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中国铁建

中國鐵建股份有限公司

China Railway Construction Corporation Limited

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

(Stock Code: 1186)

(Listed Debt Securities Code: 5945, 5610 and 5581)

ANNOUNCEMENT OF 2020 INTERIM RESULTS

The board of directors of the Company is pleased to announce the unaudited interim results of the Company and its subsidiaries for the six months ended 30 June 2020. This announcement, containing the full text of the 2020 Interim Report of the Company, complies with the relevant requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited in relation to information to accompany preliminary announcements of the interim results. Printed version of the Company's 2020 Interim Report will be sent to the holders of H shares of the Company and available for viewing on the websites of The Stock Exchange of Hong Kong Limited at www.hkex.com.hk and of the Company at <http://www.crcc.cn> on or before 30 September 2020.

Important Notice

- I. The Board and the Supervisory Committee of the Company and the directors, supervisors and members of the senior management warrant the truthfulness, accuracy and completeness of the contents herein and confirm that there are no misrepresentations or misleading statements contained in, or material omissions from, this interim report, and accept several and joint legal responsibilities.
- II. All directors of the Company attended the Board meeting.
- III. The interim report was unaudited.
- IV. ZHUANG Shangbiao, person in charge of the Company, WANG Xiuming, CFO, and GUO Shuanglai, Head of the Finance Department (person in charge of accounting), warrant the truthfulness, accuracy and completeness of the financial report contained in this interim report.
- V. The profit distribution plan or reserves-to-equity transfer plan during the Reporting Period as considered by the Board.

Nil

- VI. The Audit and Risk Management Committee of the Board of the Company has reviewed the interim financial statements of the Group for the six months ended 30 June 2020, which have been reviewed by Deloitte Touche Tohmatsu CPA LLP, and has also discussed with the management of the Company on the adopted accounting policies and practices, internal control and other matters.

- VII. Disclaimer of forward-looking statements

Applicable Not applicable

Forward-looking statements, including future business plan, contained in this report do not constitute substantive commitments to investors by the Company. The investors and relevant persons should maintain sufficient risk awareness in this regard, and should understand the differences among plans, forecasts and commitments. Investors should be reminded of such investment risks.

- VIII. Whether the Controlling Shareholder or its associates has misappropriated the Company's funds for purposes other than for business

No

- IX. Whether the Company has provided external guarantees in violation of any prescribed decision-making procedures

No

- X. Reminder of significant risks

The risks the Company may encounter mainly include overseas risk, investment risk, significant emergency risk, trade receivables risk and cash flow risk. Please refer to "(II) Potential Risks" in "III Other Disclosure" under "Section IV Discussion and Analysis on Business Operations (Report of Directors)", and investors are reminded of such risks.

- XI. Others

Applicable Not applicable

The 2020 interim financial report of the Company was prepared according to the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC and the related provisions (hereinafter referred to as "PRC GAAP Standards"), which was reviewed and a relevant review report was issued by Deloitte Touche Tohmatsu CPA LLP. The reporting currency of this interim report is RMB, unless otherwise specified.

The contents of this interim report are in compliance with all the requirements in relation to information to be disclosed in interim report under the SSE Listing Rules and the Hong Kong Listing Rules. In addition, this interim report will be simultaneously published in Mainland China and Hong Kong. Should there be any discrepancies between the Chinese and English versions, the Chinese version shall prevail.

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Section I Definitions

Unless otherwise stated in context, the following terms should have the following meanings in this report:

DEFINITION OF FREQUENTLY USED TERMS

“The Company” or “Company”	China Railway Construction Corporation Limited
“Group” or “CRCC”	China Railway Construction Corporation Limited and its wholly-owned and controlled subsidiaries
“Controlling Shareholder”	China Railway Construction Corporation (中國鐵道建築集團有限公司), which was restructured from China Railway Construction Corporation (中國鐵道建築總公司) to China Railway Construction Co., Ltd. (中國鐵道建築有限公司) on 11 December 2017, and renamed China Railway Construction Corporation (中國鐵道建築集團有限公司) in January 2019
“General Meeting”	A general meeting of China Railway Construction Corporation Limited
“Board”	The board of directors of China Railway Construction Corporation Limited
“Independent Director”	A person who assumes no duties in the Company except the duty of director, and has no relation with the Company and its substantial shareholders which could hinder his independent and objective judgments
“Supervisory Committee”	The supervisory committee of China Railway Construction Corporation Limited
“Articles of Association”	The articles of association of China Railway Construction Corporation Limited
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited

Section I Definitions (continued)

“Hong Kong Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“SSE Listing Rules”	The Rules Governing the Listing of Stocks on Shanghai Stock Exchange
“SFO”	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“CSRC”	China Securities Regulatory Commission
“Model Code”	The Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Hong Kong Listing Rules
“Company Law”	The Company Law of the People’s Republic of China
“Securities Law”	The Securities Law of the People’s Republic of China
“SASAC”	State-owned Assets Supervision and Administration Commission of the State Council
“Reporting Period”	The period from January to June 2020
“End of the Reporting Period”	30 June 2020
“Corresponding Period of Last Year”	The period from January to June 2019
“End of Last Year”	31 December 2019

Section II Basic Corporate Information and Key Financial Indicators

I. CORPORATE INFORMATION

Chinese name of the Company	中國鐵建股份有限公司
Chinese abbreviation	中國鐵建
English name of the Company	China Railway Construction Corporation Limited
English abbreviation	CRCC
Legal representative of the Company	CHEN Fenjian

Note: Mr. CHEN Fenjian, chairman, executive director, secretary of the Party Committee and chairman of the Nomination Committee of the Board of the Company, passed away on 16 August 2020. Pursuant to Article 177 of the Articles of Association, all directors of the Company nominated Mr. ZHUANG Shangbiao, executive director and president of the Company, to preside over the General Meeting, convene and preside over the Board meeting, execute relevant documents, and decide on and perform all the matters (including but not limited to decide on, amend, supplement, execute, deliver, submit, perform all the agreements and documents in relation to the operation and development of the Company) within the range of the functions and powers of the chairman and legal representative prior to the election of a new chairman at the Board meeting of the Company. Pursuant to Article 5 of the Articles of Association, "The legal representative of the Company shall be the chairman of its board of directors". Upon the election of a new chairman at the Board meeting, the Company will process the change of the legal representative in accordance with law.

II. CONTACT PERSONS AND CONTACT METHODS

	Secretary to the Board	Joint Company Secretaries	Representative of Security Affairs
Name	ZHAO Dengshan	ZHAO Dengshan, LAW Chun Biu	XIE Huagang
Correspondence address	CRCC Bureau Building, East, No. 40 Fuxing Road, Haidian District, Beijing	CRCC Bureau Building, East, No. 40 Fuxing Road, Haidian District, Beijing	CRCC Bureau Building, East, No. 40 Fuxing Road, Haidian District, Beijing
Telephone	010-52688600	010-52688600	010-52688600
Fax	010-52688302	010-52688302	010-52688302
E-mail	ir@crcc.cn	ir@crcc.cn	ir@crcc.cn

III. CHANGES IN BASIC INFORMATION

Registered office of the Company	East, No. 40 Fuxing Road, Haidian District, Beijing
Postal code of registered office of the Company	100855
Principal place of business in the PRC	East, No. 40 Fuxing Road, Haidian District, Beijing
Postal code of principal place of business in the PRC	100855
Principal place of business in Hong Kong	23/F, Railway Plaza, 39 Chatham Road South, Tsim Sha Tsui, Kowloon, Hong Kong
Website of the Company	www.crcc.cn
E-mail	ir@crcc.cn
Index to changes during the Reporting Period	During the Reporting Period, there was no change in basic corporate information of the Company.

IV. CHANGES IN INFORMATION DISCLOSURE AND PLACE OF INSPECTION

Newspapers selected by the Company for information disclosure	China Securities Journal, Shanghai Securities News, Securities Daily and Securities Times
Website designated by CSRC for publishing the interim report	www.sse.com.cn
Website designated by the Hong Kong Stock Exchange for publishing the interim report	www.hkex.com.hk
Place of inspection of the interim report of the Company	Office of the Board of CRCC, East, No. 40 Fuxing Road, Haidian District, Beijing
Index to changes during the Reporting Period	During the Reporting Period, there was no change in information disclosure and place of inspection of the Company.

V. BASIC INFORMATION OF THE SHARES OF THE COMPANY

Class of share	Place of listing	Stock abbreviation	Stock code	Stock abbreviation before change
A share	Shanghai Stock Exchange	China Rail Cons	601186	–
H share	Hong Kong Stock Exchange	China Rail Cons	1186	–

VI. OTHER RELEVANT INFORMATION

Applicable Not applicable

1. Auditor appointed by the Company

Name	Deloitte Touche Tohmatsu CPA LLP
Office address	30/F, Bund Center 222, Yan An Road East, Shanghai

2. Legal advisers appointed by the Company

As to Hong Kong law	Name	Baker & McKenzie
	Office address	14/F, One Taikoo Place, 979 King's Road, Quarry Bay, Hong Kong
As to the PRC law	Name	Beijing Deheng Law Office
	Office address	12/F, Tower B, Focus Place, No. 19 Finance Street, Beijing

3. Share registrar of the shares of the Company

Share registrar of A shares of the Company	Name	China Securities Depository and Clearing Corporation Limited (CSDC) Shanghai Branch
	Office address	36/F, China Insurance Building, No. 166, Lujiazui East Road, Pudong New Area, Shanghai
Share registrar of H shares of the Company	Name	Computershare Hong Kong Investor Services Limited
	Office address	Rooms 1712–1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong

Section II Basic Corporate Information and Key Financial Indicators (continued)

VII. KEY ACCOUNTING DATA AND FINANCIAL INDICATORS OF THE COMPANY

(I) Key accounting data

Unit: '000 Currency: RMB

Key accounting data	Reporting Period (from January to June)	Corresponding period of last year	Change as compared to the corresponding period of last year (%)
Revenue	370,789,433	352,934,879	5.06
Net profit attributable to shareholders of the listed Company	9,316,253	9,284,178	0.35
Net profit deducting non-recurring profit or loss attributable to shareholders of the listed Company	8,586,677	8,526,919	0.70
Net cash flows from operating activities	-48,078,512	-32,471,913	Not applicable
	As at the end of the Reporting Period	As at the end of last year	Change as compared with the end of last year (%)
Net assets attributable to shareholders of the listed Company	214,932,492	209,959,674	2.37
Total assets	1,145,163,270	1,081,239,213	5.91

(II) Key financial indicators

Key financial indicators	Reporting Period (from January to June)	Corresponding period of last year	Change as compared to the corresponding period of last year (%)
Basic earnings per share (RMB per share)	0.62	0.65	-4.62
Diluted earnings per share (RMB per share)	0.59	0.61	-3.28
Basic earnings per share after deduction of non-recurring profit or loss (RMB per share)	0.56	0.59	-5.08
Weighted average return on net assets (%)	4.81	5.71	Down by 0.90 percent points
Weighted average return on net assets after deduction of non-recurring profit or loss (%)	4.39	5.22	Down by 0.83 percent points

Explanations on the key accounting data and financial indicators of the Company

Applicable Not applicable

Section II Basic Corporate Information and Key Financial Indicators (continued)

When calculating the basic earnings per share and diluted earnings per share for the Reporting Period, the interest of other equity instruments holders of RMB964,146,000 has been deducted.

VIII. ACCOUNTING INFORMATION DIFFERENCES BETWEEN DOMESTIC AND OVERSEAS ACCOUNTING STANDARDS

Applicable Not applicable

IX. NON-RECURRING PROFIT OR LOSS ITEMS AND AMOUNTS

Applicable Not applicable

Unit: '000 Currency: RMB

Non-recurring profit or loss items	Amount
Profit or loss from disposal of non-current assets	202,462
Government grants recognised through profit or loss (other than government grants which are closely related to the Company's normal business operations, which comply with national policies and can be enjoyed continuously based on a fixed amount or a fixed quantity)	169,970
Profit or loss from debt restructuring	53,147
Profit or loss from change in the fair value of the held-for- trading financial assets, derivative financial assets, held-for-trading financial liabilities and derivative financial liabilities held by the Company and investment income from disposal of held-for-trading financial assets, derivative financial assets, held-for-trading financial liabilities, derivative financial liabilities and other debt investments other than the valid hedging services related to the normal operating activities of the Company	332,764
Reversal of impairment of trade receivables and contract assets that had impairment test separately	129,238
Other non-operating income and expenses other than the above items	33,378
Disposal of long-term equity investments	432
Effect of minority interests	-17,216
Impact on income tax	-174,599
Total	729,576

X. OTHERS

Applicable Not applicable

Section III Summary of the Company's Businesses

I. MAIN BUSINESSES, OPERATION MODEL AND INDUSTRY INFORMATION OF THE COMPANY DURING THE REPORTING PERIOD

CRCC's businesses cover a variety of construction, survey, design and consultation, manufacturing, real estate development, logistics and materials trading and other business with refined industry chain covering scientific research, planning, survey, design, construction, supervision and management, maintenance, operation, investment and financing, etc., which have equipped itself with capability of providing one-stop comprehensive services for the proprietors. CRCC has established its industry leadership in fields of engineering design and construction for plateau railways, high-speed railways, expressways, bridges, tunnels and urban rail transits. The Group, focusing on market and capital operations simultaneously, adopts the multiple integrated operation modes with a combination of regional, brand, credit and synergetic operations.

(I) Construction operations

Construction operations are the core and traditional business of the Group, which cover multiple fields, such as railways, highways, urban rail transits, water conservancy and hydropower, housing construction, municipal engineering, bridges, tunnels, airports and wharfs. The construction operations of the Company offer project contracting services in 31 provinces (excluding Taiwan), autonomous regions, municipalities of the PRC, Hong Kong and Macau Special Administrative Region, and the Company participates in infrastructure construction in countries and regions of Africa, Asia, South America and Europe. The construction operations mainly adopt the construction contract model and the financing contract model.

In light of the active construction of "Belt and Road Initiative", Coordinated Development for the Beijing-Tianjin-Hebei Region, the Yangtze Economic Belt, Xiong'an New Area and Guangdong-Hong Kong-Macau Greater Bay Area, and the continuing in-depth advancement of new-type urbanization, revitalization strategy of rural areas and shantytowns transformation, as well as the strengthening of the improvement of transporting facility in mid-west China, the domestic markets where the construction operation operate in, including railway, highway, housing construction, urban rail, municipal engineering and water conservancy, hydropower and airport, will maintain steady growth. Emerging markets, including countryside construction, utility tunnel, sponge city, environmental protection and pollution control, are expected to grow rapidly, and the infrastructure market is in the stable and healthy development overall.

Section III Summary of the Company's Businesses (continued)

(II) Survey, design and consultancy operations

Survey, design and consultancy operations of the Group mainly comprise 4 large survey design enterprises with comprehensive Grade A qualifications for engineering design and design institutes of engineering bureaus, and cover civil engineering and infrastructure construction related to railway, urban rail transits, highways, municipal engineering, industrial and civil buildings, water transport, water conservancy and hydropower and civil aviation whilst keeping expanding into the emerging industries and areas, such as magnetic suspension transport, travel rail transits, intelligent transport, modern tramcar, urban utility tunnel, urban underground space, ecological environment and energy conservation and environmental protection. Survey, design and consultancy operations take railway and urban rail transit as the main markets, with highway, municipal engineering, industrial and civil construction and water transport as the important markets for diversified development. The basic business model of survey, design and consultancy operations is to complete the survey, design and consultation and related services of engineering projects as contracted through market competition, and to operate general design contracting projects and general engineering contracting projects by fully leveraging on the business advantages of the Company. The Company ranked No. 14 among the “Global Top 150 Engineering Design Companies” in 2020 of Engineering News-Record (ENR), the USA.

