in profit or losses	(19)	(44)	87	(319)	(295)
Gains recognised in other comprehensive income	–	–	201	–	201
Disposals	(1,799)	(325)	(1,711)	(1,442)	(5,277)
Closing balance at 31 December 2022	4,631	2,072	21,084	2,459	30,246

3. Financial Risk Management (Continued)

3.2 Fair value estimation (Continued)

(b) Fair value of financial assets and liabilities measured at amortised cost

Except as detailed in the following table, the Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate to their fair values:

	31 December 2023		31 December 2022	
	Carrying amount RMB million	**Fair value RMB million**	Carrying amount RMB million	Fair value RMB million
Financial assets				
Other financial assets at amortised cost – fixed rate	**30,363**	**31,696**	30,416	31,786
Financial liabilities				
Long-term bank borrowings – fixed rate	**52,718**	**53,461**	46,361	51,732
Long-term debentures – fixed rate	**48,968**	**49,141**	53,122	53,091
Other long-term borrowings – fixed rate	**5,028**	**5,057**	3,600	3,690

The fair values hierarchy of the fair value of fixed rate other financial assets at amortised cost, long-term bank borrowings, long-term debentures and other long-term borrowings are included in level 3. The fair values have been determined based on a discounted cash flow analysis, with the most significant input being the discount rate that reflects the credit risk of counterparties or the issuer.

4. Critical Accounting Estimates, Assumptions and Judgments

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

(a) Critical judgements in application of accounting policies

(i) Determination of control over structured entities

The Group invested in several structured entities which were mainly engaged in infrastructure investment activities or acted as manager to a number of structured entities and also carries interests in these entities. Determining whether the Group controls these structured entities usually focuses on the assessment of the power of the Group, its variable returns (including but not limited to any carried interests and commission income or management fees earned) and the ability to exercise its power to influence the variable returns from these structured entities.

Management considers a number of factors to assess if the Group has control over these structured entities, including the Group acts as a principal or an agent through analysis of the scope of the decision-making authority of the Group, its remuneration entitlement, other interests the Group held, and the rights held by other parties. Based on the assessment following the accounting policies set out in Notes 2.2 and 2.3, the Group consolidates certain structured entities that it has control, accounts for as joint ventures or associates when it has joint control or significant influence over the structured entities. For those that the Group has neither control, joint control nor significant influence, the Group accounts for as financial assets. Judgement is involved when performing the assessment. Should those joint ventures, associates and financial assets be consolidated, net assets, revenue and profit of the Group could be affected.

Further disclosure in respect of unconsolidated structured entities in which the Group has an interest has been set out in Note 24(d).

(ii) Classification of financial assets

The Group classified the financial assets based on the business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

4. Critical Accounting Estimates, Assumptions and Judgments (Continued)

(a) Critical judgements in application of accounting policies (Continued)

(ii) Classification of financial assets (Continued)

The Group's business model is determined at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. The judgement when the Group assesses its business model for managing financial assets includes:

a. how the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel;

b. the risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way in which those risks are managed; and

c. how managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

The judgement in assessing contractual cash flows are consistent with a basic lending arrangement include:

a. if the timing or amount of principal may change over the life of the financial asset (for example, if there are repayment of principal before maturity);

b. if the interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin.

For example, the prepayment amount before maturity solely represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation of the early termination of the contract.

4. Critical Accounting Estimates, Assumptions and Judgments (Continued)

(b) Critical accounting estimates and assumptions

The following critical accounting estimates and assumptions have important risks that will cause significant adjustments to the value of assets and liabilities in the next year:

(i) Revenue and cost recognition from infrastructure construction contracts

Revenue from infrastructure construction contracts is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation, depending on the nature of the contract, is measured mainly by reference to the proportion of contract costs incurred for work performed to date to estimated total contract costs for each contract. Management estimates the total contract revenue and total contract costs at the inception of each contract. As the contract progresses, management regularly reviews and revises the estimates of contract revenue and contract costs if circumstances change, such as variations in contract work, claims and incentive payments. The increases or decreases in estimated total contract revenue or total contract costs resulted in the adjustments to the extent of progress toward completion and revenue recognised in the period in which the circumstances that give rise to the revision becomes known by management.

(ii) Expected credit losses of trade receivables and contract assets

The Group applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. For trade receivables and contract assets which have impaired, the Group assessed individually and provided for credit losses allowance. For other trade receivables and contract assets, given no reasonable and supportable information is available without undue cost for expected credit losses measurement, the trade receivables and contract assets were grouped by reference to the credit risk characteristics and assessed for credit losses allowance through exposure at default and the lifetime expected credit loss rates. When measuring expected credit loss, the Group considers its own credit loss incurred in the past, and adjusts by taking into consideration current conditions and forward looking factors.

4. Critical Accounting Estimates, Assumptions and Judgments (Continued)

(b) Critical accounting estimates and assumptions (Continued)

(ii) Expected credit losses of trade receivables and contract assets (Continued)

In assessing forward-looking information, the Group considers different macroeconomic scenarios and weights. In 2023, the weights of the three economic scenarios of "baseline", "unfavourable" and "favourable" are 50%, 40% and 10% respectively (2022: 50%, 40% and 10%). The Group regularly monitors and reviews critical macroeconomic assumptions and parameters related to the measurement of expected credit loss, including the economic policies, macroeconomic indicators, industry risks, and changes in customer conditions, etc. The key macroeconomic parameters applicable to each scenario in 2023 are set out below:

		Scenario	
	Baseline	**Unfavourable**	**Favourable**
GDP	**5.06%**	**4.59%**	**5.33%**
Industrial Added Value	**4.74%**	**4.26%**	**4.99%**

In 2022, the key macroeconomic parameters applicable to each scenario are set out below:

		Scenario	
	Baseline	Unfavourable	Favourable
GDP	5.20%	4.85%	6.01%
Industrial Added Value	5.47%	4.61%	6.82%

The details of the expected credit loss of trade receivables and contract assets are set out in Note 32 and Note 33, respectively.

(iii) Expected credit losses of debt investments at amortised cost and FVOCI

The Group assesses on a forward looking basis the expected credit losses associated with its debt investments at amortised cost and FVOCI using the risk parameters including exposure at default and expected credit loss rate, which is determined based on probabilities of default and default rates. When measuring expected credit loss, the Group considers its own credit loss incurred in the past, and adjusts by taking into consideration current conditions and forward looking factors.

In assessing forward-looking information, the Group adopted the method consistent with expected credit losses of trade receivables and contract assets.

4. Critical Accounting Estimates, Assumptions and Judgments (Continued)

(b) Critical accounting estimates and assumptions (Continued)

(iii) Expected credit losses of debt investments at amortised cost and FVOCI (Continued)

To assess whether there is a significant increase in credit risks the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

- past due information
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations
- internal and external credit rating
- actual or expected significant changes in the operating results of the borrower
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements.

(iv) Impairment of properties held for sale and under development for sale

The Group measures properties held for sale and under development for sale at the lower of cost and net realisable value on the balance sheet date. The net realisable value calculation requires the use of assumptions and estimates on the selling price and the costs and expenses that will be incurred until completion. Where the expectation is different from the original estimate, such differences will have an impact on the net realisable value calculation and the provision for inventory impairment in the periods in which such estimate is changed.

(v) Fair value of financial instruments

The fair value of financial instruments that are traded in an active market is measured at quoted price. If the market for a financial instrument is not active, the Group determines fair value by using valuation techniques. The Group uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at each end of the reporting period. For details of the key assumptions used and the impact of changes to these assumptions see Note 3.2.

4. Critical Accounting Estimates, Assumptions and Judgments (Continued)

(b) Critical accounting estimates and assumptions (Continued)

(vi) Income taxes

The Group is subject to income taxes in the PRC and other jurisdictions. Significant judgment is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current income tax and deferred income tax provisions in the period in which such determination are made.

Certain subsidiaries of the Group are qualified as high-tech enterprises and are entitled to the preferential income tax rate of 15%. The qualification is valid 3 years, and upon expiry the subsidiaries are required to submit the application to relevant government authorities to certify the high-tech qualification. If the subsidiaries disqualified from the high-tech certification, they cannot enjoy the preferential income tax, and the change in tax rate will affect the current and deferred income taxes in the period in which the change takes place.

Deferred income tax assets relating to tax losses are recognised as management considers it is probable that future taxable profit will be available against which the tax losses can be utilised. Future taxable profit includes the profit from operating results and taxable profits of future periods reversed of taxable temporary differences. Estimates and judgement are required in determining the timing and amount of future taxable profit generated. In case where the actual future taxable profit generated are less than expected, or change in facts and circumstances which result in revision of future taxable profit estimation, a material reversal or further recognition of deferred tax assets may arise, which will be recognised in the consolidated income statement in the period in which such a reversal or further recognition takes place.

(vii) Pension benefits

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Group considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension obligation.

Other key assumptions for pension obligations are based in part on current market conditions. Additional information is disclosed in Note 43.

4. Critical Accounting Estimates, Assumptions and Judgments (Continued)

(b) Critical accounting estimates and assumptions (Continued)

(viii) Amortisation of service concession arrangements in relation to toll highways

Amortisation of service concession arrangements in relation to the toll highways operations are calculated to write off their cost, over their expected useful lives or the remaining concession period, whichever is the shorter, commencing from the date of commencement of commercial operation of the toll highways, based on a units-of-usage basis, which is the ratio of actual traffic volume compared to the total expected traffic volume of the toll highways as estimated by the management or by reference to traffic projection reports prepared by independent traffic consultants. Appropriate adjustment will be made should there be any material change.

5. Segment information

The Directors are the chief operating decision maker. Management has determined the operating segments based on the reports reviewed by the Directors that are used to allocate resources to the segments and assess their performance. The reports reviewed by the Directors are prepared in accordance with the relevant PRC accounting standards, which resulted in the difference in the basis of measurement of segment results, segment assets and segment liabilities, the details of which are shown as reconciling items.

The Directors consider the business from the service and product perspective. Management assesses the performance of the following five operating segments:

(a) Construction of railways, highways, bridges, tunnels, metropolitan railways (including subways and light railways), buildings, irrigation works, hydroelectricity projects, ports, docks, airports and other municipal works ("Infrastructure construction");

(b) Survey, design, consulting, research and development, feasibility study and compliance certification services with respect to infrastructure construction projects ("Design and consulting services");

(c) Design, research and development, manufacture and sale of turnouts, bridge steel structures, and other railway related equipment, engineering equipment, component manufacturing and materials ("Equipment and manufacturing");

(d) Development, sale and management of residential and commercial properties ("Property development"); and

(e) Mining, financial business, operation of service concession arrangements, merchandise trading and other ancillary business ("Other businesses").

Revenue between segments is carried out at actual transaction prices.

The segment information regarding the Group's reportable and operating segments is presented below.

5. Segment information (Continued)

The following is an analysis of the Group's revenue and results by reportable segments:

	For the year ended 31 December 2023						
	Infrastructure construction RMB million	Design and consulting RMB million	Equipment manufacturing RMB million	Property development RMB million	Other businesses RMB million	Elimination RMB million	Total RMB million
External revenue	1,087,584	18,256	27,377	50,914	68,743	–	1,252,874
Inter-segment revenue	38,084	805	8,113	–	37,132	(84,134)	–
Other revenue	5,866	208	488	649	3,327	–	10,538
Inter-segment other revenue	1,543	–	–	–	583	(2,126)	–
Segment revenue	1,133,077	19,269	35,978	51,563	109,785	(86,260)	1,263,412
Segment results							
Profit/(losses) before income tax	40,748	1,323	2,037	(840)	7,469	(4,667)	46,070
Segment results included:							
Share of (losses)/profits of joint ventures	(859)	(8)	43	18	(269)	–	(1,075)
Share of profits of associates	1,133	13	16	363	3,141	–	4,666
Interest income	2,338	100	117	226	6,816	(885)	8,712
Interest expenses	(5,223)	(47)	(73)	(1,694)	(7,981)	3,334	(11,684)
Losses from derecognition of financial assets at amortised cost	(4,774)	(7)	(143)	–	(215)	–	(5,139)

5. Segment information (Continued)

	For the year ended 31 December 2022						
	Infrastructure construction RMB million	Design and consulting RMB million	Equipment manufacturing RMB million	Property development RMB million	Other businesses RMB million	Elimination RMB million	Total RMB million
External revenue	983,533	18,616	25,838	53,459	64,918	–	1,146,364
Inter-segment revenue	31,946	978	12,371	–	43,831	(89,126)	–
Other revenue	3,863	201	654	623	2,644	–	7,985
Inter-segment other revenue	388	–	–	–	145	(533)	–
Segment revenue	1,019,730	19,795	38,863	54,082	111,538	(89,659)	1,154,349
Segment results							
Profit/(losses) before income tax	39,286	1,753	2,375	(1,451)	7,856	(7,235)	42,584
Segment results included:							
Share of (losses)/profits of joint ventures	(1,168)	–	84	(12)	(341)	–	(1,437)
Share of profits/(losses) of associates	1,108	12	67	(48)	3,595	–	4,734
Interest income	1,493	69	107	147	6,085	(721)	7,180
Interest expenses	(2,513)	(160)	(89)	(1,786)	(6,855)	2,033	(9,370)
Losses from derecognition of financial assets at amortised cost	(4,204)	(26)	(121)	–	(169)	–	(4,520)

5. Segment information (Continued)

A reconciliation of the amounts presented for reportable segments to the consolidated financial statements is as follows:

	2023 RMB million	2022 RMB million
(i) Segment interest expenses, before inter-segment elimination	**15,018**	11,403
Inter-segment elimination	**(3,334)**	(2,033)
	11,684	9,370
Reconciling item:		
Imputed interest expenses on retention payables (Note 10)	**209**	208
Total consolidated finance costs, as reported	**11,893**	9,578
(ii) Segment results, before inter-segment elimination	**50,737**	49,819
Inter-segment elimination	**(4,667)**	(7,235)
	46,070	42,584
Reconciling item:		
Land appreciation tax (Note (a))	**1,511**	2,108
Total consolidated profit before income tax, as reported	**47,581**	44,692

(a) Land appreciation tax is included as charge to segment results under segment reporting and is classified as income tax expense in the consolidated income statement.

5. Segment information (Continued)

The following is an analysis of the Group's assets and liabilities by reportable segments:

	As at 31 December 2023						
	Infrastructure construction RMB million	Design and consulting RMB million	Equipment manufacturing RMB million	Property development RMB million	Other businesses RMB million	Elimination RMB million	Total RMB million
Segment assets	1,136,878	29,679	70,821	278,456	755,813	(458,330)	1,813,317
Investments in joint ventures	47,476	44	424	302	12,076	–	60,322
Investments in associates	43,703	837	676	3,177	14,912	–	63,305
Unallocated assets							15,973
Total assets							1,829,290
Segment liabilities	1,010,248	15,141	41,983	222,417	525,752	(454,755)	1,360,786
Unallocated liabilities							8,750
Total liabilities							1,369,536

	As at 31 December 2022						
	Infrastructure construction RMB million	Design and consulting RMB million	Equipment manufacturing RMB million	Property development RMB million	Other businesses RMB million	Elimination RMB million	Total RMB million
Segment assets	922,257	30,215	66,955	277,774	707,986	(406,989)	1,598,198
Investments in joint ventures	42,774	94	423	391	11,440	–	55,122
Investments in associates	38,288	963	686	2,059	12,615	–	54,611
Unallocated assets							14,937
Total assets							1,613,135
Segment liabilities	769,946	14,963	39,301	222,627	539,223	(403,698)	1,182,362
Unallocated liabilities							7,904
Total liabilities							1,190,266

5. Segment information (Continued)

For the purposes of monitoring segment performances and allocating resources between segments:

(a) all assets are allocated to operating segments other than deferred tax assets and current income tax recoverable excluding prepaid land appreciation tax which is allocated to operating segments; and

(b) all liabilities are allocated to operating segments other than deferred tax liabilities and current income tax liabilities excluding land appreciation tax payable which is allocated to operating segments.

A reconciliation of the amounts presented for reportable segments to the consolidated financial statements is as follows:

	2023 **RMB million**	2022 RMB million
Segment assets, before inter-segment elimination	**2,271,647**	2,005,187
Inter-segment elimination	**(458,330)**	(406,989)
	1,813,317	1,598,198
Reconciling items:		
Deferred tax assets	**13,166**	12,225
Non-tradable shares reform of subsidiaries (Note (a))	**(148)**	(148)
Current income tax recoverable	**4,611**	3,849
Prepaid land appreciation tax included in current income tax recoverable	**(1,656)**	(989)
	15,973	14,937
Total consolidated assets, as reported	**1,829,290**	1,613,135
Segment liabilities, before inter-segment elimination	**1,815,541**	1,586,060
Inter-segment elimination	**(454,755)**	(403,698)
	1,360,786	1,182,362
Reconciling items:		
Deferred tax liabilities	**3,494**	3,176
Current income tax liabilities	**9,435**	8,663
Land appreciation tax payable included in current income tax liabilities	**(4,179)**	(3,935)
	8,750	7,904
Total consolidated liabilities, as reported	**1,369,536**	1,190,266

(a) Losses on non-tradable shares reform of subsidiaries are recorded in segment assets in segment reporting and were adjusted to other gains and losses in consolidated income statement in prior years.

5. Segment information (Continued)

Other segment information:

	Year ended 31 December 2023					
	Infrastructure construction RMB million	Design and consulting RMB million	Equipment manufacturing RMB million	Property development RMB million	Other businesses RMB million	Consolidated RMB million
Capital expenditure:						
Property, plant and equipment	24,674	513	1,528	1,844	1,008	29,567
Investment properties	172	271	–	507	498	1,448
Intangible assets	187	25	92	11	41,066	41,381
Right-of-use assets	1,564	35	74	396	546	2,615
Total	26,597	844	1,694	2,758	43,118	75,011
Depreciation and amortisation:						
Property, plant and equipment	5,543	308	732	303	2,302	9,188
Investment properties	13	20	9	383	81	506
Intangible assets	211	30	52	14	1,392	1,699
Mining assets	88	–	–	–	82	170
Right-of-use assets	1,251	55	79	122	277	1,784
Other prepayments	86	–	11	8	108	213
Total	7,192	413	883	830	4,242	13,560
(Gains)/losses on disposal and/or write-off of property, plant and equipment	(110)	2	(9)	–	44	(73)
Gains on disposal of right of use assets	(404)	–	–	–	–	(404)
Increase in foreseeable losses on contracts	186	–	–	–	–	186
Impairment loss/(reversal of impairment) on trade and other receivables	5,197	6	179	457	(95)	5,744
Impairment loss/(reversal of impairment) on other financial assets at amortised cost	119	36	–	(12)	225	368
Impairment loss on contract assets	1,035	–	–	–	–	1,035
Impairment loss on property, plant and equipment	–	–	3	–	27	30
Impairment loss on investment properties	2	–	–	–	–	2
Impairment loss on goodwill	125	–	–	–	–	125
(Reversal)/impairment loss on inventories, properties under development for sale and properties held for sale	–	–	(10)	844	17	851

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5. Segment information (Continued)

Other segment information:

	Year ended 31 December 2022					
	Infrastructure construction RMB million	Design and consulting RMB million	Equipment manufacturing RMB million	Property development RMB million	Other businesses RMB million	Consolidated RMB million
Capital expenditure:						
Property, plant and equipment	49,822	530	926	2,002	1,059	54,339
Investment properties	1,100	200	–	14	433	1,747
Intangible assets	14,837	30	5	20	30,824	45,716
Mining assets	8	–	–	–	–	8
Right-of-use assets	850	72	28	318	168	1,436
Total	66,617	832	959	2,354	32,484	103,246
Depreciation and amortisation:						
Property, plant and equipment	4,893	289	812	373	2,227	8,594
Investment properties	71	5	9	342	59	486
Intangible assets	169	28	49	5	843	1,094
Mining assets	98	–	–	–	11	109
Right-of-use assets	659	57	93	99	180	1,088
Other prepayments	61	–	12	3	51	127
Total	5,951	379	975	822	3,371	11,498
(Gains)/losses on disposal and/or write-off of property, plant and equipment	(414)	(5)	(32)	–	46	(405)
(Gains)/losses on disposal of right of use assets	(96)	2	(11)	–	–	(105)
Increase in foreseeable losses on contracts	87	–	–	–	–	87
Impairment loss/(reversal of impairment) on trade and other receivables	1,735	(198)	74	398	28	2,037
Impairment loss on other financial assets at amortised cost	190	92	–	57	298	637
Impairment loss on contract assets	669	–	–	–	–	669
Impairment loss on property, plant and equipment	–	–	48	456	–	504
Impairment loss on investment properties	6	–	–	–	–	6
Impairment loss/(reversal of impairment) on inventories, properties under development for sale and properties held for sale	–	–	4	2,218	(17)	2,205

5. Segment information (Continued)

(i) Disaggregation of revenue

Type of services and products	Year ended 31 December 2023 Infrastructure construction RMB million	Design and consulting RMB million	Equipment manufacturing RMB million	Property development RMB million	Other businesses RMB million	Total RMB million
Infrastructure construction contracts	1,087,584	–	–	–	–	1,087,584
Manufacturing and sales of engineering equipment and component	–	–	27,377	–	–	27,377
Rendering of services	–	18,256	–	–	6,765	25,021
Sales of properties	–	–	–	50,914	–	50,914
Sales of goods and others	5,866	208	488	649	65,305	72,516
Total revenue	1,093,450	18,464	27,865	51,563	72,070	1,263,412
Timing of revenue recognition:						
– At a point of time	5,866	208	17,177	50,232	70,893	144,376
– Over time	1,087,584	18,256	10,685	1,331	–	1,117,856
Total revenue from contracts with customers	1,093,450	18,464	27,862	51,563	70,893	1,262,232
Rental income	–	–	3	–	1,177	1,180
Total revenue	1,093,450	18,464	27,865	51,563	72,070	1,263,412

5. Segment information (Continued)

(i) Disaggregation of revenue (Continued)

	Year ended 31 December 2022					
Type of services and products	Infrastructure construction RMB million	Design and consulting RMB million	Equipment manufacturing RMB million	Property development RMB million	Other businesses RMB million	Total RMB million
Infrastructure construction contracts	983,533	–	–	–	–	983,533
Manufacturing and sales of engineering equipment and component	–	–	25,838	–	–	25,838
Rendering of services	–	18,616	–	–	7,292	25,908
Sales of properties	–	–	–	53,459	–	53,459
Sales of goods and others	3,863	201	654	623	60,270	65,611
Total revenue	987,396	18,817	26,492	54,082	67,562	1,154,349
Timing of revenue recognition:						
– At a point of time	3,863	201	17,236	52,687	65,699	139,686
– Over time	983,533	18,616	9,209	1,395	–	1,012,753
Total revenue from contracts with customers	987,396	18,817	26,445	54,082	65,699	1,152,439
Rental income	–	–	47	–	1,863	1,910
Total revenue	987,396	18,817	26,492	54,082	67,562	1,154,349

5. Segment information (Continued)

(ii) Revenue from external customers in the Mainland China and other regions is as follows:

	For the year ended 31 December	
	2023	2022
	RMB million	RMB million
Mainland China	**1,201,156**	1,095,912
Other regions (including Hong Kong and Macau)	**62,256**	58,437
	1,263,412	1,154,349

(iii) Non-current assets other than trade and other receivables, financial instruments, investments in joint ventures, investments in associates, deposits for investments and deferred tax assets located in the Mainland China and other regions are as follows:

	2023	2022
	RMB million	RMB million
Mainland China	**580,789**	496,829
Other regions (including Hong Kong and Macau)	**19,342**	17,647
	600,131	514,476

Other regions primarily include countries and regions in Africa, South America, South East Asia and Oceania.

6. Other Income and Expenses

	2023 RMB million	2022 RMB million
Other income from:		
Government subsidies (a)	**1,412**	1,480
Interest income from other financial assets at amortised cost	**1,131**	1,093
Compensation and claims	**261**	171
Dividends from financial assets at FVPL	**149**	548
Dividends from financial assets at FVOCI	**76**	135
Relocation compensation	**16**	13
Others	**394**	276
	3,439	3,716
Other expenses on:		
Compensation expenditure	**400**	64
Penalty cost	**203**	214
Lawsuit expenditure	**193**	460
Others	**447**	344
	1,243	1,082

Notes:

(a) Government subsidies relating to income include various government subsidies received by the group entities from the relevant government bodies in connection with enterprise expansion, technology advancement, environmental protection measures enhancement, product development, etc. All subsidies were recognised at the time when the Group fulfilled the relevant criteria and the related expenses were incurred.

Government subsidies relating to assets include government subsidies obtained by the group entities in relation to the acquisition of property, plant and equipment, which were included in the consolidated balance sheet as deferred government grants and credited to profit or loss on a straight-line basis over the expected useful lives of the relevant assets.

7. Net impairment losses on financial assets and contract assets

	2023 RMB million	2022 RMB million
Trade and other receivables (excluding advance to suppliers)	**5,744**	2,037
Contract assets	**1,035**	670
Other financial assets at amortised cost (Note 29(a))	**368**	636
	7,147	3,343

8. Other gains, net

	2023 RMB million	2022 RMB million
Gains on disposal and/or write-off of:		
– Right of use Assets	**404**	105
– Property, plant and equipment	**73**	405
(Losses)/gains on disposal of financial assets/liabilities at FVPL	**(109)**	29
Losses arising on change in fair value of financial assets/liabilities at FVPL (Note 34(c))	**(246)**	(563)
Foreign exchange (losses)/gains, net	**(132)**	566
Others	**393**	73
	383	615

9. Losses from derecognition of financial assets at amortised cost

	2023 RMB million	2022 RMB million
ABN & ABS	**4,463**	3,578
Factoring expenses	**543**	801
Bills receivables discounted expenses	**133**	141
	5,139	4,520

10. Finance Income and Costs

	2023 **RMB million**	2022 RMB million
Finance income from:		
Trade receivables and contract assets	**7,241**	5,779
Cash and cash equivalents and restricted cash	**1,471**	1,401
Total finance income	**8,712**	7,180
Interest expenses on:		
Bank borrowings	**12,645**	10,828
Long-term debentures	**1,699**	2,017
Other long-term borrowings	**909**	621
Other short-term borrowings	**588**	526
Total borrowing costs	**15,841**	13,992
Less: amount capitalised	**(5,243)**	(5,804)
	10,598	8,188
Lease *(Note 19)*	**48**	53
Imputed interest expenses on retention payables	**209**	208
Imputed interest expenses on defined benefit obligations *(Note 43(b))*	**60**	67
Others	**978**	1,062
Total finance costs	**11,893**	9,578

Borrowing costs directly attributable to the construction and acquisition of qualifying assets were capitalised as part of the costs of those assets. Borrowing costs of RMB5,243 million (2022: RMB5,804 million) were capitalised in the year ended 31 December 2023, of which approximately RMB3,352 million was charged to properties under development for sale, approximately RMB608 million was included in cost of property, plant and equipment and approximately RMB1,283 million was included in the cost of intangible assets (2022: approximately RMB3,219 million was charged to properties under development for sale, approximately RMB480 million was included in cost of property, plant and equipment and approximately RMB2,105 million was included in the cost of intangible assets). In 2023, a general capitalisation rate of 2.65%-5.10% per annum (2022: 2.05%-6.65%) was used, representing the costs of the borrowings used to finance the qualifying assets.

11. Expenses by nature

The additional information of cost of sales and services, selling, research and development expenditures and marketing expenses and administrative expenses is as follows:

	2023 RMB million	2022 RMB million
Employee benefit expenses & subcontracting costs	**528,627**	479,979
Raw materials and consumables used	**464,177**	411,905
Equipment usage costs	**45,362**	39,587
Cost of property development	**43,524**	44,336
Cost of production safety	**24,752**	18,284
Depreciation of property, plant and equipment *(Note 18)*	**9,188**	8,594
Taxes and surcharges	**4,681**	4,470
Transportation costs	**2,539**	2,775
Amortisation of intangible assets *(Note 22)*	**1,699**	1,094
Advertising and publication costs	**1,452**	1,243
Depreciation of right-of-use assets *(Note 19(b))*	**1,784**	1,088
Depreciation of investment properties *(Note 21)*	**506**	486
Amortisation of mining assets *(Note 23)*	**170**	109
Auditors' remuneration	**43**	43

12. Employee Benefit Expenses

	2023 RMB million	2022 RMB million
Salaries, wages and bonuses	**57,472**	53,579
Welfare, medical and other expenses	**25,217**	22,914
Pension costs – defined contribution plans (i)	**9,979**	9,071
Housing benefits	**5,532**	5,226
Share-based payment	**134**	143
	98,334	90,933

(i) The Group did not have any forfeited contribution for the year ended 31 December 2023 in connection with the defined contribution plan operated by local governments.

13. Income tax expense

	2023 RMB million	2022 RMB million
Current income tax		
– Enterprise income tax ("EIT")	**9,008**	8,210
– Land appreciation tax ("LAT")	**1,511**	2,108
– Under provision in prior years	**(5)**	127
Deferred income tax	**(570)**	(720)
Income tax expense	**9,944**	9,725

The majority of the entities in the Group are located in Mainland China. Pursuant to the relevant laws and regulations, the statutory EIT rate of 25% (2022: 25%) is applied to the Group except for certain subsidiaries which were mainly either exempted from EIT or entitled to the preferential tax rate of 20% and 15% (2022: 20% and 15%) for the year ended 31 December 2023.

Certain of the Group's overseas entities are located in The Republic of Uganda, Republic of Singapore, The Lao People's Democratic Republic, Malaysia, Democratic Republic of the Congo, Republic of Indonesia, People's Republic of Bangladesh, United Republic of Tanzania and Federal Democratic Republic of Ethiopia. Pursuant to the relevant laws and regulations of these jurisdictions, the EIT rates of 30%, 17%, 24%, 24%, 30%, 20%, 35%, 30% and 30% (2022: 30%, 17%, 24%, 24%, 30%, 20%, 25%, 30% and 30%) are applied to these entities respectively.

The provision of LAT is estimated according to the requirements set forth in the relevant PRC tax laws and regulations. LAT has been provided at ranges of progressive rates of the appreciation value, with certain allowable exemptions and deductions.

13. Income tax expense (Continued)

The tax charge for the year can be reconciled to profit before income tax per the consolidated income statement as follows:

	2023 **RMB million**	2022 RMB million
Profit before income tax	**47,581**	44,692
Tax at PRC EIT rate of 25% (2022: 25%)	**11,895**	11,173
Tax effect of:		
Non-deductible expenses	**274**	263
Non-taxable income	**–**	(9)
Share of losses of joint ventures	**269**	359
Share of profits of associates	**(1,166)**	(1,183)
Tax losses/other deductible temporary differences not recognised as deferred tax assets	**2,837**	2,194
Utilisation of tax losses/other deductible temporary differences previously not recognised as deferred tax assets	**(608)**	(467)
Preferential tax rates on income of group entities and other income tax credits	**(2,899)**	(2,733)
Research and development tax credit	**(1,430)**	(1,169)
LAT	**1,511**	2,108
Tax effect of LAT	**(378)**	(527)
Under provision in prior years	**(5)**	127
Deductible dividends on perpetual notes	**(434)**	(450)
Others	**78**	39
Income tax expense for the year	**9,944**	9,725

The PRC EIT rate is used as it is the domestic tax rate in the jurisdiction where the operation of the Group is substantially based.

13. Income tax expense (Continued)

The tax charge relating to components of other comprehensive income is as follows:

	2023			2022		
	Before tax	**Tax charge**	**After tax**	Before tax	Tax charge	After tax
	RMB million	**RMB million**	**RMB million**	RMB million	RMB million	RMB million
Actuarial gains/(losses) on retirement and other supplemental benefit obligations	**13**	**(1)**	**12**	(12)	2	(10)
Changes in fair value of financial assets at FVOCI	**(184)**	**46**	**(138)**	93	(20)	73
Share of other comprehensive income of associates	**156**	**–**	**156**	675	–	675
Exchange differences	**(98)**	**–**	**(98)**	158	–	158
Other comprehensive (expenses)/Income	**(113)**	**45**	**(68)**	914	(18)	896
Current income tax		**–**			–	
Deferred income tax (Note 45)		**45**			(18)	
		45			(18)	

14. Profit Attributable to Owners of the Company

The profit attributable to owners of the company is dealt with in the financial statements of the Company to the extent of RMB14,007 million (2022: RMB24,708 million).

15. Earnings per Share

(a) Basic

Basic earnings per share ("EPS") is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year.

For those financial instruments classified as equity, if the distributions are cumulative, the undeclared amount of the cumulative distributions were deducted in arriving at earnings for the purposes of the EPS calculation. On the other hand, if the distributions are non-cumulative, only the amount of dividends declared in respect of the year should be deducted in arriving at the profit attributable to ordinary shareholders.

	2023	2022
Profit attributable to owners of the Company (RMB million)	**33,483**	31,273
Less:		
– dividends attributable to the perpetual notes (RMB million) *(Note (i))*	**1,661**	1,799
– the effect of 2021 Restricted Share Incentive Scheme (RMB million)	**36**	33
Profit used to determine basic earnings per share (RMB million)	**31,786**	29,441
Weighted average number of ordinary shares in issue (RMB million)	**24,571**	24,571
Basic earnings per share (RMB per share)	**1.294**	1.198

(i) The perpetual notes issued by the Company were classified as equity instruments with deferrable cumulative interest distribution and payment. The perpetual notes interests, which was generated and attributable to the year ended 31 December 2023, were deducted from earnings when calculate the earnings per share for the year ended 31 December 2023.

(b) Diluted

Diluted earnings per share was calculated by dividing the adjusted profit attributable to ordinary equity holders of the Company based on the diluted potential ordinary shares by the weighted average number of shares in issue during the period. For the year of 2023, the Company's 2021 Restricted Share Incentive Scheme has diluted effect on earnings per share, therefore, the diluted earnings per share did not equal basic earnings per share.

15. Earnings per Share (Continued)

(b) Diluted (Continued)

Diluted earnings per share are calculated as follows:

	2023	2022
Earnings		
Profit attributable to owners of the Company (RMB million)		
From continuing operations	**31,786**	29,441
Adjusted profit attributable to owners of the Company (RMB million)	**31,809**	29,452
Profit attributable to owners of the Company		
From continuing operations	**31,809**	29,452
Shares		
Weighted average number of ordinary shares in issue (RMB million)	**24,571**	24,571
Dilution effect		
Restricted Shares	**45**	13
Adjusted Weighted average number of ordinary shares in issue (RMB million)	**24,616**	24,584
Diluted earnings per share (RMB per share)	**1.292**	1.198

16. Dividends

	2023 RMB million	2022 RMB million
Proposed final dividend of RMB0.210 per ordinary share (2022: RMB0.200)	**5,198**	4,950

The dividends proposed in 2023 were RMB5,198 million (RMB0.210 per ordinary share) and paid in 2022 were RMB4,950 million (RMB0.200 per ordinary share) respectively. A dividend in respect of the year ended 31 December 2023 of RMB0.210 per ordinary share, amounting to a total dividend of RMB5,198 million, is to be approved at the 2023 annual general meeting of the Company. These financial statements do not reflect this dividend payable.

17. Emoluments of Directors, Chief Executive, Supervisors and Employees

(a) Directors', Chief Executives and Supervisors' Emoluments

	2023 RMB'000	2022 RMB'000
Directors, chief executives and supervisors		
– Basis salaries, housing allowances and other allowances	**3,585**	3,635
– Fees	**260**	250
– Contributions to pension plans	**489**	464
– Discretionary bonuses (note)	**4,496**	5,959
	8,830	10,308

17. Emoluments of Directors, Chief Executive, Supervisors and Employees (Continued)

(a) Directors', Chief Executives and Supervisors' Emoluments (Continued)

Note: the emoluments of every director and supervisor for the year ended 31 December 2023 are set out below:

Name	Basis salaries, housing allowances and other allowances RMB'000	Fees RMB'000	Contributions to pension plans RMB'000	Discretionary bonuses RMB'000 (note)	Total RMB'000
Executive directors					
Chen Yun	404	–	63	707	1,174
Chen Wenjian	401	–	63	707	1,171
Wang Shiqi	381	–	63	631	1,075
Independent directors					
Chung Shui Ming Timpson	–	100	–	69	169
Zhang Cheng	–	80	–	–	80
Xiu Long	–	80	–	–	80
Non-executive director					
Wen Limin	–	–	–	–	–
Directors' remunerations	1,186	260	189	2,114	3,749
Supervisors					
Jia Huiping	381	–	63	606	1,050
Li Xiaosheng	540	–	63	473	1,076
Wang Xinhua	538	–	63	428	1,029
Wan Ming	538	–	63	443	1,044
Yuan Baoyin	402	–	48	432	882
Supervisors' remunerations	2,399	–	300	2,382	5,081
Total	3,585	260	489	4,496	8,830

17. Emoluments of Directors, Chief Executive, Supervisors and Employees (Continued)

(a) Directors', Chief Executives and Supervisors' Emoluments (Continued)

Note: the emoluments of every director and supervisor for the year ended 31 December 2022 are set out below:

Name	Basis salaries, housing allowances and other allowances RMB'000	Fees RMB'000	Contributions to pension plans RMB'000	Discretionary bonuses RMB'000 *(note)*	Total RMB'000
Executive directors					
Chen Yun	393	–	58	1,294	1,745
Chen Wenjian	389	–	58	931	1,378
Wang Shiqi	367	–	58	1,298	1,723
Independent directors					
Chung Shui Ming Timpson	–	100	–	50	150
Zhang Cheng	–	75	–	–	75
Xiu Long	–	75	–	–	75
Non-executive director					
Wen Limin	–	–	–	–	–
Directors' remunerations	1,149	250	174	3,573	5,146
Supervisors					
Jia Huiping	363	–	58	744	1,165
Li Xiaosheng	542	–	58	416	1,016
Wang Xinhua	520	–	58	434	1,012
Wan Ming	527	–	58	348	933
Yuan Baoyin	534	–	58	444	1,036
Supervisors' remunerations	2,486	–	290	2,386	5,162
Total	3,635	250	464	5,959	10,308

17. Emoluments of Directors, Chief Executive, Supervisors and Employees (Continued)

(b) Five Highest Paid Individuals

None of the directors and supervisors was amongst the five highest paid individuals during both years. The emoluments of the five highest paid individuals in the Group during the year are as follows:

	2023	2022
	RMB'000	RMB'000
Basic salaries, housing allowances, and other allowances and benefits in kind	**7,661**	8,598
Contributions to pension plans	**214**	215
Discretionary bonuses *(note)*	**9,028**	15,775
	16,903	24,588

Note: the emoluments of the above individuals fall within the following bands:

	2023	2022
– HKD2,499,999 to HKD2,999,999 (equivalent to approximately RMB2,265,549 to RMB2,718,659)	**1**	–
– HKD3,000,000 to HKD3,500,000 (equivalent to approximately RMB2,718,660 to RMB3,171,770)	**2**	–
– HKD3,500,001 to HKD4,000,000 (equivalent to approximately RMB3,171,771 to RMB3,624,880)	**–**	1
– HKD4,000,001 to HKD4,500,000 (equivalent to approximately RMB3,624,881 to RMB4,077,990)	**1**	1
– HKD4,500,001 to HKD5,000,000 (equivalent to approximately RMB4,077,991 to RMB4,531,100)	**–**	1
– HKD5,000,001 to HKD5,500,000 (equivalent to approximately RMB4,531,101 to RMB4,984,210)	**1**	–
– HKD6,000,001 to HKD6,500,000 (equivalent to approximately RMB5,437,321 to RMB5,890,430)	**–**	1
– HKD8,500,001 to HKD9,000,000 (equivalent to approximately RMB7,702,871 to RMB8,155,980)	**–**	1

Note: The discretionary bonus is determined by the remuneration committee in accordance with the relevant human resources policies.

18. Property, Plant and Equipment

	Buildings RMB million	Infra-structure construction equipment RMB million	Transportation equipment RMB million	Manufacturing equipment RMB million	Testing equipment and instruments RMB million	Other equipment RMB million	Construction in progress RMB million	Total RMB million
At 1 January 2022								
Cost	45,671	52,688	14,955	11,580	4,376	7,439	7,361	144,070
Accumulated depreciation and impairment	(11,403)	(31,759)	(10,978)	(6,342)	(3,150)	(4,751)	(553)	(68,936)
Net book amount	34,268	20,929	3,977	5,238	1,226	2,688	6,808	75,134
Year ended 31 December 2022								
Opening net book amount	34,268	20,929	3,977	5,238	1,226	2,688	6,808	75,134
Additions	251	3,087	1,235	517	435	1,468	18,436	25,429
Transfers	2,007	427	36	273	15	160	(2,918)	–
Transferred from investment properties *(Note 21)*	384	–	–	–	–	–	–	384
Transferred from properties under development for sale and properties held for sale *(Note 30(b))*	124	–	–	–	–	–	–	124
Acquisition of subsidiaries	6	–	13	–	–	7	28,884	28,910
Disposal of subsidiaries	(4)	–	–	–	–	–	–	(4)
Disposals	(210)	(976)	(74)	(63)	(18)	(723)	(521)	(2,585)
Transferred to investment properties *(Note 21)*	(149)	–	–	–	–	–	(6)	(155)
Depreciation charge *(Note 11)*	(1,626)	(3,628)	(1,040)	(978)	(405)	(917)	–	(8,594)
Impairment losses recognised	(459)	–	–	(32)	–	–	(13)	(504)
Exchange differences	30	15	4	63	–	5	(6)	111
Closing net book amount	34,622	19,854	4,151	5,018	1,253	2,688	50,664	118,250
At 31 December 2022								
Cost	48,257	52,518	15,599	12,255	4,641	8,194	51,230	192,694
Accumulated depreciation and impairment	(13,635)	(32,664)	(11,448)	(7,237)	(3,388)	(5,506)	(566)	(74,444)
Net book amount	34,622	19,854	4,151	5,018	1,253	2,688	50,664	118,250

18. Property, Plant and Equipment (Continued)

	Buildings RMB million	Infra-structure construction equipment RMB million	Transportation equipment RMB million	Manufacturing equipment RMB million	Testing equipment and instruments RMB million	Other equipment RMB million	Construction in progress RMB million	Total RMB million
Year ended 31 December 2023								
Opening net book amount	34,622	19,854	4,151	5,018	1,253	2,688	50,664	118,250
Additions	3,287	4,695	1,579	629	413	1,426	17,474	29,503
Transfers	3,109	619	104	251	12	71	(4,166)	–
Transferred from investment properties *(Note 21)*	140	–	–	–	–	–	–	140
Acquisition of subsidiaries	58	–	–	5	–	1	–	64
Disposal of subsidiaries	–	–	–	–	–	(6)	–	(6)
Disposals	(379)	(539)	(79)	(41)	(19)	(161)	(636)	(1,854)
Transfer to assets classified as held for sale *(Note 20)*	(137)	–	–	(24)	–	(7)	–	(168)
Transferred to investment properties *(Note 21)*	(350)	–	–	–	–	–	(5)	(355)
Depreciation charge *(Note 11)*	(1,929)	(3,472)	(1,513)	(1,065)	(384)	(825)	–	(9,188)
Impairment losses recognised	–	–	–	(3)	–	–	(27)	(30)
Exchange differences	8	11	5	11	–	1	–	36
Closing net book amount	38,429	21,168	4,247	4,781	1,275	3,188	63,304	136,392
At 31 December 2023								
Cost	53,832	54,250	16,558	12,647	4,889	9,279	63,898	215,353
Accumulated depreciation and impairment	(15,403)	(33,082)	(12,311)	(7,866)	(3,614)	(6,091)	(594)	(78,961)
Net book amount	38,429	21,168	4,247	4,781	1,275	3,188	63,304	136,392

18. Property, Plant and Equipment (Continued)

(a) Depreciation of the Group's property, plant and equipment of RMB7,431 million (2022: RMB7,211 million) has been charged to cost of sales, RMB254 million (2022: RMB192 million) to research and development expenditures, RMB1,444 million (2022: RMB1,129 million) to administrative expenses, and RMB59 million (2022: RMB62 million) to selling and marketing expenses.

(b) As at 31 December 2023, bank borrowings amounting to RMB1,497 million (2022: RMB2,205 million) are secured by certain property, plant and equipment with an aggregate book carrying amount of approximately RMB4,171 million (2022: RMB3,878 million) (Note 42).

(c) Property, plant and equipment with an aggregate book carrying amount of approximately RMB940 million (31 December 2022: RMB951 million) and right of land use (Note 19(c)) with an aggregate book carrying amount of approximately RMB179 million (31 December 2022: RMB187 million) have been pledged to secure trade and other payables to RMB1,173 million (31 December 2022: RMB1,175 million) granted to the Group.

(d) As at 31 December 2023, the Group is in the process of applying for registration of the ownership certificates for certain of its properties with an aggregate book carrying amount of approximately RMB2,092 million (2022: RMB2,023 million). The Directors of the Company are of the opinion that the Group is entitled to lawfully and validly occupy or use these properties.

(e) The category of infrastructure construction equipment, transportation equipment, manufacturing equipment, testing equipment and instruments and other equipment leased by the Group to third parties under operating leases with the following carrying amounts:

	2023 **RMB million**	2022 RMB million
Cost	**3,237**	1,769
Accumulated depreciation	**(701)**	(244)
Net book amount	**2,536**	1,525

19. Lease

This note provides information for leases where the Group is a lessee.

(a) Amounts recognised in the consolidated balance sheet

The consolidated balance sheet shows the following amounts relating to leases:

Right-of-use assets	**2023 RMB million**	2022 RMB million
Buildings	**1,065**	1,051
Right of land use	**11,965**	12,849
Infrastructure construction equipment	**930**	529
Transportation equipment	**91**	29
Manufacturing equipment	**9**	8
Other equipment	**180**	137
	14,240	14,603

Lease liabilities	**2023 RMB million**	2022 RMB million
Current	**1,009**	343
Non-current	**1,135**	1,139
	2,144	1,482

Additions to the right-of-use assets during the year ended 31 December 2023 were RMB2,614 million. Maturity and modification to the right-of-use assets during the year ended 31 December 2023 were RMB1,066 million.

19. Lease (Continued)

(b) Amounts recognised in the consolidated income statement

The consolidated income statement shows the following amounts relating to leases:

Depreciation charge of right-of-use assets	2023 RMB million	2022 RMB million
Buildings	**445**	464
Right of land use	**415**	352
Infrastructure construction equipment	**816**	222
Transportation equipment	**46**	12
Manufacturing equipment	**3**	1
Other equipment	**59**	37
	1,784	1,088
Interest expenses (included in finance cost) *(Note 10)*	**48**	53
Expenses relating to leases of low-value assets that are not shown above as short-term leases (included in cost of sales and services and administrative expenses)	**25,804**	19,269

The total cash outflow for leases in the year ended 31 December 2023 was RMB19,604 million (2022: RMB20,073 million).

(c) Property, plant and equipment (Note 18(c)) with an aggregate book carrying amount of approximately RMB940 million (31 December 2022: RMB951 million) and right of land use with an aggregate book carrying amount of approximately RMB179 million (31 December 2022: RMB187 million) have been pledged to secure trade and other payables to RMB1,173 million (31 December 2022: RMB1,175 million) granted to the Group.

(d) The Group's leasing activities and how these are accounted for

The Group leases buildings, infrastructure construction equipment, transportation equipment, manufacturing equipment and other equipment. Rental contracts are made for fixed periods, but may have extension options as described in (e) below.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

19. Lease (Continued)

(e) Extension and termination options

Extension and termination options are included in a number of property and equipment leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

20. Assets classified as held for sale

	2023 **RMB million**	2022 RMB million
Property, Plant and Equipment *(Note 18)*	**168**	–
Right of use assets	**106**	–
Intangible Assets *(Note 22)*	**415**	–
	689	–

In accordance with the urban transformation and upgrading plan of Zhongshan City land Management Committee in Guangdong province and approved by the Board of Directors of China Railway Hi-Tech Industry Co., Ltd. (hereafter as China Railway Industry, a subsidiary of the Group), China Railway South Engineering Equipment Co., LTD. (hereafter as China Railway South Engineering, a subsidiary of China Railway Industry) entered into a state-owned land use right recovery agreement with the Management Committee of Zhongshan Cuiheng New District on 26 December 2023. China Railway South Engineering will transfer the land use right and the relevant properties held to the Management Committee of Zhongshan Cuiheng New District and the transfer is expected to be completed within 2024. Therefore, the assets were classified as held for sale in the balance sheet as of 31 December 2023. As at 31 December 2023, no provision was made to the assets held for sale of the Group.

21. Investment Properties

	2023 RMB million	2022 RMB million
At 1 January		
Cost	**18,253**	16,853
Accumulated depreciation and impairment	**(3,029)**	(2,837)
Net book amount	**15,224**	14,016
For the year ended 31 December		
Opening net book amount	**15,224**	14,016
Additions	**1,068**	1,746
Acquisition of subsidiaries	**380**	1
Transferred from property, plant and equipment *(Note 18)*	**355**	155
Transfer from properties held for sale *(Note 30(b))*	**1,133**	475
Transfer to property, plant and equipment *(Note 18)*	**(140)**	(384)
Transfer to properties held for sale *(Note 30(b))*	**–**	(267)
Disposals	**(418)**	(45)
Depreciation charge *(Note 11)*	**(506)**	(486)
Impairment losses recognised	**(2)**	(6)
Exchange difference	**(12)**	19
Closing net book amount	**17,082**	15,224
At 31 December		
Cost	**20,510**	18,253
Accumulated depreciation and impairment	**(3,428)**	(3,029)
Net book amount	**17,082**	15,224
Fair value at end of the year (a)	**23,815**	23,259

21. Investment Properties (Continued)

(a) As at 31 December 2023, the fair value of the Group's investment properties is based on valuations performed by China United Assets Appraisal Group Co., Ltd., a firm of independent and professionally qualified valuers. The investment properties, mainly located in the Mainland China, are valued by the income approach by taking into account the net rental income of the properties derived from the existing leases and/or achievable in the existing market with due allowance for the reversionary income potential of the leases, which have been then capitalised to determine the fair value at an appropriate capitalisation rate, or by the comparison approach by making reference to comparable market transactions, which rests on the wide acceptance of the market transactions as the best indicator and pre-supposes that evidence of relevant transactions in the market place can be extrapolated to similar properties, subject to allowances for variable factors. The fair value falls into the category of fair value measurements using significant unobservable inputs (level 3) including future rental cash inflows, capitalisation rate and current prices in an active market for similar properties.

(b) Rental income and depreciation of the Group's investment properties of RMB922 million and RMB506 million (2022: RMB870 million and RMB486 million), respectively, was recognised as "revenue" and "cost of sales and services" in the consolidated income statement for the year ended 31 December 2023.

(c) As at 31 December 2023, the Group had no unprovided contractual obligations for future repairs and maintenance (2022: nil).

(d) The Group is in the process of applying for the title certificates for certain of its investment properties with an aggregate carrying value of RMB2,339 million as at 31 December 2023 (2022: RMB2,545 million). The Directors are of the opinion that the Group is entitled to lawfully and validly occupy or use these investment properties.

(e) Minimum lease payments receivable on leases of investment properties are as follows:

	2023 **RMB million**	2022 RMB million
Within 1 year	**892**	897
Between 1 and 2 years	**555**	665
Between 2 and 3 years	**371**	528
Between 3 and 4 years	**228**	290
Between 4 and 5 years	**131**	202
Later than 5 years	**371**	278
	2,548	2,860

22. Intangible Assets

	Service concession arrangements RMB million	Non-patented technologies RMB million	Patents RMB million	Computer software RMB million	Others RMB million	Total RMB million
At 1 January 2022						
Cost	109,471	771	22	1,503	911	112,678
Accumulated amortisation and impairment	(913)	(330)	(11)	(676)	(252)	(2,182)
Net book amount	108,558	441	11	827	659	110,496
Year ended at 31 December 2022						
Opening net book amount	108,558	441	11	827	659	110,496
Additions	45,433	–	3	271	8	45,715
Acquisition of subsidiaries	–	–	–	1	–	1
Disposals	(1)	–	–	(25)	–	(26)
Amortisation charge *(Note 11)*	(751)	(55)	(2)	(172)	(114)	(1,094)
Exchange differences	45	–	–	–	–	45
Closing net book amount	153,284	386	12	902	553	155,137
At 31 December 2022						
Cost	154,952	771	25	1,747	908	158,403
Accumulated amortisation and impairment	(1,668)	(385)	(13)	(845)	(355)	(3,266)
Net book amount	153,284	386	12	902	553	155,137

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22. Intangible Assets (Continued)

	Service concession arrangements RMB million	Non-patented technologies RMB million	Patents RMB million	Computer software RMB million	Others RMB million	Total RMB million
Year ended at 31 December 2023						
Opening net book amount	153,284	386	12	902	553	155,137
Additions	41,106	–	36	228	11	41,381
Transfer to assets classified as held for sale *(Note 20)*	–	–	–	–	(415)	(415)
Disposals	(6,746)	–	–	–	–	(6,746)
Amortisation charge *(Note 11)*	(1,415)	(56)	(4)	(201)	(23)	(1,699)
Exchange differences	(36)	–	–	–	–	(36)
Others	(4,138)	–	–	–	–	(4,138)
Closing net book amount	182,055	330	44	929	126	183,484
At 31 December 2023						
Cost	185,086	771	60	1,960	492	188,369
Accumulated amortisation and impairment	(3,031)	(441)	(16)	(1,031)	(366)	(4,885)
Net book amount	182,055	330	44	929	126	183,484

22. Intangible Assets (Continued)

(a) The Group has entered into a number of service concession arrangements with certain government authorities in the PRC in respect of its toll road operations, sewage plants and other constructions in exchange for a right for the Group to operate the asset. The assets are classified as intangible assets if the operator receives a right to charge users of the public service and this right is not an unconditional contractual right to receive cash. Pursuant to the service concession arrangement contracts, the Group is responsible for the construction of toll roads, sewage plants and other constructions, and the acquisition of the related facilities and equipment, and is entitled to operate the toll roads, the sewage plants and other construction upon completion for a specified remaining concession period from 12 to 40 years (2022: from 12 to 40 years) by charging users of the public service, which amounts are contingent on the extent that the public uses the service. The Group will not hold any residual interest in the toll roads, the sewage plants and other constructions upon expiration of the concession period. As such, the service concession arrangement contracts are accounted for as service concession arrangements and an intangible asset was recognised at an amount equals to the fair value of the consideration for provision of construction service upon initial recognition.

(b) As at 31 December 2023, the cost of service concession arrangements have been put into operations amounted to RMB86,116 million (2022: RMB88,214 million). The cost of service concession arrangements where the related projects were under construction amounted to RMB98,970 million (2022: RMB66,738 million).

(c) Amortisation of the Group's intangible assets of RMB1,537 million (2022: RMB916 million) has been charged to cost of sales and services, and RMB162 million (2022: RMB178 million) to administrative expenses.

(d) As at 31 December 2023, bank borrowings amounting to RMB78,950 million (2022: RMB75,252 million) are secured by concession assets with carrying amount of approximately RMB106,796 million (2022: RMB96,955 million) (Note 42).

23. Mining Assets

	Mining rights RMB million	Exploration and evaluation assets RMB million	Total RMB million
At 1 January 2022			
Cost	5,380	134	5,514
Accumulated amortisation and impairment	(1,914)	(121)	(2,035)
Net book amount	3,466	13	3,479
Year ended at 31 December 2022			
Opening net book amount	3,466	13	3,479
Additions	8	–	8
Disposals	(2)	–	(2)
Amortisation charge *(Note 11)*	(109)	–	(109)
Closing net book amount	3,363	13	3,376
At 31 December 2022			
Cost	5,386	134	5,520
Accumulated amortisation and impairment	(2,023)	(121)	(2,144)
Net book amount	3,363	13	3,376
Year ended at 31 December 2023			
Opening net book amount	3,363	13	3,376
Amortisation charge *(Note 11)*	(170)	–	(170)
Closing net book amount	3,193	13	3,206
At 31 December 2023			
Cost	5,386	134	5,520
Accumulated amortisation and impairment	(2,193)	(121)	(2,314)
Net book amount	3,193	13	3,206

The exploration and evaluation assets represent the expenditure on exploration and evaluation of mine projects at Australia and Heilongjiang.

24. Subsidiaries

(a) Details of the principal subsidiaries as at 31 December 2023 are shown in Note 50.

(b) Material non-controlling interests

(i) The table below shows the details of a non-wholly-owned subsidiary of the Group that have material non-controlling interests.

Name of subsidiary	中鐵雲南建設投資有限公司 China Railway Yunnan Construction Investment Co., Ltd.
Principal activities	Project construction, asset management, water conservancy administration
Country/place of establishment and operation	PRC

	2023 **RMB million**	2022 RMB million
Particulars of paid in capital	**38,693**	36,393
Proportion of interest and voting power held by non-controlling interests	**29.49%**	29.49%
Accumulated non-controlling interests	**41,255**	36,854
Total comprehensive income allocated to non-controlling interests	**575**	145

Name of subsidiary	中鐵高新工業股份有限公司 China Railway Industry
Principal activities	Engineering Equipment and Component Manufacturing
Country/place of establishment and operation	PRC

	2023 **RMB million**	2022 RMB million
Particulars of paid in capital	**2,222**	2,222
Proportion of interest and voting power held by non-controlling interests	**50.88%**	50.88%
Accumulated non-controlling interests	**14,425**	13,788
Total comprehensive income allocated to non-controlling interests	**969**	754

24. Subsidiaries (Continued)

(b) Material non-controlling interests (Continued)

Financial information on subsidiaries with material non-controlling interests

Set out below is summarized financial information for China Railway Yunnan Construction Investment Co., Ltd. in which there is non-controlling interests that are material to the Group. The amounts disclosed are before inter-company eliminations.

Summarised consolidated balance sheet	2023 RMB million	2022 RMB million
Current		
Assets	**38,458**	34,708
Liabilities	**31,563**	28,892
Total current net assets	**6,895**	5,816
Non-current		
Assets	**121,116**	108,848
Liabilities	**54,187**	47,303
Total non-current net assets	**66,929**	61,545
Net assets	**73,824**	67,361

Summarised consolidated income statement and comprehensive income	2023 RMB million	2022 RMB million
Revenue	**20,134**	28,126
Profit for the year attributable to owners of the Company	**2,247**	3,079
Total comprehensive income attributable to owners of the Company	**2,247**	3,079
Total comprehensive income attributable to non-controlling interests	**575**	145

24. Subsidiaries (Continued)

(b) Material non-controlling interests (Continued)

Financial information on subsidiaries with material non-controlling interests (Continued)

Summarised consolidated cash flows	2023 RMB million	2022 RMB million
Net cash generated from operating activities	**6,688**	7,225
Net cash used in investing activities	**(19,566)**	(12,842)
Net cash generated from financing activities	**8,888**	15,225
Net (decrease)/increase in cash and cash equivalents	**(3,990)**	9,608

Set out below is summarised financial information for China Railway Industry in which there is non-controlling interests that are material to the Group. The amounts disclosed are before inter-company eliminations.

Summarised consolidated balance sheet	2023 RMB million	2022 RMB million
Current		
Assets	**44,668**	40,323
Liabilities	**31,133**	28,261
Total current net assets	**13,535**	12,062
Non-current		
Assets	**13,001**	13,198
Liabilities	**724**	750
Total non-current net assets	**12,277**	12,448
Net assets	**25,812**	24,510

24. Subsidiaries (Continued)

(b) Material non-controlling interests (Continued)

Financial information on subsidiaries with material non-controlling interests (Continued)

Summarised consolidated income statement and comprehensive income	2023 RMB million	2022 RMB million
Revenue	**30,067**	28,817
Profit for the year attributable to owners of the Company	**1,744**	1,876
Other comprehensive income/(expenses) attributable to owners of company	**14**	(35)
Total comprehensive income attributable to owners of the Company	**1,758**	1841
Total comprehensive income attributable to non-controlling interests	**969**	754
Dividends paid to non-controlling interests	**287**	282

Summarised consolidated cash flows	2023 RMB million	2022 RMB million
Net cash generated from operating activities	**636**	1,217
Net cash used in investing activities	**(489)**	(560)
Net cash used in financing activities	**(766)**	(602)
Effect of foreign exchange rate changes	**–**	12
Net (decrease)/increase in cash and cash equivalents	**(619)**	67

24. Subsidiaries (Continued)

(c) Consolidation of the structured entities

To determine whether to consolidate the structured entities (mainly the unlisted entrust products) or not, the main factor considered by the Group is the ability to control these structured entities. For those structured entities managed and invested by China Railway Trust Co., Ltd. ("China Railway Trust"), the directly owned subsidiary of the Company, the Group consolidated those structured entities when the Group is exposed to significant variable returns and has the ability to affect the variable returns, including the returns of its interests in these structured entities as investor and trust commission fee earned from these structured entities as manager.

As at 31 December 2023, the total assets of the consolidated structured entities amounted to RMB10,514 million (31 December 2022: RMB12,614 million), and the interests of other investors in these structured entities amounted to RMB3,348 million (31 December 2022: RMB1,760 million).

As at 31 December 2023 and 2022, there was no contractual liquidity arrangements, guarantees or other commitments between the Group and the consolidated structured entities.