The domestic markets where the survey, design and consultancy operating operate in, including railway, highway, housing construction, urban rail, municipal engineering and water conservancy, hydropower and airport, will maintain steady growth. Emerging markets, including countryside construction, utility tunnel, sponge city, environmental protection and pollution control, are expected to grow rapidly, and the overall infrastructure market is in the trend of stable and healthy development. Currently, survey and design companies meet opportunities to realise “go-out” strategy and build the “Designed in China” brand, as the country makes greater efforts to improve weak links of infrastructure and advance “Belt and Road Initiative”. Putting the concept that “development should be innovation-driven, coordinated, green, oriented toward global progress and beneficial to all” into practice, the Company deepens technology innovation and management innovation, accelerates the shift in old and new driving forces, develops the layout of all-around and in-depth integration with relevant industries, and promotes traditional survey, design and consultancy operations to upgrade to integrated engineering consultancy services that cover multiple industries, whole process and whole lifecycle.

Section III Summary of the Company's Businesses (continued)

(III) Manufacturing operations

The Group is a manufacturer of materials and professional equipment providing integrated services of R&D, manufacturing, sales and services with a leading position in domestic market and advanced position worldwide. After years of development, manufacturing operations formed three core businesses: equipment manufacturing, material production and precast concrete production. The principal business covers large railway track maintenance machinery, underground construction equipment, rail construction equipment, concrete construction equipment, lifting equipment, bridge construction equipment, compacting equipment, concrete products, bridge steel structures, turnout and spring bar fastener, and electric contact wire and parts. The Group has an international leading excavating machinery manufacturing base, with an annual output of 200 units, accounting for half of the domestic market. In particular, the TBM takes up more than 85% of domestic market and provides domestic underground construction projects with intelligent and integrated solutions and high-end equipment; many achievements in this field are unprecedented and fill in the blank in the nation. Major products of large rail track maintenance machinery take up more than 80% of domestic market. The industrial manufacturing industry is shifting its business mode from fighting alone to coordinated business unit and industry chain development. Leveraging its whole chain advantage, the Group actively promotes operating synergy and industry synergy and builds an integrated operation mode that incorporates multiple industries, so as to improve the competitiveness of the Company, expand the brand influence, and enhance overall profitability. The Group strives to improve businesses of less advantage, makes greater achievements in bridge steel structure manufacturing and installation technologies, and fosters new growth engines.

During the 13th Five-Year Plan period, the country will continue to invest in transport infrastructure construction, and traditional general engineering machinery will still be affected by overcapacity and fiercer market competition. However, the high-end equipment manufacturing will embrace golden growth opportunities, and intelligent manufacturing development will be promoted in an all-round manner. The continuously improved core equipment supply capacity and the accelerated localization of major technology and equipment will offer great opportunity and platform to high-end equipment manufacturing.

Section III Summary of the Company's Businesses (continued)

(IV) Real estate development operations

As one of the 16 enterprises directly under the central government taking real estate development as principal business as confirmed by the SASAC, the Group focuses on three core city clusters including Yangtze River Delta, Pearl River Delta and Bohai Coastal Region, and steps up efforts to expand business in new city clusters and national new areas, such as Shandong Peninsula, Liaodong Peninsula, Western Coast of the Straits, Changsha-Zhuzhou-Xiangtan, Wuhan, Chengdu and Chongqing. The region layout sticks to the development roadmap that first- and second-tier cities are the focus and third- and fourth-tier cities with great potential serve as the supplement. Currently, the Group adopts the business model of “giving priority to residential development supplemented by supporting commercial facilities” for real estate business, establishes the position of “Houses are for Living in other than Speculation”. Meanwhile, the Group continues to adhere to the “Four Winnings” principle in terms of business development strategy, accelerates asset turnover and fund recovery, accelerates development pace, operational efficiency and sales pace, and increases efforts in destocking; continues to promote cooperation with well-renowned real estate developers in all aspects, improves internal industrial synergy and business synergy, further revitalizes internal planning, information and land resources, and gives a full play to the overall advantage; significantly improves customer satisfaction, brand value and added value of product, lays emphasis on the improvement of property service quality, actively and properly develops “Real Estate +” health care, culture, tourism, smart, green and environmental protection, improves product lines, and builds “Lifehome”; continues to operate on a rational basis, pays equal attention to asset-heavy and asset-light business models, shares responsibilities through cooperation, develops production plan based on sales prospects, and enhances analysis and research and risk early-warning, so as to ensure long-term and stable operation.

The real estate industry now is in the transition period from high-speed development to high-quality development, and during which, it will focus more on green and healthy housing, digital and industrial production, informatization and intellectualization, as well as full life-cycle services for housing. The industry will also stress importance on exploration and promotion of housing industry, elderly care industry, cultural tourism industry, big health industry, rural revitalization, as well as characteristic towns and rural complexes. In the future, the real estate industry still has stable market and demand, while the concentration of the industry will be further improved and the competition will be more intense.

Section III Summary of the Company's Businesses (continued)

(V) Logistics and materials trading and others

The Group possesses over 70 regional business outlets in important cities and logistics node cities, 1.33 million sq. m of logistics sites, over 40,000 meters of special railway lines and 32,550 cubic meters of storage capacity of product oil. The Group provided integrated supply chain service through improvement of an efficient logistics-informatisation, regional and market-oriented service system.

By taking root in "Maintaining Supply, Assuring Quality and Reducing Cost" for logistics and materials trading business, first, the Group improved its resource access and materials supply capacity, and in particular, strived to "have an edge over peers" in supplying materials and products in tight supply focusing on the primary target of "Serving Major Business, and Securing Construction and Production"; second, the Group actively and orderly developed independent development business of sand aggregate, strived to open up initiating explosive devices supply channels and played a vital role in controlling and stabilising price of materials; third, the Group strived for coordinated development among emerging businesses including overseas business, ecological management and landscape, improved its level of qualification and developed new fields of materials and logistics; fourth, the Group optimised and integrated network material trading platforms by fully utilizing network information technology, and improved the level of informationisation of materials and logistics operations. The deepening of structural reform on the supply side provided a favorable environment for the development of materials and logistics industry.

II. EXPLANATION ON MATERIAL CHANGES IN THE COMPANY'S MAJOR ASSETS DURING THE REPORTING PERIOD

Applicable Not applicable

III. ANALYSIS OF THE CORE COMPETITIVENESS DURING THE REPORTING PERIOD

Applicable Not applicable

(I) Prominent competitive strength in the industry

The Company has been ranking top 3 among the ENR global largest engineering contractors for many consecutive years, and ranked No. 54 among Global 500 in 2020. The Company has powerful market management and expansion capacity, with obvious increase in each business indicator. The global operation landscape has taken shape and the overseas business has continued to improve. The Company has its financing platform of A+H listings, sufficient bank credit and the highest international rating in the construction industry. The Company has created favorable brand effect in the field of infrastructure construction, and obtained stable customer base and abundant market resources.

Section III Summary of the Company's Businesses (continued)

(II) Continuing enhancement of advantage in technology

The Company has been in a world leading position in the plateau, alpine region and high-speed railway design and construction technologies. Increasing number of products are designed with independent intellectual property rights. Underground engineering facilities including major-diameter earth pressure balance shield/TBM dual-mode excavator, hard rock tunnel boring machine with major diameter and full face and hard rock tunnel boring machine with double shields fill the blank in China. Large railway track maintenance machinery including narrow-gauge tamping machines and narrow-gauge ballasting machines have also achieved the international leading level and have been exported to overseas markets. Technologies of underground and underwater engineering construction, magnetic suspension engineering construction and E&M system integration have achieved a leading level in the industry.

(III) Perfection of industrial structure and layout

The Company has completed the overall layout along the construction industry chain, with the business covering the construction operations, survey, design and consultancy operations, manufacturing, real estate development, logistics and materials trading, and others. The Company realized the transition from a construction enterprise to a one-stop solution provider with an integration of scientific research, planning, survey, design, construction, supervision and management, maintenance, operation, investment and financing, with the capability of expansion and synergy along the whole industry chain. The Company conducted patent layout with focus on synergy of three major business segments, namely survey and design, engineering construction and manufacturing operations. At present, it has established a preliminary patent protection network of the underwater tunnel design and construction and large-diameter shield equipment. Based on its research and analysis in the mid-to-low speed maglev field, the Company has applied for more than 100 domestic and overseas patents in 15 technology branches, such as F-type guide rails, track beams and contact system, which has established a patent portfolio for the mid-to-low speed magnetic levitation technology and has enhanced the capability to protect independent intellectual property rights and the Company's core competitiveness.

(IV) Gradual optimization of organizational and management structure

The Company combined the optimization of organization management structure with workload reduction, loss-generating enterprise governance, zombie company disposal and quality and efficiency improvement and other tasks, and strictly controlled newly-established business entities, and vigorously reduced the number of subsidiaries with small scale, poor efficiency, limited prospects and weak synergy with the core business. In accordance with the principle of being scientific, reasonable, capable and efficient, the Company also optimized the organizational structure, reduced the overlapping of departments and functions, and strictly controlled rigid constraint on organization and staffing. The Company further adjusted and optimized headquarters organizational setting, and developed a management system and operation scheme of effective control, clear assignment of duties and smooth operation.

Section III Summary of the Company's Businesses (continued)

(V) Refreshing and carrying forward the culture of railway corps

The culture of railway corps, centering on that “no way is impossible for railway corps by cutting paths through mountains and building bridges across rivers; there is no difficulties for the railway corps after eating and sleeping in the open air and working very hard regardless of weather”, passes through development and growth of CRCC. Based on the culture of railway crops, considering the times and realities, the CRCC cultural concept for the new era “Being Proud of Our Nation, Being Morality-oriented, Regarding Enterprise as Home and Being People-oriented” was developed. Under the leadership of the excellent enterprise culture which is increasingly developed, the Company has created large quantities of excellent projects by constantly overcoming the difficulties and making bold innovations to build the “efficient, honest, innovative and responsible” industry leader image.

Section IV Discussion and Analysis on Business Operations (Report of Directors)

I. DISCUSSION AND ANALYSIS ON BUSINESS OPERATIONS

Facing daunting challenges brought by the COVID-19 pandemic and severe situation of increasing downward economic pressure in the first half of 2020, the Group further studied and implemented a number of keynote speeches and important instructions on overall prevention and control measures for the pandemic and socioeconomic development made by General Secretary Xi Jinping, made arrangement according to various decisions made by the SASAC of the State Council, and closely focused on the central task of “High Quality CRCC” and the theme of “Steady Growth, High Quality”. Keeping annual operation target unchanged, the Group analyzed different favorable policies issued by the state carefully to seize opportunities for development in the market, made great effort to enhance pre-planning and industrial integration capabilities, and spared no efforts to present admirable performance in regional and professional operation and enhance territorial operation and revolving operation. Accelerating development layout for emerging industry and emerging business, and strengthening measure to achieve innovation development, the Group realized steady growth in operation with sound momentum towards high-quality development.

In the first half of 2020, the value of newly-signed contracts of the Group amounted to RMB875.8514 billion, accounting for 40.93% of the annual plan and representing a year-on-year increase of 21.87%, among which, the value of newly-signed contracts for domestic business amounted to RMB799.4458 billion, accounting for 91.28% of the total value of the newly-signed contracts, representing a year-on-year increase of 23.75%; and the value of newly-signed contracts for overseas business amounted to RMB76.4056 billion, accounting for 8.72% of the total value of the newly-signed contracts, representing a year-on-year increase of 5.14%. As of 30 June 2020, the value of outstanding contracts for the Group amounted to RMB3,561.9219 billion, representing a year-on-year increase of 21.06%, of which, the value of outstanding domestic contracts amounted to RMB2,810.7795 billion, accounting for 78.91% of the total value of outstanding contracts; and the value of outstanding overseas contracts amounted to RMB751.1424 billion, accounting for 21.09% of the total value of outstanding contracts. The major indicators are as follows:

Unit: RMB'00 million

Business type	Value of newly-signed contracts			Value of outstanding contracts		
	Reporting Period	Corresponding	Year-on-year	End of	Corresponding	Year-on-year
		period of last year	growth (%)	Reporting Period	period of last year	growth (%)
Construction operations	7,652.660	6,118.924	25.07	31,796.227	25,500.422	24.69
Survey, design and consultancy operations	144.918	77.757	86.37	197.817	116.530	69.76
Manufacturing operations	122.250	98.538	24.06	413.533	323.774	27.72
Logistics and materials trading operations	440.209	432.940	1.68	2,165.463	1,950.434	11.02
Real estate development operations	319.761	398.315	-19.72	1,002.474	1,493.679	-32.89
Other businesses	78.716	60.499	30.11	43.705	36.806	18.74
Total	8,758.514	7,186.973	21.87	35,619.219	29,421.645	21.06

Section IV Discussion and Analysis on Business Operations (Report of Directors) (continued)

During the Reporting Period, the value of newly-signed contracts for construction operations amounted to RMB765.2660 billion, accounting for 87.37% of the total value of newly-signed contracts and representing an increase of 25.07% year-on-year, of which, the value of newly-signed contracts for railway construction amounted to RMB122.6360 billion, accounting for 16.03% of the value of newly-signed contracts in the construction operations segment and representing an increase of 25.01% year-on-year; the value of newly-signed contracts for road projects amounted to RMB107.2784 billion, accounting for 14.02% of the value of newly-signed contracts in the construction operations segment and representing a decrease of 7.92% year-on-year; the value of newly-signed contracts for housing construction amounted to RMB272.2493 billion, accounting for 35.58% of the value of newly-signed contracts in the construction operations segment and representing an increase of 42.52% year-on-year; the value of newly-signed contracts for urban rail transit amounted to RMB71.3525 billion, accounting for 9.32% of the value of newly-signed contracts in the construction operations segment and representing an increase of 8.32% year-on-year; the value of newly-signed contracts for municipal engineering amounted to RMB149.5287 billion, accounting for 19.54% of the value of newly-signed contract in the construction operations segment and representing an increase of 50.08% year-on-year; the value of newly-signed contracts for hydraulic and electric engineering amounted to RMB16.1310 billion, accounting for 2.11% of the value of newly-signed contracts in the construction operations segment and representing an increase of 101.18% year-on-year; the value of newly-signed contracts for airport and terminal projects amounted to RMB6.9506 billion, accounting for 0.91% of the value of the newly-signed contracts in the construction operations segment and representing a decrease of 67.71% year-on-year. The reason for year-on-year increase in the newly-signed contract amount of railway construction was that the Company gave full play to competitive edge in the industry to ensure sound momentum in the domestic and overseas order for railway projects; the reason for significant increase in the newly-signed contract amount of housing construction and municipal engineering was that benefiting from implementation of relevant national policies, further improvement in urbanization development and reconstruction in old districts, as well as growing demands for market improvement, the Company seized opportunities to actively expand market; fluctuations in the newly-signed contract amount of hydraulic and electric engineering, airports and terminals, and navigation projects were normal due to relatively small overall scale.

During the Reporting Period, the value of newly-signed contracts for non-construction operations segments of the Group amounted to RMB110.5854 billion, accounting for 12.63% of the total value of newly-signed contracts and representing an increase of 3.54% year-on-year. In particular, the value of newly-signed contracts for survey, design and consultancy operations amounted to RMB14.4918 billion, representing an increase of 86.37% year-on-year; the value of newly-signed contracts for manufacturing operations amounted to RMB12.2250 billion, representing an increase of 24.06% year-on-year; the value of newly-signed contracts for logistics and materials trading operations amounted to RMB44.0209 billion, representing an increase of 1.68% year-on-year; and the value of newly-signed contracts for real estate development operations amounted to RMB31.9761 billion, representing a decrease of 19.72% year-on-year. The reason for significant increase in the newly-signed contract amount of survey, design and consultancy operations was that the Company adjusted operation strategy and enhanced operation in main design market, actively expanded market through “CRCC Plan” with high quality and new concept; the reason for year-on-year increase in the newly-signed contract amount of manufacturing operations was that as construction and production resumed gradually in China, the demand for orders increased rapidly; the reason for year-on-year decrease in real estate development operations was the great impact of the pandemic.

Section IV Discussion and Analysis on Business Operations (Report of Directors) (continued)

II. MAJOR OPERATIONAL PARTICULARS DURING THE REPORTING PERIOD

(I) Analysis of main businesses

1. Analysis of performance of main businesses by segment and region

In the first half of 2020, the Group recorded a revenue of RMB370.7894 billion, representing a year-on-year increase of 5.06%. Main businesses of the Group cover construction, survey, design and consultancy, manufacturing, real estate development, logistics and materials trading and other businesses. As at the end of the Reporting Period, the Group had overseas operating business distributed in 133 countries all over the world as well as in Hong Kong, Macau and other regions, and had 835 projects under construction in total. The development of overseas operations remains stable and normal.