(d) Interests in unconsolidated structured entities

(i) China Railway Trust serves as manager of unconsolidated structured entities (mainly the unlisted entrust products) and earns trust commission fee. In the opinion of the Directors, the Group did not consolidate these structured entities that it has no control over these structured entities.

As at 31 December 2023, the scale of the unconsolidated structured entities established with interest held by the Group amounted to RMB40,461 million (31 December 2022: RMB41,505 million). As at 31 December 2023, the maximum exposure to the loss of the Group's investments and the amount recognised as financial assets at fair value through profit or loss in the consolidated financial statements over these unconsolidated structured entities which the Group has interests in amounted to RMB1,054 million (31 December 2022: RMB1,330 million).

As at 31 December 2023, the scale of the unconsolidated structured entities established with no interest held by the Group amounted to RMB530,825 million (31 December 2022: RMB392,455 million).

24. Subsidiaries (Continued)

(d) Interests in unconsolidated structured entities (Continued)

(ii) The Group and several unlisted entrust products ("Investee Entrust Products"), which the Group has interests in, invested in certain limited liability partnership funds (the "Funds"). The Funds are mainly engaged in infrastructure activities. A number of Investee Entrust Products acted as limited partners of the Funds to finance the operation activities of the Funds.

The Directors are of the opinion that the Group did not have control over Investee Entrust Products and the Funds and therefore, these Investee Entrust Products and the Funds were deemed as structured entities and were not consolidated by the Group.

As at 31 December 2023, the scale of these unconsolidated structured entities amounted to RMB24,042 million (31 December 2022: RMB21,313 million).

The maximum exposure to the loss of the Group's investments in the unconsolidated structured entities as at 31 December 2023 is disclosed in the following table.

	2023	2022
	RMB million	RMB million
Investments in joint ventures	**9,716**	8,790
Financial assets at fair value through profit or loss	**799**	619
	10,515	9,409

As at 31 December 2023 and 2022, there was no contractual liquidity arrangements, guarantees or other commitments between the Group and the unconsolidated structured entities.

25. Investments accounted for using the equity method

The amounts recognised in the consolidated balance sheet are as follows:

	2023 RMB million	2022 RMB million
Associates	**63,305**	54,611
Joint ventures	**60,322**	55,122
	123,627	109,733

The amounts recognised in the consolidated income statement are as follows:

	2023 RMB million	2022 RMB million
Associates	**4,666**	4,734
Joint ventures	**(1,075)**	(1,437)
	3,591	3,297

(a) Investments in associates

	2023 RMB million	2022 RMB million
At 1 January	**54,611**	46,181
Additions	**9,186**	10,256
Disposals	**(2,401)**	(6,612)
Transfer to subsidiary	**(183)**	–
Share of profit or loss, net	**4,788**	4,734
Dividend distribution	**(2,619)**	(366)
Impairment losses recognised (Note 7)	**(14)**	–
Share of other comprehensive income of associates	**156**	675
Share of other reserves of associates	**(219)**	(257)
At 31 December	**63,305**	54,611

25. Investments accounted for using the equity method (Continued)

(a) Investments in associates (Continued)

(i) All of the associates of the Group are unlisted and there is no quoted market price available for their shares.

(ii) In 2023, the Group acts as the guarantors for various external borrowings made by certain associates amounted to RMB852 million (2022: RMB1,816 million) (Note 49(c)).

(iii) Details of Group's material associates as at 31 December 2023 and 2022 are as follows:

Name of associate	Country/ place of establishment/ operations	Proportion of ownership interest held by the Group		Principal activities
		2023	2022	
華剛礦業股份有限公司 LA Sino-Congolaise Des Mines S.A. ("SICOMINGS S.A.")	Democratic Republic of the Congo	**41.72%**	41.72%	Mining
中鐵京西（北京）高速公路發展有限公司 China Railway Jingxi (Beijing) Expressway Development Co., Ltd. ("Jingxi Expressway")	PRC	**45.00%**	45.00%	Expressway construction management

Summarised financial information in respect of each of the Group's material associates is set out below. The summarised financial information below represents amounts shown in the associates financial statements prepared in accordance with IFRSs.

25. Investments accounted for using the equity method (Continued)

(a) Investments in associates (Continued)

All of these associates are accounted for using the equity method in the consolidated financial statements.

	2023		2022	
	SICOMINGS S.A.	Jingxi Expressway	SICOMINGS S.A.	Jingxi Expressway
	RMB million	RMB million	RMB million	RMB million
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Current assets	18,783	2,194	16,881	1,763
Non-current assets	27,438	16,344	26,420	13,157
Current liabilities	8,953	360	5,113	600
Non-current liabilities	12,743	7,200	15,034	6,123
Revenue	13,801	–	15,103	–
Profit/(losses) for the year	6,459	(17)	7,542	(24)
Other comprehensive income for the year	397	–	1,550	–
Total comprehensive income/ (expenses) for the year	6,856	(17)	9,092	(24)
Dividends received	2,289	–	–	–

Reconciliation of the above summarised financial information to the carrying amount of the interests in associates recognised in the consolidated financial statements:

	2023		2022	
	SICOMINGS S.A.	Jingxi Expressway	SICOMINGS S.A.	Jingxi Expressway
	RMB million	RMB million	RMB million	RMB million
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Net assets attributable to the owners of the Company	24,525	10,978	23,154	8,197
Proportion of the Group's ownership in associates	41.72%	45.00%	41.72%	45.00%
Other adjustments	(1,538)	1	(1,318)	–
Carrying amount of the Group's interests in associates	8,694	4,941	8,342	3,689

25. Investments accounted for using the equity method (Continued)

(a) Investments in associates (Continued)

In addition to the interests in associates disclosed above, the Group also has interests in a number of individually immaterial associates that are accounted for using the equity method.

	2023 **RMB million**	2022 RMB million
Aggregate carrying amount of the Group's interests in these associates	**49,670**	42,580
The Group's share of profits	**2,101**	1,599
The Group's share of other comprehensive (expenses)/income	**(9)**	28
The Group's share of total comprehensive income	**2,092**	1,627

(b) Investments in joint ventures

	2023 **RMB million**	2022 RMB million
At 1 January	**55,122**	49,831
Additions	**6,975**	7,463
Disposals	**(184)**	(403)
Transfer to subsidiaries	**(11)**	–
Share of profit or loss, net	**(1,075)**	(1,437)
Dividend distribution	**(480)**	(357)
Share of other reserves of joint ventures	**(25)**	25
At 31 December	**60,322**	55,122

(i) All of the joint ventures of the Group are unlisted and there is no quoted market price available for their shares.

(ii) In 2023, the Group acts as the guarantor for external borrowing made by certain joint ventures amounted to RMB5,417 million (2022: RMB5,139 million) (Note 49(c)).

25. Investments accounted for using the equity method (Continued)

(b) Investments in joint ventures (Continued)

(iii) Details of Group's material joint ventures as at 31 December 2023 and 2022 are as follows:

Name of joint venture	Country/ place of establishment/ operations	Proportion of ownership interest held by the Group		Principal activities
		2023	2022	
昆明軌道交通四號線土建項目建設管理有限公司 Kunming Rail Transit Line 4 Construction Management Co., Ltd. ("Kunming Line 4")	PRC	**75.73%**	75.73%	Subway construction management
招商中鐵控股有限公司 China Merchants Railway Co., Ltd. (Formerly "Guangxi China Railway Expressway Management Co., Ltd.")	PRC	**49.00%**	49.00%	Build-operate-transfer service concession arrangement

25. Investments accounted for using the equity method (Continued)

(b) Investments in joint ventures (Continued)

Summarised financial information in respect of each of the Group's material joint venture is set out below. The summarised financial information below represents amounts shown in the joint ventures financial statements prepared in accordance with IFRSs.

The joint ventures are accounted for using the equity method in the consolidated financial statements.

	2023		2022	
	China Merchants Railway Co., Ltd.	**Kunming Line 4**	China Merchants Railway Co., Ltd.	Kunming Line 4
	RMB million	**RMB million**	RMB million	RMB million
	(Unaudited)	**(Unaudited)**	(Unaudited)	(Unaudited)
Current assets	**1,380**	**3,062**	993	2,145
Including: cash and cash equivalents	**219**	**53**	829	11
Non-current assets	**35,835**	**14,836**	38,257	15,670
Current liabilities	**2,740**	**625**	8,152	596
Non-current liabilities	**22,144**	**10,978**	18,341	10,984
Revenue	**3,589**	**437**	3,270	436
Interest expenses	**946**	**448**	1,069	490
Total comprehensive (expenses)/income for the year	**(87)**	**60**	(129)	59
Dividends received	**245**	**–**	135	–

25. Investments accounted for using the equity method (Continued)

(b) Investments in joint ventures (Continued)

Reconciliation of the above summarised financial information to the carrying amount of the interests in joint ventures recognised in the consolidated financial statements:

	2023		2022	
	China Merchants Railway Co., Ltd.	**Kunming Line 4**	China Merchants Railway Co., Ltd.	Kunming Line 4
	RMB million	**RMB million**	RMB million	RMB million
	(Unaudited)	**(Unaudited)**	(Unaudited)	(Unaudited)
Net assets attributable to the owners of the Company	**9,624**	**6,295**	10,211	6,235
Proportion of the Group's ownership in joint ventures	**49.00%**	**75.73%**	49.00%	75.73%
Carrying amount of the Group's interests in joint ventures	**4,716**	**4,767**	5,003	4,722

In addition to the interests in joint ventures disclosed above, the Group also has interests in a number of individually immaterial joint ventures that are accounted for using the equity method.

	2023	2022
	RMB million	RMB million
Aggregate carrying amount of the Group's interests in these joint ventures	**50,839**	45,397
The Group's share of losses	**(1,077)**	(1,418)
The Group's share of total comprehensive expenses	**(1,077)**	(1,418)

26. Joint operations

In 2023, the Group has no joint operation (2022: nil).

27. Goodwill

	2023 **RMB million**	2022 RMB million
Cost		
At beginning of year	**1,799**	1,596
Addition	**30**	536
Disposal	**–**	(333)
At end of year	**1,829**	1,799
Impairment		
At beginning of year	**(28)**	(28)
Change	**(125)**	–
At end of year	**(153)**	(28)
Net book amount		
At beginning of year	**1,771**	1,568
At end of year	**1,676**	1,771

27. Goodwill (Continued)

The carrying amount of goodwill at the end of the reporting period is attributable to acquisition of subsidiaries in the following subsidiaries (whose principal activities are disclosed in Note 50) and sub-groups headed by these subsidiaries:

	2023 **RMB million**	2022 RMB million
China Railway No.1 Engineering Group Co., Ltd.	**64**	64
China Railway No.2 Construction Co., Ltd.	**26**	–
China Railway No.2 Engineering Group Co., Ltd.	**77**	77
China Railway No.3 Engineering Group Co., Ltd.	**51**	51
China Railway No.4 Engineering Group Co., Ltd.	**195**	195
China Railway No.5 Engineering Group Co., Ltd.	**82**	82
China Railway No.6 Engineering Group Co., Ltd.	**12**	12
China Railway No.8 Engineering Group Co., Ltd.	**26**	26
China Railway No.9 Engineering Group Co., Ltd.	**48**	48
China Railway No.10 Engineering Group Co., Ltd.	**26**	26
China Railway Major Bridge Engineering Group Co., Ltd.	**28**	28
China Railway Electrification Engineering Group Co., Ltd.	**100**	100
China Railway Construction Group Co., Ltd.	**426**	551
China Railway Tunnel Group Co., Ltd.	**19**	19
China Railway Trust	**206**	206
China Railway No.6 Survey and Design Institute Group Co., Ltd.	**24**	24
China Railway Changjiang Transport Design Group Co., Ltd.	**40**	36
China Railway Water Conservancy & Hydropower Planning and Design Group Co., Ltd.	**5**	5
China Railway Yunnan Construction Investment Co., Ltd.	**203**	203
Other Subsidiaries	**18**	18
	1,676	1,771

The basis of determining the recoverable amounts of the above subsidiaries and their major underlying assumptions are summarised below:

China Railway Trust, which is included in other businesses of the Group, is principally engaged in financial trust management. The recoverable amount in respect of this subsidiary has been determined based on fair value less costs of disposal. The key assumptions in determining the fair value is the publicly disclosed value ratio of comparable transactions and estimated costs of disposal. Management believes that any reasonably possible change in the assumptions would not cause the carrying amount of this subsidiary to exceed its recoverable amount.

27. Goodwill (Continued)

The recoverable amounts in respect of subsidiaries, which are principally engaged in infrastructure construction, survey, design and consulting services and engineering equipment and component manufacturing, other than China Railway Trust, have been determined based on a value in use calculation. That calculation uses cash flow projections based on the most recent financial budgets of five years approved by management and an extrapolated financial budget for the following five years, and a discount rate of 10% (2022: 10%). One of the key assumptions in preparing cash flow projections is annual growth rates in revenue which vary among different subsidiaries for the most recent financial budgets period and a nil growth rate for the extrapolation period. The growth rates are based on the relevant industry growth forecasts and do not exceed the average long-term growth rate for the relevant industry. Another key assumption for the cash flow projections is the stable budgeted gross margin, which is determined based on the subsidiaries' past performance. Management believes that any reasonably possible change in any of these assumptions would not cause the carrying amounts of the subsidiaries to exceed its recoverable amounts.

28. Financial assets at fair value through other comprehensive income

Financial assets at FVOCI comprise:

- Equity securities which are not held for trading, and which the Group has irrevocably elected at initial recognition to recognise in this category. These are strategic investments and the Group considers this classification to be more relevant.

- Debt securities where the contractual cash flows are solely payments of principal and interest and the objective of the Group's business model is achieved both by collecting contractual cash flows and selling financial assets.

- Bills receivables where the contractual cash flows are achieved both by collecting contractual cash flows and selling financial assets.

28. Financial assets at fair value through other comprehensive income (Continued)

(a) Financial assets at FVOCI include the following:

	2023 RMB million	2022 RMB million
Non-current assets		
Unlisted equity investments	**17,969**	14,238
Listed equity securities		
– Mainland China	**8**	427
– Hong Kong	**290**	280
	18,267	14,945
Current assets		
Bills receivables	**1,078**	766

On disposal of these equity instruments and bills receivables, any related balance within the FVOCI reserve is reclassified to retained earnings.

In 2023, the Group disposed certain listed equity securities and unlisted equity investments at a fair value of RMB853 million (2022: RMB48 million). The Group realised a gain of RMB350 million in 2023 (2022: RMB27 million), which had already been included in other comprehensive income before disposal. The gain has been transferred to retained earnings.

(b) Amounts recognised in profit or loss and other comprehensive income

During the year, the following gains were recognised in profit or loss and other comprehensive income:

	2023 RMB million	2022 RMB million
Gains recognised in other comprehensive income	**166**	120
Gains reclassified from other comprehensive income to retained earnings upon disposal of financial assets at FVOCI	**(350)**	(27)
Dividends from equity instruments held at FVOCI recognised in profit or loss in other income *(Note 6)*:		
– Related to instruments held at the end of the year	**49**	135
– Related to instruments derecognised during the year	**27**	–

28. Financial assets at fair value through other comprehensive income (Continued)

(c) Fair value, impairment and risk exposure

Information about the methods and assumptions used in determining fair value is provided in Note 3.2.

The loss allowance for debt instruments at FVOCI as a result of applying the expected credit risk model is immaterial.

Financial assets at FVOCI are denominated in the following currencies:

	2023 **RMB million**	2022 RMB million
RMB	**19,055**	15,431
HKD	**290**	280
	19,345	15,711

29. Other financial assets at amortised cost

	2023 **RMB million**	2022 RMB million
Debt investments		
– Short-term	**9,700**	15,978
– Long-term	**30,276**	23,971
	39,976	39,949
Less: loss allowance for debt investments (a)	**(5,212)**	(6,033)
Total other financial assets at amortised cost	**34,764**	33,916
Less: amount due within one year included in current assets	**(8,487)**	(14,777)
Amount due after one year	**26,277**	19,139

29. Other financial assets at amortised cost (Continued)

(a) Movements in impairment on debt instruments are as follows:

	2023 **RMB million**	2022 RMB million
At 31 December in prior year	**6,033**	5,397
Impairment losses recognised during the year *(Note 7)*	**368**	636
Write off	**(270)**	–
Others	**(919)**	–
At 31 December	**5,212**	6,033

(b) The other financial assets at amortised cost carry fixed-rate interests within a range of 2.46% to 24.00% (31 December 2022: 1.25% to 24.00%) per annum.

(c) As at 31 December 2023, other financial assets at amortised cost amounting to RMB4,863 million (31 December 2022: RMB4,694 million) are secured by property, plant and equipment, investment properties or guaranteed by a third party.

(d) Other financial assets at amortised cost are denominated in the following currencies:

	2023 **RMB million**	2022 RMB million
RMB	**34,311**	33,370
USD	**453**	546
	34,764	33,916

30. Properties Held for Sale/Properties Under Development for Sale

(a) Properties under development for sale

	2023 RMB million	2022 RMB million
As at 1 January	**103,873**	112,192
Additions	**49,083**	45,392
Properties completed during the year	**(43,869)**	(53,711)
Disposal of subsidiaries	**(21)**	–
	109,066	103,873
Less: provision for impairment	**(1,471)**	(2,179)
As at 31 December	**107,595**	101,694

	2023 RMB million	2022 RMB million
Properties under development for sale comprise:		
Land use rights	**98,537**	91,129
Construction cost	**2,876**	5,331
Borrowing costs capitalised	**7,653**	7,413
	109,066	103,873

30. Properties Held for Sale/Properties Under Development for Sale (Continued)

(b) Properties held for sale

	2023 RMB million	2022 RMB million
As at 1 January	**62,775**	53,154
Additions	**43,869**	53,711
Transferred from investment properties *(Note 21)*	**–**	267
Acquisition of subsidiaries	**1,423**	–
Properties sold during the year	**(47,521)**	(43,758)
Transferred to investment properties *(Note 21)*	**(1,133)**	(475)
Transferred to property, plant and equipment *(Note 18)*	**–**	(124)
	59,413	62,775
Less: provision for impairment	**(4,800)**	(5,796)
As at 31 December	**54,613**	56,979

Properties under development for sale amounting to RMB7,697 million (31 December 2022: RMB13,420 million) have been pledged to secure bank borrowings amounting to RMB4,710 million (31 December 2022: RMB5,013 million) granted to the Group (Note 42(c)).

Properties under development for sale amounting to RMB1,579 million (31 December 2022: RMB1,519 million) have been pledged to secure trade and other payables to RMB800 million (31 December 2022: RMB1,333 million) granted to the Group.

All of the properties under development are expected to be completed within the Group's normal operating cycle and are included under current assets.

The Group's properties held for sale and properties under development for sale at the end of the reporting period are stated at the lower of cost and net realisable value.

31. Inventories

	2023 **RMB million**	2022 RMB million
Raw materials and consumables	**37,532**	31,598
Work in progress	**11,568**	9,909
Finished goods	**8,053**	7,691
	57,153	49,198

32. Trade and Other Receivables

	2023 **RMB million**	2022 RMB million
Trade and bills receivables	**193,674**	160,574
Less: loss allowance	**(18,859)**	(15,102)
Trade and bills receivables – net	**174,815**	145,472
Other receivables (net of impairment)	**96,548**	89,381
Advance to suppliers (net of impairment)	**45,585**	48,327
	316,948	283,180
Less: amount due after one year included in non-current assets	**(23,198)**	(30,508)
Amount due within one year included in current assets	**293,750**	252,672

(a) Ageing analysis of trade and bills receivables, based on invoice date, is as follows:

	2023 **RMB million**	2022 RMB million
Less than 1 year	**142,215**	116,291
1 year to 2 years	**21,833**	19,811
2 years to 3 years	**9,816**	7,853
3 years to 4 years	**4,463**	5,587
4 years to 5 years	**4,969**	3,245
More than 5 years	**10,378**	7,787
Total	**193,674**	160,574

32. Trade and Other Receivables (Continued)

(a) Ageing analysis of trade and bills receivables, based on invoice date, is as follows: (Continued)

Majority of the Group's revenues are generated through infrastructure construction, survey, design and consulting, engineering equipment and component manufacturing contracts. The settlements are made in accordance with the terms specified in the contracts governing the relevant transactions.

(b) Trade and bills receivables of RMB317 million (31 December 2022: RMB450 million) were pledged to secure borrowings amounting to RMB185 million (31 December 2022: RMB414 million) (Note 42).

(c) As at 31 December 2023, trade receivables of RMB67,619 million (31 December 2022: RMB68,033 million) had been transferred in accordance with relevant ABN and ABS issuance, and trade receivables of RMB14,765 million (31 December 2022: RMB16,908 million) had been transferred to financial institutions in accordance with relevant non-recourse factoring agreements. Relevant trade receivables were derecognised as the Directors are of the opinion that the substantial risks and rewards associated with the trade receivables have been transferred and therefore qualified for derecognition.

(d) As at 31 December 2023, bills receivables – bank acceptance and commercial acceptance notes of RMB442 million (31 December 2022: RMB336 million) were endorsed to suppliers, and RMB7 million (31 December 2022: RMB312 million) were discounted with banks. In the opinion of the Directors, as the counter party bears higher credit risk, such transactions did not qualify for derecognition. In addition, as at 31 December 2023, bills receivables – bank acceptance notes of RMB860 million (31 December 2022: RMB307 million) were endorsed to suppliers, and RMB151 million (31 December 2022: RMB37 million) were discounted with banks. Relevant bills receivables were derecognised as the Directors are of the opinion that the substantial risks and rewards associated with those bank acceptance notes have been transferred and therefore qualified for derecognition.

32. Trade and Other Receivables (Continued)

(e) As at 31 December 2023, trade receivables net of credit loss allowance, which were collectively assessed for impairment, are as follows:

Central-governmental enterprises

	As at 31 December 2023 RMB million	As at 31 December 2022 RMB million
Less than 1 year	**11,485**	8,690
1 year to 2 years	**1,955**	1,145
2 years to 3 years	**618**	535
3 years to 4 years	**286**	226
4 years to 5 years	**103**	109
More than 5 years	**123**	115
Total	**14,570**	10,820

Locally-administrated state-owned enterprises

	As at 31 December 2023 RMB million	As at 31 December 2022 RMB million
Less than 1 year	**71,961**	50,357
1 year to 2 years	**8,814**	9,481
2 years to 3 years	**4,423**	4,318
3 years to 4 years	**2,164**	1,592
4 years to 5 years	**996**	898
More than 5 years	**1,276**	739
Total	**89,634**	67,385

32. Trade and Other Receivables (Continued)

(e) As at 31 December 2023, trade receivables net of credit loss allowance, which were collectively assessed for impairment, are as follows: (Continued)

China State Railway Group Co.,Ltd.

	As at	
	31 December 2023 RMB million	31 December 2022 RMB million
Less than 1 year	**10,664**	7,614
1 year to 2 years	**1,539**	1,330
2 years to 3 years	**350**	340
3 years to 4 years	**240**	397
4 years to 5 years	**193**	81
More than 5 years	**218**	158
Total	**13,204**	9,920

Overseas enterprises

	As at	
	31 December 2023 RMB million	31 December 2022 RMB million
Less than 1 year	**2,213**	1,273
1 year to 2 years	**26**	135
2 years to 3 years	**56**	11
3 years to 4 years	**5**	1
4 years to 5 years	**–**	174
Total	**2,300**	1,594

32. Trade and Other Receivables (Continued)

(e) As at 31 December 2023, trade receivables net of credit loss allowance, which were collectively assessed for impairment, are as follows: (Continued)

Other entities

	As at	
	31 December 2023	31 December 2022
	RMB million	RMB million
Less than 1 year	**24,598**	17,874
1 year to 2 years	**3,521**	2,585
2 years to 3 years	**1,674**	996
3 years to 4 years	**565**	570
4 years to 5 years	**331**	485
More than 5 years	**588**	222
Total	**31,277**	22,732

As at 31 December 2023, the amount of individually impaired trade receivables was RMB15,325 million (31 December 2022: RMB16,884 million) with the provision for loss allowance of RMB9,459 million (31 December 2022: RMB7,098 million).

As at 31 December 2023, bills receivables – bank acceptance notes of RMB928 million (31 December 2022: RMB794 million) were not impaired. Commercial acceptance notes, which were collectively assessed for impairment, were RMB954 million (31 December 2022: RMB1,543 million) with the provision for credit loss allowance of RMB5 million (31 December 2022: RMB5 million).

As at 31 December 2023, the amount of collectively impaired long-term trade receivables was RMB15,549 million (31 December 2022: RMB19,838 million) with the provision for loss allowance of RMB74 million (31 December 2022: RMB74 million). The amount of individually impaired long-term trade receivables was RMB3,747 million (31 December 2022: RMB4,529 million) with the provision for loss allowance of RMB3,135 million (31 December 2022: RMB3,390 million).

32. Trade and Other Receivables (Continued)

(f) Movements on loss allowance of trade and other receivables are as follows:

	2023 RMBmillion	2022 RMBmillion
At 31 December in prior year	**28,752**	26,725
Increase in loss allowance recognised in profit or loss during the year	**8,386**	4,857
Amount reversed	**(2,642)**	(2,817)
Receivables written off during the year as non-collectible	**(221)**	(17)
Others	**(1,215)**	4
At 31 December	**33,060**	28,752

The increase and reversal in loss allowance of trade and other receivables have been included in net impairment losses on financial assets and other gains in the consolidated income statement. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

(g) The carrying amount of trade and other receivables are denominated in the following currencies:

	2023 RMBmillion	2022 RMBmillion
RMB	**305,287**	272,832
USD	**7,294**	6,331
West African CFA Franc	**184**	249
Ethiopian Birr	**139**	240
HKD	**100**	145
EUR	**239**	97
Other currencies	**3,705**	3,286
	316,948	283,180

As at 31 December 2023, other currencies mainly comprised of Bangladesh Taka, Malaysian Ringgit and South African Rand.

(h) The maximum exposure to credit risk at the reporting date is the carrying amounts of each class of receivables mentioned above.

33. Assets and liabilities related to contracts with customers

The Group has recognised the following assets and liabilities related to contracts with customers:

	2023 **RMB million**	2022 RMB million
Contract assets		
– Amount due from contact customers for contract work and retentions	**315,387**	226,443
– Financial assets under concession arrangements (a)	**154,545**	142,916
– Primary land development	**11,993**	7,519
	481,925	376,878
Less: loss allowance (b)	**(5,200)**	(4,011)
Less: amount due after one year included in non-current assets	**(242,534)**	(203,132)
Amount due within one year included in current assets	**234,191**	169,735
Contract liabilities		
– Sale of properties	**45,445**	43,992
– Infrastructure construction and engineering contracts	**44,927**	51,614
– Amount due to contract customers for contract work	**27,467**	23,055
– Sales of manufacturing products	**7,446**	7,441
– Design and consulting services	**5,672**	4,898
– Sales of materials	**2,154**	2,000
– Others	**2,597**	3,937
Total current contract liabilities	**135,708**	136,937

(a) Financial assets under concession arrangements represent the contract assets recognised when the related projects were under construction or have been put into operations before the Group has an unconditional contractual right to receive cash from or at the direction of the granting authority.

33. Assets and liabilities related to contracts with customers (Continued)

(b) As at 31 December 2023, the impairment of contract assets, which were collectively assessed, is determined as follows:

Contract assets	Expected loss rate	Gross carrying amount RMB million	Loss allowance RMB million
Amounts due from customers for contract work	1.03%	205,686	2,128
Retentions	0.50%	105,288	527
Financial assets under concession arrangements	0.50%	154,545	773
Total		465,519	3,428

The amount of individually impaired contract assets was RMB16,406 million (31 December 2022: RMB13,104 million) with the provision of RMB1,772 million (31 December 2022: RMB1,301 million).

(c) As at 31 December 2023, borrowings amounting to RMB59,054 million (31 December 2022: RMB39,446 million) are secured by contract assets with carrying amount of approximately RMB88,039 million (31 December 2022: RMB63,398 million) (Note 42).

34. Financial assets/(liabilities) at fair value through profit or loss

The Group classifies the following financial assets at FVPL:

- Debt investments that do not qualify for measurement at either amortised cost or FVOCI (Note 28);
- Equity investments that are held for trading, and
- Equity investments for which the entity has not elected to recognise fair value gains and losses through other comprehensive income.

(a) Financial assets at FVPL include the following:

	2023 **RMB million**	2022 RMB million
Non-current assets		
Equity instruments		
Unlisted equity investments	**9,490**	6,846
Equity securities listed in Mainland China	**–**	7
	9,490	6,853
Debt instruments		
Unlisted entrusted products	**5,987**	3,308
Unlisted open-end equity funds	**2,481**	2,015
Others	**971**	1,367
	9,439	6,690
	18,929	13,543

34. Financial assets/(liabilities) at fair value through profit or loss (Continued)

(a) Financial assets at FVPL include the following: (Continued)

	2023 RMB million	2022 RMB million
Current assets		
Equity instruments		
Listed equity securities		
– Mainland China	**813**	796
Debt instruments		
Money-market securities investment funds	**5,231**	6,716
Unlisted open-end equity funds	**1,238**	1,151
Unlisted entrusted products	**261**	1,323
Others	**1,337**	192
	8,067	9,382
Derivative financial instruments		
– Option contract	**135**	134
	9,015	10,312
Total	**27,944**	23,855

34. Financial assets/(liabilities) at fair value through profit or loss (Continued)

(b) Financial liabilities at FVPL include the following:

	2023 RMB million	2022 RMB million
Current liabilities		
Unlisted open-end equity funds	**292**	96

(c) Amounts recognised in profit or loss

	2023 RMB million	2022 RMB million
Fair value losses on financial assets at FVPL	**(42)**	(589)
Fair value (losses)/gains on financial liabilities at FVPL	**(204)**	26
	(246)	(563)

(d) Risk exposure and fair value measurements

Information about the Group’s exposure to price risk is provided in Note 3.1.

For information about the methods and assumptions used in determining fair value refer to Note 3.2.

35. Restricted cash and term deposit with maturity over three months

	2023 RMB million	2022 RMB million
Restricted bank deposits	**35,077**	31,138
Term deposits with initial term of over three months	**3,286**	2,459
	38,363	33,597

As at 31 December 2023, restricted bank deposits mainly included deposits for issuance of bank acceptance notes, performance bonds, letters of credit to customers, and mandatory reserve deposits placed with People's Bank of China.

Term deposits with initial term of over three months are excluded from cash and cash equivalents, as management are of the opinion that these term deposits are not readily convertible to known amounts of cash without significant risk of changes in value.

The carrying amount of restricted cash are denominated in the following currencies:

	2023 RMB million	2022 RMB million
RMB	**38,332**	33,539
USD	**1**	7
Other currencies	**30**	51
	38,363	33,597

36. Cash and Cash Equivalents

	2023 RMB million	2022 RMB million
Cash on hand	28	36
Bank deposits	196,122	204,951
Cash and cash equivalents	196,150	204,987

The maximum exposure to credit risk approximates the carrying amounts of the Group's cash and cash equivalents at the end of the reporting period.

The weighted average effective interest rate on bank deposits was 0.63% per annum as at 31 December 2023 (31 December 2022: 0.59% per annum).

The carrying amount of cash and cash equivalents are denominated in the following currencies:

	2023 RMB million	2022 RMB million
RMB	175,627	184,941
USD	17,190	16,816
Others	3,333	3,230
	196,150	204,987

The Group's cash and bank balances denominated in RMB are deposited with banks in the PRC. The conversion of these RMB denominated balances into foreign currencies is subject to the rules and regulation of foreign exchange control promulgated by the PRC Government.

As at 31 December 2023, less than 1.11% (31 December 2022: less than 0.76%) of the cash and cash equivalents balances denominated in currencies other than RMB was deposited in banks in certain countries which are subject to foreign exchange control and the currencies are not freely convertible into other currencies or remitted out of those countries.

37. Share capital and premium

	Number of shares		Nominal value	
	2023	2022	**2023**	2022
	(thousands)	(thousands)	**RMB million**	RMB million
A shares of RMB1.00 each				
At beginning of year	**20,544,806**	20,363,540	**20,545**	20,364
Registered, issued and fully paid *(i)*	**–**	181,266	**–**	181
At end of year	**20,544,806**	20,544,806	**20,545**	20,545
H shares of RMB1.00 each				
At beginning and end of year	**4,207,390**	4,207,390	**4,207**	4,207
	24,752,196	24,752,196	**24,752**	24,752

As at 31 December 2023, the A Shares (20,544,806 thousands shares) and H Shares (4,207,390 thousands shares) issued are the ordinary shares in the share capital of the Company. All cash dividends in respect of the H Shares are to be declared in Renminbi and paid by the Company in Hong Kong dollars whereas all cash dividends in respect of A Shares are to be paid by the Company in Renminbi.

In addition, A Shares and H Shares are regarded as different classes of shares under the Company's Articles of Association. The differences between the two classes of shares, including provisions on class rights, the dispatch of notices and financial reports to shareholders, dispute resolution, registration of shares on different branches of the registers of shareholders, the method of share transfer and appointment of dividend receiving agents are set out in the Company's Articles of Association.

37. Share capital and premium (Continued)

A Shares and H Shares however rank pari passu with each other in all other respects.

(i) 2021 Restricted Share Incentive Scheme were approved at the Extraordinary General Meeting, the A Share Class Meeting and the H Share Class Meeting (together, the" Meetings") held by the Company on 30 December 2021 and 12 January 2022, respectively. On 17 January 2022 and 28 October 2022, the Board approved the grant of 2021 Restricted Share Incentive Scheme to the participants who have met the prerequisite criteria at the grant price of RMB3.55 per share and RMB3.68 per share, respectively in accordance with the terms of 2021 Restricted Share Incentive Scheme as approved by the Meetings. A total of 747 participants were actually granted, and the total number of shares granted was 182,646,400 shares. On 23 February 2022 and 30 November 2022, the share registrations were completed in Shanghai Branch of China Securities Depository and Clearing Corporation Limited. As a result, the total amount of capital contributions received from the 747 participants for the restricted shares was RMB650 million of which approximately RMB183 million has been credited to share capital and approximately RMB467 million has been credited to share premium. Lock-up period of the restricted shares granted under 2021 Restricted Share Incentive Scheme shall be 24 months, 36 months and 48 months from the relevant completion date of registration of the restricted shares under the corresponding grant.

On 28 October 2022, the Board of Directors of the Company approved the repurchase and cancellation of 1,379,700 restricted shares in total which were granted but not yet unlocked of 5 participants. The repurchase price of the restricted shares repurchased from 3 participants was RMB3.354 per share. The repurchase price of the restricted shares repurchased from 2 participants was RMB3.354 per share, plus interests calculated according to the benchmark deposit interest rate published by the People's Bank of China for the same period. On 28 December 2022, the repurchase cancellation has been completed in Shanghai Branch of China Securities Depository and Clearing Corporation Limited. The share capital and share premium have been debited with approximately RMB2 million and RMB3 million of the Company, respectively.

On 28 June 2023, pursuant to the resolution of the 2022 annual general meeting of shareholders, the Incentive Scheme participants received cash dividends 0.20 per share.

38. Shares held for 2021 Restricted Share Incentive Scheme

	Number of shares		Nominal value	
	Year ended 31 December 2023 (thousands)	Year ended 31 December 2022 (thousands)	**Year ended 31 December 2023 RMB million**	Year ended 31 December 2022 RMB million
At beginning of year	**611,855**	–	**612**	–
Issuance of shares for 2021 Restricted Share Incentive Scheme	**–**	649,945	**–**	650
Amount recorded in				
– dividends paid during the year	**(35,940)**	(33,462)	**(36)**	(33)
– repurchase of restricted shares	**–**	(4,628)	**–**	(5)
At end of year	**575,915**	611,855	**576**	612

In accordance with the Incentive Scheme, the Company is responsible to purchase the restricted shares if certain service and performance conditions are not met. Therefore, the Company recognised the shares held for 2021 Restricted Share Incentive Scheme repurchase obligation of RMB606 million and RMB12 million on 23 February 2022 and 30 November 2022, respectively. On 28 June 2023, pursuant to the resolution of the 2022 annual general meeting of shareholders, the Incentive Scheme participants received cash dividends, resulting in the reduction of shares held for 2021 Restricted Share Incentive Scheme repurchase obligation of RMB36 million (Note 37).

39. Statutory reserves

The statutory reserves comprise the statutory surplus reserve, trust compensation reserve and general risk reserve.

According to the PRC Company Law and the Company's article of association, the Company is required to make an appropriation at 10 percent of the profit for the year as shown in the PRC statutory financial statements, prepared in accordance with the relevant PRC accounting standards, to the statutory surplus reserve fund until the balance reached 50 percent of the registered capital of the Company. The statutory surplus reserve can only make up losses or use to increase the registered capital of the Company and is not distributable.

According to the relevant laws and regulations for financial institutions and trust management entities in the PRC, certain subsidiaries of the Company are required to set aside certain amounts to trust compensation reserve and general risk reserve to address unidentified potential impairment risks.

40. Perpetual Notes

	2022 RMB million	Additions RMB million	Redemption/ Declaration RMB million	**2023** **RMB million**
Public medium notes *(Note (a))*	5,327	–	(4,698)	**629**
Public renewable corporate bonds *(Note (b))*	40,038	29,900	(21,186)	**48,752**
Dividends *(Note (c))*	256	1,661	(1,586)	**331**
Total	45,621	31,561	(27,470)	**49,712**

(a) In September, November and December 2023, the Company redeemed the public medium notes ("Medium Notes") issued on 16 September 2020, (category two) issued from 26 November 2018 to 27 November 2018, 11 December 2018 to 12 December 2018 and on 17 December 2018 in cash consideration of RMB1.5 billion, RMB1.4 billion, RMB1 billion and RMB0.8 billion, respectively.

From 21 November 2019 to 22 November 2019, the Company issued one tranche of Medium Notes (category two) with an aggregate principal amount of RMB0.6 billion. The Medium Notes are unsecured or unguaranteed. Pursuant to the terms and conditions of the Medium Notes, the Medium Notes bear the initial interest rate of 4.41% per annum, and has no maturity date. The interest rate will be reset every five years from issuance date. The interest is payable annually in arrears. As long as the compulsory interest payment events have not occurred, the Company may, at its sole discretion, elect to defer the distribution of interest, and is not subject to any restriction as to the number of times the distribution can be deferred. The Medium Notes are subject to redemption in whole, at the option of the Company, five years after the issue date, at their principal amount together with accrued interest. The Directors of the Company are of the opinion that the Group has no contractual obligation to repay the principal or to pay the distribution for the Medium Notes, the Medium Notes should be classified as equity.

(b) In May and June 2023, the Company redeemed three tranches of the public renewable corporate bonds ("Renewable Bonds") (category one) issued on 26 May 2020, 15 June 2020 and 23 June 2020 in cash consideration of RMB2.6 billion, RMB2 billion and RMB1 billion, respectively.

In July, August and October 2023, the Company redeemed three tranches of Renewable Bonds issued on 23 July 2020, 18 August 2020 and (category two) issued on 16 October 2020 in cash consideration of RMB3.5 billion, RMB3.5 billion and RMB1.0 billion respectively.

In November and December 2023, the Company redeemed six tranches of Renewable Bonds (category two) issued on 5 November 2018, 14 November 2018, 26 November 2018, 17 December 2018, (category one) issued on 9 November 2021, and 23 November 2021 in cash consideration of RMB0.7 billion, RMB1.8 billion, RMB1.4 billion, RMB0.8 billion, RMB1.0 billion and RMB1.9 billion respectively.

40. Perpetual Notes (Continued)

(b) (Continued)

On 15 June 2020, the Company issued one tranche of Renewable Bond with an aggregate principal amount of RMB1.5 billion. The Renewable Bond is unsecured or unguaranteed and listed on the Shanghai Stock Exchange by way of bond issues to qualified investors. Pursuant to the terms and conditions of the Renewable Bond, the Renewable Bond bear the initial interest rate of 3.99% per annum (category two), respectively, and has no maturity date. The interest rate will be reset every five years (category two), from the issuance date. The interest is payable annually in arrears. As long as the compulsory interest payment events have not occurred, the Company may, at its sole discretion, elect to defer the distribution of interest, and is not subject to any restriction as to the number of times the distribution can be deferred. The Renewable Bond is subject to redemption in whole, at the option of the Company three years after the issue date, at their principal amount together with accrued interest. The Directors of the Company are of the opinion that the Group has no contractual obligation to repay the principal or to pay the distribution for the Renewable Bond, the Renewable Bond should be classified as equity.

On 2 June 2021, 17 June 2021, 9 November 2021 and 23 November 2021, the Company issued four tranches Renewable Bonds with an aggregate principal amount of RMB3 billion, RMB3 billion, RMB2 billion and RMB1 billion respectively. The Renewable Bonds are unsecured or unguaranteed and listed on the Shanghai Stock Exchange by way of bond issues to qualified investors. Pursuant to the terms and conditions of the Renewable Bonds, the Renewable Bonds bear the initial interest rate of 3.63%, and 3.73% per annum (category one), respectively, and 3.85%, 4.05%, 3.37% and 3.30% per annum (category two), respectively, and has no maturity date. The interest rate will be reset every three years and three years (category one), respectively and every five years, five years, three years and three years (category two), respectively from the issuance date. The interest is payable annually in arrears. As long as the compulsory interest payment events have not occurred, the Company may, at its sole discretion, elect to defer the distribution of interest, and is not subject to any restriction as to the number of times the distribution can be deferred. The Renewable Bonds are subject to redemption in whole, at the option of the Company, three years and three years (category one), respectively and five years, five years, three years and three years (category two), respectively, after the issue date, at their principal amount together with accrued interest. The Directors of the Company are of the opinion that the Group has no contractual obligation to repay the principal or to pay the distribution for the Renewable Bonds, the Renewable Bonds should be classified as equity.

40. Perpetual Notes (Continued)

(b) (Continued)

On 23 September 2022, 24 October 2022 and 15 December 2022, the Company issued three tranches Renewable Bonds with an aggregate principal amount of RMB2.5 billion, RMB2.5 billion and RMB3.4 billion respectively. The Renewable Bonds are unsecured or unguaranteed and listed on the Shanghai Stock Exchange by way of bond issues to qualified investors. Pursuant to the terms and conditions of the Renewable Bonds, the Renewable Bonds bear the initial interest rate of 2.69%, 2.70% and 3.75% per annum (category one), respectively, and 3.07%, 3.09% and 3.97% per annum (category two), respectively, and has no maturity date. The interest rate will be reset every three years, three years and two years (category one), respectively and every five years, five years and three years (category two), respectively from the issuance date. The interest is payable annually in arrears. As long as the compulsory interest payment events have not occurred, the Company may, at its sole discretion, elect to defer the distribution of interest, and is not subject to any restriction as to the number of times the distribution can be deferred. The Renewable Bonds are subject to redemption in whole, at the option of the Company, three years, three years and two years (category one), respectively and five years, five years and three years (category two), respectively, after the issue date, at their principal amount together with accrued interest. The Directors of the Company are of the opinion that the Group has no contractual obligation to repay the principal or to pay the distribution for the Renewable Bonds, the Renewable Bonds should be classified as equity.

On 11 July 2023, 24 July 2023, 10 August 2023, 24 August 2023, 13 September 2023, 25 September 2023, 13 October 2023, 25 October 2023, 10 November 2023, 22 November 2023 and 11 December 2023, the Company issued eleven tranches Renewable Bonds with an aggregate principal amount of RMB3.5 billion, RMB3.0 billion, RMB3.5 billion, RMB3.0 billion, RMB3.0 billion, RMB2.0 billion, RMB3.0 billion, RMB2.5 billion, RMB3.0 billion, RMB2.5 billion and RMB0.4 billion respectively. The Renewable Bonds are unsecured or unguaranteed and listed on the Shanghai Stock Exchange by way of bond issues to qualified investors. Pursuant to the terms and conditions of the Renewable Bonds, the Renewable Bonds bear the initial interest rate of 2.95%, 2.94%, 2.88%, 3.25%, 3.15%, 3.20%, 3.25%, 3.14%, and 3.07% per annum (category one), respectively, and 3.09%, 3.30%, 3.30%, 3.19%, 3.39%, 3.36%, 3.40%, 3.48%, 3.35%, 3.28%, and 3.35% per annum (category two), respectively, and has no maturity date. The interest rate will be reset every three years and two years (category one), respectively and every five years and three years (category two), respectively from the issuance date. The interest is payable annually in arrears. As long as the compulsory interest payment events have not occurred, the Company may, at its sole discretion, elect to defer the distribution of interest, and is not subject to any restriction as to the number of times the distribution can be deferred. The Renewable Bonds are subject to redemption in whole, at the option of the Company, three years and two years (category one), respectively and five years and three years (category two), respectively, after the issue date, at their principal amount together with accrued interest. The Directors of the Company are of the opinion that the Group has no contractual obligation to repay the principal or to pay the distribution for the Renewable Bonds, the Renewable Bonds should be classified as equity.

40. Perpetual Notes (Continued)

(c) For the year ended 31 December 2023, as a consequence of the compulsory interest payment event, i.e. the final dividend declared to the shareholders of the Company, the Company declared dividends to perpetual notes holders totaling RMB1,586 million, including the interest of RMB1,330 million which was generated during the period was deducted from retained earnings, and RMB256 million represented the accrued interest in the balance of perpetual notes as at 31 December 2022.

41. Trade and other payables

	2023 **RMB million**	2022 RMB million
Trade and bills payables *(a)*	**588,737**	480,430
Dividend payables	**950**	698
Accrued payroll and welfare	**5,580**	4,537
Other taxes	**5,956**	6,084
Deposit received in advance	**1,205**	1,161
Deposits *(b)*	**3,869**	6,003
Advance from customers for rental	**1,179**	1,031
Other payables	**176,937**	143,649
	784,413	643,593
Analysed for reporting purposes:		
Non-currents	**33,803**	26,288
Current	**750,610**	617,305
	784,413	643,593

The credit period on purchases of goods ranges from 180 days to 360 days. Included in trade and bills payables are retention payables of RMB17,921 million (31 December 2022: RMB13,817 million). Retention payables are interest-free and payable at the end of the retention period of the respective infrastructure construction and products manufacturing and installation contracts.

41. Trade and other payables (Continued)

The balances of other payables mainly include payments made by the third parties on behalf of the Group, guarantee money payables and others.

(a) The ageing analysis of trade and bills payables (including amounts due to related parties of trading nature), based on invoice date, is as follows:

	2023 **RMB million**	2022 RMB million
Less than 1 year	**544,622**	439,796
1 year to 2 years	**23,035**	22,478
2 years to 3 years	**10,204**	9,311
More than 3 years	**10,876**	8,845
	588,737	480,430

(b) China Railway Finance Co., Ltd. ("CREC Finance"), a subsidiary of the Company, accepted deposits from related parties and third parties. As at 31 December 2023, these deposits were due within one year with average annual interest rate of 1.265%.

(c) The carrying amount of trade and other payables are denominated in the following currencies:

	2023 **RMB million**	2022 RMB million
RMB	**768,063**	626,305
USD	**11,524**	12,974
Other currencies	**4,826**	4,314
	784,413	643,593

At 31 December 2023, other currencies mainly consist of West African Franc, Ethiopian Birr, and HKD.

42. Borrowings

	2023 RMB million	2022 RMB million
Bank borrowings:		
– Secured	**142,981**	120,449
– Unsecured	**221,184**	205,020
	364,165	325,469
Long-term debentures, unsecured (a)	**48,968**	53,122
Other borrowings:		
– Secured	**1,415**	1,895
– Unsecured	**15,415**	11,756
	16,830	13,651
	429,963	392,242
Analysed for reporting purposes:		
Non-current	**316,647**	282,508
Current	**113,316**	109,734
	429,963	392,242

(a) On 19 June, 28 June 2023, the Company issued two medium-term notes with principal amounts of RMB2,500 million and RMB3,000 million with a maturity date of 20 June 2028, and 29 June 2026 respectively. The notes bear interest at a coupon rate of 3.15% and 2.89% per annum respectively, all payable annually in arrears.

On 25 May and 23 November 2022, a subsidiary issued two medium-term notes of principal amount of RMB800 million and RMB870 million, with maturity dates of 29 May 2026 and 26 November 2025. The notes bear interest at a coupon rate of 3.29% and 3.50% per annum respectively, all payable annually in arrears.

On 6 December 2023, a subsidiary issued one medium-term notes of principal amount of RMB1,500 million, with maturity dates of 8 December 2026. The notes bear interest at a coupon rate of 3.27% per annum respectively, all payable annually in arrears.

42. Borrowings (Continued)

(b) Bank borrowings carry interest at rates ranging from 0.50% to 10.88% (31 December 2022: 0.75% to 6.65%) per annum.

Long-term debentures were issued at fixed rates ranging from 2.58% to 4.80% (31 December 2022: 2.14% to 4.80% per annum.

Other borrowings carry interest at rates ranging from 3.06% to 4.43% (31 December 2022: 2.90% to 4.43%) per annum.

(c) The details of secured borrowings are set out below:

	2023		2022	
	Secured borrowings	Carrying amount of pledged assets and contract value of certain rights	Secured borrowings	Carrying amount of pledged assets and contract value of certain rights
	RMB million	RMB million	RMB million	RMB million
Property, plant and equipment *(Note 18)*	**1,497**	**4,171**	2,205	3,878
Intangible assets *(Note 22)*	**78,950**	**106,796**	75,252	96,955
Properties under development for sale *(Note 30)*	**4,710**	**7,697**	5,013	13,420
Trade and bills receivables *(Note 32)*	**185**	**317**	414	450
Trade receivables from fellow subsidiaries of the Group	**–**	**–**	14	375
Contract assets *(Note 33)*	**59,054**	**88,039**	39,446	63,398
	144,396	**207,020**	122,344	178,476

42. Borrowings (Continued)

(d) The exposure of the Group's variable rate bank borrowings to interest rate changes and the contractual repricing dates at the end of the year are as follows:

	2023 **RMB million**	2022 RMB million
6 months or less	**27,734**	33,348
6 -12 months	**214,102**	188,550
1-5 years	**11,882**	11,958
	253,718	233,856

(e) The Group's borrowings were repayable as follows:

	2023 **RMB million**	2022 RMB million
Within 1 year	**113,316**	109,734
Between 1 and 2 years	**52,248**	42,096
Between 2 and 5 years	**77,439**	71,435
Over 5 years	**186,960**	168,977
	429,963	392,242

(f) The carrying amounts of the borrowings are denominated in the following currencies:

	2023 **RMB million**	2022 RMB million
RMB	**420,609**	383,834
USD	**9,178**	8,213
EUR	**6**	10
Others	**170**	185
	429,963	392,242

42. Borrowings (Continued)

(g) The carrying amounts of current portion of long-term borrowings and short-term borrowings approximate their fair values, as the impact of discounting is not significant.

The carrying amounts and fair values of the non-current borrowings are as follows:

	2023 **RMB million**	2022 RMB million
Carrying amount		
– Bank borrowings	**279,719**	240,380
– Long-term debentures	**31,836**	39,373
– Other borrowings	**5,092**	2,755
	316,647	282,508
Fair value		
Level 3		
– Bank borrowings	**286,148**	249,300
– Long-term debentures	**32,009**	39,342
– Other borrowings	**5,092**	2,755
	323,249	291,397

(h) The Group has the following undrawn borrowing facilities:

	2023 **RMB million**	2022 RMB million
Expiring within one year	**43,542**	108,255
Expiring beyond one year	**1,969,677**	1,397,319
	2,013,219	1,505,574

43. Retirement Benefit Obligations

(a) State-managed retirement plans and supplementary defined contribution retirement schemes

The employees of the group entities established in the PRC are members of a state-managed retirement benefit scheme operated by the PRC government. These PRC companies are required to contribute a certain percentage of payroll costs, depending on the applicable local regulations to the state-managed retirement plans. The Group also participates in supplementary defined contribution retirement schemes. The only obligation of these PRC companies with respect to the state-managed retirement plans and supplementary defined contribution retirement schemes is to make the specified contributions. The total costs charged to profit or loss during the year were RMB7,668 million and RMB2,311 million respectively (2022: RMB6,970 million and RMB2,101 million respectively).

As at 31 December 2023, the amounts due in respect of the reporting period not yet paid to the state-managed retirement plans and supplementary defined contribution retirement schemes, and included in trade and other payables were RMB159 million and RMB107 million respectively (31 December 2022: RMB217 million and RMB95 million respectively).

(b) Retirement and other supplemental benefit obligations

The Group paid supplementary pension subsidies and other post-employment medical benefits to its retired employees in the PRC. In addition, the Group was committed to make periodic benefits payments to certain former employees who were terminated or early retired and the dependents of deceased employees in accordance with various employee benefit schemes adopted by the Group.

The plan exposes the Group to actuarial risks such as interest rate risk, benefit risk and average medical expense risk.

Interest rate risk	The present value of the defined benefit plan obligations is calculated using a discount rate determined by reference to government bond yields. A decrease in the bond interest rate will increase the plan liability.
Benefit risk	The present value of the defined benefit plan obligations is calculated by reference to the future benefits of plan participants. As such, an increase in the benefits of the plan participants will increase the plan liability.
Average medical cost risk	The present value of the defined benefit plan obligations is calculated by reference to the future average medical cost of plan participants. As such, an increase in the average medical cost of the plan participants will increase the plan liability.

43. Retirement Benefit Obligations (Continued)

(b) Retirement and other supplemental benefit obligations (Continued)

No other post-retirement benefits are provided to these employees.

The most recent actuarial valuations of the present value of the defined benefit obligations as at 31 December 2023 were carried out by an independent firm of actuaries, Towers Watson Management Consulting (Shenzhen) Co., Ltd. Beijing Branch. The present value of the defined benefit obligations, and the related current service cost and past cost were measured using the Projected Unit Credit Method.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

	2023	2022
Discount rate	**2.50%**	2.75%
Early-retiree's salary and supplemental benefit inflation rate	**4.50%**	4.50%
Average medical cost growth rate	**8.00%**	8.00%

Amounts recognised in the consolidated income statement and consolidated statement of comprehensive income in respect of these defined benefit plans are as follows:

	2023 **RMB million**	2022 RMB million
Net finance costs *(Note 10)*	**60**	67
Components of defined benefit costs recognised in profit or loss	**60**	67
Remeasurement on the net defined benefit obligations:		
Actuarial (gains)/losses arising from experience adjustments	**(13)**	12
Components of defined benefit (incomes)/costs recognised in other comprehensive income	**(13)**	12
Total	**47**	79

The current service cost and the net interest expense for the year are included in the employee benefits expense in profit or loss. The remeasurement of the net defined benefit liability is included in other comprehensive income.

43. Retirement Benefit Obligations (Continued)

(b) Retirement and other supplemental benefit obligations (Continued)

The amount included in the consolidated balance sheet arising from the Group's obligation in respect of its defined benefit plans is as follows:

	2023 RMB million	2022 RMB million
Present value of unfunded defined benefit obligations	**2,049**	2,325
Net liability arising from defined benefit obligations	**2,049**	2,325
Less: amount due within one year	**(262)**	(275)
Amount due after one year	**1,787**	2,050

Movements in the present value of the retirement and other supplemental benefit obligations in the current year were as follows:

	2023 RMB million	2022 RMB million
Opening defined benefit obligations	**2,325**	2,593
Finance costs	**60**	67
Remeasurement losses:		
Actuarial (gains)/losses arising from experience adjustments	**(13)**	12
Benefits paid	**(323)**	(347)
Closing defined benefit obligations	**2,049**	2,325

43. Retirement Benefit Obligations (Continued)

(b) Retirement and other supplemental benefit obligations (Continued)

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, benefit inflation rate and the average medical cost growth rate. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

- If the discount rate on benefit obligation increases or decreases by 0.25 percentage point, the defined benefit obligation would have been decreased by RMB34 million or increased by RMB35 million (2022: decreased by RMB38 million or increased by RMB39 million).

- If the benefit inflation rate increases or decreases by 1 percentage point, the defined benefit obligation would have been increased by RMB74 million or decreased by RMB64 million (2022: increased by RMB82 million or decreased by RMB72 million).

- If the average medical cost growth rate increases or decreases by 1 percentage point, the defined benefit obligation would have been increased by RMB3 million or decreased by RMB3 million (2022: increased by RMB5 million or decreased by RMB5 million).

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligations as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligations has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligations liability recognised in the consolidated balance sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

The average expected future lifetime of the defined benefit obligation as at 31 December 2023 is 9.2 years (2022: 9.5 years). This number can be analysed as follows:

- civil retirees: 3.2 years (2022: 3.4 years);

- retired members: 9.2 years (2022: 10 years); and

- beneficiaries: 10.1 years (2022: 11 years).

The duration of the defined benefit obligation as at 31 December 2023 is 6.7 years (2022: 6.7 years).

44. Provisions

	2023 RMB million	2022 RMB million
Foreseeable losses on contracts	**629**	443
Lawsuits	**128**	79
Others	**313**	78
	1,070	600
Analysed for reporting purpose as:		
Non-current	**1,061**	578
Current	**9**	22
	1,070	600

Movements in each class of provision during the financial year are set out below:

	Foreseeable losses on contracts RMB million	Lawsuits RMB million	Others RMB million	Total RMB million
At 1 January 2022	357	122	330	809
Charged/(credited) to the consolidated income statement:				
– Additional provisions	284	6	78	368
– Utilised/reversed during the year	(198)	(49)	(330)	(577)
At 31 December 2022	**443**	**79**	**78**	**600**
At 1 January 2023	**443**	**79**	**78**	**600**
Charged/(credited) to the consolidated income statement:				
– Additional provisions	**263**	**53**	**326**	**642**
– Utilised/reversed during the year	**(77)**	**(4)**	**(91)**	**(172)**
At 31 December 2023	**629**	**128**	**313**	**1,070**

45. Deferred Taxation

(a) The analysis of deferred tax assets and deferred tax liabilities is as follows:

	2023		2022	
	Deferred tax assets RMB million	**Deferred tax liabilities RMB million**	Deferred tax assets RMB million	Deferred tax liabilities RMB million
The balances before offsetting	**14,874**	**(5,202)**	13,269	(4,220)
Offsetting	**(1,708)**	**1,708**	(1,044)	1,044
	13,166	**(3,494)**	12,225	(3,176)

(b) The gross movement on the deferred income tax account is as follows:

	2023 RMB million	2022 RMB million
At 31 December in prior year	**9,049**	8,689
Recognised in the income statement *(Note 13)*	**569**	708
Recognised in other comprehensive income *(Note 13)*	**45**	(18)
Effect of change in tax rate charged to profit or loss *(Note 13)*	**1**	12
Acquisition of subsidiaries	**1**	(339)
Disposal of subsidiaries	**7**	(2)
Exchange differences	**–**	(1)
At 31 December	**9,672**	9,049

45. Deferred Taxation (Continued)

(c) The movement in deferred tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred Tax Liabilities

	Financial assets/ liabilities measured at fair value RMB million	Unrealised losses from intercompany transactions RMB million	Depreciation and amortisation RMB million	Acquisition of subsidiaries RMB million	Right-of-use assets RMB million	Others RMB million	Total RMB million
At 1 January 2022	(683)	(23)	(205)	(493)	(265)	(837)	(2,506)
(Charged)/credited to the consolidated income statement	(9)	1	(65)	(16)	(48)	(1,184)	(1,321)
Charged to other comprehensive income	(11)	–	–	–	–	–	(11)
Acquisition of subsidiaries	–	–	–	(397)	–	16	(381)
Exchange differences	–	–	(2)	–	–	1	(1)
At 31 December 2022	(703)	(22)	(272)	(906)	(313)	(2,004)	(4,220)
At 1 January 2023	**(703)**	**(22)**	**(272)**	**(906)**	**(313)**	**(2,004)**	**(4,220)**
Credited/(charged)to the consolidated income statement	**9**	**8**	**56**	**98**	**9**	**(1,218)**	**(1,038)**
Credited to other comprehensive income	**46**	**–**	**–**	**–**	**–**	**–**	**46**
Disposal of subsidiaries	**–**	**–**	**–**	**–**	**–**	**7**	**7**
Effect of change in tax rate credited to profit or loss	**–**	**–**	**–**	**–**	**1**	**–**	**1**
Exchange differences	**–**	**–**	**2**	**–**	**–**	**–**	**2**
At 31 December 2023	**(648)**	**(14)**	**(214)**	**(808)**	**(303)**	**(3,215)**	**(5,202)**

45. Deferred Taxation (Continued)

(c) The movement in deferred tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows: (Continued)

Deferred Tax Assets:

	Provision for impairment of assets RMB million	Financial assets/ liabilities measured at fair value RMB million	Provision for employee benefits RMB million	Lease liabilities RMB million	Tax losses RMB million	Unrealised profit from intercompany transactions RMB million	Other RMB million	Total RMB million
At 1 January 2022	4,149	414	403	229	2,330	2,712	958	11,195
Credited/(charged) to the consolidated income statement	446	149	(43)	43	948	356	130	2,029
(Charged)/credited to other comprehensive income	–	(8)	2	–	–	–	(1)	(7)
Acquisition of subsidiaries	–	–	–	–	3	–	39	42
Disposal of subsidiaries	–	–	–	–	(2)	–	–	(2)
Effect of change in tax rate credited to profit or loss	2	–	3	–	4	–	3	12
Exchange differences	(1)	–	–	–	–	1	–	–
At 31 December 2022	4,596	555	365	272	3,283	3,069	1,129	13,269
At 1 January 2023	**4,596**	**555**	**365**	**272**	**3,283**	**3,069**	**1,129**	**13,269**
Credited/(charged) to the consolidated income statement	**740**	**19**	**(49)**	**16**	**471**	**74**	**336**	**1,607**
Charged to other comprehensive income	**-**	**-**	**(1)**	**-**	**-**	**-**	**-**	**(1)**
Acquisition of subsidiaries	**1**	**-**	**-**	**-**	**-**	**-**	**-**	**1**
Effect of change in tax rate credited/(charged) to profit or loss	**-**	**-**	**1**	**(1)**	**-**	**-**	**-**	**-**
Exchange differences	**1**	**-**	**-**	**-**	**-**	**(3)**	**-**	**(2)**
At 31 December 2023	**5,338**	**574**	**316**	**287**	**3,754**	**3,140**	**1,465**	**14,874**

45. Deferred Taxation (Continued)

(d) Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. As at 31 December 2023, the Group did not recognise deferred tax assets in respect of tax losses amounting to RMB20,185 million (31 December 2022: RMB14,730 million) as the Directors believes it is more likely than not that such tax losses would not be utilised before they expire.