Main Businesses by Segment and by Region

Unit: '000 Currency: RMB

By segment	Revenue	Cost of sales	Gross profit margin (%)	Main Businesses by Segment		
				Increase/decrease in revenue as compared to the corresponding period of last year (%)	Increase/decrease in cost of sales as compared to the corresponding period of last year (%)	Increase/decrease in gross profit margin as compared to the corresponding period of last year (%)
Construction operations	332,598,383	309,329,825	7.00	6.96	7.66	Decreasing by 0.61 percentage point
Survey, design and consultancy operations	7,743,657	5,427,918	29.90	0.77	3.81	Decreasing by 2.05 percentage points
Manufacturing operations	7,373,310	5,615,267	23.84	-17.96	-18.92	Increasing by 0.90 percentage point
Real estate development operations	8,880,059	6,835,357	23.03	-9.71	-2.87	Decreasing by 5.41 percentage points
Logistics and materials trading and other businesses	33,905,446	29,584,812	12.74	-1.44	-2.05	Increasing by 0.54 percentage point
Inter-segment elimination	-19,711,422	-19,765,459	/	/	/	/
Total	370,789,433	337,027,720	9.11	5.06	5.86	Decreasing by 0.69 percentage point

Section IV Discussion and Analysis on Business Operations (Report of Directors) (continued)

Main Businesses by Region						
By region	Revenue	Cost of sales	Gross profit margin (%)	Increase/decrease in revenue as compared to the corresponding period of last year (%)	Increase/decrease in cost of sales as compared to the corresponding period of last year (%)	Increase/decrease in gross profit margin as compared to the corresponding period of last year (%)
Mainland China	355,675,358	323,129,178	9.15	5.50	6.20	Decreasing by 0.60 percentage point
Overseas	15,114,075	13,898,542	8.04	-4.40	-1.45	Decreasing by 2.75 percentage points
Total	370,789,433	337,027,720	9.11	5.06	5.86	Decreasing by 0.69 percentage point

Explanation on Main Businesses by Segment and by Region

(1) Construction operations

Construction Operations (Before Elimination of Inter-segment Transactions)

Unit: '000 Currency: RMB

Item	Reporting Period	Corresponding period of last year	Growth rate (%)
Revenue	332,598,383	310,968,505	6.96
Cost of sales	309,329,825	287,318,868	7.66
Gross profit	23,268,558	23,649,637	-1.61
Gross profit margin (%)	7.00	7.61	Decreasing by 0.61 percentage point
Selling and distribution expenses	889,278	874,887	1.64
General and administrative expenses and research and development expenses	12,413,913	12,626,400	-1.68
Profit before tax	6,608,412	5,547,302	19.13

Section IV Discussion and Analysis on Business Operations (Report of Directors) (continued)

(2) *Survey, design and consultancy operations*

Survey, Design and Consultancy Operations (Before Elimination of Inter-segment Transactions)

Unit: '000 Currency: RMB

Item	Reporting Period	Corresponding period of last year	Growth rate (%)
Revenue	7,743,657	7,684,428	0.77
Cost of sales	5,427,918	5,228,896	3.81
Gross profit	2,315,739	2,455,532	-5.69
Gross profit margin (%)	29.90	31.95	Decreasing by 2.05 percentage points
Selling and distribution expenses	350,959	404,846	-13.31
General and administrative expenses and research and development expenses	761,329	769,018	-1.00
Profit before tax	1,362,504	1,398,095	-2.55

(3) *Manufacturing operations*

Manufacturing Operations (Before Elimination of Inter-segment Transactions)

Unit: '000 Currency: RMB

Item	Reporting Period	Corresponding period of last year	Growth rate (%)
Revenue	7,373,310	8,987,309	-17.96
Cost of sales	5,615,267	6,925,809	-18.92
Gross profit	1,758,043	2,061,500	-14.72
Gross profit margin (%)	23.84	22.94	Increasing by 0.90 percentage point
Selling and distribution expenses	233,214	217,819	7.07
General and administrative expenses and research and development expenses	699,136	777,550	-10.08
Profit before tax	925,477	1,162,553	-20.39

Section IV Discussion and Analysis on Business Operations (Report of Directors) (continued)

(4) Real estate development operations

Real Estate Development Operations (Before Elimination of Inter-segment Transactions)

Unit: '000 Currency: RMB

Item	Reporting Period	Corresponding period of last year	Growth rate (%)
Revenue	8,880,059	9,834,548	-9.71
Cost of sales	6,835,357	7,037,652	-2.87
Gross profit	2,044,702	2,796,896	-26.89
Gross profit margin (%)	23.03	28.44	Decreasing by 5.41 percentage points
Selling and distribution expenses	374,006	292,438	27.89
General and administrative expenses and research and development expenses	326,823	397,221	-17.72
Profit before tax	2,271,079	2,453,332	-7.43

(5) Logistics and materials trading and other businesses

Logistics and Materials Trading and Other Businesses (Before Elimination of Inter-segment Transactions)

Unit: '000 Currency: RMB

Item	Reporting Period	Corresponding period of last year	Growth rate (%)
Revenue	33,905,446	34,401,601	-1.44
Cost of sales	29,584,812	30,205,102	-2.05
Gross profit	4,320,634	4,196,499	2.96
Gross profit margin (%)	12.74	12.20	Decreasing by 0.54 percentage points
Selling and distribution expenses	356,322	370,377	-3.79
General and administrative expenses and research and development expenses	635,556	707,102	-10.12
Profit before tax	2,492,076	2,306,167	8.06

Section IV Discussion and Analysis on Business Operations (Report of Directors) (continued)

2. Analysis of changes of relevant items in the financial statements

Unit: '000 Currency: RMB

Item	Amount for the Reporting Period	Amount for the corresponding period of last year	Change (%)
Revenue	370,789,433	352,934,879	5.06
Cost of sales	337,027,720	318,364,458	5.86
Selling and distribution expenses	2,203,779	2,160,367	2.01
General and administrative expenses	8,140,710	8,275,270	-1.63
Finance costs	1,735,823	2,094,611	-17.13
Research and development expenses	6,696,047	7,002,021	-4.37
Net cash flows generated from operating activities	-48,078,512	-32,471,913	N/A
Net cash flows generated from investing activities	-14,556,930	-15,025,676	N/A
Net cash flows generated from financing activities	32,589,447	26,085,619	24.93

The change in revenue was mainly due to the steady expansion of the business scale of construction operations during the Reporting Period.

The change in cost of sales was mainly due to the corresponding increase in cost of sales as a result of the expansion of the business scale during the Reporting Period.

The change in selling and distribution expenses was mainly due to the increase in sales organization and staff during the Reporting Period.

The change in general and administrative expenses was mainly due to the decrease in travel and office expenses during the Reporting Period.

The change in finance costs was mainly due to the decrease in the interest expenses.

The change in research and development expenses was mainly due to the decrease in research and development investment during the Reporting Period.

The change in net cash flows generated from operating activities was due to the increase in cash paid for purchasing goods and receiving labour services during the Reporting Period.

The change in net cash flows generated from investing activities was due to the decrease in cash paid for the purchase and construction of fixed assets, intangible assets and other long-term assets during the Reporting Period.

The change in net cash flows generated from financing activities was due to the increase in cash received from borrowings during the Reporting Period.

Section IV Discussion and Analysis on Business Operations (Report of Directors) (continued)

3. Others

(1) Particulars of material changes in profit composition or source of the Company

Applicable Not applicable

(2) Others

Applicable Not applicable

(II) Explanation on material changes in profit due to non-core businesses

Applicable Not applicable

(III) Analysis of assets and liabilities

Applicable Not applicable

1. Assets and liabilities

Unit: '000 Currency: RMB

Name of item	Amount at the end of the Reporting Period	Percentage of amount at the end of the Reporting Period to the total assets (%)	Amount at the end of last year	Percentage of amount at the end of last year to the total assets (%)	Percentage of change in the amount at the end of the Reporting Period as compared to the end of last year (%)	Explanation
Cash and bank balances	124,770,685	10.90	156,887,177	14.51	-20.47	
Held-for-trading financial assets	1,608,435	0.14	3,587,646	0.33	-55.17	It is mainly due to the cash received from disposal of Investments during the Reporting Period.
Bills receivable	7,235,696	0.63	10,305,274	0.95	-29.79	
Trade receivables	125,799,493	10.99	112,138,537	10.37	12.18	
Receivables at FVTOCI	2,130,161	0.19	2,654,263	0.25	-19.75	
Advances to suppliers	28,581,940	2.50	24,335,981	2.25	17.45	
Other receivables	63,048,869	5.51	60,100,338	5.56	4.91	
Inventories	227,698,903	19.88	194,891,575	18.02	16.83	
Contract assets	176,693,447	15.43	154,903,081	14.33	14.07	
Other current assets	22,258,719	1.94	17,900,227	1.66	24.35	

Section IV Discussion and Analysis on Business Operations (Report of Directors) (continued)

Name of item	Amount at the end of the Reporting Period	Percentage of amount at the end of the Reporting Period to the total assets (%)	Amount at the end of last year	Percentage of amount at the end of last year to the total assets (%)	Percentage of change in the amount at the end of the Reporting Period as compared to the end of last year (%)	Explanation
Long-term receivables	68,039,876	5.94	60,804,614	5.62	11.90	
Long-term equity investments	56,426,958	4.93	49,644,634	4.59	13.66	
Other equity instrument investments	10,193,051	0.89	10,038,609	0.93	1.54	
Other non-current financial assets	1,852,750	0.16	1,643,494	0.15	12.73	
Fixed assets	50,569,195	4.42	50,891,768	4.71	-0.63	
Right-of-use assets	5,290,280	0.46	5,678,711	0.53	-6.84	
Intangible assets	66,979,757	5.85	59,871,943	5.54	11.87	
Goodwill	581,137	0.05	118,841	0.01	389.00	It is mainly due to the acquisition of GRUPO ALDESA, S.A. by CRCC International Investment Co., Ltd. (a subsidiary of the Company) during the Reporting Period.
Other non-current assets	68,163,498	5.95	66,975,156	6.19	1.77	
Short-term loans	65,191,274	5.69	42,749,266	3.95	52.50	It is mainly due to the supplement of liquidity during the Reporting Period.
Bills payable	71,367,755	6.23	69,601,977	6.44	2.54	
Trade payables	328,289,433	28.67	325,785,304	30.13	0.77	
Contract liabilities	111,077,575	9.70	108,506,589	10.04	2.37	
Other payables	79,538,253	6.95	70,116,812	6.48	13.44	
Other current liabilities	19,132,864	1.67	14,747,536	1.36	29.74	
Long-term loans ^{Note 1}	125,951,122	11.00	104,850,527	9.70	20.12	
Bonds payable ^{Note 2}	36,174,319	3.16	39,709,268	3.67	-8.90	
Lease liabilities ^{Note 3}	4,908,801	0.43	5,081,929	0.47	-3.41	
Long-term payables ^{Note 4}	12,750,255	1.11	10,703,228	0.99	19.13	
Employee benefits payable ^{Note 5}	10,796,559	0.94	12,233,210	1.13	-11.74	
Other non-current liabilities	150,131	0.01	434,034	0.04	-65.41	It is mainly due to the change in fair value of the derivative instruments (convertible bonds) during the Reporting Period.

Section IV Discussion and Analysis on Business Operations (Report of Directors) (continued)

Note 1: "Long-term loans" includes the long-term loans in "current portion of non-current liabilities".

Note 2: "Bonds payable" includes the bonds payable in "current portion of non-current liabilities".

Note 3: "Lease liabilities" includes the leasing liabilities in "current portion of non-current liabilities".

Note 4: "Long-term payables" includes the long-term payables in "current portion of non-current liabilities".

Note 5: "Employee benefits payable" includes the "employee benefits payable" in current liabilities, "current portion of post-employment benefits payable" in "current portion of non-current liabilities" and the "long-term employee benefits payable" in non-current liabilities.

2. Major assets restriction by the end of the Reporting Period

Applicable Not applicable

3. Other explanation

Applicable Not applicable

(IV) Liquidity and capital resources

1. Cash flow of the Group

Unit: '000 Currency: RMB

Item	During the Reporting Period	During the corresponding period last year	Change as compared to the corresponding period last year during the Reporting Period
Net cash flows generated from operating activities	-48,078,512	-32,471,913	-15,606,599
Net cash flows generated from investing activities	-14,556,930	-15,025,676	468,746
Net cash flows generated from financing activities	32,589,447	26,085,619	6,503,828

During the Reporting Period, the net cash flows generated from operating activities of the Group were net cash outflow amounting to RMB48,078.5 million and representing an increase of RMB15,606.6 million in net cash outflow as compared to the corresponding period last year, mainly attributable to the increase in cash paid for the purchase of goods and the receipt of labor services during the Reporting Period.

Section IV Discussion and Analysis on Business Operations (Report of Directors) (continued)

During the Reporting Period, the net cash flows generated from investing activities of the Group were net cash outflow amounting to RMB14,556.9 million and representing a decrease of RMB468.7 million in cash outflow as compared to the corresponding period last year, mainly attributable to the decrease in cash paid for the purchase and construction of fixed assets, intangible assets and other long-term assets during the Reporting Period.

During the Reporting Period, the net cash flows generated from financing activities of the Group were net cash inflow amounting to RMB32,589.4 million and representing an increase of RMB6,503.8 million in cash inflow as compared to the corresponding period last year, mainly attributable to the increase in cash received from borrowings during the Reporting Period.

2. Capital expenditures

The Group incurred capital expenditures mainly for the construction of contracting projects, purchase of equipment, expansion and technology upgrade of facilities, and construction of investment projects such as PPP, BOT projects. During the Reporting Period, the Group's capital expenditures were RMB12.3683 billion, representing a year-on-year decrease of RMB59.6 million or 0.48%.

Unit: '000 Currency: RMB

Item	Reporting Period	Corresponding period of last year
Construction operations	7,987,855	7,960,809
Survey, design and consultancy operations	23,782	95,782
Manufacturing operations	299,313	419,403
Real estate development operations	84,084	18,233
Other businesses	3,973,220	3,933,600
Total	12,368,254	12,427,827

Section IV Discussion and Analysis on Business Operations (Report of Directors) (continued)

3. Working capital

(1) Trade receivables

Trade receivables of the Group increased from RMB112.1385 billion as at 31 December 2019 to RMB125.7995 billion as at 30 June 2020, representing an increase of RMB13.661 billion. The Board of the Company considered that adequate provisions for credit losses have been made.

The following table sets forth the aging analysis of trade receivables as at the balance sheet date indicated:

Unit: '000 Currency: RMB

Aging	30 June 2020	31 December 2019
Within 1 year	102,950,768	92,147,207
1–2 years	17,195,831	14,220,068
2–3 years	5,989,732	6,306,436
Over 3 years	6,577,725	6,077,845
Subtotal	132,714,056	118,751,556
Less: Impairment of credit losses	6,914,563	6,613,019
Total	125,799,493	112,138,537

The following table sets forth the turnover days of the trade receivables and trade payables of the Group as at the balance sheet dates indicated:

Item	30 June 2020	31 December 2019
Turnover days of trade receivables ^{Note 1}	61	49
Turnover days of trade payables ^{Note 2}	175	146

Note 1: The number of turnover days of trade receivables is derived by dividing the arithmetic mean of the closing balance of the Reporting Period and the closing balance of last year by revenue multiplying 180 days (calculated by multiplying 365 days as at 31 December 2019).

Note 2: The number of turnover days of trade payables is derived by dividing the arithmetic mean of the closing balance of the Reporting Period and the closing balance of last year by cost of sales multiplying 180 days (calculated by multiplying 365 days as at 31 December 2019).

Section IV Discussion and Analysis on Business Operations (Report of Directors) (continued)

(2) Trade payables

Trade payables of the Group increased from RMB325.7853 billion as at 31 December 2019 to RMB328.2894 billion as at the end of Reporting Period, representing an increase of RMB2.5041 billion or 0.77% as compared to the end of last year.