As at 31 December 2023, the tax losses with no deferred tax assets recognised carried forward are as follows:

	2023 **RMB million**	2022 RMB million
Year of expiry of tax losses		
2023	**–**	2,105
2024	**590**	706
2025	**2,855**	2,917
2026	**3,534**	3,538
2027	**5,342**	5,464
2028-2031	**7,864**	–
	20,185	14,730

(e) As at 31 December 2023, the Group did not recognise deferred tax assets in respect of deductible temporary differences amounting to RMB31,643 million (31 December 2022: RMB31,125 million) as the Directors believe it is not probable that such deductible temporary differences would be utilised.

46. Cash Generated from Operations

(a) Cash Generated from Operations

	2023 RMB million	2022 RMB million
Profit for the year	**37,637**	34,967
Adjustments for:		
– Income tax expense	**9,944**	9,725
– Interest income	**(7,241)**	(7,355)
– Dividends from financial assets at FVPL	**(149)**	(548)
– Dividends from financial assets at FVOCI	**(76)**	(135)
– (Gains)/losses on disposal and/or write-off of:		
Property, plant and equipment	**(73)**	(405)
Lease prepayments	**(404)**	(105)
Interests in associates	**(26)**	(68)
Interests in subsidiaries	**32**	–
Interests in joint ventures	**(9)**	15
Financial assets/liabilities at FVPL	**109**	(29)
– Foreign exchange losses/(gains), net	**132**	(566)
– Fair value losses on financial assets/liabilities at FVPL	**246**	564
– Gains on debt restructuring	**(326)**	(114)
– Net impairment losses recognised on:		
Trade and other receivables (excluding advance to suppliers)	**5,744**	2,037
Other financial assets at amortised cost	**368**	637
Contract assets	**1,035**	669
– Impairment losses/(gains) recognised on:		
Property, plant and equipment	**30**	504
Inventories	**7**	(13)
Properties under development for sale	**–**	545
Properties held for sale	**844**	1,673
Goodwill	**125**	–
Joint ventures and associates	**14**	–
Advance to suppliers	**2**	2
Investment properties	**2**	6
– Increase in provision	**186**	87
– Interest expenses	**11,833**	9,511

46. Cash Generated from Operations (Continued)

(a) Cash Generated from Operations (Continued)

	2023 RMB million	2022 RMB million
– Losses from derecognition of financial assets at amortised cost	**5,139**	4,520
– Share of losses of joint ventures	**1,075**	1,437
– Share of profits of associates	**(4,666)**	(4,734)
– Charge to retirement benefit obligations	**60**	67
– Government subsidies	**1,131**	140
– Depreciation and amortisation	**13,560**	11,498
Operating cash flows before movements in working capital	**76,285**	64,532
Changes in working capital (excluding the effects of acquisition and exchange differences on consolidation):		
– Increase in other prepayments	**(12)**	(212)
– Decrease/(Increase) in properties held for sale	**389**	(10,206)
– (Increase)/Decrease in properties under development for sale	**(2,242)**	11,268
– Decrease/(Increase) in inventories	**10,931**	(6,067)
– Increase in trade and other receivables	**(58,095)**	(11,973)
– Decrease in retirement and other supplemental benefit obligations	**(323)**	(347)
– Increase in trade and other payables	**131,047**	73,000
– Increase/(Decrease) in other financial assets at amortised cost	**5,639**	(1,394)
– Decrease in payables arising from consolidated structured entities	**(692)**	(262)
– Increase in contract assets	**(104,966)**	(62,847)
– Decrease in contract liabilities	**(1,247)**	(5,034)
– Increase/(Decrease) in provisions	**284**	(110)
– Increase/(Decrease) in government grants	**216**	(50)
– Increase in financial assets at FVPL	**(901)**	(1,500)
– (Increase)/Decrease in deposits in CREC Finance	**(4,268)**	5,520
– Increase in restricted bank deposits	**(3,939)**	(1,883)
Cash generated from operations	**48,106**	52,435

46. Cash Generated from Operations (Continued)

(b) Significant non-cash investing and financing activities

	2023 **RMB million**	2022 RMB million
Bills receivables paid for purchase	**3,011**	4,504
Additions of right-of-use assets	**2,130**	1,032
Total	**5,141**	5,536

(c) Net debt reconciliation

This section sets out an analysis of net debt for each of the periods presented.

	2023 **RMB million**	2022 RMB million
Cash and cash equivalents *(Note 36)*	**196,150**	204,987
Restricted cash and term deposit with maturity over three months *(Note 35)*	**38,363**	33,597
Financial assets at FVPL – current *(Note 34)*	**9,015**	10,312
Borrowings – repayable within one year *(Note 42)*	**(113,316)**	(109,734)
Borrowings – repayable after one year *(Note 42)*	**(316,647)**	(282,508)
Net debt	**(186,435)**	(143,346)

	2023 **RMB million**	2022 RMB million
Cash and Financial assets at FVPL	**243,528**	248,896
Gross debt – fixed interest rates	**(176,245)**	(158,386)
Gross debt – variable interest rates	**(253,718)**	(233,856)
Net debt	**(186,435)**	(143,346)

No change in financial assets are included in cash flows of financing activities during the year of 2023.

47. Contingent Liabilities

	2023 **RMB million**	2022 RMB million
Pending lawsuits (a) – arising in the ordinary course of business	**4,327**	5,116

(a) The Group has been involved in a number of lawsuits arising in the ordinary course of business. Provision has been made for the probable losses to the Group on those claims when the management can reasonably estimate the outcome of the lawsuits taking into account of the legal advice. No provision has been made for those pending lawsuits where the management considered that the outcome of the lawsuits cannot be reasonably estimated or management believes the outflow of resources is not probable. The aggregate sum of those unprovided claims is disclosed in the table above.

48. Commitments

(a) Capital expenditure

Significant capital expenditure contracted for at the end of reporting period but not recognised as liabilities is as follows:

	2023 **RMB million**	2022 RMB million
Property, plant and equipment	**892**	302

(b) Investment commitment

According to relevant agreements, the Group has the following commitments:

	2023 **RMB million**	2022 RMB million
Investment commitment to associates, joint ventures and others	**45,187**	42,266

(i) It includes the Group's investment in certain mining projects (including development and construction expenditures) of an associate in the Democratic Republic of the Congo pursuant to co-operation agreements signed between the co-operation partners. Since the signing of relevant co-operation agreements, the co-operation partners have carried out continuous negotiation on the details of the cooperation and gradually promoted the mining development and infrastructure construction. The amount of investment commitment disclosed above was based on the latest situation of the mining projects which is subject to change based on the projects progress in the future.

48. Commitments (Continued)

(c) Operating Lease Commitments – as lessor

As the lessor, the Group's undiscounted amount of lease receivables after the balance sheet date are summarized as follows:

	2023 RMB million	2022 RMB million
No later than 1 year	**892**	897
Later than 1 year and no later than 5 years	**1,285**	1,685
Later than 5 years	**371**	278
	2,548	2,860

49. Related-party transactions

The Company is controlled by the following entity:

Name	Relationship	Place of incorporation and operation	Ownership interest 2023	Ownership interest 2022
CREC	Parent and ultimate holding company	PRC	**46.96%**	46.96%

The Company is controlled by CREC, the parent company and a state-owned enterprise established in the PRC. CREC is controlled by the PRC government (CREC and its subsidiaries other than the Group are referred to as the "CREC Group"). The Group operates in an economic environment currently predominated by entities controlled, jointly controlled or under significant influence by the PRC government ("Government-related entities").

During the year, the Group had transactions with government-related entities including, but not limited to, the provision of infrastructure construction services, survey, design and consulting services and sales of goods. The Directors consider that the transactions with these government-related entities are activities in the ordinary course of the Group's business and that the dealings of the Group have not been significantly or unduly affected by the fact that the Group and these government-related entities are ultimately controlled or owned by the PRC government. The Group has also established pricing policies for services and products, and such pricing policies do not depend on whether or not the customers are government-related entities. For the purpose of the related party transaction disclosures, management believes that meaningful information relating to related party transactions has been adequately disclosed.

The following is a summary of significant related party transactions between the Group and its related parties during the year and balances arising from related party transactions at the end of the reporting period.

49. Related-party transactions (Continued)

(a) Significant related party transactions

The following transactions were carried out with related parties other than government-related entities:

	2023 RMB million	2022 RMB million
Transactions with the CREC Group		
– Revenue from construction contracts	**43**	26
– Service expenses paid	**52**	47
– Rental expense	**21**	24
– Interest income	**12**	45
– Interest expense	**24**	15
– Provision of borrowings	**–**	1,100
– Repayment of borrowings	**1,100**	1,025
Transactions with joint ventures		
– Revenue from construction contracts	**17,980**	30,467
– Revenue from sales of goods	**256**	398
– Purchase	**1,633**	359
– Proceeds of borrowings	**–**	39
– Rental income	**2**	2
– Rental expense	**17**	25
– Interest income	**310**	272
– Interest expense	**5**	2
– Lending funds	**2,951**	2,266
– Repayment of borrowings	**4,165**	317
Transactions with associates		
– Revenue from construction contracts	**28,462**	22,818
– Revenue from sales of goods	**2,161**	3,626
– Purchase	**14,277**	16,596
– Rental income	**–**	3
– Rental expense	**1**	4
– Interest income	**115**	247
– Interest expense	**2**	1
– Lending funds	**43**	218
– Repayment of borrowings	**744**	2,825

These transactions are carried out on terms agreed with the counter parties in the ordinary course of business.

49. Related-party transactions (Continued)

(b) Balances with related parties

	2023 **RMB million**	2022 RMB million
Balances with the CREC Group		
Trade and bills receivables	**1**	1
Other financial assets at amortised cost	**–**	1,100
Trade payables	**7**	8
Other payables	**240**	249
Deposits	**649**	627
Right-of-use assets	**1**	3
Lease liabilities	**1**	3
Contract liabilities	**6**	7
Balances with joint ventures		
Trade and bills receivables	**1,773**	2,823
Other receivables	**1,248**	798
Advance to suppliers	**125**	–
Other financial assets at amortised cost	**6,210**	8,563
Contract assets	**1,263**	1,357
Trade payables	**772**	122
Other payables	**492**	92
Contract liabilities	**1,396**	1,509
Advance from customers	**4**	–
Deposits	**1,147**	2,941
Balances with associates		
Trade and bills receivables	**5,934**	4,259
Other receivables	**433**	260
Other financial assets at amortised cost	**2,422**	3,106
Contract assets	**7,094**	4,691
Advance to suppliers	**39**	74
Trade payables	**4,910**	3,848
Other payables	**358**	483
Contract liabilities	**3,583**	3,215
Advance from customers	**2**	2
Deposits	**133**	526

49. Related-party transactions (Continued)

(c) Guarantees

	2023 RMB million	2022 RMB million
Outstanding loan guarantees provided by the Group to		
– Joint ventures	**5,417**	5,139
– Associates	**852**	1,816
– Government-related entities	**397**	362
Outstanding debentures guarantees provided by CREC to the Group	**3,500**	3,500

(d) Key management compensation

The remuneration of Directors and other members of key management during the year were as follows:

	2023 RMB'000	2022 RMB'000
Basic salaries, housing allowances and other allowances	**4,587**	4,384
Fees	**260**	250
Contributions to pension plans	**762**	689
Share-based payment	**2,568**	1,712
Others	**7,926**	13,949
	16,103	20,984

Key management represents the Directors and other senior management personnel disclosed in the annual report. The remuneration of key management is determined by the remuneration committee having regard to the performance of the respective individuals and the market trends.

50. Particulars of Principal Subsidiaries

(a) General information of principal subsidiaries

As at 31 December 2023 and 2022, the Company had the following principal subsidiaries:

Name of subsidiary	Country/ place of establishment and operation	Issued and paid in capital	Proportion of interest and voting power held by the Group		Proportional of ordinary shares held by non-controlling interests		Principal activities
		RMB'000	**2023**	2022	**2023**	2022	
Listed-							
中鐵高新工業股份有限公司 China Railway Industry	PRC	2,221,552	**49.12%**	49.12%	**50.88%**	50.88%	Engineering Equipment and Component Manufacturing
Unlisted-							
中鐵一局集團有限公司 China Railway No.1 Engineering Group Co., Ltd.	PRC	6,366,011	**100%**	100%	**–**	–	Infrastructure construction
中鐵二局集團有限公司 China Railway No.2 Engineering Group Co., Ltd.	PRC	7,692,920	**100%**	100%	**–**	–	Infrastructure construction
中鐵三局集團有限公司 China Railway No.3 Engineering Group Co., Ltd.	PRC	5,213,991	**100%**	100%	**–**	–	Infrastructure construction
中鐵四局集團有限公司 China Railway No.4 Engineering Group Co., Ltd.	PRC	8,272,699	**100%**	100%	**–**	–	Infrastructure construction
中鐵五局集團有限公司 China Railway No.5 Engineering Group Co., Ltd.	PRC	7,615,152	**100%**	100%	**–**	–	Infrastructure construction
中鐵六局集團有限公司 China Railway No.6 Engineering Group Co., Ltd.	PRC	2,200,000	**100%**	100%	**–**	–	Infrastructure construction
中鐵七局集團有限公司 China Railway No.7 Engineering Group Co., Ltd.	PRC	2,611,810	**100%**	100%	**–**	–	Infrastructure construction
中鐵八局集團有限公司 China Railway No.8 Engineering Group Co., Ltd.	PRC	5,906,056	**100%**	100%	**–**	–	Infrastructure construction
中鐵九局集團有限公司 China Railway No.9 Engineering Group Co., Ltd.	PRC	2,500,000	**100%**	100%	**–**	–	Infrastructure construction
中鐵十局集團有限公司 China Railway No.10 Engineering Group Co., Ltd.	PRC	3,836,510	**100%**	100%	**–**	–	Infrastructure construction

50. Particulars of Principal Subsidiaries (Continued)

(a) General information of principal subsidiaries (Continued)

Name of subsidiary	Country/ place of establishment and operation	Issued and paid in capital	Proportion of interest and voting power held by the Group		Proportional of ordinary shares held by non-controlling interests		Principal activities
		RMB'000	**2023**	2022	**2023**	2022	
中鐵大橋局集團有限公司 China Railway Major Bridge Engineering Group Co., Ltd.	PRC	4,278,453	**100%**	100%	**–**	–	Infrastructure construction
中鐵電氣化局集團有限公司 China Railway Electrification Engineering Group Co., Ltd.	PRC	4,409,280	**100%**	100%	**–**	–	Infrastructure construction
中鐵建工集團有限公司 China Railway Construction Group Co., Ltd.	PRC	10,391,430	**100%**	100%	**–**	–	Infrastructure construction
中鐵隧道局集團有限公司 China Railway Tunnel Group Co., Ltd.	PRC	4,000,000	**100%**	100%	**–**	–	Infrastructure construction
中鐵國際集團有限公司 China Railway International Group Co., Ltd.	PRC	2,500,000	**100%**	100%	**–**	–	Infrastructure construction
中鐵二局建設有限公司 China Railway No.2 Construction Co., Ltd.	PRC	8,263,820	**100%**	100%	**–**	–	Infrastructure construction
中鐵二院工程集團有限責任公司 China Railway Eryuan Engineering Group Co. Ltd.	PRC	1,246,138	**100%**	100%	**–**	–	Survey and design
中鐵北京工程局集團有限公司 China Railway Beijing Engineering Group Co. Ltd.	PRC	3,485,846	**100%**	100%	**–**	–	Infrastructure construction
中鐵廣州工程局集團有限公司 China Railway Guangzhou Engineering Group Co. Ltd.	PRC	3,050,000	**100%**	100%	**–**	–	Infrastructure construction
中鐵上海工程局集團有限公司 China Railway Shanghai Engineering Group Co. Ltd.	PRC	2,300,000	**100%**	100%	**–**	–	Infrastructure construction
中鐵置業集團有限公司 China Railway Real Estate Group Co., Ltd.	PRC	13,146,714	**100%**	100%	**–**	–	Property development
中鐵資源集團有限公司 China Railway Resources Group Co., Ltd.	PRC	5,427,127	**100%**	100%	**–**	–	Mining
中鐵交通投資集團有限公司 China Railway Communications Investment Group Co., Ltd.	PRC	8,049,920	**100%**	100%	**–**	–	Build-operate-transfer service concession arrangement

50. Particulars of Principal Subsidiaries (Continued)

(a) General information of principal subsidiaries (Continued)

Name of subsidiary	Country/ place of establishment and operation	Issued and paid in capital	Proportion of interest and voting power held by the Group		Proportional of ordinary shares held by non-controlling interests		Principal activities
		RMB'000	**2023**	2022	**2023**	2022	
中鐵南方投資集團有限公司 China Railway Southern Investment Group Co..Ltd.	PRC	5,000,000	**100%**	100%	**–**	–	Infrastructure construction and asset management
中鐵投資集團有限公司 China Railway Investment Group Co., Ltd.	PRC	5,000,000	**100%**	100%	**–**	–	Infrastructure construction and asset management
中鐵城市發展投資集團有限公司 China Railway City Development and Investment Group Co. Ltd.	PRC	5,000,000	**100%**	100%	**–**	–	Infrastructure construction and asset management
中鐵（上海）投資集團有限公司 China Railway (Shanghai) Investment Group Co., Ltd.	PRC	8,177,120	**100%**	100%	**–**	–	Infrastructure construction and asset management
中鐵信託有限責任公司 China Railway Trust (i)	PRC	5,000,000	**93%**	93%	**7%**	7%	Financial trust management
中鐵財務有限責任公司 CREC Finance	PRC	9,000,000	**95%**	95%	**5%**	5%	Comprehensive financial service
中鐵資本有限公司 China Railway Capital Co., Ltd.	PRC	3,760,410	**100%**	100%	**–**	–	Asset Management
中鐵物貿集團有限公司 China Railway Material Trade Co., Ltd.	PRC	3,000,000	**100%**	100%	**–**	–	Trade
中鐵第六勘察設計院集團有限公司 China Railway Liuyuan Group Co., Ltd.	PRC	600,000	**100%**	100%	**–**	–	Survey and design
中鐵工程設計諮詢集團有限公司 China Railway Engineering Consulting Group Co., Ltd.	PRC	730,818	**70%**	70%	**30%**	30%	Survey and design
中鐵大橋勘測設計院集團有限公司 China Railway Major Bridge Reconnaissance & Design Institute Co., Ltd. (i)	PRC	148,337	**100%**	100%	**–**	–	Survey and design
中鐵科學研究院有限公司 China Railway Academy Co., Ltd.	PRC	800,000	**100%**	100%	**–**	–	Survey and design
中鐵華鐵工程設計集團有限公司 China Railway Huatie Engineering Designing Group Co., Ltd.	PRC	217,084	**100%**	100%	**–**	–	Survey and design

50. Particulars of Principal Subsidiaries (Continued)

(a) General information of principal subsidiaries (Continued)

Name of subsidiary	Country/ place of establishment and operation	Issued and paid in capital	Proportion of interest and voting power held by the Group		Proportional of ordinary shares held by non-controlling interests		Principal activities
		RMB'000	**2023**	2022	**2023**	2022	
中鐵人才交流諮詢有限責任公司 China Railway Talent Exchange Consulting Co., Ltd.	PRC	500	**100%**	100%	**–**	–	Talent information network service
鐵工（香港）財資管理有限公司 CR (Hong Kong) Treasury Management Co., Ltd.	Hongkong	69	**100%**	100%	**–**	–	Asset management
中鐵（廣州）投資發展有限公司 China Railway (Guangzhou) Investment Development Co., Ltd.	PRC	780,000	**100%**	100%	**–**	–	Infrastructure construction
中鐵武漢電氣化局集團有限公司 China Railway Wuhan Electrification Bureau Group Co., Ltd.	PRC	902,960	**100%**	100%	**–**	–	Infrastructure construction
中鐵雲網信息科技有限公司 China Railway Cloud Network Information Technology Co., Ltd.	PRC	200,000	**100%**	100%	**–**	–	Software and information technology services
中國鐵工投資建設集團有限公司 China Tiegong Investment and Construction Co., Ltd.	PRC	5,000,000	**100%**	100%	**–**	–	Infrastructure construction
中國中鐵匈牙利有限責任公司 China Railway Hungary Co., Ltd.	Hungary	–	**100%**	100%	**–**	–	Infrastructure construction
中鐵水利水電規劃設計集團有限公司 China Railway Water Conservancy & Hydropower Planning and Design Group Co.,Ltd.	PRC	300,000	**65%**	65%	**35%**	35%	Research, design and construction of water conservancy and hydropower
中鐵長江交通設計集團有限公司 China Railway Changjiang Transport Design Group Co.,Ltd.	PRC	147,059	**66%**	66%	**34%**	34%	Survey, design and management of communications
中國海外工程有限責任公司 China Overseas Engineering Group Co., Ltd.	PRC	2,000,000	**100%**	100%	**–**	–	Infrastructure construction
中鐵雲南建設投資有限公司 China Railway Yunnan Construction Investment Co., Ltd.	PRC	38,692,528	**70.51%**	70.51%	**29.49%**	29.49%	Infrastructure construction and asset management
中國鐵路工程（馬來西亞）有限公司 China Railway Engineering (Malaysia) Co., Ltd.	Malaysia	150,631	**100%**	100%	**–**	–	Infrastructure construction and real estate development

50. Particulars of Principal Subsidiaries (Continued)

(a) General information of principal subsidiaries (Continued)

All the above subsidiaries were established as limited liability companies in the PRC, which have similar characteristics of limited liability company incorporated under the Hong Kong Companies Ordinance.

The above table lists the subsidiaries of the Company which, in the opinion of the Directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

(i) Unless otherwise stated, above subsidiaries have share capital consisting solely of ordinary shares that are held directly by the Company.

(a) At 31 December 2023, 14% (2022: 14%) of ordinary shares of China Railway Trust is indirectly held by the Company.

(b) At 31 December 2023, 35% (2022: 35%) of ordinary shares of China Railway Major Bridge Reconnaissance & Design Institute Co., Ltd. is indirectly held by the Company.

(ii) China Railway Oriental International Group Co., Ltd, a subsidiary established by the Company, terminated its operation in December 2023.

50. Particulars of Principal Subsidiaries (Continued)

(b) Information of debt securities

As at 31 December 2023, the Group had outstanding issued debt securities as follows:

Name	Face value of debt securities RMB million	Maturity date
China Railway Group Limited	**3,500**	19/10/2025
	2,120	28/01/2026
	1,000	19/01/2024
	500	18/06/2024
	1,100	16/07/2024
	3,000	27/04/2024
	2,500	28/05/2024
	3,000	13/07/2024
	2,200	23/07/2024
	800	23/07/2026
	3,000	17/08/2024
	2,000	12/01/2025
	1,000	12/01/2027
	1,100	14/06/2025
	600	14/06/2027
	3,000	03/08/2025
	2,500	20/06/2028
	3,000	29/06/2026
China Railway Xunjie Co. Limited	**3,488**	28/07/2026
	3,482	06/07/2027
Guangdong China Railway Xijiang High-tech Investment Co. Limited	**500**	21/01/2025
	500	11/04/2025
China Tiegong Investment & Construction Group Limited	**1,000**	27/09/2025
China Railway Real Estate Group Co.,Ltd.	**800**	29/05/2026
	870	26/11/2025
China Railway Development & Investment Group Co., Ltd.	**1,500**	08/12/2026

50. Particulars of Principal Subsidiaries (Continued)

(b) Information of debt securities (Continued)

As at 31 December 2022, the Group had outstanding issued debt securities as follows:

Name	Face value of debt securities RMB million	Maturity date
China Railway Group Limited	3,500	19/10/2025
	2,120	28/01/2026
	1,000	21/01/2022
	500	18/06/2024
	1,100	16/07/2024
	280	10/04/2023
	1,500	10/04/2023
	3,000	24/04/2023
	2,400	15/05/2023
	2,250	05/06/2023
	3,000	27/04/2024
	2,500	28/05/2024
	3,000	13/07/2024
	2,200	23/07/2024
	800	23/07/2026
	3,000	17/08/2024
	2,000	12/01/2025
	1,000	12/01/2027
	1,100	14/06/2025
	600	14/06/2027
	3,000	03/08/2025
China Railway Resources Huitung Limited	3,488	05/02/2023
China Railway Xunjie Co. Limited	3,488	28/07/2026
	3,482	06/07/2027
Guangdong China Railway Xijiang High-tech Investment Co. Limited	500	21/01/2025
	500	11/04/2025
China Tiegong Investment & Construction Group Limited	1,000	27/09/2025

51. Events occurring after the balance sheet date

Subsequent to 31 December 2023, the following significant event took place:

(a) As approved by the Board meeting on 28 March 2024, the Company declared a dividend in respect of the year ended 31 December 2023 of RMB0.210 per ordinary share, amounting to a total dividend of RMB5,198 million. The dividend is to be approved at the 2023 annual general meeting in 2024.

(b) In February 2023, L'Inspection Générale des Finances de la République Démocratique du Congo (the General Inspectorate of Finance of the Democratic Republic of the Congo) released a report on the implementation of cooperation agreements signed between the Democratic Republic of the Congo and the Chinese companies. The report recommended that the relevant contract parties to review the cooperation agreements in terms of the shareholder structure of specific structure companies, the capital expenditure of the infrastructure projects and the preferential tax treatment of the jointly invested companies. Pursuant to the report, the representatives from Democratic Republic of the Congo negotiated with the Chinese companies. In March 2024, a supplemental agreement has been signed on the capital expenditure of the infrastructure projects and the preferential tax treatment of the jointly invested companies. As of the approval date of this financial statement, the Group expects there is no significantly negative influence on the Group.

(c) On 29 December 2023, the Board of Directors of the Company approved the Repurchase and Cancellation of Restricted Stock, confirming the repurchase and cancellation of 1,566,166 restricted shares granted but not yet lifted by 7 incentive subjects in accordance with the 2021 Restricted Share Incentive Scheme. On 11 March 2024, the repurchase and cancellation procedure of 1,566,166 restricted shares was completed. Upon the completion of the Repurchase and Cancellation, the total number of Shares of the Company have been reduced from 24,752,195,983 Shares to 24,750,629,817 Shares.

52. Balance Sheet and Reserve Movement of the Company

	2023 RMB million	2022 RMB million
ASSETS		
Non-current assets		
Other non-current assets	**76,748**	55,763
Investments in subsidiaries	**325,504**	321,708
	402,252	377,471
Current assets		
Amounts due from subsidiaries	**50,236**	68,990
Other current assets	**10,686**	10,540
Bank balances and cash	**35,212**	28,157
	96,134	107,687
Total assets	**498,386**	485,158
EQUITY		
Share capital	**24,752**	24,752
Perpetual notes	**49,712**	45,621
Share premium and reserves	**175,189**	167,606
Total equity	**249,653**	237,979
LIABILITIES		
Non-current liabilities		
Borrowings	**35,219**	44,323
Other non-current liabilities	**14,532**	14,335
	49,751	58,658
Current liabilities		
Amounts due to subsidiaries	**145,667**	138,344
Other current liabilities	**53,315**	50,177
	198,982	188,521
Total liabilities	**248,733**	247,179

The balance sheet of the Company was approved by the Board of Directors on 28 March 2024 and were signed on its behalf.

Director	*Director*
Chen Yun	Chen Wenjian

52. Balance Sheet and Reserve Movement of the Company (Continued)

(a) Reserve movement of the Company

	Share premium RMB million	Capital reserves RMB million	Statutory reserve RMB million	Retained earnings RMB million	Total RMB million
At 31 December 2021	53,061	7,602	12,750	76,068	149,481
Profit and total comprehensive income for the year	–	74	–	24,708	24,782
Issuance of shares for 2021 Restricted Share Incentive Scheme	–	467	–	–	467
Shares held for 2021 Restricted Share Incentive Scheme	–	(645)	–	–	(645)
Repurchase and cancel unlocked restricted stock	–	(3)	–	–	(3)
Amount recorded in shareholders' equity arising from 2021 Restricted Share Incentive Scheme	–	142	–	–	142
Redemption of perpetual notes	(3)	–	–	–	(3)
Transfer to reserves	–	–	2,439	(2,439)	–
Dividends recognised as distribution	–	–	–	(4,816)	(4,816)
Dividends declared to perpetual notes holders	–	–	–	(1,799)	(1,799)
At 31 December 2022	**53,058**	**7,637**	**15,189**	**91,722**	**167,606**
Profit and total comprehensive income for the year	**–**	**20**	**–**	**14,007**	**14,027**
Amount recorded in shareholders' equity arising from 2021 Restricted Share Incentive Scheme	**–**	**153**	**–**	**–**	**153**
Redemption of perpetual notes	**(16)**	**–**	**–**	**–**	**(16)**
Issuance of perpetual notes	**(6)**	**–**	**–**	**–**	**(6)**
Transfer to reserves	**–**	**–**	**1,435**	**(1,435)**	**–**
Dividends recognised as distribution	**–**	**–**	**–**	**(4,914)**	**(4,914)**
Dividends declared to perpetual notes holders	**–**	**–**	**–**	**(1,661)**	**(1,661)**
At 31 December 2023	**53,036**	**7,810**	**16,624**	**97,719**	**175,189**

SIGNIFICANT EVENTS

I. The Plan for Profit Distribution on Ordinary Shares or Capitalization of Capital Reserves

1. Formulation, implementation or adjustment of the cash dividend policy

(1) Specific policies for profit distribution

According to the Articles of Association of the Company, the specific policies for profit distribution of the Company are as follows:

(i) Form of profit distribution: The Company distributes profits in cash, share or a combination of cash and share. The Company can make interim profit distributions when conditions permit.