The following table sets forth the aging analysis of trade payables as at the balance sheet date indicated:

Unit: '000 Currency: RMB

Item	30 June 2020	31 December 2019
Within 1 year	321,051,126	318,511,674
1–2 years	5,125,887	5,059,474
2–3 years	1,173,308	1,050,771
Over 3 years	939,112	1,163,385
Total	328,289,433	325,785,304

4. Advances to suppliers and other receivables

As at the end of the Reporting Period, advances to suppliers and other receivables of the Group amounted to RMB91.6308 billion, representing an increase of RMB7.1945 billion or 8.52% as compared to the end of last year, mainly due to the increase in material purchase payment and labor payment in advance, various guarantees and deposits paid of related construction projects during the Reporting Period.

5. Other payables and accruals

As at the end of the Reporting Period, other payables and accruals of the Group including advances from customers, contract liabilities, other payables, employee benefits payable (including long-term employee benefits payable), taxes payable and deferred income amounted to RMB209.7175 billion, representing an increase of RMB9.0394 billion or 4.50% as compared to the end of last year, mainly due to the increase in advances for the sale of properties and guarantees and deposits payable.

Section IV Discussion and Analysis on Business Operations (Report of Directors) (continued)

6. Indebtedness

(1) Loans

The short-term loans of the Group as at the end of the Reporting Period and the end of last year were as follows:

Unit: '000 Currency: RMB

Item	30 June 2020	31 December 2019
Pledged loans	1,393,917	1,799,449
Mortgaged loans	134,863	112,873
Guaranteed loans	5,479,926	5,093,140
Credit loans	58,182,568	35,743,804
Total	65,191,274	42,749,266

Current portion of long-term loans of the Group as at the end of the Reporting Period and the end of last year were as follows:

Unit: '000 Currency: RMB

Item	30 June 2020	31 December 2019
Pledged loans	1,298,700	947,593
Mortgaged loans	1,686,213	2,569,180
Guaranteed loans	3,032,914	3,363,450
Credit loans	4,808,996	10,034,266
Total	10,826,823	16,914,489

Section IV Discussion and Analysis on Business Operations (Report of Directors) (continued)

The long-term loans of the Group as at the end of the Reporting Period and the end of last year were as follows:

Unit: '000 Currency: RMB

Item	30 June 2020	31 December 2019
Pledged loans	36,285,061	35,091,405
Mortgaged loans	12,306,128	6,639,979
Guaranteed loans	24,269,024	21,249,507
Credit loans	42,264,086	24,955,147
Total	115,124,299	87,936,038

The bonds payable of the Group as at the end of the Reporting Period and the end of last year were as follows:

Unit: '000 Currency: RMB

Item	30 June 2020	31 December 2019
Bonds payable	24,389,117	26,143,894
Current portion of bonds payable	11,785,202	13,565,374
Total	36,174,319	39,709,268

As at the end of the Reporting Period and the end of last year, the Group's gearing ratio was 69% and 66%, respectively. Gearing ratio is calculated by dividing net liabilities by the sum of total equity plus net liabilities. Net liabilities include the net amount of the sum of all loans, due to customers, other current liabilities, bills payable, trade payables, other payables, bonds payable, lease liabilities, long-term payables (excluding special payables), current portion of non-current liabilities (excluding current portion of long-term employee benefits payable and provisions), and other non-current liabilities less cash and bank balances. Total equity comprises equity attributable to owners of the company and non-controlling interests.

Section IV Discussion and Analysis on Business Operations (Report of Directors) (continued)

(2) Commitments

As at the end of the Reporting Period, the commitments made by the Group amounted to RMB25.0576 billion, representing an increase of RMB3.8251 billion or 18.02% as compared to the end of last year, which was mainly due to the increase of the investment commitments during the Reporting Period.

Unit: '000 Currency: RMB

Item	30 June 2020	31 December 2019
Contracted but not provided for		
Capital commitments	373,202	248,917
Investment commitments	16,820,830	12,921,702
Other commitments	7,863,553	8,061,829
Total	25,057,585	21,232,448

(3) Contingent liabilities

During the Reporting Period, the Group had no material contingent liabilities.

7. Mortgage and pledge of assets

As at the end of the Reporting Period, the mortgage and pledge of assets made by the Group amounted to RMB99.4778 billion, representing an increase of RMB2.0850 billion or 2.14% as compared to the end of last year, which was mainly due to the increase in borrowings arising from mortgage of inventories during the Reporting Period. The following table sets forth the mortgage and pledge of assets as of the balance sheet date:

Unit: '000 Currency: RMB

Category	30 June 2020	31 December 2019
Intangible assets	46,493,639	48,874,715
Inventories	32,572,309	25,977,309
Cash and bank balances	12,348,090	14,265,487
Other non-current assets	4,887,591	4,779,563
Fixed assets	60,290	263,379
Trade receivables	978,999	1,245,243
Bills receivable	323,193	562,481
Long-term receivables	1,813,668	1,424,652
Total	99,477,779	97,392,829

Please see "63. Assets with title restrictions" in Note V to the financial report of this report for details of mortgage and pledge.

Section IV Discussion and Analysis on Business Operations (Report of Directors) (continued)

8. Foreign exchange risks and profit or loss on exchange

The major production and operation activities of the Group are located in the PRC and the principal operations are settled in RMB. The assets and liabilities in foreign currency recognized by the Group and the transactions to be denominated in foreign currencies in the future are subject to foreign exchange risks. As regards the cash and bank balances, trade receivables, other receivables, short-term loans, trade payables, other payables, long-term loans and bonds payable denominated in foreign currencies (primarily in US dollar, Euro, AUD, Algerian Dinar, Qatar Riyal, Saudi Riyal and so on) held by the Group as at the end of the Reporting Period, please see “64. Foreign currency monetary items” in Note V to the financial report of this report for details.

The management of the Company closely monitors the impact of changes in exchange rate on the exchange risks. Although no significant forward exchange contracts have been entered into, the finance department of the Company which is responsible for monitoring exchange risks will hedge material exchange risks when necessary. Please see “3. Financial instrument risks” in Note VIII to the financial report of this report for the exchange rate risks.

(V) Analysis of investment

1. Overall analysis of investment in external equities

Applicable Not applicable

As at the end of the Reporting Period, the Group’s long-term equity investment was RMB56.4762 billion, representing an increase of RMB6.7823 billion or 13.65%, which was mainly due to the increase in the joint ventures and associates during the Reporting Period.

(1) Major equity investment

Applicable Not applicable

(2) Major non-equity investment

Applicable Not applicable

(3) Financial assets measured at fair value

Applicable Not applicable

Unit: '000 Currency: RMB

Item	Opening balance	Closing balance	Profit/loss during the Reporting Period	Changes in owner's equity during the Reporting Period
Securities investment	3,237,039	1,254,249	10,902	-
Equities of other listed companies	2,130,633	1,825,128	43,242	-307,505
Trust products and others	1,665,074	1,734,830	27,884	-
Total	7,032,746	4,814,207	82,028	-307,505

Section IV Discussion and Analysis on Business Operations (Report of Directors) (continued)

① Investment in securities

Unit: '000 Currency: RMB

No.	Type of securities	Stock code	Abbreviated stock name	Amount of initial investment	Number of securities held at the end of the period (Share)	Carrying value at the end of the period	Percentage over total securities investment at the end of the period (%)	Profit/loss during the Reporting Period	Presentation item	Source of shares
1	Stock	HK01258	CHINF Mining	64,863	36,363,000	51,866	4.14	-8,259	Other non-current financial assets	Original issue stock
2	Stock	600028	SINOPEC	533	135,000	180	0.01	-270	Other non-current financial assets	Original issue stock
3	Stock	601618	MCC	59,265	10,600,000	11,909	0.95	-4,991	Held-for-trading financial assets	Original issue stock
4	Stock	HK03969	China CRSC	131,950	25,000,000	75,770	6.04	-23,359	Held-for-trading financial assets	Original issue stock
5	Open-ended Fund	000652	Bosera-Yulong Hybrid	17,370	17,369,836	57,286	4.57	9,641	Held-for-trading financial assets	Subscription
6	Open-ended Fund	519606	Guotai Jinxin	3,908	3,908,303	8,610	0.69	2,169	Held-for-trading financial assets	Subscription
7	Open-ended Fund	000620	E Funds Cash Money Market Fund	300,000	300,000,000	326,140	26.00	4,178	Held-for-trading financial assets	Subscription
8	Open-ended Fund	000759	Ping An Dahua Caifubao Money	500,000	500,000,000	517,149	41.23	6,079	Held-for-trading financial assets	Subscription
9	Open-ended Fund	003465	Ping An Jin Guan Jia Money	200,000	200,000,000	205,339	16.37	2,421	Held-for-trading financial assets	Subscription
Other investment in securities held at the end of the period				/	/	/	/	/	/	/
Profits/loss from disposal of investment in securities during the Reporting Period				/	/	/	/	23,293	/	/
Total				1,277,889	/	1,254,249	100.00	10,902	/	/

Section IV Discussion and Analysis on Business Operations (Report of Directors) (continued)

② Shareholdings in other listed companies

Unit: '000 Currency: RMB

Stock code	Abbreviated stock name	Amount of initial investment	Shareholding ratio at the beginning of the period (%)	Shareholding ratio at the end of the period (%)	Carrying value at the end of the period	Profit/loss during the Reporting Period	Changes in owner's equity during the Reporting Period	Presentation item	Source of shares
834898	Zhuzhou Department Stores	360	0.31	0.31	1,838	-	-86	Other equity instrument investments	Original issue stock
688009	China CRSC	69,495	0.11	0.11	75,888	-	-6,038	Other equity instrument investments	Original issue stock
HK3898	CRRC Times Electric	9,800	0.90	0.90	114,621	4,410	-46,293	Other equity instrument investments	Original issue stock
000759	Zhongbai Holdings Group	1,058	0.14	0.14	6,219	-	-919	Other equity instrument investments	Original issue stock
600657	Cinda Real Estate	236	1.69	-	9,693	255	-	Other equity instrument investments	Original issue stock
HK00687	Hong Kong International Construction Investment Management Group Co. Ltd	208,027	5.03	1.69	21,608	38,536	-30,459	Other equity instrument investments	Subscription
000630	Tongling Nonferrous	500,000	1.71	1.71	348,375	-	-72,203	Other equity instrument investments	Subscription
600322	Tianjin Real Estate Development	160	0.03	0.03	261	-	-39	Other equity instrument investments	Original issue stock
600809	Shanxi Fenjiu	708	0.05	0.05	58,000	41	22,120	Other equity instrument investments	Original issue stock
002159	Sante Cableway	3,000	0.99	0.99	12,603	-	-2,089	Other equity instrument investments	Original issue stock
601328	Bank of Communications	49,892	0.07	0.07	206,870	-	-20,163	Other equity instrument investments	Original issue stock
600885	Hongfa	1,440	0.71	0.71	61,335	-	8,668	Other equity instrument investments	Original issue stock
600061	SDIC Capital	268,452	1.45	1.45	778,666	-	-147,415	Other equity instrument investments	Original issue stock
601211	Guotai Jun'an	7,604	0.10	0.10	128,168	-	-12,433	Other equity instrument investments	Original issue stock
601169	Bank of Beijing	2	-	-	983	-	-156	Other equity instrument investments	Original issue stock
Total		1,120,234	/	/	1,825,128	43,242	-307,505	/	/

Section IV Discussion and Analysis on Business Operations (Report of Directors) (continued)

③ Trust products held and others

Unit: '000 Currency: RMB

Name of investees	Initial cost of investment	Carrying value at the end of the period	Profit/loss during the Reporting Period	Changes in owner's equity during the Reporting Period	Presentation item	Source of shares
CRCC Ji Cai Hong Ao Private Equity Investment Fund	70,796	70,796	4,781	-	Held-for-trading financial assets and other non-current financial assets	Subscription
Mutual Infrastructure FOF Phase I Private Fund	166,180	166,180	-	-	Held-for-trading financial assets and other non-current financial assets	Subscription
Mutual Infrastructure FOF Phase I Private Fund No. 8	300,000	300,000	-	-	Other non-current financial assets	Subscription
Guojun - CRCC Phase I Trade Receivables Asset-backed Scheme	39,000	39,000	-	-	Held-for-trading financial assets	Sponsorship
Guojun - CRCC Phase II Trade Receivables Asset-backed Scheme	14,000	14,000	2,030	-	Held-for-trading financial assets	Sponsorship
Guojun - China Railway 16th Bureau Group Trade Receivables Asset-backed Scheme	13,000	13,000	-	-	Other non-current financial assets	Sponsorship
Haitong Securities Nuo'an Capital Haizi Lake No. 1 Investment Fund	45,000	45,000	-	-	Other non-current financial assets	Subscription
CCB Trust - CRCC Collective Fund Trust Scheme (No. 11)	24,000	24,000	-	-	Other non-current financial assets	Subscription
CCB Trust - CRCC Collective Fund Trust Scheme (No. 7)	54,816	57,117	-9,138	-	Other non-current financial assets	Subscription
CCB Trust - CRCC Collective Fund Trust Scheme (No. 9)	2,500	2,500	-	-	Held-for-trading financial assets	Subscription
CCB Capital - China Railway 18th Bureau Group Phase I Trade Receivables Asset-backed Scheme	89,000	89,000	-	-	Other non-current financial assets	Sponsorship
Ping An Securities - China Railway Asset Management Trade Receivables Asset-backed Scheme (No. 2)	40,000	40,000	7,827	-	Held-for-trading financial assets	Sponsorship
CRCC-China PPP Fund Private Investment Fund No. 1 Highway Construction Fund	68,890	68,890	2,220	-	Held-for-trading financial assets and other non-current financial assets	Subscription
Xinhengyintong Industrial New Town of Ziyang Airport Economic Zone PPP Investment Fund	80,167	80,167	-	-	Other non-current financial assets	Subscription
No.1 Fund of Environmental Governance of CRCC PPP Investment Fund	110,390	110,390	-	-	Other non-current financial assets	Subscription

Section IV Discussion and Analysis on Business Operations (Report of Directors) (continued)

Name of investees	Initial cost of investment	Carrying value at the end of the period	Profit/loss during the Reporting Period	Changes in owner's equity during the Reporting Period	Presentation item	Source of shares
2017 REG MBEC Phase I Trade Receivables Asset-backed Scheme	11,000	11,000	-	-	Other non-current financial assets	Sponsorship
2017 Tranche I Non-public Placed Asset-backed Notes of China Railway Construction (Beijing) Property Management Co, Ltd.	30,000	30,000	1,175	-	Other non-current financial assets	Sponsorship
CRCC Kunlun Investment Group Co., Ltd. – 2019 Tranche I Targeted Asset-backed Notes	15,250	15,250	-	-	Other non-current financial assets	Sponsorship
CRCC PPP Tianfu Private Investment Fund	174,860	174,860	-	-	Other non-current financial assets	Sponsorship
China Railway Trade Receivables Asset-backed Scheme Phase 1	33,000	33,000	2,810	-	Held-for-trading financial assets	Sponsorship
China Railway Trade Receivables Asset-backed Scheme Phase 2	38,000	38,000	1,491	-	Held-for-trading financial assets	Sponsorship
China Railway Trade Receivables Asset-backed Scheme Phase 3	35,000	35,000	1,243	-	Other non-current financial assets	Sponsorship
China Railway Trade Receivables Asset-backed Scheme Phase 4	26,000	26,000	584	-	Other non-current financial assets	Sponsorship
China Railway Trade Receivables Asset-backed Scheme Phase 5	20,000	20,000	290	-	Other non-current financial assets	Sponsorship
China Railway Trade Receivables Asset-backed Scheme Phase 6	24,000	24,000	-	-	Held-for-trading financial assets	Sponsorship
China Railway Trade Receivables Asset-backed Scheme Phase 7	23,000	23,000	-	-	Held-for-trading financial assets	Sponsorship
China Railway Trade Receivables Asset-backed Scheme Phase 8	25,000	25,000	-	-	Other non-current financial assets	Sponsorship
Tianjin CRCC No.1 Construction Investment Partnership (Limited Partnership)*	130,463	130,463	2,929	-	Other non-current financial assets	Sponsorship
Others	29,217	29,217	9,642	-	Held-for-trading financial assets and other non-current financial assets	Subscription
Total	1,732,529	1,734,830	27,884	- /		/

Section IV Discussion and Analysis on Business Operations (Report of Directors) (continued)

(VI) Disposal of significant assets and equity interest

Applicable Not applicable

(VII) Analysis of major companies controlled and invested in by the Company

Applicable Not applicable

1. Major Subsidiaries

During the Reporting Period, the major subsidiaries of the Company are as follows:

Unit: '000 Currency: RMB

Name of Company	Registered capital	Major financial indicators as at 30 June 2020			Principal operations	Industry
		Total assets	Net assets	Net profit		
China Civil Engineering Construction Corporation	3,000,000	27,007,417	7,981,200	396,582	Construction	Construction
China Railway 11th Bureau Group Co., Ltd.	6,162,382	52,907,208	12,461,062	397,773	Construction	Construction
China Railway 12th Bureau Group Co., Ltd.	5,060,677	49,377,146	11,113,264	518,776	Construction	Construction
China Railway Construction Bridge Engineering Bureau Group Co., Ltd.	3,200,000	44,498,714	6,686,746	116,881	Construction	Construction
China Railway 14th Bureau Group Co., Ltd.	3,110,000	52,092,331	8,993,087	434,772	Construction	Construction
China Railway 15th Bureau Group Co., Ltd.	3,000,000	37,216,860	3,674,842	69,770	Construction	Construction
China Railway 16th Bureau Group Co., Ltd.	3,000,000	57,571,689	6,400,011	109,848	Construction	Construction
China Railway 17th Bureau Group Co., Ltd.	3,021,226	55,036,036	7,279,555	112,678	Construction	Construction
China Railway 18th Bureau Group Co., Ltd.	3,000,000	43,342,870	7,720,974	410,428	Construction	Construction
China Railway 19th Bureau Group Co., Ltd.	5,080,000	49,513,334	7,774,565	22,970	Construction	Construction
China Railway 20th Bureau Group Co., Ltd.	3,130,000	43,619,175	6,305,341	160,928	Construction	Construction
China Railway 21st Bureau Group Co., Ltd.	2,038,000	37,337,383	5,113,496	5,731	Construction	Construction
China Railway 22nd Bureau Group Co., Ltd.	2,000,000	34,524,814	5,347,841	76,735	Construction	Construction
China Railway 23rd Bureau Group Co., Ltd.	2,000,000	29,069,750	6,148,218	80,751	Construction	Construction
China Railway 24th Bureau Group Co., Ltd.	2,000,000	24,673,443	3,492,498	154,659	Construction	Construction
China Railway 25th Bureau Group Co., Ltd.	2,000,000	21,235,004	2,821,416	57,113	Construction	Construction
China Railway Construction Group Co., Ltd.	3,502,971	65,217,345	9,710,523	383,611	Construction	Construction
China Railway Construction Electrification Bureau Group Co., Ltd.	3,800,000	30,444,550	9,602,749	760,408	Construction	Construction
CRCC Harbor and Channel Engineering Bureau Group Co., Ltd.	2,500,000	14,451,416	2,335,182	48,468	Construction	Construction
China Railway Construction Real Estate Group Co., Ltd.	7,000,000	171,733,060	26,819,337	1,165,145	Real estate development and operation	Real estate
China Railway First Survey and Design Institute Group Co., Ltd.	1,000,000	16,479,826	4,598,834	499,366	Survey and design	Consultancy
China Railway SIYUAN Survey and Design Group Co., Ltd.	1,000,000	23,835,430	8,882,656	923,475	Survey and design	Consultancy
China Railway Fifth Survey and Design Institute Group Co., Ltd.	155,000	5,751,049	1,672,682	136,704	Survey and design	Consultancy

Section IV Discussion and Analysis on Business Operations (Report of Directors) (continued)

Name of Company	Registered capital	Major financial indicators as at 30 June 2020			Principal operations	Industry
		Total assets	Net assets	Net profit		
China Railway Shanghai Design Institute Group Co., Ltd.	130,000	1,685,213	1,086,756	114,969	Survey and design	Consultancy
China Railway Material Group Co., Ltd.	3,000,000	23,803,238	3,449,877	237,070	Purchase and sales of goods and materials	Logistics and trade
China Railway Construction Heavy Industry Corporation Limited	3,855,540	15,617,911	7,442,684	715,926	Industrial manufacturing	Industry
CRCC High-tech Equipment Corporation Limited	1,519,884	7,239,685	5,345,612	-26,147	Industrial manufacturing	Industry
China Railway Construction Corporation (International) Limited	3,000,000	9,850,162	3,706,464	6,161	Construction	Construction
China Railway Urban Construction Group Co. Ltd.	2,000,000	21,429,313	4,172,855	296,333	Construction	Construction
China Railway Construction Investment Group Co., Ltd.	12,067,086	136,588,799	26,745,925	383,758	Project investment	Investment
CRCC Finance Company Limited	9,000,000	99,942,429	11,271,410	692,064	Finance service	Finance
CRCC Capital Holdings Group Co., Ltd.*	9,000,000	28,281,163	5,650,355	402,012	Finance service	Finance
CRCC Chongqing Investment Group Co., Ltd.	3,000,000	13,182,068	5,062,197	293,730	Project investment	Investment
CRCC Kunlun Investment Group Co., Ltd.	5,087,166	28,551,677	8,308,665	655,469	Project investment	Investment

During the Reporting Period, China Railway Construction Real Estate Group Co., Ltd., a subsidiary of the Company, accounted for larger proportion in the consolidated operating results of the Group. For the first half of 2020, the revenue of China Railway Construction Real Estate Group Co., Ltd. was RMB5.5052 billion, and operating profit amounted to RMB1.3430 billion. The net profit amounted to RMB1.1651 billion, accounting for 10.70% of the net profit of RMB10.8870 billion of the Group.

2. Major companies in which the Company invested

For details about companies in which the Group invested, please refer to Note V to the financial statements attached to this report, “13. Long-term Equity Investments” and Note VII to the financial statements, “2. Equity in Joint Ventures and Associates”. The changes in the assets, operation results and other financial indicators of such companies in which the Company invested have no significant effects on the assets, operation results and other financial indicators of the Company in the current and future years.

(VIII) Status of the structured entity controlled by the Company

Applicable Not Applicable

Section IV Discussion and Analysis on Business Operations (Report of Directors) (continued)

III. OTHER DISCLOSURE

(I) Warning and explanation on anticipated loss on the cumulative net profits from the beginning of the year to the end of the next reporting period or significant changes over the corresponding period last year

Applicable Not Applicable

(II) Potential risks

Applicable Not Applicable

The Group is concerned about the internal and external exposure to risks, attaches great importance to identifying major risks in production and operation, and continues to spare no efforts in performing risk prevention and control in key areas. Through carrying out significant risk assessment annually, the Group identifies the following risks as the significant risks it may be subject to in 2020: overseas risks, investment risks, significant emergency risk, risks related to trade receivables and cash flow risks.

1. Overseas risks: The overseas environment will get complicated as the global economy may see a gloomy prospect in the future, the international trade will grow at a slower pace, trade protectionism will prevail and geopolitical risk will be higher. Adhering to the guideline of “prioritising overseas businesses”, the Group expands to over 100 countries and regions around the globe and is exposed to tough and complicated environment in the course of overseas market expansion, for these countries and regions differ significantly from each other in political system, market, economic and legal environment, manners and customs, natural environment and other aspects. Overseas businesses will be subject to certain risks if the Company does not have comprehensive and thorough risk analysis and adopt effective risk control, or some countries and regions experience political instability and social unrest, and involve in diplomatic and economic frictions or disputes with China. By comprehensive analysis, the Group determines that risk management related to overseas operation will focus on country risk, legal risk, non-traditional security risk, foreign exchange risk, labour risk and environment risk, comprehensively analyses the background and reasons of such risks and the possible impact on the Company, puts forward major countermeasures and conducts follow-up and control in the whole process to ensure a healthy and orderly development of overseas market.

Section IV Discussion and Analysis on Business Operations (Report of Directors) (continued)

2. Investment risks: Investments of the Group are concentrated in property and PPP projects, which feature large scales, long construction periods, a wide range of sectors, high complexity, strict construction deadlines, high quality requirements and exposure to policy influence. In the internal and external environment characterized by greater policy control by the central and local governments, standardized management, stricter financial regulation, greater debt pressure and fiercer competition, the execution and operation of investment projects above may subject the Group to certain risks if feasibility analysis received is not comprehensive, or if policy interpretation is not accurate, funds are not available, the process is not managed in a standard way, which may affect the expected benefit and the realisation of strategic goals. To effectively control investment risks, the Group makes greater efforts in national and local economic policy analysis, sticks to the guidance of strategic goals, conducts pre-investment risk identification, strictly controls investments in non-core businesses, improves feasibility analysis standards, strictly performs investment project analysis and decision-making procedures, manages investment costs, enhances risk control in the whole process of investment projects, and develops targeted risk control plans and mitigation measures by taking account of specific characteristics of different projects with an aim to minimise investment risks.
3. Significant emergency risks: The outbreak of COVID-19 pandemic has been raging globally since the beginning of 2020, bringing significant impact on every industry in China. Against the backdrop of improved situation of the pandemic in China currently, the Group has resumed normal construction and production of projects which were affected by the pandemic, and remained the regular pandemic prevention and control work to avoid resurgence. At present, the pandemic continues to spread outside China and has grown to be the most severe health crisis in the whole world. In order to effectively prevent and control the risks relating to overseas projects in coping with the pandemic and other significant emergencies, the Group strictly implements the measures and requirements provided by the National Health Commission on pandemic prevention and control of enterprises for our overseas projects, strengthens the daily management of employees, coordinates and distributes pandemic prevention supplies to ensure the life safety and health of employees. The Group also formulates targeted measures based on the principles of science, rationality, moderation and effectiveness to ensure effective efforts are put into pandemic prevention and control. Before the pandemic fades, the Group will, adhering to a high sense of responsibility and mission, implement the main responsibilities at all levels, conscientiously carry out various requirements of pandemic prevention, enhance organizational leadership, improve the working system, and take all measures necessary in pandemic prevention and control as well as resumption of work and production.

Section IV Discussion and Analysis on Business Operations (Report of Directors) (continued)

4. Risks related to trade receivables: The domestic market is now experiencing the conversion of new and old economic growth drivers. Restricted by new liquidity rules, the construction industry is seeing overall tightening financing availability; collection of trade receivables is in a slower progress; it is difficult to realise trade receivables settlement and debt reduction. To prevent risks brought by trade receivables, the Group controls the scale and quality of trade receivables from the source, strictly reviews the tendering and the contract signing, sticks to the “six not undertake” principle, and closely monitors the quality and benefit of new contracts. The Group also enhances management of project cost and fund allocation, carefully chooses projects with ultra-low progress payment ratios, and prohibits any excessive allocation and payments. In addition, the Company conducts daily control on trade receivables, holds the red line regarding to total amount, makes deployments to each level, and specifies responsibilities and objectives to ensure that collection of trade receivables and debt is realised.
5. Cash flow risks: On top of overall economy and tightening financing availability, the continuous development and expanding business scale of the Group result in high level of trade receivables and inventory, and the slower fund collection leads to less cash flows, which brings great pressure to business operation. Regarding capital as the blood of a company, the Group adheres to the concept that “the one with cash in hand is likely to stand out in the market, and ample resources provide certain guarantee”, actively expands financing channels, optimises financing structure and enhances centralised capital management to ensure capital chain security.

During the Reporting Period, the Company issued the Notice on Taking All Measures to Manage and Control Significant Risks and to Track and Monitor These Measures in 2020, which listed the potential material risks, and a monitoring KRI indicator system was established according to the Notice. It urged subordinate companies and divisions in headquarters to implement significant risk control and monitoring work. Besides, the Company set up Reporting System for Significant Risk Events, thus improving the monitoring and reporting mechanism for significant risks, and enhancing the ability of the enterprise to prevent and resolve significant risks.

Section IV Discussion and Analysis on Business Operations (Report of Directors) (continued)

(III) Other discloseable matter

Applicable Not Applicable

1. Main projects in financing contract mode

Unit: '0,000 Currency: RMB

No.	Project	Total investment	Investment shares/ shareholding proportion	Investment during the Reporting Period	Accumulative investment in the projects	Project progress
1	Deyang-Duijiangyan Segment BOT Project of G0511	1,595,400	100%	125,167	1,039,680	Normal progress
2	Investment, Financing and Construction BT Project of Phase I and II of Metro Line 5 of Chengdu	1,719,899	100%	71,856	1,873,486	Part of the project has been completed and delivered
3	The Investment and Financing BT Project of Metro Line 6 of Chengdu	1,766,031	100%	397,509	1,601,885	Normal progress

Note:

1. The above projects were those with a total investment exceeding RMB15,000 million within the scope of consolidated statements.
2. The investment budget relating to Investment, Financing and Construction BT Project of Phase I and II of Metro Line 5 of Chengdu increased due to the design changes and the adjustment of labors and materials.

Section V Significant Events

I. BRIEF INTRODUCTION TO SHAREHOLDERS' GENERAL MEETINGS

Session of the meeting	Date of meeting	Inquiry index at designated website for which the resolutions were published	Disclosure date of the resolutions
2020 First Extraordinary General Meeting	10 March 2020	The website of the Shanghai Stock Exchange (www.sse.com.cn) and the website of the Hong Kong Stock Exchange (www.hkex.com.hk)	11 March 2020
2020 Second Extraordinary General Meeting	28 April 2020	The website of the Shanghai Stock Exchange (www.sse.com.cn) and the website of the Hong Kong Stock Exchange (www.hkex.com.hk)	29 April 2020
2019 Annual General Meeting	19 June 2020	The website of the Shanghai Stock Exchange (www.sse.com.cn) and the website of the Hong Kong Stock Exchange (www.hkex.com.hk)	20 June 2020

Explanation on the General Meetings

Applicable Not applicable

II. PROFIT DISTRIBUTION PLAN OR RESERVE-TO-EQUITY TRANSFER PLAN

(I) *The proposed profit distribution plan or reserve-to-equity transfer plan for the half year*

Whether to distribute profit or transfer reserves No

(II) *Details of the implementation of the profit distribution plan during the Reporting Period*

The 2019 profit distribution plan had been considered and approved at the 2019 Annual General Meeting of the Company convened on 19 June 2020, at which a cash dividend of RMB0.21 (tax inclusive) per share based on the total share capital of 13,579,541,500 shares as at 31 December 2019 was declared, totaling RMB2,851,703,715.00. As of 11 August 2020, the distribution of the above cash dividend had been completed

Section V Significant Events (continued)

III. THE PERFORMANCE OF UNDERTAKINGS

(I) Undertakings during or carried forward to the Reporting Period by actual controller, shareholders, related parties, acquirers of the Company and the Company and other related parties

Applicable Not applicable

Background of undertakings	Category of undertakings	Party providing undertakings	Contents of undertakings	Time and term of undertakings	Is there a term for performance	Is there timely and strict performance	If the undertaking fails to be fulfilled in due time, please explain the reasons for the failure	If the undertaking fails to be fulfilled in due time, please state the plan in the next step
Commitments associated with the share reform								
Commitments in acquisition report or report on changes in equity								
Commitments associated with major asset reorganization								
Commitments associated with IPO								
Commitments associated with refinancing	Others	China Railway Construction Corporation	If CRCC violates the laws and regulations due to failure in disclosing idle land or other reasons, causing loss to CRCC and its investors, China Railway Construction Corporation shall bear the civil liability of compensation for CRCC and its investors pursuant to the laws. For more details, please refer to relevant announcements published on 13 May 2015 by the Company, on China Securities Journal, Shanghai Securities News, Securities Daily, Securities Times, as well as on the website of Shanghai Stock Exchange (www.sse.com.cn), the website of the Hong Kong Stock Exchange (www.hkex.com.hk) and the Company's website (www.crcc.cn).	Long-term	No	Yes		

Section V Significant Events (continued)