(ii) Specific conditions, proportion and interval of the Company's cash dividends: Under the premise of ensuring the Company's continuous operation and long-term development, if the Company is profitable in the year and the accumulated undistributed profit is positive and there are no major investment plans or other major cash expenditures, the Company will distribute the profits in cash after appropriation to the statutory reserves and other reserves in full. In any three consecutive years, the Company's accumulated profits distributed in cash shall not be less than 30% of the annual average distributable profits realized in the three years; the annual profits distributed in cash shall generally not be less than 10% of the distributable profits realized in the year. The Company may not distribute cash dividends under the following special circumstances:

① The auditors issue a non-standard unqualified audit report on the Company's financial report for the year.

② The operating net cash flow is negative in the year.

If the abovementioned conditions for cash dividends are met, the Company in principle shall distribute cash dividends once a year, and the Company's Board of Directors can propose the Company to make interim cash dividends based on the Company's profitability and capital demand.

(iii) Specific conditions for the Company to issue share dividends:

The Company can propose a share dividend distribution plan when the Company is in good operating condition, and the Board of Directors believes that the Company's share price does not match the Company's share capital and that issuing share dividends is beneficial to the overall interests of all shareholders of the Company, under the premise that the abovementioned conditions for cash dividends are met.

I. The Plan for Profit Distribution on Ordinary Shares or Capitalization of Capital Reserves (Continued)

1. Formulation, implementation or adjustment of the cash dividend policy (Continued)

(2) Implementation of the cash dividend policy during the reporting period

Profits are distributed in cash under the profit distribution plan of the Company for 2022. Pursuant to the profit distribution plan considered and passed at the 2022 annual general meeting convened on 28 June 2023, a cash dividend of RMB0.2 (tax inclusive) per share based on the total share capital of 24,752,195,983 shares before the implementation of the plan was declared by the Company, totaling RMB4,950,439,196.60 (tax inclusive) and representing 15.82% of net profit attributable to the listed company's shareholders under the consolidated financial statements for the year of 2022 of the Company. The announcement on the profit distribution of H shares was published on 6 July 2023 on the website of Hong Kong Stock Exchange and the website of the Company. The announcement on the profit distribution of A shares was published on 21 July 2023 on China Securities Journal, Shanghai Securities News, Securities Times, Securities Daily and the website of Shanghai Stock Exchange. As of 10 August 2023, the implementation of the profit distribution plan of the Company for 2022 has been completed.

(3) Profit distribution plan for 2023

Pursuant to the relevant provisions of the Company Law and the Articles of Association, taking into account factors such as shareholder returns and the capital requirements of the Company for its business development, and in accordance with the "Resolution on the Profit Distribution Plan for 2023 of the Company" which was adopted at the 38th meeting of the fifth session of the Board, the details of the profit distribution plan are set out below: the retained profits of the parent at the beginning of 2023 were RMB93,713,869,114.06 based on the audited financial report prepared of the Company for 2023. After taking into account the added net profit realized by the parent of RMB14,352,447,113.60 during the year and deducting the cash dividends for 2023 and interest payments on perpetual notes amounting to RMB6,611,537,333.26, and with 10% of the net profit of the parent, i.e. RMB1,435,244,711.36, being appropriated to its surplus reserve, the distributable profit of the parent to shareholders amounted to RMB100,019,534,183.04 as of 31 December 2023. Based on the Company's total share capital of 24,750,629,817 shares as at 28 March 2024, a cash dividend of RMB2.10 per 10 shares (tax inclusive) is proposed to be distributed, and the total amount of such dividend is RMB5,197,632,261.57 (tax inclusive), representing 15.52% of net profit attributable to the Company's shareholders under the consolidated financial statements for the current year of the Company. Upon the distribution, the remaining retained profit of the parent amounting to RMB94,821,901,921.47 will be carried forward to the next year. The profit distribution will be based on the total share capital on the record date for payment of the cash dividend. In the event of change in total share capital of the Company before the record date for payment of the cash dividend, the total distribution amount will be kept unchanged and the rate will be adjusted accordingly. The Company will make a further announcement on the details of the adjustment.

I. The Plan for Profit Distribution on Ordinary Shares or Capitalization of Capital Reserves (Continued)

1. Formulation, implementation or adjustment of the cash dividend policy (Continued)

(4) Information on the profit distribution for 2023

In 2023, the Company intends to make a cash dividend at 15.52% of net profit attributable to the listed company's shareholders under the consolidated financial statements for the current year of the Company, where dividend payout ratio is less than 30%, mainly based on the following considerations:

(i) Situation and characteristics of the industry of the Company

The construction industry in which the Company operates is a fully competitive industry characterized by intense market competition, generally low gross profit margins, and high gearing ratio. Additionally, the industry experiences substantial accounts receivable and contract asset balances. Construction projects within this industry are typically characterized by their numerous locations, wide geographical distribution, large individual project sizes, and extended production cycles. Consequently, the industry requires significant amounts of working capital to maintain daily operations. According to the 14th Five-Year Plan, a series of major national strategies will form new growth points in the field of infrastructure construction and bring new development momentum to the construction industry.

(ii) The listed company's development stage and its own business model

The Company has deeply integrated itself into national strategies, continuously optimized its regional layout, comprehensively promoted deepening reforms, consistently adhered to high-quality development, and steadily enhanced its global competitiveness and brand influence. In 2023, the Company achieved record highs in both newly signed contracts and operating income, further solidifying its advantages across the entire industry chain. The Company will continue to pursue diversified and collaborative development, intensify efforts in structural adjustment and transformation and upgrading, continuously strengthen the construction of a modern industrial system, and comprehensively accelerate the building a "high-quality China Railway".

(iii) Profitability level and demands on the funds of the Company

In recent years, the Company has maintained a good level of net profit and generated a relatively stable return on investment for its shareholders. For the year of 2023, the Company's net profit attributable to ordinary shareholders of the Company was RMB33.483 billion, increased by 7.07% year on year, the best level in history. As the Company strengthens structural adjustment, transformation and upgrading, actively cultivates emerging business, and actively develops the "second curve" in growth, it requires a lot of financial support. The Company will rationally arrange fund requirements, actively optimize financial structure, constantly improve the efficiency of fund use according to business development needs to continuously enhance the Company's profitability.

I. The Plan for Profit Distribution on Ordinary Shares or Capitalization of Capital Reserves (Continued)

1. Formulation, implementation or adjustment of the cash dividend policy (Continued)

(4) Information on the profit distribution for 2023 (Continued)

(iv) Reasons for the listed company's low level of cash dividends

On one hand, the global economy remains sluggish, while the domestic economy faces both cyclical and structural challenges, creating a complex external environment for businesses. It is objectively necessary to retain earnings to enhance the Company's risk resilience. On the other hand, in order to meet the daily needs in the production and operations, project investment and emerging business development of the Company, it is necessary for the Company to retain sufficient funds to ensure its production and operation capabilities. As the Company accelerates the transformation from high-speed development to high-quality development, its profitability will steadily increase, which will help provide investors with more returns in the future.

(v) The exact purpose of the listed company's retained undistributed profits and estimated earnings

The Company's retained undistributed profits will be used for the Company to seize development opportunities, continue to deepen the Company's strategic transformation, enhance structural adjustment, and seek new growth points. On the basis of consolidating the advantages of traditional business, the Company will actively cultivate emerging business according to the main businesses and market demand, increase capital investment, promote the optimization and upgrading of business structure, enhance the profitability, and provide shareholders with long-term and stable return.

2. Special explanation of the cash dividend policy

Was it in compliance with the provisions of the Articles of Association and the resolutions of the general meeting?	√ Yes ☐No
Were the dividend distribution criteria and proportion well-defined and clear?	√ Yes ☐No
Were the related decision-making process and mechanism in place?	√ Yes ☐No
Did independent directors fulfill their duties and play their role?	√ Yes ☐No
Were the minority shareholders given opportunities to sufficiently voice their opinion and make requests and were the legal interests of the minority shareholders fully protected?	√ Yes ☐No

3. If profits for the reporting period and the distributable profit of the parent Company to ordinary shareholders are positive and no profit distribution plan in cash for the ordinary shares is proposed, the Company should disclose the reasons as well as the use and intended use of the retained profits in details

Not applicable

II. Share Incentive Scheme, Employee Stock Ownership Plan or Other Incentive Measures and the Impacts Thereof

As of 31 December 2023, the Incentive Scheme of the Company was implemented completely, including the initial grant of 170.7244 million restricted shares on 17 January 2022 and the grant of 11.922 million reserved restricted shares on 2 November 2022. Regarding 5 participants of the initial grant, 2 participants were transferred from the Company and ceased to take office in the Company due to organisational arrangements, 3 participants were disqualified from the Incentive Scheme due to incompetence in the position, disqualification in performance appraisal, negligence, violation of laws, non-compliance of laws, etc.. The Company repurchased and cancelled 1,379,700 restricted shares that had been granted to the above 5 participants but not yet unlocked on 28 December 2022.

In addition, the Company completed the repurchase and cancellation of 1,566,166 restricted shares that had been granted to the other seven participants but not yet unlocked on 11 March 2024. Among the above mentioned 7 participants, 1 participant was transferred from the Company and ceased to take office in the Company due to organisational arrangements, 1 participant died, 1 participant offered to resign during the term of the labor contract, 2 participants violated laws and regulations, and 2 participants were found to be competent in the individual performance appraisal in 2022 (80% of the restricted shares was unlocked during the current period, and the remaining 20% of the restricted shares not yet unlocked was repurchased and cancelled by the Company).

(1) Summary of the Incentive Scheme

Purpose of the Incentive Scheme

In order to further promote the establishment and improvement of the long-term incentive mechanism of the Company, attract and retain talents, fully incentivize the senior management personnel, middle management personnel and core personnel of the Group, effectively align the interests of the Shareholders, the Company with the individual interests of the operators to focus on and work collectively for the long-term development of the Company, the Incentive Scheme was formulated in accordance with the relevant requirements under the Securities Law, the Company Law, the Articles of Association and other relevant laws and regulations as well as in conjunction with the current management systems such as the remuneration system and performance appraisal system of the Company.

Participants of the Incentive Scheme

The incentive participants include 1. senior management of the Group; 2. middle management of the Group; and 3. core key personnel of the Group.

Total number of restricted shares available for issue under the incentive scheme and their percentage in the total shares issued as at the date of this annual report

The number of restricted shares to be granted under the Incentive Scheme is not more than 200,000,000 A shares, of which 180,000,000 A shares are to be initially granted and 20,000,000 A shares are reserved. As at 31 December 2023, the Incentive Scheme was implemented completely. The Company granted 181,266,700 A shares under the Incentive Scheme, and the number of restricted shares issued accounting for approximately 0.88% of the total A share capital and 0.73% of the total share capital of the Company as of the date of this annual report.

II. Share Incentive Scheme, Employee Stock Ownership Plan or Other Incentive Measures and the Impacts Thereof (Continued)

(1) Summary of the Incentive Scheme (Continued)

Cap of restricted shares available for grant to each participant in the Incentive Scheme

The total number of the Company's Shares granted under the Incentive Scheme to any of the participants shall not exceed 1% of the total A share capital of the Company at the time when the Incentive Scheme was submitted for approval at the general meetings. The value of the entitlements granted to senior management shall be determined at no more than 40% of the total remuneration level (including the value of interests granted) at the time of grant, and the value of the interests granted to other participants such as the core members in management, technology and business shall be determined reasonably by the Board.

The period within which the option may be exercised by the grantee under the Incentive Scheme

No option which may be exercised was granted under the Incentive Scheme.

Vesting period and lock-up period of restricted shares granted under the Incentive Scheme

The restricted shares granted under the Incentive Scheme do not have any vesting period per as they were all vested with the participants at the same time as they were granted. The restricted shares have lock-up period. Lock-up period of the restricted shares granted under the Incentive Scheme shall be 24 months, 36 months and 48 months from the relevant completion date of registration of the restricted shares under the corresponding grant. After the expiry of each of the three unlocking periods, 1/3 of the restricted shares granted under the first grant and the grant of the reserved shares will be unlocked. The restricted shares granted to the incentive recipients under the Incentive Scheme shall not be transferred, used for guarantee or debt repayment until the sales restrictions are released.

Amount (if any) payable for the acceptance of restricted shares and the term for payment or notification of payment

The amount payable for the acceptance of restricted shares is the grant price multiplied by the number of restricted shares granted. As of 31 December 2023, the total grant price was RMB645,046,645 (excluding the 1,379,700 restricted shares that were repurchased and canceled by the Company as of 31 December 2023). The incentive participants of the restricted shares of the first grant remitted the payment into the Company's fund-raising special account before the payment deadline of 28 January 2022, and the incentive participants of the grant of the reserved restricted shares remitted the payment into the Company's fund-raising special account before the payment deadline of 16 November 2022.

II. Share Incentive Scheme, Employee Stock Ownership Plan or Other Incentive Measures and the Impacts Thereof (Continued)

(1) Summary of the Incentive Scheme (Continued)

Basis of determining the grant price

The grant price of the restricted shares under the first grant shall not be less than the nominal value of the shares, and shall not be lower than 60% of the fair market value. The fair market value shall be the higher of the following prices: 1. the average trading price of the underlying A shares of the Company on the last trading day immediately preceding the date of the relevant announcement of the first grant (the total transaction value for the last trading day/total volume of the shares of the Company traded for the last trading day); or 2. any of the average trading price of the underlying A shares of the Company for the last 20 trading days, 60 trading days and 120 trading days immediately preceding the date of the relevant announcement.

The grant of the restricted shares under the reserved grant is subject to the consideration and passing of related resolutions by the Board and the disclosure of related information. The grant price of the restricted shares under the reserved grant shall not be less than the nominal value of the shares, and shall not be lower than 60% of the fair market value. The fair market value shall be the higher of the following prices: 1. the average trading price of the A shares on the last trading day immediately preceding the date of the announcement of Board resolutions on the reserved grant; 2. any of the average trading price of the A shares for the last 20 trading days, 60 trading days or 120 trading days immediately preceding the date of the announcement of Board resolutions on the reserved grant.

The remaining life of the Incentive Scheme

The term of the Incentive Scheme commenced from the completion date of registration of the restricted shares under the first grant and will end on the date when all the restricted shares granted to the participants have been unlocked or repurchased and cancelled, the maximum period of which shall not exceed 72 months. Therefore, the validity period of the Incentive Scheme is from 23 February 2022 (the date when the registration of the restricted shares of the first grant was completed) to 30 November 2026 (the date when all reserved restricted shares are unlocked).

Agreement on the granting of restricted shares

The Company entered into an agreement on the granting of restricted shares with the participants in order to determine their respective rights and obligations pursuant to the Incentive Scheme.

II. Share Incentive Scheme, Employee Stock Ownership Plan or Other Incentive Measures and the Impacts Thereof (Continued)

(1) Summary of the Incentive Scheme (Continued)

Conditions of grant of the restricted shares

The Company granted restricted shares to the participants upon satisfaction of all of the following conditions of grant, and no restricted shares would be granted to the participants if any of the following conditions of grant has not been satisfied.

1. None of the following events with respect to the Company has occurred: i. issue of an auditors' report with adverse opinion or which indicates an inability to give an opinion by a certified public accountant with respect to the financial and accounting report of the Company for the latest accounting year; ii. issue of an auditors' report with adverse opinion or which indicates an inability to give an opinion by a certified public accountant with respect to the internal control of the financial report of the Company for the latest accounting year; iii. failure to conduct profit distribution in accordance with laws and regulations, the Articles of Association and public undertakings during the 36 months after listing; iv. prohibition from implementation of a share incentive scheme by laws and regulations; v. other circumstance as determined by the CSRC.

2. None of the following events with respect to the participant has occurred: i. he or she has been determined by the Shanghai Stock Exchange as an ineligible person in the past 12 months; ii. he or she has been determined by the CSRC or any of its delegated agencies as an ineligible person in the past 12 months; iii. he or she has been imposed with administrative penalties or measures prohibiting access into the securities market by the CSRC or any of its delegated agencies due to material non-compliance of laws and regulations in the past 12 months; iv. he or she is prohibited from being a director or senior management of a company under the Company Law; v. he or she is prohibited from participating in any share incentive scheme of listed companies as required by laws and regulations; vi. he or she falls under any other circumstances as determined by the CSRC.

3. The Company is deemed to have achieved the performance target if all of the following conditions are satisfied: i. the average growth rate of the net profit for 2018 to 2020 shall not be less than 11.75%; ii. the average return on net assets for 2018 to 2020 shall not be less than 9.86%; iii. the economic value added performance targets set by SASAC in 2020 is achieved.

4. The individual performance appraisal of the participants: the individual performance appraisal result of the participants in 2020 is competent or above.

II. Share Incentive Scheme, Employee Stock Ownership Plan or Other Incentive Measures and the Impacts Thereof (Continued)

(2) The details of the restricted shares granted under the Incentive Scheme

Except for the Incentive Scheme which was implemented completely during the financial year ended 31 December 2023, the Company did not have any other share scheme which is applicable for the disclosure requirements of Chapter 17 of the Hong Kong Listing Rules during the report period. The following table sets forth the details of restricted shares granted during the 2023 financial year.

Category of grantees	Particulars of outstanding options and unvested awards at the beginning and at the end of 2023	Number of shares with selling restrictions at the beginning of 2023	Number of shares released from selling restrictions during 2023	Number of shares with selling restrictions granted during 2023	Number of shares with selling restrictions at the end of 2023	Date of grant	Vesting period	Exercise period	Date of releasing selling restrictions Note 4	Price of grant (RMB)	Closing price immediately prior to the date of grant (RMB)	Reasons for selling restrictions	Fair value of share-based payment (RMB)	Weighted average closing price (RMB)	Weighted average number of shares of the relevant class in issue for 2023	The restricted shares which lapsed during 2023
692 incentive participants (employees) Note 1 (excluding 5 participants whose restricted shares have been repurchased and cancelled Note 2)	Not applicable Note 3	169,344,700 Note 4	0	0	169,344,700	17 January 2022	Not applicable Note 5	Not applicable Note 6	24 months, 36 months, 48 months Note 7	RMB3.55/ share	RMB5.94/ share	Restricted Share Incentive Scheme	RMB414.9 million Note 8	RMB5.88/ share Note 9	0.88% Note 10	Not applicable Note 11
50 incentive participants (employees) Note 1		11,922,000 Note 4	0	0	11,922,000	2 November 2022			24 months, 36 months, 48 months Note 7	RMB3.68/ share	RMB5.06/ share	Restricted Share Incentive Scheme	RMB16.3 million Note 8			

II. Share Incentive Scheme, Employee Stock Ownership Plan or Other Incentive Measures and the Impacts Thereof (Continued)

(2) The details of the restricted shares granted under the Incentive Scheme (Continued)

Notes:

1. *The incentive participants of the Incentive Scheme are the employees of the Group, including (1) senior management of the Group; (2) middle management of the Group; and (3) core key personnel of the Group. The participants do not include (i) each of the directors, chief executive or substantial shareholders of the Company, or their respective associates; (ii) each participant with options and awards granted and to be granted in excess of 1% individual limit; or (iii) each related entity participant or service provider with options and awards granted and to be granted in any 12-month period exceeding 0.1% of the relevant class of shares in issue.*

2. *Regarding 5 participants of the initial grant, 2 participants were transferred from the Company and ceased to take office in the Company due to organisational arrangements, 3 participants were disqualified from the 2021 Incentive Scheme due to incompetence in the position, disqualification in performance appraisal, negligence, violation of laws, non-compliance of laws, etc.. The Company completed the repurchase and cancellation of 1,379,700 restricted shares that had been granted to the above five participants but not yet unlocked on 28 December 2022. The 1,379,700 restricted shares were granted to the incentive participants on 17 January 2022 at the price of grant of RMB3.55 per share. The repurchase price of the restricted shares repurchased from 3 participants was RMB3.354 per share. The repurchase price of the restricted shares repurchased from 2 participants was RMB3.354 per share, plus interests calculated according to the benchmark deposit interest rate published by the People's Bank of China for the same period.*

3. *Under the Incentive Scheme, the restricted shares were granted to the participants directly, and it did not involve the grant of any options or awards in respect of which shares may be issued. Therefore, particulars of the outstanding options and unvested awards at the beginning and at the end of 2023 are inapplicable. The number of restricted shares granted under the Incentive Scheme is not more than 200,000,000 A shares and 181,266,700 A shares have been granted by the Company in fiscal year 2022 and the Incentive Scheme was implemented completely (which means that no shares were available for grant under the Incentive Scheme as at the end of 2023).*

4. *Conditions of grant of the restricted shares: The Company granted restricted shares to the participants upon satisfaction of all of the following conditions of grant, and no restricted shares would be granted to the participants if any of the following conditions of grant has not been satisfied. 1. None of the following events with respect to the Company has occurred: i. issue of an auditors' report with adverse opinion or which indicates an inability to give an opinion by a certified public accountant with respect to the financial and accounting report of the Company for the latest accounting year; ii. issue of an auditors' report with adverse opinion or which indicates an inability to give an opinion by a certified public accountant with respect to the internal control of the financial report of the Company for the latest accounting year; iii. failure to conduct profit distribution in accordance with laws and regulations, the Articles of Association and public undertakings during the 36 months after listing; iv. prohibition from implementation of a share incentive scheme by laws and regulations; v. other circumstance as determined by the CSRC. 2. None of the following events with respect to the participant has occurred: i. he or she has been determined by the stock exchange as an ineligible person in the past 12 months; ii. he or she has been determined by the CSRC or any of its delegated agencies as an ineligible person in the past 12 months; iii. he or she has been imposed with administrative penalties or measures prohibiting access into the securities market by the CSRC or any of its delegated agencies due to material non-compliance of laws and regulations in the past 12 months; iv. he or she is prohibited from being a director or senior management of the Company under the Company Law; v. he or she is prohibited from participating in any share incentive scheme of listed companies as required by laws and regulations; vi. he or she falls under any other circumstances as determined by the CSRC. 3. The Company is deemed to have achieved the performance target if all of the following conditions are satisfied: i. the average growth rate of the net profit for 2018 to 2020 shall not be less than 11.75%; ii. the average return on net assets for 2018 to 2020 shall not be less than 9.86%; iii. the economic value added performance targets set by SASAC in 2020 is achieved. 4. The individual performance appraisal of the participants: the individual performance appraisal result of the participants in 2020 is competent or above.*

II. Share Incentive Scheme, Employee Stock Ownership Plan or Other Incentive Measures and the Impacts Thereof (Continued)

(2) The details of the restricted shares granted under the Incentive Scheme (Continued)

Notes: (Continued)

5. *The restricted shares granted under the Incentive Scheme do not have any vesting period as they were all vested with the participants at the same time as they were granted.*

6. *No options which may be exercised were granted under the Incentive Scheme.*

7. *Lock-up period of the restricted shares granted under the Incentive Scheme shall be 24 months, 36 months and 48 months from the relevant completion date of registration of the restricted shares under the corresponding grant. After the expiry of each of the three unlocking periods, 1/3 of the restricted shares granted under the first grant and the grant of the reserved shares will be unlocked.*

8. *In accordance with the relevant requirements of the "Accounting Standards for Enterprises No.11 – Share-based Payment" of the PRC, the Company shall measure the fair value of the restricted shares based on the market prices of the shares. On the measurement date, the fair value of share-based payment per restricted share shall equal the market price of the shares of the Company minus the grant price. Based on the data on 17 January 2022, the total amount of the fair value of share-based payment of the restricted shares first granted by the Company to the participants was RMB414.9 million. The accounting treatment of the reserved restricted shares granted to the participants subsequently is the same as that of the restricted shares under the above-mentioned first grant. Based on the data on 2 November 2022, the total amount of the fair value of share-based payment of the reserved restricted shares granted by the Company to the participants was RMB16.3 million.*

9. *As of the respective dates of grants of restricted shares, the weighted average closing price immediately before the dates on which the restricted shares were granted is RMB5.88 per share.*

10. *The total number of restricted shares granted under the Incentive Scheme by the Company represents 0.88% of the weighted average number of A shares of the Company in issue during 2023.*

11. *Under the Incentive Scheme, the restricted shares were granted to the participants directly, and except for the restricted shares canceled, it did not involve the grant of any options or awards which could lapse.*

III. Performance Status of Undertakings

1. Undertakings made by undertaking parties, including the ultimate controller, shareholders, related parties, acquirers of the Company and the Company given or subsisting in the reporting period

Undertaking background	Type of undertaking	Undertaking party	Content of the undertaking	Timing and duration of undertaking	Whether there is a deadline for performance	Whether duly complied	If not duly complied, describe the specific reasons	If not duly complied, describe future plans
IPO-related undertakings	Non-competition	CREC	Upon the establishment of China Railway in accordance with the law, CREC and its subsidiaries (other than China Railway) will not in any form, directly or indirectly, engage in or participate in or assist in the engagement or participation in any business that competes, or is likely to compete with the core businesses of China Railway and its subsidiaries. If CREC or its subsidiaries (other than China Railway) become(s) aware of any new business opportunity which directly or indirectly competes, or is likely to compete, with the core businesses of China Railway, it shall notify China Railway in writing of such business opportunity immediately upon becoming aware of it, and undertakes that priority and a preemptive right of first refusal in respect of the business opportunity shall be available to China Railway or its subsidiaries. If CREC or any of its subsidiaries intends to transfer, sell, lease or license or otherwise assign to any third parties or permit them any new business opportunity, assets or interests that it may acquire in future and which may compete or is likely to compete, directly or indirectly, with the core businesses of China Railway, CREC warrants that such business opportunity, assets or interests will first be offered to China Railway or its subsidiaries.	None	No	Yes	/	/
Undertakings related to refinancing	Other undertakings	CREC	If China Railway is subject to administrative penalties or currently under formal investigation due to any undisclosed violation of laws and regulations in respect of the delay in developing acquired land, land speculation, hoarding of properties and driving up of property prices by price-rigging, which cause losses to China Railway and its investors, CREC shall bear the liability for compensation according to the requirements of the relevant laws and administrative regulations and as required by the securities regulatory authorities.	Long term	No	Yes	/	/

III. Performance Status of Undertakings (Continued)

1. Undertakings made by undertaking parties, including the ultimate controller, shareholders, related parties, acquirers of the Company and the Company given or subsisting in the reporting period (Continued)

Note 1: For details of the relevant undertakings made by the Company and CREC during the material asset restructuring of China Railway Erju Co., Ltd. (renamed as China Railway Hi-Tech Industry Co., Ltd. in March 2017, stock code: 600528.SH), a subsidiary of the Company, please refer to the Report on the Material Asset Swap and Share Issuance for Asset Acquisition, Fundraising and Related Party Transaction of China Railway Erju Co., Ltd. (Revision) disclosed on the website of the Shanghai Stock Exchange (http://www.sse.com.cn) on 21 September 2016. The Company and CREC are currently duly complying with all the undertakings.

Note 2: The Company issued the Letter of CREC on Changing Undertakings on Certain Contingencies on 25 November 2020, pursuant to which, the performance term of the original undertaking in relation to apply for ownership certificates for defective real estate was changed to long-term undertaking. The Letter was considered and approved by the 2020 first extraordinary general meeting of China Railway Hi-tech Industry Corporation Limited (CRHIC) on 25 December 2020. For details, please refer to the Announcement of CRHIC on Changing the Performance Term of Undertakings on Certain Contingencies by the Controlling Shareholder of the Company disclosed at the website of the Shanghai Stock Exchange (http://www.sse.com.cn) on 8 December 2020. The Company is currently duly complying with the relevant undertaking.

Note 3: For details of the relevant undertakings made by the Company and CREC during the share issuance for asset acquisition, please refer to the Report on the Share Issuance for Asset Acquisition of China Railway Group Limited (Revision) published on the website of the Shanghai Stock Exchange (http://www.sse.com.cn) on 31 May 2019. The Company and CREC are currently duly complying with all the undertakings.

Note 4: In the course of acquiring the control over China Railway Prefabricated Construction, the Company and CREC issued the Letter of Undertaking to Avoid Horizontal Competition with Beijing Hengtong Innovation Luxwood Technology Co., Ltd., Letter of Undertaking to Regulate Related Party Transactions with Beijing Hengtong Innovation Luxwood Technology Co., Ltd., and Letter of Undertaking to Safeguard the Independence of Beijing Hengtong Innovation Luxwood Technology Co., Ltd. Respectively. The above undertakings are continuously effective during the period in which the Company has control over Beijing Hengtong Innovation Luxwood Technology Co., Ltd. The Company and CREC are currently duly complying with the undertakings.

Note 5: In the course of spinning off CRHEEC to go listing on the STAR Market, the Company and CREC issued the Letter of Undertaking to Avoid Horizontal Competition, Letter of Undertaking to Reduce and Regulate Related Party Transactions, Letter of Undertaking to Make up for Diluted Immediate Returns, and other letters of undertakings. For details, please refer to the Plan for China Railway Group Limited on the Spin-off of Its Subsidiary China Railway High-speed Electrification Equipment Corporation Limited to Go Listing on the STAR Market (Revision) disclosed on the website of the Shanghai Stock Exchange on 30 September 2020. The Company and CREC are currently duly complying with all the undertakings.

III. Performance Status of Undertakings (Continued)

2. If the Company has made a profit forecast to its assets or projects, and the profit estimate period is within the reporting period, the Company's explanation on whether its assets or projects would meet its profit forecast and the reasons thereof

Not applicable

3. Fulfillment of undertakings and its impact on goodwill impairment test

Not applicable

IV. Non-operating Appropriation of Funds by the Controlling Shareholder and Other Related Parties during the Reporting Period

Not applicable

V. Illegal Guarantee

Not applicable

VI. Explanation of the Company on the "Modified Audit Report" from Auditors

Not applicable

VII. Analysis and Explanation of the Company on the Reasons for and Impacts of the Changes in Accounting Policies or Accounting Estimates or Correction of Material Accounting Errors

1. Analysis and explanation of the Company on the reasons for and impacts of the changes in accounting policies or accounting estimates

Details of the changes in accounting policies are set out in note 2.1 to the Financial Statements on page 117 to page 121 of this annual report.