Background of undertakings	Category of undertakings	Party providing undertakings	Contents of undertakings	Time and term of undertakings	Is there a term for performance	Is there timely and strict performance	If the undertaking fails to be fulfilled in due time, please explain the specific reasons for the failure	
							If the undertaking fails to be fulfilled in due time, please state the plan in the next step	
Commitments associated with share incentive Other commitments made to minority shareholders of the Company	Others	Directors and senior management	If CRCC violates the laws and regulations due to failure in disclosing idle land or other reasons, causing loss to CRCC and its investors, the directors and senior management shall bear the civil liability of compensation for CRCC and its investors pursuant to the laws. For more details, please refer to relevant announcements published on 13 May 2015 by the Company, on China Securities Journal, Shanghai Securities News, Securities Daily, Securities Times, as well as on the website of Shanghai Stock Exchange (www.sse.com.cn), the website of the Hong Kong Stock Exchange (www.hkex.com.hk) and the Company's website (www.crcc.cn).	Long-term	No	Yes		

Section V Significant Events (continued)

Background of undertakings	Category of undertakings	Party providing undertakings	Contents of undertakings	Time and term of undertakings	Is there a term for performance	Is there timely and strict performance	If the undertaking fails to be fulfilled in due time, please explain the specific reasons for the failure	If the undertaking fails to be fulfilled in due time, please state the plan in the next step
Other commitments	Resolving ownership defects of lands and other properties	China Railway Construction Corporation	Obtaining land certificate and property ownership certificate, covering the costs of obtaining the aforesaid certificates and losses caused thereby. For more details, please refer to relevant announcements published on 29 March 2014 and 19 June 2014 by the Company, on China Securities Journal, Shanghai Securities News, Securities Daily, Securities Times, as well as on the website of Shanghai Stock Exchange (www.sse.com.cn), the website of the Hong Kong Stock Exchange (www.hkex.com.hk) and the Company's website (www.crcc.cn).	Long-term	No	Yes		

Note:

In respect of the Company's proposed spin-off and the listing of China Railway Construction Heavy Industry Corporation Limited (hereinafter referred to as CRCHI) on the Science and Technology Innovation Board of the Shanghai Stock Exchange, as of the end of the Reporting Period, the relevant resolutions about the spin-off and the listing of CRCHI on the Science and Technology Innovation Board of the Shanghai Stock Exchange were considered and approved at 2020 second extraordinary general meeting of the Company held on 28 April 2020; CRCHI submitted the application materials for the initial public offering of its shares and listing on the Science and Technology Innovation Board to the Shanghai Stock Exchange on 12 June 2020, and the Shanghai Stock Exchange issued the Notice on Accepting the Application of China Railway Construction Heavy Industry Corporation Limited for Initial Public Offering of Shares and Listing on the Science and Technology Innovation Board (Shang Zheng Ke Shen (Shou Li) [2020] No. 137) (《關於受理中國鐵建重工集團股份有限公司首次公開發行股票並在科創板上市申請的通知》), and decided to accept and review the documents according to the law on 15 June 2020. For commitments made by the Company and controlling shareholders on the spin-off of CRCHI, please find more details in the Plan for the Spin-off and Listing of China Railway Construction Heavy Industry Corporation Limited (a subsidiary of the Company) on the Science and Technology Innovation Board of China Railway Construction Corporation Limited (Revised) (《中國鐵建股份有限公司關於分拆所屬子公司中國鐵建重工集團股份有限公司至科創板上市的預案(修訂稿)》) released on the websites of Shanghai Stock Exchange (www.sse.com.cn) and the Company (www.crcc.cn) on 3 April 2020, and the Prospectus for Initial Public Offering and Listing on the Science and Technology Innovation Board (Application Draft) of China Railway Construction Heavy Industry Corporation Limited (《中國鐵建重工集團股份有限公司首次公開發行股票並在科創板上市招股說明書(申報稿)》) released on the website of Shanghai Stock Exchange (www.sse.com.cn) by CRCHI on 11 June 2020. The above spin-off is subject to, among other things, the approval from the Shanghai Stock Exchange and completion of the issuance registration procedures of CSRC, and relevant commitments shall be subject to final prospectus released by CRCHI.

Section V Significant Events (continued)

IV. APPOINTMENT AND REMOVAL OF AUDITORS

Explanation on appointment and removal of auditors

Applicable Not applicable

After 2019 Annual General Meeting of the Company held on 19 June 2020, the Company continued to appoint Deloitte Touche Tohmatsu CPA LLP as the external auditor of the Company for the year 2020 to audit the financial statements of the Company for the year 2020, to review its 2020 interim financial statements and to audit the 2020 internal control. The Company has appointed Deloitte Touche Tohmatsu CPA LLP to provide auditing services for four consecutive years. The related auditing fees are still under negotiation.

Explanation on change in the auditor during the auditing period

Applicable Not applicable

Explanation of the Company on issuance of a “Non-Standard Auditing Report” by the auditor

Applicable Not applicable

Explanation of the Company on issuance of a “Non-Standard Auditing Report” by the registered accountant in the financial statements of the last year’s annual report.

Applicable Not applicable

V. EVENTS REGARDING BANKRUPTCY AND RESTRUCTURING

Applicable Not applicable

VI. MATERIAL LITIGATION AND ARBITRATION

The Company had material litigation and arbitration during the Reporting Period The Company had no material litigation or arbitration during the Reporting Period

VII. PUNISHMENTS AND RECTIFICATIONS INVOLVED BY LISTED COMPANY, ITS DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT, CONTROLLING SHAREHOLDERS, ACTUAL CONTROLLER OR ACQUIRER

Applicable Not applicable

VIII. EXPLANATION ON CREDIBILITY OF THE COMPANY AND ITS CONTROLLING SHAREHOLDERS AND ACTUAL CONTROLLER DURING THE REPORTING PERIOD

Applicable Not applicable

IX. INFORMATION ABOUT THE COMPANY'S SHARE INCENTIVE PLAN, EMPLOYEE STOCK OWNERSHIP PLAN OR OTHER EMPLOYEE INCENTIVE MEASURES AND THEIR IMPACTS

(I) Related share incentive events which were disclosed in the temporary announcements and with no progress or change in subsequent implementation

Applicable Not applicable

(II) Incentive events which were not disclosed in the temporary announcements or with subsequent progress

Information on share incentive

Applicable Not applicable

Other explanation

Applicable Not applicable

Information on employee stock ownership plan

Applicable Not applicable

Other incentive measures

Applicable Not applicable



Section V Significant Events (continued)

X. MATERIAL RELATED-PARTY TRANSACTIONS

(I) The related-party transactions in relation to the ordinary operations

1. Events disclosed in temporary announcements and with no progress or change in subsequent implementation

Applicable Not applicable

Summary of the events

Documents for inspection

The 49th meeting of the third session of the Board of the Company was held on 30 October 2017. At the meeting, the Renewal of the Property Leasing Framework Agreement and the Proposal in Relation to the Determination of the Caps of Continuing Connected Transactions for 2018–2019 was considered and approved; the Company agreed to renew the Property Leasing Framework Agreement with the Controlling Shareholder and to determine caps of the relevant related-party transactions. According to the Property Leasing Framework Agreement entered into between the Company and the Controlling Shareholder, the annual caps of expenditures in respect of leasing of all properties and lands from the Controlling Shareholder by the Company are RMB300 million. Prior to submission to the Board of the Company for review, the proposal has been approved by independent non-executive directors of the Company. During the Board review process, independent non-executive directors also gave independent opinions in favor of the proposal. The 31st meeting of the fourth session the Board of the Company was held on 18 December 2019. At the meeting, the Renewal of the Property Leasing Framework Agreement and the Proposal in Relation to the Determination of the Caps of Continuing Connected Transactions for 2020–2022 was considered and approved; the Company agreed to renew the Property Leasing Framework Agreement with the Controlling Shareholder and to determine caps of the relevant related-party transactions. Prior to submission to the Board of the Company for review, the proposal has been approved by independent non-executive directors of the Company. During the Board review process, independent non-executive directors also gave independent opinions in favor of the proposal.

For details, please refer to the relevant announcements of the Company dated 31 October 2017 and 19 December 2019 published in China Securities Journal, Shanghai Securities News, Securities Daily, Securities Times as well as on the website of Shanghai Stock Exchange (www.sse.com.cn), the website of the Hong Kong Stock Exchange (www.hkex.com.hk) and the Company's website (www.crcc.cn).

Section V Significant Events (continued)

Summary of the events

Documents for inspection

The 12th meeting of the fourth session of the Board of the Company was held on 30 October 2018. At the meeting, the Resolution on Adjustment to Cap for Daily Related-party Transactions for 2018 was considered and approved; the Company agreed to adjust the cap for daily related-party transactions under the Service Provision Framework Agreement entered into with the Controlling Shareholder. Prior to submission to the Board of the Company for review, the proposal has been approved by independent non-executive directors of the Company. During the Board review process, independent non-executive directors also gave independent opinions in favor of the proposal. The 14th meeting of the fourth session of the Board of the Company was held on 13 December 2018. At the meeting, the Resolution on Renewal of Service Provision Framework Agreement and Proposed Caps for Continuing Connected Transactions for 2019–2021 was considered and approved. Pursuant to the Service Provision Framework Agreement entered into between the Company and the Controlling Shareholder, the proposed annual caps for 2019–2021 shall not exceed RMB2,000 million. Before submission to the Board of the Company for review, the proposal has been approved by independent non-executive directors of the Company; in the review process by the Board, independent non-executive directors also gave independent opinions for approving the proposal.

For details, please refer to the announcements of the Company dated 31 October 2018 and 14 December 2018 published in China Securities Journal, Shanghai Securities News, Securities Daily, Securities Times as well as on the website of Shanghai Stock Exchange (www.sse.com.cn), the website of the Hong Kong Stock Exchange (www.hkex.com.hk) and the Company's website (www.crcc.cn).

The Company and CRCC Financial Leasing Co., Ltd. ("CRFL") signed the Services Mutual Provision Framework Agreement in 2016, which standardized the financial assistance, equipment procurement and leasing services provided by CRFL to the Company and its subsidiaries and set up caps. The Company issued an announcement in relation to the Services Mutual Provision Framework Agreement. The 39th meeting of the third session of the Board of the Company was held on 29 to 30 March 2017. At the meeting, the Resolution on Renewal of the Services Mutual Provision Framework Agreement entered into between the Company and CRFL was considered and approved. The Company adjusted the details for the business transactions with CRFL and reset the annual caps based on its own planning on business development. The Company re-entered into the Services Mutual Provision Framework Agreement with CRFL for a term from 1 January 2017 to 31 December 2019. Before submission to the Board of the Company for review, the proposal has been approved by independent non-executive directors of the Company; in the review process by the Board, independent non-executive directors also gave independent opinions for approving the proposal. The 31st meeting of the fourth session of the Board of the Company was held on 18 December 2019. At the meeting, the Resolution on Renewal of Services Mutual Provision Framework Agreement and Proposed Caps for Continuing Connected Transactions for 2020–2022 was considered and approved. The Company agreed to renew the Services Mutual Provision Framework Agreement and caps for continuing connected transactions. Before submission to the Board of the Company for review, the proposal has been approved by independent non-executive directors of the Company; in the review process by the Board, independent non-executive directors also gave independent opinions for approving the proposal.

For details, please refer to the announcements of the Company dated 31 December 2016, 31 March 2017 and 19 December 2019 published in China Securities Journal, Shanghai Securities News, Securities Daily, Securities Times as well as on the website of Shanghai Stock Exchange (www.sse.com.cn), the website of the Hong Kong Stock Exchange (www.hkex.com.hk) and the Company's website (www.crcc.cn).

Section V Significant Events (continued)

Summary of the events

The 14th meeting of the fourth session of the Board of the Company was held on 13 December 2018. At the meeting, the Resolution on Renewal of the Financial Services Agreement and Determination of Caps of Continuing Connected Transactions for 2019–2021 was considered and approved; CRCC Finance Company Limited (the "CRCCFC"), being a subsidiary controlled by the Company, was approved to renew the Financial Services Agreement with the Controlling Shareholder, and provide deposit, loan, clearing and other financial services to the Controlling Shareholder and its subsidiaries (excluding the Company) based on the agreement. Before submission to the Board of the Company for review, the proposal has been approved by independent non-executive directors of the Company; in the review process by the Board, independent non-executive directors also gave independent opinions for approving the proposal.

Documents for inspection

For details, please refer to the announcement of the Company dated 14 December 2018 published in China Securities Journal, Shanghai Securities News, Securities Daily, Securities Times as well as on the website of Shanghai Stock Exchange (www.sse.com.cn), the website of the Hong Kong Stock Exchange (www.hkex.com.hk) and the Company's website (www.crcc.cn).

During the Reporting Period, the abovementioned related-party transactions in relation to ordinary operations have been conducted in accordance with provisions of the agreements, and no change has been made. During the Reporting Period, actual execution of the abovementioned related-party transactions is as follows:

- (1) Related-party transactions with the Controlling Shareholder in relation to ordinary operations of the Group

Unit: '000 Currency: RMB

Related party	Related-party transactions type	Related-party transactions content	Pricing principle of related-party transactions	Related-party transactions price	Related-party transactions amount	Proportion in similar transactions (%)	Settlement method of related-party transactions	Market price	Reason for the difference between transaction price and market price
12 companies including Shaanxi Railway Engineering Investigation Co., Ltd	Expenditure for labor service	Survey, design and consultation operations	Agreement pricing	-	561,460	0.17	Cash	-	-
Controlling Shareholder and associates	Property leasing expense	Property leasing	Agreement pricing	-	38,922	0.01	Cash	-	-

Section V Significant Events (continued)

- (2) Continuing connected transactions between the Company and CRFL

Unit: '000 Currency: RMB

Nature of transaction	Project	Annual cap for 2020	Consolidated amount of transaction during the Reporting Period
Revenue	With the comparable market price of no less than that of the third party, CRFL will purchase tunnel boring machines and other mechanical equipment from the Company and its related subsidiaries, but the cumulative amount per year shall not exceed RMB4 billion.	4,000,000	351,972
Expense	CRFL carried out deposit businesses in CRCCFC, and the floating range of interest rates shall be subject to the requirements of the interest rates for the same kind of deposits for the same period offered by the People's Bank of China, and shall not be higher than the applicable interest rates offered by major commercial banks in the PRC for the same kind of deposits services within the same period. During the valid period of the agreement, the maximum daily balance (including accrued interest thereon) deposited at CRCCFC by CRFL shall not exceed RMB0.3 billion.	300,000	-
	CRFL provides financial leasing services and operating leasing services for the Company or its related subsidiaries. Within the validity term of the agreement, CRFL shall charge the fees in relation to the leasing services provided by CRFL for the Company based on the charging standard which is not higher than that of the similar service items provided by the similar financial institutions in China. The total amount of annual charge for leasing services shall not exceed RMB4 billion.	4,000,000	987,011

- (3) Continuing connected transaction between CRCCFC and the Controlling Shareholder

See "Claims and liabilities between related parties" in X (IV) of this section for details.

2. Events disclosed in the temporary announcements but with progress or change in subsequent implementation

Applicable Not applicable

3. Events not disclosed in the temporary announcements

Applicable Not applicable

(II) Related-party transactions from acquisition of assets and acquisition and disposal of equity interests

1. Events disclosed in the temporary announcements and with no progress or change in subsequent implementation

Applicable Not applicable

2. Events disclosed in the temporary announcements but with progress or change in subsequent implementation

Applicable Not applicable

3. Events not disclosed in temporary announcements

Applicable Not applicable

Section V Significant Events (continued)

4. **If agreement upon performance is involved, the performance achievements during the Reporting Period shall be disclosed**

Applicable Not applicable

(III) Significant related-party transactions on the joint external investment

1. **Events disclosed in the temporary announcements and with no progress or change in subsequent implementation**

Applicable Not applicable

2. **Events disclosed in the temporary announcements but with progress or change in subsequent implementation**

Applicable Not applicable

3. **Events not disclosed in temporary announcements**

Applicable Not applicable

(IV) Claims and liabilities between related parties

1. **Events disclosed in the temporary announcements and with no progress or change in subsequent implementation**

Applicable Not applicable

2. **Events disclosed in the temporary announcements but with progress or change in subsequent implementation**

Applicable Not applicable

Section V Significant Events (continued)

Unit: '000 Currency: RMB

Related party	Related party relationship	Provision of funds to related party by the listed company			Provision of funds to the listed company by related party		
		Opening balance	Accrual	Ending balance	Opening balance	Accrual Ending	Ending balance
China Railway Construction Corporation ^{Note 1}	Controlling Shareholder	2,800,000	-300,000	2,500,000	818,066	-	818,066
China Railway Construction Corporation ^{Note 2}	Controlling Shareholder	-	-	-	180,001	-120,222	59,779
China Railway Jinli Assets Management Co., Ltd. ^{Note 2}	Wholly-owned subsidiary of the Controlling Shareholder	-	-	-	791,360	180,580	971,940
Beijing Tongda Jingcheng Highway Co., Ltd. ^{Note 2}	Non-wholly owned subsidiary of the Controlling Shareholder	-	-	-	264,055	-76,559	187,496
Beijing Railway Construction Technology Magazine Co., Ltd. ^{Note 2}	Wholly owned subsidiary of the Controlling Shareholder	-	-	-	3,511	568	4,079
Total		2,800,000	-300,000	2,500,000	2,056,993	-15,633	2,041,360

Section V Significant Events (continued)

During the Reporting Period, the amount of funds provided to the Controlling Shareholder and its subsidiaries by the Company	-300,000
Cause to claims and liabilities between related parties	Claims and liabilities between the Company and the related parties were claims and liabilities resulted from operations.
Settlement of claims and liabilities between related parties	All are settled according to normal progress.
Commitment relating to claims and liabilities between related parties	Nil.
Impact of such claims and liabilities between related parties on the Company's operating result and financial position	No significant impact.

Note 1: The capital provided by the Company to the related party is the principal of the loan provided from CRCCFC to the Controlling Shareholder. The capital provided by the related parties to the Company was mainly the amount granted by the Ministry of Finance to the Controlling Shareholder. The Controlling Shareholder lent out such amount to the Company by way of entrusted loans. The interest rate of such entrusted loans are determined based on the loan prime rate (LPR) promulgated by the National Interbank Funding Center.

Note 2: The amount includes deposits of the Controlling Shareholder of the Company and its subsidiaries placed with CRCCFC.

3. Events not disclosed in temporary announcements

Applicable Not applicable

(V) Other material related-party transactions

Applicable Not applicable

(VI) Other

Applicable Not applicable

XI. MATERIAL CONTRACTS AND PERFORMANCE

(I) Trusteeship, contracting and leasing matters

Applicable Not applicable

Section V Significant Events (continued)

(II) Guarantee

Applicable Not applicable

Unit: '000 Currency: RMB

External guarantees by the Company (exclusive of the guarantees to subsidiaries)

Guarantor	Relationship with the listed company	Party guaranteed	Guarantee amount	Date of guarantee occurrence (date of signing the agreement)	Guarantee start date	Guarantee due date	Guarantee type	Performance completed or not	Overdue or not	Overdue amount	Counter guaranteed or not	Guarantee by related party	Related party relationship
The Company	The Company	Chuantie (Luzhou) Railway Co., Ltd.	67,200	28 December 2006	28 December 2006	28 December 2026	General guarantee	No	No		No	No	
The Company	The Company	Chuantie (Luzhou) Railway Co., Ltd.	50,400	16 April 2008	16 April 2008	16 April 2028	General guarantee	No	No		No	No	
The Company	The Company	CRCC-Tongguan Investment Co., Ltd.	1,509,420	17 March 2014	17 March 2014	30 December 2023	General guarantee	No	No		No	Yes	Associate
The Company	The Company	CRCC-Tongguan Investment Co., Ltd.	152,893	20 May 2015	20 May 2015	20 November 2023	General guarantee	No	No		No	Yes	Associate
China Railway 20th Bureau Group Co., Ltd.	Wholly-owned subsidiary	Guizhou Wengma Railway Limited Co., Ltd.	659,076	31 March 2016	31 March 2016	31 March 2039	Joint and several liability guarantee	No	No		No	Yes	Associate
China Railway Construction Investment Group Co., Ltd.	Non-wholly owned subsidiary	CRCC-Shandong Jinghu Highway Jile Co., Ltd.	195,000	8 December 2016	8 December 2016	7 December 2025	General guarantee	Yes	No		No	Yes	Associate
China Railway 23rd Bureau Group Co., Ltd.	Wholly-owned subsidiary	Chengdu Urban Investment & Construction Technology Co., Ltd.	15,000	28 April 2018	28 April 2018	26 February 2023	Joint and several liability guarantee	No	No		Yes	Yes	Associate
China Railway Construction Investment Group Co., Ltd.	Non-wholly owned subsidiary	CRCC-Tongguan Investment Co., Ltd.	635,031	13 June 2019	13 June 2019	13 June 2024	Joint and several liability guarantee	No	No		Yes	Yes	Associate

Total amount of guarantees for the Reporting Period (exclusive of the guarantees for subsidiaries) -147,711

Ending balance of guarantees for the Reporting Period (A) (exclusive of the guarantees for subsidiaries) 3,089,020

Guarantees for subsidiaries by the Company

Total amount of guarantees for subsidiaries for the Reporting Period -1,625,476

Ending balance of guarantees for subsidiaries for the Reporting Period (B) 17,668,572

Section V Significant Events (continued)

Total guarantees by the Company (inclusive of such guarantees to its subsidiaries)

Total guarantees (A+B)	20,757,592
The proportion of total guarantees in net assets of the Company (%)	7.75
Among which:	
The amount of guarantees provided for the shareholders, actual controller and their related parties (C)	–
Debt guarantees directly or indirectly to guaranteed objects with the gearing ratio higher than 70% (D)	20,757,592
Of total guarantees, the portion in excess of 50% net assets of the Company (E)	–
Total of the above three categories of guarantees (C+D+E)	20,757,592
Explanation on the potential joint liability arising from the immature guarantees	N/A

Explanation on the guarantees Decision-making procedures for the guarantees by the Company:

- (1) Decision-making procedures for the guarantee of a wholly-owned subsidiaries

The Resolution on the Approval of the Total Cap for the Guarantees of the Company to Wholly-owned and Non-wholly owned Subsidiaries in 2020 was considered and approved at the 36th meeting of the fourth session of the Board held from 29 to 30 March 2020 and the 2019 Annual General Meeting of the Company held on 19 June 2020 that the total cap for the guarantees of the Company to wholly-owned subsidiaries in 2020 was determined to be RMB75 billion, and to non-wholly owned subsidiaries RMB5 billion. According to actual business needs, if the guaranteed party is a wholly-owned subsidiary, its cap for the guarantee can be revised within the total cap for guarantee for wholly-owned subsidiaries; and if the guaranteed party is a non-wholly owned subsidiary, its cap for the guarantee can be revised within the total cap for guarantee for non-wholly owned subsidiaries. During the Reporting Period, the guarantee of the Company for its wholly-owned and non-wholly owned subsidiaries were handled in strict accordance with the cap for guarantee and did not exceed the determined cap for guarantee.

Section V Significant Events (continued)

- (2) Decision-making procedures for external guarantees
- (a) In 2006, China Railway Construction Corporation (formerly known as “China Railway Construction Corporation”) provided Sichuan Naxu Railway Co., Ltd. with a guarantee of RMB67.2 million, representing 16.8% of its equity ratio. Due to the restructuring of the Company, the subject of the contract changed to China Railway Construction Corporation Limited in December 2007. In October 2008, the Resolution on the Loan Guarantee for Sichuan Naxu Railway Co., Ltd. was considered and approved at the 10th meeting of the first session of the Board of the Company, which agreed to provide a guarantee of RMB50.4 million for Sichuan Naxu Railway Co., Ltd, representing 16.8% of its equity ratio. In 2014, the name of Sichuan Naxu Railway Co., Ltd. was changed to “Chuantie (Luzhou) Railway Co., Ltd.”, and the amount of guarantee remained unchanged. As of 30 June 2020, the actual effective balance of the guarantee was RMB117.6 million.

Section V Significant Events (continued)

- (b) In August 2012, the Resolution on the Investment, Development and Construction of the Mirador Copper Mine in Ecuador was considered and approved at the 14th meeting of the second session of the Board of the Company, agreeing that the Company would provide a total guarantee of US\$387 million for the loan of CRCC-Tongguan Investment Co., Ltd. (the “Tongguan Company”) in accordance with the equity ratio. As of 30 June 2020, the actual effective balance of the guarantee was RMB1,509.4 million; on 29 April 2014, the Resolution on the Company’s Provision of Guarantees for the Loan of CRCC-Tongguan Investment Co., Ltd. from Export-Import Bank of China was considered and approved at the 32nd meeting of the second session of the Board of the Company, agreed to provide a guarantee of US\$43.2 million in accordance with the equity ratio. As of 30 June 2020, the actual effective balance of the guarantee was RMB152.9 million; on 30 May 2019, the Resolution on the Provision of Guarantee by China Railway Construction Investment Group Co., Ltd. for Loans of Companies in Which It Invested was considered and approved at the 21st meeting of the fourth session of the Board of the Company, agreed that China Railway Construction Investment Group Co., Ltd., shall be the guarantee subject to provide a guarantee of US\$90 million in accordance with the 30% equity ratio for Tongguan Company. As of 30 June 2020, the actual effective balance of the guarantee was RMB635.0 million.
- (c) In July 2015, the Resolution Regarding Participation of China Railway 20th Bureau Group Co., Ltd. in the Bidding of the PPP Project of Weng’an to Machangping Railway of the Local Railway in Guizhou Province was considered and approved at the 15th meeting of the third session of the Board of the Company, agreed that China Railway 20th Bureau Group Co., Ltd. shall be the guarantee subject to provide a financing guarantee in accordance with the 22% equity ratio for Guizhou Wengma Railway Limited Co., Ltd. As of 30 June 2020, the actual effective balance of the guarantee was RMB659.1 million.

Section V Significant Events (continued)

- (d) CRCC-Shandong Jinghu Highway Jile Co., Ltd. was originally a subsidiary of the Group. In 2017, the Group lost control of CRCC-Shandong Jinghu Highway Jile Co., Ltd. due to the disposal of its equity, and as it changed from a subsidiary to an associate company, the original guarantee of RMB195 million to the company continued to be valid upon considered and approved by the Company. In May 2020, the loan was settled due to prepayment, and the guarantee liability of the Company has been fulfilled.
- (e) In April 2018, the Resolution on the Provision of Guarantee by China Railway 23rd Bureau Group Co., Ltd. for Companies in which It Invested was considered and approved at the fifth meeting of the fourth session of the Board of the Company, agreed that China Railway 23rd Bureau Group Co., Ltd. shall be the guarantee subject to provide a guarantee of RMB22.5 million in accordance with the 15% equity ratio for Chengdu Urban Investment & Construction Technology Co., Ltd. As of 30 June 2020, the actual effective balance of the guarantee was RMB15 million.
- (f) The Resolution on the Provision of Guarantee by the Company for the Loans of Companies in which It Invested was considered and approved at the 36th meeting of the fourth session of the Board held from 29 to 30 March 2020, which agreed the Company as the guarantee subject to provide a guarantee of US\$60 million in accordance with the 30% equity ratio for the subordinate subsidiary ECSA in Ecuador of Tongguan Company. As of 30 June 2020, the actual effective balance of the guarantee was nil.

Section V Significant Events (continued)

(III) Other Material Contracts

Applicable Not applicable

1. Domestic business contract

Unit: '00 million Currency: RMB

No.	Date of contract	Name of project	Contract amount	Contracting party of the Group	Term of performance
1	January 2020 ^{Note}	Design and Construction General Contracting Project of Huanggang Road Rapid Reconstruction Project (皇崗路快速化改造工程設計施工總承包)	Approximately 100.9438	A consortium comprising China Railway Construction Corporation Limited, CRCC Southern Construction and Investment Co., Ltd., China Railway 14th Bureau Group Co., Ltd., China Railway 15th Bureau Group Co., Ltd., China Railway 16th Bureau Group Co., Ltd., China Railway SIYUAN Survey and Design Group Co., Ltd. and Beijing General Municipal Engineering Design & Research Institute Co., Ltd.	A total construction period of 1,371 calendar days
2	January 2020	Project of Shanty Town Renovation in 11 Villages and Streets in Airport Economic Start Zone, Langfang (廊坊臨空經濟區起步區11個村街棚戶區改造項目項目)	62.25	A consortium comprising China Railway Construction Investment Group Co., Ltd., CRCC Investment Fund Management Co., Ltd., China Railway 12th Bureau Group Co., Ltd., China Railway 16th Bureau Group Co., Ltd., China Railway Fifth Survey and Design Institute Group Co., Ltd. and CRCC Suzhou Design Institute Co., Ltd.	A cooperation period of 4 years

Section V Significant Events (continued)

No.	Date of contract	Name of project	Contract amount	Contracting party of the Group	Term of performance
3	February 2020	Construction of Section II (Railway Stations and Sub-sections) of Binhai Express (Fuzhou–Changle Airport Intercity Railway Project) (濱海快線(福州至長樂機場城際鐵路工程)第2標段(車站、區間工程)(施工))	50.489	A consortium comprising China Railway Construction Corporation Limited, China Railway 11th Bureau Group Co., Ltd., China Railway 12th Bureau Group Co., Ltd., China Railway 17th Bureau Group Co., Ltd., China Railway 21st Bureau Group Co., Ltd. and China Railway 24th Bureau Group Co., Ltd.	A total construction period of 1,644 calendar days
4	February 2020	General Contracting of Phase I Construction of Nanjing Metro Line 9 (Bid Section D.009.X-TA02) (南京地鐵9號線一期工程施工總承包D.009.X-TA02標)	43.3209	A consortium comprising China Railway Construction Corporation Limited, China Railway 11th Bureau Group Co., Ltd., China Railway 12th Bureau Group Co., Ltd., China Railway Construction Bridge Engineering Bureau Group Co., Ltd., China Railway 15th Bureau Group Co. Ltd., China Railway Construction Electrification Bureau Group Co., Ltd. and China Railway 14th Bureau Group Electrification Engineering Co., Ltd.	A planned construction period of 44 months
5	February 2020	Comprehensive Development Project in the South Plaza Area of Weifang Station (濰坊站南廣場片區綜合開發項目)	45	A consortium comprising China Railway Construction Investment Group Co., Ltd., CRCC Investment Fund Management Co., Ltd., China Railway 20th Bureau Group Co., Ltd. and China Railway 21st Bureau Group Co., Ltd.	A cooperation period of 15 years
6	February 2020 ^{Note}	Fenghuangling Industry-City Integration Project in Hedong District, Linyi City (臨沂市河東區鳳凰嶺產城融合項目)	155	China Railway 14th Bureau Group Co., Ltd.	A cooperation period of 10 years
7	March 2020	Integrated Development Project of Shengzhou City Area (嵊州市片區綜合開發項目)	186	A consortium comprising China Railway 18th Bureau Group Co., Ltd. and CRCC Investment Fund Management Co., Ltd.	A cooperation period of 8 years

Section V Significant Events (continued)

No.	Date of contract	Name of project	Contract amount	Contracting party of the Group	Term of performance
8	March 2020	Phase I Project of Changchun City Rail Transit Line 7 (長春市城市軌道交通7號線一期工程)	108.54	A consortium comprising China Railway Construction Corporation Limited, China Railway 12th Bureau Group Co., Ltd., China Railway Construction Bridge Engineering Bureau Group Co., Ltd., China Railway 14th Bureau Group Co., Ltd., China Railway 16th Bureau Group Co., Ltd., China Railway 17th Bureau Group Co., Ltd., China Railway 18th Bureau Group Co., Ltd., China Railway 20th Bureau Group Co., Ltd., China Railway 22nd Bureau Group Co., Ltd., China Railway 25th Bureau Group Co., Ltd., China Railway Construction Group Co., Ltd., China Railway Construction Bridge Engineering Bureau Group Electrification Engineering Co., Ltd. and China Railway 19th Bureau Group Corporation Electric Engineering Co., Ltd.	A construction period of 1,826 days
9	April 2020	EPC Project of 2020 Urban Development in Wucheng County (武城縣2020年城市建設EPC項目)	35.23	China Railway 12th Bureau Group Co., Ltd.	A planned construction period of 2 years
10	May 2020	Partner Procurement Project for the Development Project of the Chunbei District of Fuchun Bay New Town, Hangzhou City (杭州富春灣新城春北片區開發項目合作方採購項目)	204.14	A consortium comprising China Railway Construction Investment Group Co., Ltd. and CRCC Investment Fund Management Co., Ltd.	A development period of 12 years