2. Analysis and explanation of the Company on the reasons for and impacts of the correction of material accounting errors

Not applicable

3. Communications with former auditors

Not applicable

4. Others

Not applicable

VIII. Appointment and Removal of Auditors

Unit: '0,000 Currency: RMB

	Current engagement
Name of domestic accounting firm	PricewaterhouseCoopers Zhong Tian LLP
Remuneration of domestic accounting firm	3,310
Term of domestic accounting firm	7 years
Names of the certified public accountants of the domestic accounting firm	Zhao Jianrong, Hu Wei
The continuous period providing auditing services by the certified public accountants of the domestic accounting firm	Zhao Jianrong (2 years), Hu Wei (3 years)
Name of international accounting firm	PricewaterhouseCoopers
Remuneration of international accounting firm	220
Term of international accounting firm	7 years

	Name	Remuneration
Accounting firm for internal control audit	PricewaterhouseCoopers Zhong Tian LLP	180
Financial advisor	/	/
Sponsor	/	/

Explanation on the appointment and removal of auditors

On 29 and 30 March 2023, two resolutions, namely the Resolution on the Appointment of Auditors for 2023 and Resolution on the Appointment of Internal Control Auditors for 2023 were considered and approved at the 26th meeting of the fifth session of the Board of Directors. For details of the appointment of auditors, please refer to the Announcement of China Railway Group Limited on Renewal of Appointment of Auditors disclosed on the website of the Shanghai Stock Exchange on 31 March 2023. These resolutions were then considered and approved at the 2022 annual general meeting of the Company on 28 June 2023. The Company has engaged PricewaterhouseCoopers Zhong Tian LLP and PricewaterhouseCoopers as the auditors of the Company for 2023 and engaged PricewaterhouseCoopers Zhong Tian LLP as the internal control auditors for 2023. For details, please refer to the Announcement of China Railway Group Limited on Resolutions of Annual General Meeting of 2022 disclosed by the Company on the website of the Shanghai Stock Exchange on 29 June 2023.

IX. Risk of Suspension of Listing

1. Reason for Suspension of Listing

Not applicable

2. Response Measures to be Adopted by the Company

Not applicable

3. Delisting and the Reasons Thereof

Not applicable

X. Matters Relating to Insolvency or Restructuring

Not applicable

XI. Material Litigation and Arbitration

The Company had no material litigation or arbitration during the year.

XII. Penalty and Rectification Order against the Company and its Directors, Supervisors, Senior Management, Controlling Shareholders, Ultimate Controller and Acquirer

Not applicable

XIII. Integrity of the Company and its Controlling Shareholders and Ultimate Controllers during the Reporting Period

During the reporting period, the Company and its controlling shareholder and ultimate controller operated legally by strictly following the provisions of the laws and regulations and normative documents, such as the Company Law and the Securities Law, and duly fulfilled all the undertakings without committing any default.

XIV. Significant Related Party Transactions

1. Related party transactions in ordinary course of business

(1) Matters which were disclosed in announcement without subsequent progress or changes

Not applicable

(2) Matters which were disclosed in announcement with subsequent progress or changes

Not applicable

(3) Matters undisclosed in announcement

Unit: '000 Currency: RMB

Related parties	Related relations	Type of related party transaction	Particulars of related party transaction	Pricing method of related party transaction	Price of related party transaction	Amount of related party transaction	Percentage of transaction value to the same type of transactions
China Railway State Assets Management Co., Ltd.	Wholly-owned subsidiary of parent company	Leasing services	Lease of office premises, etc.	Contract price	20,878	20,878	Less than 1%
China Railway State Assets Management Co., Ltd.	Wholly-owned subsidiary of parent company	Receipt of labor services	Receipt of comprehensive services	Contract price	52,431	52,431	Less than 1%
Total					73,309	73,309	

Description of related party transactions	The above two transactions resulted from the implementation during the reporting period of the Premises Leasing Agreement and Comprehensive Services Agreement renewed by the Company and CREC on 30 December 2021. The terms of both agreements are three years. The total transaction amount involved was within the decision-making authority of the Board and was considered and approved at the 18th meeting of the fourth session of the Board, which complied with the relevant requirements of The Rules Governing the Listing of Stock on Shanghai Stock Exchange. Meanwhile, the Premises Leasing Agreement and Comprehensive Services Agreement were exempted from the requirements of reporting, annual review, announcement and independent shareholders' approval as the annual caps of such transactions were within the de minimis exemption under the Hong Kong Listing Rules.

XIV. Significant Related Party Transactions (Continued)

2. Related party transactions in relation to acquisition and disposal of assets

(1) Matters which were disclosed in announcement without subsequent progress or changes

Not applicable

(2) Matters which were disclosed in announcement with subsequent progress or changes

Not applicable

(3) Matters undisclosed in announcement

Not applicable

(4) If agreement upon performance is involved, the performance achievements during the reporting period shall be disclosed

Not applicable

3. Significant related party transactions in relation to joint external investment

(1) Matters which were disclosed in announcement without subsequent progress or changes

Not applicable

(2) Matters which were disclosed in announcement with subsequent progress or changes

Not applicable

(3) Matters undisclosed in announcement

Not applicable

4. Amounts due from/to related parties

(1) Matters which were disclosed in announcement without subsequent progress or changes

Not applicable

(2) Matters which were disclosed in announcement with subsequent progress or changes

Not applicable

(3) Matters undisclosed in announcement

Not applicable

XIV. Significant Related Party Transactions (Continued)

5. The financial business between the Company and its related financial company, and between the financial company held by the Company and its related parties

China Railway Finance Co., Ltd. provides financial services to the Company's controlling shareholder, CREC and its subsidiaries, which enables the Company to use part of its financing funds to improve the efficiency of capital utilization and increase the benefits through the net interest and service fees earned by China Railway Finance Co., Ltd.. The Proposal on the Related Party Transactions of Financial Services Framework Agreement between China Railway Finance Co., Ltd. and China Railway Engineering Group Co., Ltd. was considered and adopted at the 12th meeting of the fifth session of the Board convened by the Company on 22 December 2021, in which it was agreed that China Railway Finance Co., Ltd., a subsidiary of the Company, would renew the Financial Services Framework Agreement (the agreement would expire on 31 December 2024) with CREC, the controlling shareholder of the Company, and provide deposits, loans and other financial services to CREC and its subsidiaries pursuant to the agreement. For details, please refer to the relevant announcement of the Company dated 31 December 2021 disclosed on the website of the Shanghai Stock Exchange. During the reporting period, the daily deposit balance (including interest accrued) of CREC and its subsidiaries with China Railway Finance Co., Ltd. did not exceed the maximum amount stipulated in the Financial Services Framework Agreement; the maximum daily loan balance (including interest accrued) obtained by CREC and its subsidiaries from China Railway Finance Co., Ltd. did not exceed the maximum amount stipulated in the Financial Services Framework Agreement; and the service fee collected by China Railway Finance Co., Ltd. from CREC and its subsidiaries for other financial services did not exceed the maximum amount stipulated in the Financial Services Framework Agreement.

(1) Deposit business

Unit: '000 Currency: RMB

Related Party	Related relationship	Maximum daily deposit limit	Range of deposit interest rate	Amount for the current period			
				Opening balance	Total deposits for the current period	Total withdrawals for the current period	Closing balance
CREC	Parent company		1.265%	593,430	4,642,072	4,621,640	613,862
China Railway State Assets Management Co., Ltd.	Wholly-owned subsidiaries of the parent company		1.265%	21,212	2,776,554	2,777,549	20,217
Party school of China Railway Engineering Group Co., Ltd.	Wholly-owned subsidiaries of the parent company	20,000,000	1.265%	12,135	56,288	53,912	14,511
Total				**626,777**	**7,474,914**	**7,453,101**	**648,590**

XIV. Significant Related Party Transactions (Continued)

5. The financial business between the Company and its related financial company, and between the financial company held by the Company and its related parties (Continued)

(2) Loan business

Unit: '000 Currency: RMB

					Amount for the current period		
Related Party	Related relationship	Line of credit	Range of loan interest rate	Opening balance	Total loans for the current period	Total repayments for the current period	Closing balance
CREC	Parent company	3,500,000	3.3%-3.45%	1,100,000	0	1,100,000	0

(3) Credit business or other financial business

Unit: '000 Currency: RMB

Related Party	Related relationship	Business type	Total	Amount incurred
CREC	Parent company	Comprehensive credit granting	3,500,000	0

XIV. Significant Related Party Transactions (Continued)

5. The financial business between the Company and its related financial company, and between the financial company held by the Company and its related parties (Continued)

(4) Others

Unit: '000 Currency: RMB

Item	Related Party	Amount for the current period	Amount of the corresponding period last year
Interest Income	CREC	12,478	44,788
Interest Expense	CREC	23,614	13,887
Interest Expense	China Railway State Assets Management Co., Ltd.	595	1,086
Interest Expense	Party school of China Railway Engineering Group Co., Ltd.	259	205

Note: The interest income represents the interest receivable by China Railway Finance Co., Ltd., a subsidiary of the Company, from CREC for the loans to CREC. The interest expenses represent the interest payable by China Railway Finance Co., Ltd. to CREC and China Railway State Assets Management Co., Ltd. and party school of CREC for deposit-taking.

6. Others

Related party guarantees

Unit: '000 Currency: RMB

Guarantor	Secured party	Guarantee amount	Commencement date of guarantee	Expiry date of guarantee	Guarantee fully performed
CREC	China Railway	3,500,000	October 2010	April 2026	No

Note: These are unconditional and irrevocable joint and several liability guarantees provided by CREC for the entire amount of the 15-year 2010 Corporate Bonds (Tranche 2) issued by the Company in October 2010. In accordance with the agreement on the guarantee period in the Company's "Prospectus for Public Offering of Corporate Bonds", the guarantor shall assume the guarantee liability during the period from the first day of issuance of the bonds to six months after the maturity date of the bonds. As of 31 December 2023, the guarantee liability undertaken by CREC as the guarantor of the 15-year 2010 Corporate Bonds (Tranche 2) has not expired. As at 31 December 2023, the remaining payable amount of the above-mentioned bonds was RMB3,527,937 thousand (31 December 2022: RMB3,526,101 thousand).

XV. Material Contracts and Their Performance

1. Trusteeship, Contracting and Leasing

(1) Trusteeship

Not applicable

(2) Contracting

Not applicable

(3) Leasing

Not applicable

2. Guarantees

Unit: '0,000 Currency: RMB

Guarantor	Relationship between guarantor and the listed company	Secured party	Guarantee amount	Commencement date of guarantee (date of the agreement)	Commencement of guarantee	Expiry date of guarantee	Type of guarantee	Main debt condition	Collateral (if any)	Guarantee fully performed	Overdue amount	Counter guarantee available	Guarantee provided to related parties	Related relationship
China Railway Group Limited	The Company	Linha Railway Co., Ltd.	39,682.40	30 June 2008	30 June 2008	20 June 2027	Joint and several liability guarantee	Normal performance	No	No	/	Yes	No	/
China Railway No.4 Engineering Group Co., Ltd.	Wholly-owned subsidiary	Xuzhou Yingbin Expressway Construction Co., Ltd.	119,000.00	22 October 2018	30 October 2018	29 October 2028	Joint and several liability guarantee	Normal performance	Equity pledge	No	/	None	No	/
China Railway No.5 Engineering Group Co., Ltd.	Wholly-owned subsidiary	Qinghai Minmetals China Railway Expressway Construction Management Co., Ltd.	14,850.00	14 January 2020	14 January 2020	30 December 2045	Joint and several liability guarantee	Normal performance	Equity pledge	No	/	None	No	/
China Railway No.5 Engineering Group Co., Ltd.	Wholly-owned subsidiary	Jiangxi Chengke Yunchuang Real Estate Co., Ltd.	4,026.79	22 September 2021	22 September 2021	21 September 2029	Joint and several liability guarantee	Normal performance	No	No	/	None	No	/
China Railway No.10 Engineering Group Co., Ltd.	Wholly-owned subsidiary	Chongqing CREC Renzhi Pension Industry Co., Ltd.	50,000.00	12 January 2017	12 January 2017	30 November 2024	Joint and several liability guarantee	Normal performance	No	No	/	None	No	/
China Railway Major Bridge Engineering Group Co., Ltd.	Wholly-owned subsidiary	Wuhan Yangsigang Bridge Co., Ltd.	60,491.07	30 May 2016	30 May 2016	25 June 2024	Joint and several liability guarantee	Normal performance	No	No	/	None	No	/
China Railway Major Bridge Engineering Group Co., Ltd.	Wholly-owned subsidiary	Shantou Niutianyang Expressway Investment Development Co., Ltd.	8,112.14	14 November 2019	14 November 2019	23 August 2039	Joint and several liability guarantee	Normal performance	Equity pledge	No	/	None	No	/
China Railway Shanghai Engineering Group Co., Ltd.	Wholly-owned subsidiary	Fangchenggang China Railway Diluyuan Investment Development Co., Ltd.	500.00	8 May 2019	8 May 2019	31 December 2030	Joint and several liability guarantee	Normal performance	Equity pledge	No	/	None	No	/

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XV. Material Contracts and Their Performance (Continued)

2. Guarantees (Continued)

Guarantor	Relationship between guarantor and the listed company	Secured party	Guarantee amount	Commencement date of guarantee (date of the agreement)	Commencement of guarantee	Expiry date of guarantee	Type of guarantee	Main debt condition	Collateral (if any)	Guarantee fully performed	Overdue amount	Counter guarantee available	Guarantee provided to related parties	Related relationship
China Railway International Group Co., Ltd.	Wholly-owned subsidiary	MontagProp Proprietary Limited	5,763.00	3 July 2015	3 July 2015	30 June 2024	Joint and several liability guarantee	Normal performance	No	No	/	None	No	/
China Southern Investment Group Co., Ltd	Wholly-owned subsidiary	Shantou Niutianyang Expressway Investment Development Co., Ltd.	364,234.95	14 November 2019	14 November 2019	23 August 2039	Joint and several liability guarantee	Normal performance	Equity pledge	No	/	None	No	/

Total amount of guarantees incurred during the reporting period (excluding the guarantees provided to subsidiaries)	-64,998.55
Total balance of guarantee as at the end of the reporting period (A) (excluding the guarantees provided for subsidiaries)	666,660.35
Guarantees provided by the Company and its subsidiaries to its subsidiaries	
Total amount of guarantees provided to subsidiaries during the reporting period	-530,907.98
Total balance of guarantee provided to subsidiaries as at the end of the reporting period (B)	14,783,873.97
Total amount of guarantees (A+B)	15,450,534.32
Total guaranteed amount as a percentage of net assets of the Company (%)	33.60%
Of which:	
Amount of guarantees provided to shareholders, de facto controller and their related parties (C)	
Amount of debt guarantees directly or indirectly provided to the parties with the gearing ratio exceeding 70% (D)	12,764,586.45
Excess amount of aggregate guarantee over 50% of net assets (E)	
Total amount of the above three types of guarantees (C+D+E)	12,764,586.45
Statement on the contingent joint and several liability in connection with unexpired guarantee	Not applicable
Explanations on guarantees	1. The aggregate guarantee included the commitment to make up the difference of RMB91,848.0536 million provided to its subsidiaries; 2. As of 31 December 2023, the balance of guarantee of China Railway Group Limited (consolidated) in relation to real estate mortgage was RMB34,860.1199 million.

XV. Material Contracts and Their Performance (Continued)

3. Management of Cash Assets Entrusted to Third Parties

(1) Entrusted wealth management

(i) Overview of entrusted wealth management

Not applicable

(ii) Breakdown of entrusted wealth management

Not applicable

(iii) Provision for impairment of entrusted wealth management

Not applicable

(2) Entrusted loans

(i) Overview of entrusted loans

Unit: '0,000 Currency: RMB

Type	Source of funds	Amount incurred	Unexpired balance	Overdue outstanding amount
Entrusted loans	Self-owned funds	435,000.00	424,517.65	0

XV. Material Contracts and Their Performance (Continued)

3. Management of Cash Assets Entrusted to Third Parties (Continued)

(2) Entrusted loans (Continued)

(ii) Breakdown of entrusted loans

Unit: '0,000 Currency: RMB

Name of trustee	Type of entrusted loan	Entrusted loan amount	Commencement date	Termination date	Source of funds	Target of funds	Determination of returns	Annualized yield rate (%)	Expected gains	Actual gain recognized for the year	Actual gain received for the year	Going through legal procedures or not	Future entrusted loan plan available	(Amount of impairment provision
Beijingxi Railway Station Branch, ICBC	Entrusted loan	125,424.31	2021/5/14	2041/12/30	Self-owned funds	Inner Mongolia Jitong Railway (Group) Co., Ltd.	By agreement	3.81	4,724.4	0.00	0.00	Yes	No	1,792.49
China Railway Finance Co., Ltd.	Entrusted loan	27,200.00	2021/3/8	2024/3/7	Self-owned funds	Payment of principal and interest by Dianzhong	By agreement	4.79	3,904.56	1,551.86	2,172.61	Yes	No	158.07
China Railway Finance Co., Ltd.	Entrusted loan	7,205.88	2023/3/9	2026/3/8	Self-owned funds	Payment of principal and interest by Cenxi-Cangwu Expressway	By agreement	4.75	1,008.25	293.25	274.05	Yes	No	159.39
China Railway Finance Co., Ltd.	Entrusted loan	16,500.00	2023/3/9	2026/3/8	Self-owned funds	Payment of principal and interest by Yulin-Shenmu highway	By agreement	4.75	2,218.16	645.40	415.37	Yes	No	364.97
China Railway Finance Co., Ltd.	Entrusted loan	20,849.02	2023/3/9	2026/3/8	Self-owned funds	Payment of principal and interest by Pingzheng	By agreement	4.75	2,917.22	848.48	792.93	Yes	No	296.57
China Railway Finance Co., Ltd.	Entrusted loan	64,372.55	2023/3/9	2026/3/8	Self-owned funds	Payment of principal and interest by Miansui Expressway	By agreement	4.75	9,007.08	2,619.74	2,448.20	Yes	No	1,423.88
China Railway Finance Co., Ltd.	Entrusted loan	19,350.00	2023/3/9	2026/3/8	Self-owned funds	Payment by Guangxi Expressway for the acquisition of Yulin-Shenmu Expressway	By agreement	4.75	2,601.30	756.88	706.30	Yes	No	295.10
China Railway Finance Co., Ltd.	Entrusted loan	145,040.20	2023/3/9	2026/3/8	Self-owned funds	Gap of capital dividends from Guangxi Expressway	By agreement	5.23	22,440.39	6,526.57	6,100.33	Yes	No	2,211.92

(iii) Provision of impairment of entrusted loans

Not applicable

XVI. Description of Other Significant Matters That Have a Significant Impact on the Value Judgments and Investment Decisions Made by Investors

1. Material contracts signed during the reporting period

(1) Engineering construction business

No.	Signatory	Name of contract	Contract awarded Date of contract	Contract sum *(RMB'0,000)*	Construction period
Railways					
1	China Railway No. 1 Engineering, China Railway No. 3 Engineering, China Railway No. 4 Engineering China Railway No. 10 Engineering China Railway Shanghai Engineering, China Railway Beijing Engineering	General contracting of sections WSZQ-6, WSZQ-8, and WSZQ-10 for the construction of the civil engineering and auxiliary projects and the relevant project of the Linyi section of the newly built Weifang – Suqian High-speed Railway; General contracting of sections WSZQ-1, WSZQ-3 and WSZQ-5 for the construction of the civil engineering and auxiliary projects and the relevant project of the Weifang – Rizhao section, and construction tender for section WSZQ-02SG of construction the civil engineering and auxiliary projects and the relevant project of the Jiangsu section	December 2023	1,990,476	1,644 calendar days/1,643 calendar days
2	China Railway No. 1 Engineering, China Railway No. 3 Engineering, China Railway No. 10 Engineering China Railway Major Bridge Engineering	General contracting of sections HWZQ-1, HWZQ-2, and HWZQ-5 for the construction of the civil engineering and auxiliary projects and the relevant project of the Anhui section of Hefei – Wuhan High-speed Railway; General contracting of sections HWZQ-2 and HWZQ-4 for the construction of the civil engineering and auxiliary projects and the relevant project of the Hubei section	December 2023	1,660,962	1,644 calendar days
3	China Railway No. 2 Engineering, China Railway No. 3 Engineering, China Railway No. 4 Engineering, China Railway No. 5 Engineering, China Railway Tunnel, China Railway Shanghai Engineering	Contracting for Sections YYZQ-1, YYZQ-2, YYZQ-3, YYZQ-7, YYZQ-9 and YYZQ-10 for the construction of the civil engineering and auxiliary projects and the relevant project of the newly built Yan'an-Yulin Railway	November 2023	1,446,856	1,826 calendar days

XVI. Description of Other Significant Matters That Have a Significant Impact on the Value Judgments and Investment Decisions Made by Investors (Continued)

1. Material contracts signed during the reporting period (Continued)

(1) Engineering construction business (Continued)

No.	Signatory	Name of contract	Contract awarded Date of contract	Contract sum *(RMB'0,000)*	Construction period
Highway					
1	China Railway No. 1 Engineering, China Railway No. 2 Engineering, China Railway No. 4 Engineering, China Railway No.5 Engineering, China Railway No. 6 Engineering, China Railway Major Bridge Engineering	Three highway projects: Yitong to Gongzhuling to Nong 'an section of Changchun Metropolitan Circle Highway, Baishan – Linjiang Expressway; Songjiang River to Changbai section of Fusong – Changbai National Expressway	September 2023	1,101,028	1,460 calendar days
2	China Railway Tunnel	Contracting for section YCTJ-3 for civil construction of Yunnan-Yongping to Changning Expressway (Changning Section)	December 2023	321,131	48 months
3	China Railway Group, China Railway Major Bridge Engineering, China Railway Tunnel, China Railway Guangzhou Engineering	Contracting for section A3 for construction of the Third East Passage Project of Xiamen, Fujian (sections A2, A3, A4, A5)	December 2023	307,181	36 months

XVI. Description of Other Significant Matters That Have a Significant Impact on the Value Judgments and Investment Decisions Made by Investors (Continued)

1. Material contracts signed during the reporting period (Continued)

(1) Engineering construction business (Continued)

No.	Signatory	Name of contract	Contract awarded Date of contract	Contract sum *(RMB'0,000)*	Construction period
Municipal works					
1	China Southern Railway Construction Investment, China Railway No. 4 Engineering, China Railway No. 7 Engineering, China Railway Tunnel	Third Section of North Extension Access Project, Qiaocheng East Road	April 2023	662,047	July 2023 – September 2028
2	China Railway Tunnel, China Railway Liuyuan Engineering	Taizhou One River and Two Banks Synergistic Development Demonstration Zone and Innovation and Entrepreneurship Smart Valley Project (Municipal Supporting Facilities Construction Project)	September 2023	266,046	1,460 calendar days
3	China Railway No. 10 Engineering and other parties	Jinan Yaoqiang Airport Integrated Transportation Hub Project (Phase 2)	May 2023	263,509	1,293 calendar days

XVI. Description of Other Significant Matters That Have a Significant Impact on the Value Judgments and Investment Decisions Made by Investors (Continued)

1. Material contracts signed during the reporting period (Continued)

(1) Engineering construction business (Continued)

No.	Signatory	Name of contract	Contract awarded Date of contract	Contract sum (RMB'0,000)	Construction period
Urban rails					
1	China Southern Railway Construction Investment, China Railway No. 1 Engineering, China Railway No. 2 Engineering, China Railway No. 4 Engineering, China Railway No. 5 Engineering, China Railway No. 6 Engineering, China Railway No. 7 Engineering, China Railway No. 8 Engineering, China Railway No. 9 Engineering, China Railway Tunnel, China Railway Shanghai Engineering, China Railway Beijing Engineering	General Contracting for Construction of Shenzhen Urban Rail Transit Line 22 Phase I Project	December 2023	1,919,929	1,855 calendar days
2	China Railway Group, China Railway (Guangzhou) Investment & Development, China Railway No. 1 Engineering, China Railway No. 2 Engineering, China Railway No. 3 Engineering, China Railway No. 4 Engineering, China Railway No. 6 Engineering, China Railway No. 10 Engineering, and other parties	General contracting for Guangzhou Urban Rail Transit Line 8 north extension project (Jiangfu – Memorial Hall) and simultaneous implementation of construction works	June 2023	776,384	1,785 days
3	China Railway Group, China Railway No. 2 Engineering, China Railway No. 8 Engineering	General contracting for the construction of Chengdu-Deyang Line of municipal (suburban) railway project	May 2023	769,078	1,373 calendar days

XVI. Description of Other Significant Matters That Have a Significant Impact on the Value Judgments and Investment Decisions Made by Investors (Continued)

1. Material contracts signed during the reporting period (Continued)

(2) Design and consulting business

No.	Signatory	Project name	Contract signing date	Contract sum (RMB100 million) *(RMB'0,000)*	Construction period
1	China Railway Major Bridge Engineering and other parties	Preliminary work and survey and design of Zhejiang section of the newly built Nantong-Ningbo High-speed Railway project	May 2023	46,366	Until both parties have fulfilled their responsibilities under the contract
2	China Railway Consulting	EPC contract for feasibility study and survey design of Shenzhen Urban Rail Transit Line 19 phase I project	December 2023	42,595	Until both parties have fulfilled their responsibilities under the contract
3	China Railway Consulting	Preliminary work and survey and design of the section Zhangjiagang-Suzhou-Zhejiang provincial boundary of the newly built Nantong-Ningbo High-speed Railway project	May 2023	39,300	To 31 November 2028

XVI. Description of Other Significant Matters That Have a Significant Impact on the Value Judgments and Investment Decisions Made by Investors (Continued)

1. Material contracts signed during the reporting period (Continued)

(3) Equipment manufacturing business

No.	Signatory	Owner	Name of contract	Contract signing date	Contract sum *(RMB'0,000)*	Construction period *(months)*
Steel structures						
1	China Railway Jiujiang Bridge Engineering	China Railway Yunnan Construction Investment Co., Ltd.	Internal Sale and Purchase Agreement for Spiral Pressure Steel Pipe Project for the Second Stage Supporting Project of Diversion Project for Central Region of Yunnan Province	September 2023	217,046	26 June 2023 – 26 December 2025
2	China Railway Baoji Bridge	Guizhou Bridge Construction Group Co., Ltd.	Contract for Guniuhe Bridge steel structure project for expansion project of Anshun to Panzhou (Guizhou Yunnan Border) section of Shanghai-Kunming National Expressway	November 2023	48,700	24 months
3	China Railway Shanhaiguan Bridge	Rugao Peng Hong Zhan Steel Structure Engineering Co., Ltd.	Section manufacturing (hull section engineering)	November 2023	41,590	Delivery by section
Turnout						
1	China Railway Shanhaiguan Bridge	China Railway No. 8 Engineering	Hangzhou-Wenzhou Railway product purchase contract	January 2023	33,800	As required by Party A
2	China Railway Baoji Bridge	Xicheng Railway Passenger Dedicated Line Shaanxi Co., Ltd.	Material Supply Agreement of XRPDLS for Xi'an – Yan'an Railway	August 2023	23,857	As required by Party A
3	China Railway Shanhaiguan Bridge	CNTT	Baotou – Yinchuan Expressway Turnout Procurement Contract	October 2023	14,303	As required by Party A

XVI. Description of Other Significant Matters That Have a Significant Impact on the Value Judgments and Investment Decisions Made by Investors (Continued)

1. Material contracts signed during the reporting period (Continued)

(3) Equipment manufacturing business (Continued)

No.	Signatory	Owner	Name of contract	Contract signing date	Contract sum *(RMB'0,000)*	Construction period *(months)*
Engineering machinery (including track equipment and shields)						
1	China Railway Engineering Equipment	China Railway No. 3 Engineering	Dual Shield TBM purchase agreement for civil construction of river diversion and Han replenishment project and section 2 of hydropower electromechanical installation project	November 2023	49,026	As required by Party A
2	China Railway Engineering Equipment	Cornerstone Jingxin (Tianjin) Financial Leasing Co., Ltd.	Shield machine procurement contract	September 2023	32,322	September 2023 – November 2023
3	China Railway Engineering Equipment	CFHI (Tianjin) Tunnel Engineering Co., Ltd.	Shield machine procurement contract	June 2023	22,500	One month after contract signing

(4) Property development business

No.	Project name	Project location	Project type	Planned area *(0'000 square meters)*
1	Guangzhou smart innovation headquarters relocation development project	Guangzhou, Guangdong	Secondary development	213,139
2	Development project of Plot DX04-0102-6005 & 6007, Block A, Lot 1, Xihongmen Township, Daxing District, Beijing	Daxing, Beijing	Secondary development	93,719
3	Development project of Plot 167-02, Tianlin Subdistrict, Xuhui District, Shanghai	Xuhui, Shanghai	Secondary development	22,280

XVI. Description of Other Significant Matters That Have a Significant Impact on the Value Judgments and Investment Decisions Made by Investors (Continued)

1. Material contracts signed during the reporting period (Continued)

(5) Assets operation business

(i) Material infrastructure investment projects signed during the reporting period

No.	Name of contract	Signatory	Contract sum *(RMB100 million)*	Shareholding of the project company	Construction period	Concession period	Signing date
1	G85G76 Chongqing (Sichuan-Chongqing boundary) to Chengdu Expressway expansion project, Suining to Chongqing Expressway (within Sichuan boundary) expansion project, Dazhu to Dianjiang Expressway (with Sichuan boundary) project	China Railway City Investment and Development Group and other parties (project companies)	673.44	China Railway holding 20%, other parties holding 80% in aggregate	4	29.78	August 2023
2	Zigong to Yongchuan Expressway (with Sichuan boundary) project	China Railway City Investment and Development Group (project company)	122.92	China Railway City Investment and Development Group holding 100%	3	29.82	June 2023
3	PPP project of the newly built Ningbo-Zhoushan Railway	China Railway (Shanghai) Investment Group Co., Ltd. (project company)	269.89	Government contribution representative holds 49%, China Railway holds 24.14%, and other parties hold 26.86%	6	30	January 2023

XVI. Description of Other Significant Matters That Have a Significant Impact on the Value Judgments and Investment Decisions Made by Investors (Continued)

1. Material contracts signed during the reporting period (Continued)

(5) Assets operation business (Continued)

(ii) Material infrastructure investment projects operated during the reporting period

No.	Name of contract	Signatory	Contract sum *(RMB100 million)*	Signing date	Operation period *(years)*	Time of entering the operation period
1	PPP project of Dalian Metro Line 5	China Railway Group Limited and other parties	182.7	March 2017	19.5	March 2023
2	PPP project of Phase I Urban Metro Line 1 of Hohhot City	China Railway Group Limited and other parties	146.79	September 2016	25	December 2019
3	PPP project of the Beijing-Xiongan Expressway (Beijing section)	China Railway Group Limited and other parties	122.1	January 2021	25	December 2023

(6) Emerging business

No.	Signatory	Project name	Contract signing date	Contract sum *(RMB'0,000)*	Construction period
1	China Tiegong Investment and Construction Co., Ltd.	EOD and Supporting Facilities Project for Start-up Area of Shenzhen-Zhongshan Cooperation and Innovation Zone and Ten Thousand Mu Farmland Specialty Agro-ecological Zone in Zhongshan City	January 2023	812,700	Cooperation period for the project: 10 years
2	China Railway No. 4 Engineering, China Railway No. 5 Engineering, China Railway Tunnel	Sections A5 & A6 of Guangdong water resources allocation project in the Beibu Gulf Rim	February 2023	418,477	March 2023-August 2030
3	China Railway Major Bridge Engineering	General Contracting of Design and Construction for Phase II Project of Zhangpu Liuao Offshore Wind Farm	February 2023	283,368	884 calendar days

XVI. Description of Other Significant Matters That Have a Significant Impact on the Value Judgments and Investment Decisions Made by Investors (Continued)

2. Strategic framework agreements signed during the reporting period

No.	Signing date	Name of agreement	Investment amount agreed (If any)	Main contents of the Agreement
1	March 2023	Strategic cooperation agreement between the Wuhan Municipal People's Government and China Railway Group Limited	None	1. urban renewal, old city transformation, comprehensive urban development investment and construction; 2. major urban infrastructure, comprehensive transportation field investment and construction; 3. rail transportation system construction; 4. ecological environment investment and construction.
2	April 2023	Strategic cooperation agreement between Xiongan New Area Administrative Committee and China Railway Group Limited	None	Based on the principle of "complementary advantages and win-win cooperation", the two sides will carry out cooperation in various fields, such as the relocation of non-capital functions from Beijing, urban infrastructure, public service facilities, district development, rail transportation, new urbanization, upgrading of counties, and the research, development and manufacturing of high-end equipment. China Railway will take Xiong'an New Area as a key investment area, and give full play to its advantages in branding, technology, management, investment and financing under the overall coordination and support of the Xiong'an New Area Administrative Committee. Over the next five years, China Railway plans to provide full support to the construction and development of the Xiong'an New Area, so as to provide better service to the implementation of the country's major strategies.

XVI. Description of Other Significant Matters That Have a Significant Impact on the Value Judgments and Investment Decisions Made by Investors (Continued)

2. Strategic framework agreements signed during the reporting period (Continued)

No.	Signing date	Name of agreement	Investment amount agreed (If any)	Main contents of the Agreement
3	May 2023	Strategic cooperation agreement between the Jiangsu Provincial People's Government and China Railway Group Limited	None	Taking Jiangsu Province as a strategic center in the eastern region, China Railway will actively provide planning, survey, design, equipment manufacturing, construction, maintenance, operation, investment and financing services for the major infrastructure in Jiangsu Province, in order to promote the development of high-quality resources in Jiangsu, and contribute to the high-quality development of Jiangsu Province's economy and society. Jiangsu Province will create a first-class business environment and provide support for China Railway's development in Jiangsu in terms of project access, approval services and essentials guarantee.
4	December 2023	Strategic cooperation agreement between China Three Gorges Corporation and China Railway Group Limited	None	We will actively serve the development of the Yangtze River Economic Belt and other major national strategies and key tasks, give full play to our respective strengths, and jointly commit to cooperation in clean energy development and construction, ecological environment improvement, equipment R&D and manufacturing, and overseas business.

XVI. Description of Other Significant Matters That Have a Significant Impact on the Value Judgments and Investment Decisions Made by Investors (Continued)

3. Particulars of Material Properties

(1) Property held for development

Name of building or project	Address	Current land use	Area *(0'000 sqm)*	Floor area *(0'000 sqm)*	State of completion	Expected completion date	Interests of the Company and its subsidiaries
China Railway Yuetangfu	Phase 1, Qujiang New Area, Xi'an	Residential land	2.08	8.19	Under construction	2025	100%
China Railway Excellence	The area under the direct jurisdiction of Chengdu, Tianfu New District, Chengdu, bordered by Huaqing Road to the south, Kezhi Road to the west, and Luxikou North Road to the east	Residential land	12.85	39.59	Under construction	2025	100%
China Railway Yuejianglai project	Nansha Tingjiao area, District, Guangzhou, east to planned Road, south to Fengting Avenue, west to the planned road, north to the planned road	Mixed commercial and residential land	5.79	24.42	Under construction	2026	100%
China Railway Hongqiao Yidu	Lane 1758, Huqingping Highway, Xujing Town, Qingpu District, Shanghai	Residential land	6.04	15.4	Under construction	2024	100%
China Railway Xingchuang Yijing	Huangcun Town, Daxing District, Beijing	Residential land	5.44	19.06	Under construction	2024	65%
China Railway Changchun Expo City	No.6888 Yongchun Street, Yongchun Town, Chaoyang District, Changchun City, Jilin Province	Residential land, other land for commercial use, land for cultural facilities	232.71	447.16	Under construction	2031	90%

XVI. Description of Other Significant Matters That Have a Significant Impact on the Value Judgments and Investment Decisions Made by Investors (Continued)

3. Particulars of Material Properties (Continued)

(2) Property held for investment

Name	Location	Use	Tenure	Interests of the Company and its subsidiaries
Beijing Nuode Center Phase III Building S1, S2, 16 and 19	No. 1 South Yuren Road, Fengtai District, Beijing	Commercial	November 2054	100%
Tianjin Nuode Center No. 1 Building, No. 2 Building and equipped facilities	No. 50 Lvwei Road, Hebei District, Tianjin	Commercial	January 2054	100%
Guiyang Huaguoyuan Shopping Center	Huaguoyuan, Nanming District, Guiyang City, Guizhou Province	Commercial	April 2052	100%
Guangzhou Nuode Center	No. 477 East Hanxi Avenue, Nancun Town, Panyu District, Guangzhou City, Guangdong	Commercial	May 2053	100%
Lot AT090904, Starting Area, Financial City, Tianhe District	Lot AT090904, Starting Area, Financial City, Huangpu Avenue, Tianhe District, Guangzhou City, Guangdong	Commercial	December 2068	100%
Chengdu Nuode No. 1	Intersection of Guangxi Road and Huanhu Road, Shuangliu District, Chengdu City, Sichuan	Commercial	January 2065	100%
Shanghai Nuode International Plaza	3/5 Block, 219 Lane, Xinzhuang Town, Minhang District, Shanghai	Commercial	March 2064	100%
China Railway Real Estate Qingdao Center	No. 8 Hong Kong Middle Road, South City District, Qingdao, Shandong	Commercial	July 2046	100%
Reeda Plaza	No. 46 South Shengli Road, Heping District, Shenyang, Liaoning	Commercial	April 2051	100%
China Railway South Headquarters Building	No. 3333 Houhai Center Road, Nanshan District, Shenzhen, Guangdong	Commercial	December 2046	100%

ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

1. Environmental Information

Whether environmental protection related mechanisms is established	Yes
Funds invested in environmental protection during the Reporting Period (Unit: '0,000)	368,605.95

(1) Description of environmental protection efforts of the highly polluting companies and their subsidiaries as announced by the environmental protection authorities

Not applicable

(2) Description of environmental protection efforts of companies other than highly polluting companies

(i) Administrative penalties due to environmental issues

In 2023, individual projects under the Company's subsidiaries were subject to administrative penalties by local environmental protection regulatory authorities in the course of construction due to dust, sewage discharge and land use violations. The penalty totaled approximately RMB3.7937 million and involved 5 construction project departments. At present, all the penalties have been rectified and accepted by local regulatory authorities. The Company will further strengthen the Company's ecological and environmental protection. By identifying and evaluating the environmental factors of projects under construction and workplaces, the Company will strengthen the control over the risk sources and emissions of ecological and environmental pollution during production, to effectively protect and improve the living and ecological environment.

(ii) Disclosure of other environmental information with reference to highly polluting companies

Not applicable

(iii) Reasons for not disclosing other environmental information

Not applicable

(3) Information on ecological protection, pollution prevention and fulfillment of environmental responsibilities

The Company has strictly implemented the Environmental Protection Law of the People's Republic of China and the Energy Conservation Law of the People's Republic of China, thoroughly implemented Xi Jinping's thoughts on ecological civilization under the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, strove to achieve the goal of "3060" targets of carbon peaking and neutrality, insisted on the concept of lucid waters and lush mountains are invaluable assets, and taken the fresh development stage into full consideration by following an innovative development philosophy and shaping new development patterns. The Company has solidly advanced the construction of ecological civilization, strove to overcome the challenges brought by peak carbon dioxide emissions and carbon neutral by focusing on the strategic positioning of "China Railway in Five Types", "123456" development strategy and strategic goals of "Four Strong Capabilities and Five Excellent Aspects" and "World Class", and brought green development concept into all aspects and stages of its development. The Company, taking energy-saving technology innovation as support, and energy-saving management and energy resources utilization as focus, has improved risk prevention and pollution emergency response capability, steadfastly followed the high-quality, green and low-carbon development path by putting ecology first, and improved its green construction level. The Company revised the "Supervision and Management Regulations on Energy Conservation and Ecological and Environmental Protection of China Railway Group Limited" and set up the "Leadership Group on Responding to Climate Change and Energy Conservation and Emission Reduction" in order to comprehensively propel green and low-carbon transformation development, and continuously improve the capability of supplying high-quality green products and services. Based on systematic environmental management, the Company has obtained ISO14001 environmental management system certification issued by China Certification Center Inc.

1. Environmental Information (Continued)

(3) Information on ecological protection, pollution prevention and fulfillment of environmental responsibilities (Continued)

The main energy consumed by the Company is electricity, gasoline, diesel fuel and natural gas used in the construction and office processes. The Company has been promoting energy saving and efficiency enhancement solidly. In accordance with the provisions of the Regulations on the Supervision and Management of Energy Saving and Emission Reduction and the "14th Five-Year Plan" for Energy Conservation and Emission Reduction, the Company has issued the Quantitative Indicators of Energy Saving and Ecological Environment Protection for 2023. In 2023, the comprehensive energy consumption (comparable price) per RMB ten-thousand operating income of the Company was 0.0415 ton of standard coal/RMB ten-thousand, down 3.26% from the same period of last year; and the CO2 emissions was 0.1453 tons/RMB ten-thousand, down 3.26% from the same period of last year, accomplishing the annual target of energy conservation and environmental protection in 2023. The following table shows the specific energy consumption:

Key Performance Indicators of Energy and Resource Consumption

Energy/ resource type	Indicators	2023	Year-on-year increase or decrease	2022
Direct energy consumption	Gasoline (ten-thousand tonnes)	**53.8165**	7.62%	50.0052
	Gasoline (ton/RMB ten-thousand)	**0.0043**	-5.9%	0.0046
	Diesel (ten-thousand tonnes)	**177.0350**	5.68%	167.5264
	Diesel (ton/RMB ten-thousand)	**0.0142**	-5.1%	0.015
	Natural gas (ten-thousand standard m^3)	**6,875.5**	-8.98%	7,160.4
	Natural gas (m^3/RMB ten-thousand)	**0.55**	-16%	0.66
Indirect energy consumption	Electricity (ten-thousand kwh)	**1,185,613**	4.9%	1,130,796
	Electricity (ten-thousand kwh/RMB ten-thousand)	**0.0095**	-8.2%	0.0104
Comprehensive energy consumption	Comprehensive energy consumption (ten-thousand tonnes of standard coal)	**507.557**	5.2%	482.32
	Comprehensive energy consumption (tons of standard coal/RMB ten-thousand income)	**0.0415**	-3.26%	0.0429
	Comprehensive energy consumption (ten-thousand kwh)	**4,129,874**	5.2%	3,924,515
	Comprehensive energy consumption (kwh/RMB ten-thousand income)	**332**	-7.9%	361
Water	Total new water consumption (ten-thousand tonnes)	**46,050.65**	-0.12%	46,105.66

Note: Based on business characteristic of the Company, it is not applicable to calculate energy consumption density using unit of production (UOP) or per facility. Therefore, the Company adopts comprehensive energy consumption (comparable price) per RMB ten-thousand operating income to calculate and disclose energy consumption density.

1. Environmental Information (Continued)

(4) Measures taken to reduce carbon emissions during the reporting period and their effects

Whether to adopt carbon reduction measures	Yes
Reduction in CO_2 emission density (ton/RMB ten-thousand)	3.26%
Types of carbon reduction measures (e.g. using clean energy to generate electricity, using carbon reduction technologies in production, developing new products that can help reduce carbon, etc.)	Strengthening the research and development of energy-saving and low-carbon technologies, increasing the use of clean energy, and promoting the low-carbon transformation of the energy structure

To implement the national guidelines and policies regarding energy conservation and emission reduction, the Company thoroughly implemented the concept of green development, promoted green planning and design, introduced a full life cycle green design mode, controlled energy consumption at the source, and instilled the concept of green, low-carbon, and ecological design into the entire process of engineering planning and design. The Company put emphasis on the construction of the system of energy conservation and ecological environment protection. To that end, the Company continued strengthening the identification and evaluation of key environmental factors in construction projects and operation sites, formulated and implemented environmental management plans, and established the ecological and environmental monitoring system. In addition, the Company cemented the management of ecological and environmental risk sources and pollutant emission control during operation, and conducted continuous supervision and inspection. First, the system of energy conservation and ecological environment protection was improved comprehensively. The Company launched a special project to improve safety, quality and environmental protection. In response to the new requirements for improving the management system of energy saving and environmental protection, the Company revised and released the supervision and management regulations on energy conservation and environmental protection, to improve the management system of energy saving and environmental protection and its management work. Second, the statistical monitoring system for energy conservation and ecological environment protection has been steadily improved. The Company upgraded the China Railway's energy conservation and ecological environmental protection system, and has made online filling a norm. The Company carried out the "MRV" carbon footprint system research, and steadily promoted the carbon peaking action. Third, the Company strictly tested waste emissions for ecological environmental protection. The year 2023 marked the first year after the pandemic relief, and CRHIC, an industrial manufacturing enterprise of the Company, which is required to discharge pollutants in strict accordance with the discharge permit requirements, and re-examine the discharge from existing factories. The Company carried out routine monitoring in accordance with the requirements of emission permits or environmental impact assessment documents, and the emission monitoring was entrusted to a third-party testing company with CMA certification for environmental monitoring. The monitoring data in 2023 were all in line with the present value of current emission standards.

1. Environmental Information (Continued)

(4) Measures taken to reduce carbon emissions during the reporting period and their effects (Continued)

Key Performance Indicators of Emissions and Waste

Indicators	2023	Year-on-year increase or decrease	2022
Total amount of CO_2 emission (ten-thousand tonnes)	**1,727.7111**	5.8%	1,632.9429
CO_2 emission density (ton/RMB ten-thousand)	**0.1453**	-3.26%	0.1502
NOx emission (ton)	**4.24**	1.89%	4.32
Smoke (powder) emission (ton)	**52.87**	-14.73%	62
VOC emission (ton)	**27.93**	27.93%	43.57
SO_2 (ton)	**0.31**	10.71%	0.28
Total amount of hazardous waste (ton)	**1,400**	4.47%	1,340
Discharge of hazardous waste per RMB ten-thousand (kg/RMB ten-thousand)	**0.011**	-6.1%	0.012
Total amount of non-hazardous waste (ten-thousand tonnes)	**515.78**	1.96%	508.85
Discharge of non-hazardous waste per RMB ten-thousand (kg/RMB ten-thousand)	**0.041**	-17%	0.05

Notes:

1. *The Company is a construction enterprise, and the carbon dioxide emissions are indirect greenhouse gas emissions from energy.*

2. *Emissions of NOx, SO_2, smoke (powder) and VOC are calculated based on the emissions permits, and the calculation is based on the emission data of CRHIC, an industrial manufacturing enterprise of the Company.*

3. *Due to rounding, individual item figures may differ slightly from the total. In order to further review the emission data, the Company continued to improve the environmental protection statistical monitoring capabilities. After verification and analysis, the emissions of volatile organic compounds, sulfur dioxide and other pollutants in industrial workshops were estimated at the lowest value of the monitoring data in the fourth quarter, resulting in deviations between the two pollutant values and the actual emission values. Contaminated with paint and other hazardous waste and non-hazardous waste of steel scraps produced every year were not all disposed of in the year, and some waste temporarily stored in the designated warehouse was not included in the statistical scope of the year, resulting in a difference in the total statistical value of waste. In order to ensure the accuracy of the data disclosure of the listed company, the Company further standardized the statistics of emissions and waste at the end of 2023, and re-collected, re-counted and revised the data of emissions and waste of 2022.*

For details about the Company's fulfillment of ecological protection, pollution prevention and control, and environmental responsibilities, please refer to the 2023 Social Responsibility Report and the Environmental, Social and Governance Report of China Railway Group Limited published by the Company on the website of Shanghai Stock Exchange and Hong Kong Stock Exchange.

2. Social responsibility commitments

(1) Whether social responsibility reports, sustainability reports or ESG reports are disclosed separately

As a leader in the construction industry, the Company never forgets its mission of becoming a practitioner, promoter and pioneer of corporate social responsibility. The Company started to construct a scientific, standardized, systematic and effective management system of corporate social responsibilities in 2008, planning social responsibilities in ten aspects, namely governance in accordance with the law, quality services, efficiency creation, employee development, safety supervision, scientific and technological progress, environmental protection, public welfare undertakings, win-win cooperation, and overseas responsibility, and rolling out a series of social responsibility management activities covering its headquarters and subsidiaries in order to achieve the goals of comprehensive coverage, down-to-earth implementation, steady perfection and industrial leading, and make continuous and irreplaceable contributions to the society.

CREC revised and issued the "Guidelines for Fulfilling Social Responsibility (ESG) with High Standards", providing institutional guarantee for the Company to further perform social responsibility with high quality. We have prepared and released the Company's 15th ESG and social responsibility report, which was highly praised by the capital markets of Shanghai and Hong Kong. Cases such as "Striving to become the "Practitioner" of ESG International Standards" won the ESG Best Practice Award of the China Association for Public Companies and the "ESG Excellent Cases of Chinese Enterprises" Award of China Enterprise Reform and Development Society, marking a further increase in the capital market value of the Company. The Company was successfully selected in the "State-owned Enterprises ESG Pioneer 100 Index", and the three cases were respectively selected in the State-owned Enterprises Social Responsibility Blue Book, the ESG Blue Book, and the Overseas Social Responsibility Blue Book, fully demonstrating the due responsibility and market recognition of China Railway's active practice of social responsibility and promotion of sustainable and high-quality development.

For details about the Company's fulfillment of social responsibilities, please refer to the 2023 Social Responsibility Report and the Environmental, Social and Governance Report of China Railway Group Limited published by the Company on the website of Shanghai Stock Exchange and Hong Kong Stock Exchange.

2. Social responsibility commitments (Continued)

(2) Social responsibility commitments

External donations, public welfare projects	Quantity/ Content	Description
Total investment (RMB ten-thousand)	9,458.23	We have invested free funds and materials to many areas receiving assistance such as Rucheng County, Guidong County, Baode County and Changdu City, and to social welfare.
Of which: funds (RMB ten-thousand)	9,241.85	It was mainly used for five major revitalization projects, namely industry, talents, culture, ecology and organization, as well as social welfare.
Cash converted from materials (RMB ten-thousand)	216.38	It aimed to donate supplies, equipment, and materials to areas receiving assistance and to public welfare projects.
Number of beneficiaries (persons)	142,000	Including the number of people in Rucheng County, Guidong County, Baode County and Changdu City targeted for assistance in terms of industry coverage, "securing access to compulsory education, basic medical services and safe housing", talent training and consumer assistance, as well as the number of people covered by public welfare programs.

Specific description

The Company highly values giving back to the society while developing itself, and actively undertakes social responsibility. In 2023, the Company invested a total of RMB94.5823 million in external donations and public welfare projects, including RMB92.4185 million of capital and RMB2.1638 million of cash converted from materials. The Company demonstrated its role as a central enterprise in advancing rural revitalization, participating in 317 disaster relief and rescue operations around the country. In addition, three professional emergency rescue teams of the national tunnels have been deployed 15 times throughout the year, solving difficulties for the local government and the people. The Company encouraged its employees to participate in voluntary activities, supported basic education, and attached importance to the heritage and protection of Chinese culture, contributing its share to the construction of a harmonious and beautiful society.

3. Work of consolidating and expanding poverty alleviation results and rural revitalization

Poverty alleviation and rural revitalization projects	Quantity/ Content	Description
Total investment (RMB ten-thousand)	8,440	Among them, RMB5 million was invested to support the development of camellia sinensis var in Rucheng County; RMB20 million was invested to build the second 5MW photovoltaic power station in Baode County; RMB20 million was invested to support the planting of Ilex asprella in Guidong County; RMB15 million was invested in Rucheng County for supporting the characteristic industries and improving living environment of the county; and RMB18 million was invested to assist in the construction of schools and health centers in Karuo District of Changdu City.
Of which: Funds (RMB ten thousand)	260	
Cash converted from materials (RMB ten thousand)	180	Donated supplies for pandemic prevention
Number of beneficiaries (persons)	135,000	Helped lift people out of poverty
Forms of assistance (such as industrial assistance, employment assistance, education assistance, etc.)	Industrial assistance, employment assistance, education assistance, etc.	Throughout the year, the Company trained 4,514 grassroot cadres in total, 1,804 leaders in rural revitalization, and 23,852 professional technical personnel; purchased and helped the sale of RMB50.288 million of agricultural products throughout the year, of which RMB26.2955 million was generated from agricultural products of targeted assistance counties, and RMB23.992 million was generated from agricultural products of other areas out of poverty. The Company also organized the third training course of CREC for primary level Party branch secretaries of villages receiving targeted poverty alleviation assistance, with 71 persons receiving training.

3. Work of consolidating and expanding poverty alleviation results and rural revitalization (Continued)

Specific description

In 2023, China Railway fully implemented the spirit of the 20th CPC National Congress and the Second Plenary Session of the 20th CPC Central Committee, thoroughly studied and implemented General Secretary Xi Jinping's important exposition on comprehensively promoting rural revitalization, and conscientiously fulfilled its responsibility of offering assistance to the countryside in accordance with the decision-making and deployment of the Central Committee of the CPC and the State-owned Assets Supervision and Administration Commission (SASAC). The Company implemented various tasks in an orderly manner, aligned efforts to consolidate and expand the achievements in poverty alleviation with efforts to promote rural revitalization, and continued to contribute to the modernization of agriculture and rural areas and acceleration of making China an agricultural power. In 2023, China Railway selected 6 cadres assuming temporary posts, invested RMB79.049 million in targeted assistance funds and attracted RMB671 million of assistance funds. China Railway trained 30,170 persons, purchased and helped sell RMB50.288 million of agricultural products, and built 24 rural revitalization demonstration points. The results of targeted poverty alleviation efforts were remarkable. Three cases, including "'Half a Quilt' Warms People's Heart, 'Following the Decisions of Villagers in Four Situations and Relying on Villages in Six Situations' Promote Revitalization", have been awarded as excellent cases of rural revitalization of listed companies in China. Comrade Yan Jianbo, the first secretary of Tuanwo Village, Baode County, was honored as the "Model First Secretary among Resident Officials in the Village of Shanxi Province". In May 2023, the advanced deeds of Yan Jianbo were published by Economic Daily.

Firstly, the Company made sustained efforts to increase support for industries. The Company continued to invest RMB5 million to support the development of the camellia sinensis var industry of Rucheng County, and stimulated the enthusiasm of local tea farmers in tea tree planting. The Company continued to invest RMB20 million to Muta Village to build the second 5MW photovoltaic power station project in Baode Country to use the power generation proceeds to fuel the development of local public welfare undertakings and the support for poverty-stricken households. The Company invested RMB20 million to support Guidong County in planting Ilex asprella, so as to build it into the hometown of Ilex asprella. Secondly, the Company implemented the "Harmonious and Beautiful Village" project in greater depth. The Company invested RMB15 million in Rucheng County. More than 1,500 mu of Echeveria 'White Lotus' industry base, 1,000 mu of rapeseed flower base, and more than 100 mu of sunflower base were built. The Company invested RMB100,000 in Baode County to promote the project of tap water supply to households and the project of solar street lamps in Tuanwo Village, with households' access to tap water reaching 100% and solar street lamps basically covering the whole village. The Company introduced agricultural enterprises to Rucheng County to build 1,200 meters of farm road for a village free of charge and led villagers to improve more than 300 mu of abandoned arable land. The Company successively carried out elderly-oriented improvement for 88 households with the elderly in difficulty, upgraded 11 community-based elderly care service centers, and built 6 elderly canteens, benefiting 16,800 people. Thirdly, the Company provided more training to empower assistance. The Company organized seven rural revitalization management personnel and cadres assuming temporary posts to participate in the Online Course of State-owned Enterprises for Improving the Ability of Cadres in Rural Revitalization" of

3. Work of consolidating and expanding poverty alleviation results and rural revitalization (Continued)

Dalian Senior Cadre Management Institute. The Company joined hands with Zhongzhi Training Institution and successfully organized the third training course of CREC for primary-level Party branch secretaries of villages receiving targeted poverty alleviation assistance. In 2023, China Railway helped 247 people get employed through transfer of employment and recruited 488 laborers out of poverty. Fourthly, the Company strengthened primary-level Party building work. The Company invested RMB50,000 as the funding for Party building work in Tuanwo village, Baode County, and carried out the "Special Action of Improving Party Building and Enhancing Primary-level Governance Capability". The Company developed in-depth training sessions of education on the history of revolution, and offered well-prepared courses on the history of revolution. Making full use of local "red resources" such as the place where the Three Rules and Six Notices were promulgated, the place where the Sixth Armies of the Red Army vowed to march to the west before a stockaded village in Guidong County, the former site of the enlarged meeting of the Front Committee of the Jinggang Mountains Party Branch (Guidong Conference), and the former residence of Deng Liqun, the Company organized patriotism education, revolutionary tradition education, and study of the history of revolution and training for Party members and cadres, as well as primary and secondary school students. Fifthly, the Company increased support for assistance by boosting consumption. The Company completed consumption assistance of nearly RMB18 million through the "Spring Action" and "Agricultural Week Action". The Company invited Tang Yi, an online singer, to participate in Rucheng County-Red Shazhou Prunus Salicina Var. Cordata Public Welfare Live Streaming Event to help farmers sell their agricultural products. In this event, the sales of Prunus salicina var. cordata reached 200,000 tons, accounting for 1/3 of the annual production. The Company established 100 network sales outlets in Guidong County to help boost the sales of specialty products, including yellow peach of Guidong County, Premium Short Grain Rice and Linglong tea. The online sales of county's agricultural products increased by nearly RMB8 million.

DEFINITION AND GLOSSARY OF THE TECHNICAL TERMS

1	BOT	BOT "Build-Operate-Transfer" mode
2	Company, China Railway	China Railway Group Limited
3	CREC	China Railway Engineering Group Company Limited, formerly known as China Railway Engineering Corporation
4	CREG	China Railway Engineering Equipment Group Co., Ltd.
5	CRHEEC	China Railway High-Speed Electrification Equipment Corporation (stock code: 688285.SH)
6	CRHIC	China Railway Hi-Tech Industry Co., Ltd. (stock code: 600528.SH)
7	CRPCC	China Railway Prefabricate Construction Co., Ltd. (stock code: 300374.SZ)
8	Group	the Company and its subsidiaries
9	One Belt, One Road	the "Silk Road Economic Belt" and the "21st Century Maritime Silk Road"

DEFINITION AND GLOSSARY OF THE TECHNICAL TERMS

10	PPP	"Public-Private-Partnership" mode
11	SASAC	The State-owned Assets Supervision and Administration Commission of the State Council
12	Shield machine	a kind of special construction machinery for tunnel excavation. It is a full-section tunnel boring machine for soft soil or water-rich strata construction
13	TBM	Tunnel Boring Machine
14	Three Transformations	the transformation from "made in China" to "created in China", the transformation from speed-oriented to quality-oriented and the transformation from Chinese product to Chinese brand
15	TOD	Transit-Oriented Development
16	Turnout	a component used for changing the route of a train where a single track splits into two tracks. Turnout is applied in railway tracks
17	"123456" development strategy	Focusing on "one big task", emphasizing "two principles", adhering to "three bottom lines", realising "four strong capabilities and five excellent aspects", and coordinating "six keys"

COMPANY INFORMATION

Directors

Executive directors
CHEN Yun *(Chairman)*
CHEN Wenjian
WANG Shiqi

Non-executive director
WEN Limin

Independent non-executive directors
CHUNG Shui Ming Timpson
ZHANG Cheng
XIU Long

Supervisors

JIA Huiping *(Chairman)*
LI Xiaosheng
WANG Xinhua
WAN Ming

Joint company secretaries

HE Wen
TAM Chun Chung *CPA, FCCA*

Authorized representatives

WANG Shiqi
TAM Chun Chung *CPA, FCCA*

Audit and risk management committee

CHUNG Shui Ming Timpson *(Chairman)*
WEN Limin
ZHANG Cheng

Remuneration committee

XIU Long *(Chairman)*
WEN Limin
ZHANG Cheng

Strategy and investment committee

CHEN Yun *(Chairman)*
CHEN Wenjian
CHUNG Shui Ming Timpson
ZHANG Cheng
XIU Long

Nomination committee

CHEN Yun *(Chairman)*
CHUNG Shui Ming Timpson
XIU Long

Safety, health and environmental protection committee

CHEN Wenjian *(Chairman)*
WANG Shiqi
WEN Limin
ZHANG Cheng
XIU Long

COMPANY INFORMATION

Registered office

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Beijing 100070
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Principal place of business in Hong Kong

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49, Hoi Yuen Road, Kwun Tong
Kowloon, Hong Kong

Auditors

Domestic

PricewaterhouseCoopers Zhong Tian LLP
11/F, PricewaterhouseCoopers Center
Link Square 2, 202 Hu Bin Road
Huangpu District
Shanghai, PRC

International

PricewaterhouseCoopers
22/F, Prince's Building
Central, Hong Kong

Legal advisors

Jun He Law Offices
No. 8 Jianguomen North Street
Beijing, PRC

Shares registrars

A Shares

China Securities Depository and Clearing Corporation Limited, Shanghai Branch
No. 188, South Yanggao Road
Pudong New Area, Shanghai
PRC

H Shares

Computershare Hong Kong Investor Services Limited
17M Floor, Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

Listing information

A Shares

Place of listing: Shanghai Stock Exchange
Stock name: China Railway
Stock code: 601390

H Shares

Place of listing: The Stock Exchange of Hong Kong Limited
Stock name: China Railway
Stock code: 390

Principal bankers

The Export-Import Bank of China
Industrial and Commercial Bank of China
China Construction Bank
Agricultural Bank of China
Bank of China
Bank of Communications
China Minsheng Bank
China Merchants Bank
China CITIC Bank

Company website

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