Section V Significant Events (continued)

No.	Date of contract	Name of project	Contract amount	Contracting party of the Group	Term of performance
11	May 2020	Civil Engineering of the Phase 1 Project of Zhengzhou Rail Transit Line 12 (鄭州市軌道交通12號線一期工程土建施工)	60.05	A consortium comprising China Railway Construction Corporation Limited, China Railway 11th Bureau Group Co., Ltd., China Railway 12th Bureau Group Co., Ltd., China Railway 14th Bureau Group Co., Ltd., China Railway 15th Bureau Group Co., Ltd., China Railway 16th Bureau Group Co., Ltd. and China Railway 17th Bureau Group Co., Ltd.	A construction period of 1,360 calendar days
12	June 2020 ^{Note}	Engineering General Contracting for the Construction Project of Zibo Banyang Real Estates Co., Ltd. (濰博般陽置業有限公司建設項目工程總承包)	Approximately 31.47	China Railway 12th Bureau Group Co., Ltd.	A construction period of 730 calendar days
13	June 2020	B1, B2, C, D1, D2 and E Group Resettlement Housing and Ancillary Facilities Project-D2 Group EPC in Rongdong Area (容東片區B1、B2、C、D1、D2、E組團安置房及配套設施項目-D2組團施工總承包)	41.495	China Railway 12th Bureau Group Co., Ltd.	A construction period of 396 calendar days
14	June 2020	B1, B2, C, D1, D2 and E Group Resettlement Housing and Ancillary Facilities Project-D1 Group EPC in Rongdong Area (容東片區B1、B2、C、D1、D2、E組團安置房及配套設施項目-D1組團施工總承包)	64.725	China Railway Construction Group Co., Ltd.	A construction period of 396 calendar days
15	June 2020	Preconstruction Work of the Section from Yiwu to Wenzhou of the Newly-built Hangzhou to Wenzhou Railway (Bid Section HWZQ-1) (新建杭州至溫州鐵路義烏至溫州段站前工程HWZQ-1標)	32.28	China Railway 11th Bureau Group Co., Ltd.	A construction period of 1,414 days
16	June 2020 ^{Note}	Infrastructure Construction Project (EPC) of Fangcheng District in Xicheng, Linyi City (臨沂西城方城片區基礎設施建設項目(EPC))	Approximately 123	A consortium comprising China Railway 20th Bureau Group Co., Ltd. and China Municipal Engineering North China Design & Research Institute Co., Ltd.	A cooperation period of approximately 5 years

Section V Significant Events (continued)

No.	Date of contract	Name of project	Contract amount	Contracting party of the Group	Term of performance
17	June 2020 ^{Note}	General Contracting for Construction of Section I from Shenzhen Airport to Qianhai of Guangzhou-Dongguan-Shenzhen Intercity Rail Transit Project (穗莞深城際軌道交通深圳機場至前海段工程I標施工總承包)	Approximately 35.16	A consortium comprising China Railway 14th Bureau Group Co., Ltd., China Railway 19th Bureau Group Co., Ltd., CRCC Southern Construction and Investment Co., Ltd. and China Railway Construction Electrification Bureau Group Co., Ltd.	A construction period of 1,646 calendar days
18	June 2020	Projects of the Guangnan (from Guangyuan to Nanchong) to Nanguang (from Nanchong to Guang'an) Section of Nanchong Transit Expressway and Nanchong-Tongnan (in Sichuan) Expressway (南充過境高速公路廣(元)南(充)至南(充)廣(安)段、南充至潼南(四川境)高速公路項目)	108.7	A consortium comprising CRCC Kunlun Investment Group Co., Ltd., China Railway 19th Bureau Group Co., Ltd. and China Railway 24th Bureau Group Co., Ltd.	A construction period of 3 years, and a toll collection period of 24 years and 219 days
19	June 2020	Investment Partner + Engineering, Procurement, Construction of Jiahe New Town Project in Fushan District, Yantai City (煙臺市福山區夾河新城項目投資合作方+工程總承包)	203	A consortium comprising China Railway Construction Investment Group Co., Ltd., CRCC Investment Fund Management Co., Ltd., CRCC Qingdao Investment Co., Ltd., CRCC Nanfang Investment Co., Ltd., China Railway 11th Bureau Group Co., Ltd., China Railway 12th Bureau Group Co., Ltd., China Railway 14th Bureau Group Co., Ltd., China Railway Urban Construction Group Co., Ltd., China Railway Fifth Survey and Design Institute Group Co., Ltd. and CRCC Suzhou Design Institute Co., Ltd.	A development period of 15 years
20	June 2020	PPP Project of Transportation Infrastructure in Renshou County, Tianfu New Area (天府新區仁壽縣交通基礎設施PPP項目)	69	China Railway 23rd Bureau Group Co., Ltd.	A construction period of 3 years, and an operation period of 15 years

Section V Significant Events (continued)

No.	Date of contract	Name of project	Contract amount	Contracting party of the Group	Term of performance
21	June 2020	Phase I Project of the High Speed Rail New District in Anqing City (安慶高鐵新區一期項目)	40.83	A consortium comprising China Railway Construction City Construction Investment Co., Ltd., CRCC Investment Fund Management Co., Ltd., China Railway 14th Bureau Group Co., Ltd., China Railway 17th Bureau Group Co., Ltd. and China Railway First Survey and Design Institute Group Co., Ltd.	A cooperation period of 6 years, including a construction period of 4 years.
22	June 2020	PPP Project of Phase I Engineering of Tianjin Metro Line No. 8 (天津地鐵8號線一期工程PPP項目)	236.14	A consortium comprising China Railway Construction Corporation Limited, CRCC North Investment & Development Co., Ltd., CRCC Investment Fund Management Co., Ltd., China Railway 11th Bureau Group Co., Ltd., China Railway Construction Bridge Engineering Bureau Group Co., Ltd., China Railway 16th Bureau Group Co., Ltd., China Railway 18th Bureau Group Co., Ltd., China Railway 20th Bureau Group Co., Ltd., China Railway 22nd Bureau Group Co., Ltd. and China Railway 24th Bureau Group Co., Ltd.	A construction period of 5 years, and an operation period of 21 years

Note: The time listed was the bid-winning time of the project and the agreement had not been signed by the end of this report.

Section V Significant Events (continued)

2. Overseas operation contracts

No.	Date of contract	Name of project	Contract amount	Contracting party of the Company	Term of performance
1	January 2020	Concession project of Tram in the Great Western part of Bogotá, Columbia (哥倫比亞波哥大西部有軌電車特許經營項目合同)	COP 8,034,446,406,134 (equivalent to approximately US\$2.477 billion and equivalent to approximately RMB17.262 billion)	Columbia Western Railway Concession Co., Ltd., a wholly-owned subsidiary of China Civil Engineering Construction Corporation	The concession period is 312 months (26 years), among which preparation period is 18 months, construction period is 30 months, trial operation period is 6 months, and operation period is 258 months.
2	February 2020	Addendum No. 5 for the Minna-Abuja Segment of the Nigeria's Railway Modernization Project (Lagos-Kano Rail Line) (尼日利亞鐵路現代化項目(拉各斯至卡諾)5號補充協議米納至阿布賈段合同)	Approximately US\$1 billion (equivalent to approximately RMB7.02 billion)	China Civil Engineering Construction Corporation	36 months
3	February 2020	Modified Engineering, Procurement and Construction of the Rehabilitation and Upgrade Project of the Existing Railway in Zambia (420.97 kilometers of main line from Livingstone to Kafue Bridge, 162.95 kilometers of branch line from Livingstone to Mulobezi, and 64.34 kilometers of branch line from Masuku to Choma) (贊比亞既有鐵路線修復項目設計、採購、施工合同(利文斯通至卡富埃橋420.97公里主線、利文斯通到穆洛貝濟162.95公里支線、馬蘇庫到喬馬64.34公里支線))	Approximately US\$824.87 million (equivalent to approximately RMB5,779.51 million)	China Civil Engineering Construction Corporation	8 years

XII. THE WORK OF THE LISTED COMPANY ON POVERTY ALLEVIATION

Applicable Not applicable

(I) Targeted poverty alleviation plan

Applicable Not applicable

Basic principle: Conscientiously implementing the decision of the CPC Central Committee and the State Council on strengthening targeted poverty alleviation work, and the instructions of the General Secretary Xi Jinping about the spirit of “targeted poverty reduction and elimination”, strictly following the working policy of “sincerely making great efforts on poverty alleviation, taking targeted measures to help people lift themselves out of poverty, achieving win-win results on poverty alleviation, making innovations on poverty alleviation and fighting against corruption during the poverty alleviation process”, combining with the characteristics of the enterprise itself, adhering to the combination of government predominance and enterprise help, adhering to the combination of mutual benefit and poverty alleviation, adhering to the principle of combining whole advancement with key breakthroughs, comprehensively promoting the work of taking targeted measures to help people lift themselves out of poverty, and resolutely winning the fight against poverty.

Overall objective: Working together with the local government to achieve “two ensuring”. By 2020, ensuring that the poor in the assisted areas will be out of poverty, and ensuring that the poor districts and counties in the assisted areas will be out of poverty.

Main tasks: The headquarter of the Company provides poverty alleviation aid to Wanquan District and Shangyi County in Zhangjiakou City, Hebei Province; Gande County in Guoluo Prefecture, Qinghai Province; the related subsidiaries of the Company provides poverty alleviation aid to Qianshan Kazakh Nationality Township, Yiwu County, Hami Region, Xinjiang Uygur Autonomous Region; Liangsan Village in Liangwangzhuang Township, Jinghai District, and Fulizhuang Village in Xiacang Town, Jizhou District, and Xiaohujiazhuang Village in Yangjinzhuang Town, and Dongwanhe Village in Xiaowangzhuang Town, Binhai New District, Tianjin; Shahukou Village in Youyu County, Qingxiang Village in Fenxi County, Shanxi Province; Liulijing Village in Quanpu Town, Liangshan County, Shandong Province; Lama Village and Balang Village in Lujing Township, Dingxi City, Gansu Province; Dagou Town in Huining County, Wutai Village at Guanghuo Street in Ningshan County, and Beiguan Village in Long County, Baoji City, Shaanxi Province; Yinmenghu Village in Langhe Town, Danjiangkou City, and Youzhuping Village in Baiguo Township, Enshi City, Hubei Province; Yanluozhai Village in Shiyangshao Township, and Daimaopo Village in Yanmen Town, Mayang County, Huaihua City, Hunan Province; Teke Village in Xinshiba Town, Ganluo County in Sichuan Province; Xiadang Village in Shouning County, Ningde City, Fujian Province; Dalu Village in Dubu Town, Yangshan County, Qingyuan City, Guangdong Province.

Safeguard measures: Firstly, improve mechanism and strengthen the leadership. The leading teams are in charge of planning and decision-making, the poverty alleviation office are in charge of linking up and operating, the relevant departments are in charge of supporting and coordinating and the titular cadres are responsible for undertaking tasks. All these linkages form a working mechanism of “unified management and graded responsibility”, making the targeted poverty alleviation work promoted from top level to primary level of the Company, coordinated well from the front to back and rooted in the Company. Secondly, select excellent cadres and strengthen assessment, so as to stimulate the enthusiasm of the work of poverty alleviation cadres. Thirdly, strictly carry out disciplines and enhance supervision, ensuring projects and funds are operated in transparency.

Section V Significant Events (continued)

(II) Summary of targeted poverty alleviation during the Reporting Period

Applicable Not applicable

In the first half of 2020, CRCC invested RMB49.176 million as assistance funds and donated supplies worth of RMB3.333 million, among which, RMB21.974 million was directly invested in three targeted poverty alleviation districts and counties; RMB6.203 million was applied to purchase agricultural products from poor areas; and RMB8.992 million was applied to purchase industrial and light industrial products.

1. Stick to the leadership of the CPC, and keep encouraging stronger organizational guarantees for targeted poor areas. As the Communist Party Committee of CRCC gave full play to its role in “taking charge of the direction and overall situation and ensuring the implementation of policies”, its headquarters and subsidiaries at all levels established a leading group for poverty alleviation led by the group leaders to set the battle against poverty as a project with great priority to promote the implementation of work. In addition, CRCC convened meeting of Standing Committee of the Party Committee and the video conference on poverty alleviation to specify input indicators in poverty alleviation, analyze and summarize the whole systematic poverty alleviation, and delegate key tasks in poverty alleviation, and held president office meeting to fully discuss and analyze important poverty alleviation projects for the year. CRCC issued Management Measures on Using and Monitoring CRCC Poverty Alleviation Funds to further improve normalized supervision system for poverty alleviation funds from management on the use of funds and supervision management. Leaders from headquarters and subsidiaries led teams to conduct survey in the front line of poverty alleviation, and monitored and inspected implementation of poverty alleviation in poor counties, so as to ensure that poverty alleviation work proceeded smoothly.
2. Maintain advantages in main businesses to keep expanding the scope of poverty alleviation by promoting infrastructure construction and employment. Giving full play to its enterprise-based advantages, CRCC made great effort to promote infrastructure construction in hollow villages, relocation, road traffic, and landscaping in squares so as to accelerate modernization drive in poor areas. CRCC designed Investigation Plan of Tourism Rail Transit in Guanshan Pasture for Beiguan Village, Long County, Shaanxi Province without charge, provided assistance in construction of new rural areas in Liulijing Village, Liangshan County, Shandong Province to build roads in the village and establish poverty alleviation workshops, and helped Yanluozhai Village, Mayang County, Hunan Province to improve public service infrastructure and further reconstruct villager culture square. In addition, CRCC also assisted Fengta Village, Lanping, Yunnan Province in implementing project to improve living environment, and helped Liangsan Village, Tianjin City to harden and beautify color bricks in main roads. Meanwhile, maximizing the advantages of long industrial chain and huge labor demands, CRCC kept giving priority to recruiting more labors from poor areas, and enhanced skill training for employees from poor areas to fully professionalize employment for migrant poor workers. In the first half of 2020, CRCC employed 33,562 employees from targeted poverty alleviation counties with support from SASAC and central enterprises, of which there are 16,946 personnel from extremely poor areas from “three regions and three prefectures”.

Section V Significant Events (continued)

3. Keep adjusting measures based on local conditions to further enrich approaches to fight against poverty through industry and consumption. CRCC further explored regional advantages to create special projects, attract enterprises for poverty alleviation and boost consumption according to resources advantages of poor areas in the fight against poverty, obtained deep understanding of needs from poor areas in fighting against poverty through industry, and satisfied poor people's demands in fighting against poverty through consumption, alleviating poverty from the causes and from the roots.

In an experimental demonstration project of full-day standardized farmed supplementary feeding for yaks in the feed mill implemented by Gande County, Qinghai Province, CRCC assisted registered poor farmers in increasing income from farming and improving drylot feeding technologies. When Shangyi County and Wanquan District in Zhangjiakou, Hebei Province implemented rabbit meat cycle project and helmet factory project respectively, CRCC helped poor families and villagers to increase their income by seeking employment in places close to their homes. Finding that 950 mu of asparagus was planted in Qingxiang Village, Fenxi County, Shanxi Province, CRCC built complete asparagus industrial chain integrating planting, processing and sales to further consolidate the foundation for villagers to get rid of poverty. In addition, CRCC helped Teke Village, Ganluo County, Sichuan Province to graft and improve 200 mu of walnut and expand plantation of polygonatum Chinese herbal medicine to 12 mu, developing walnut, Chinese red pepper and polygonatum Chinese herbal medicine as local especial products. Furthermore, CRCC also facilitated the construction of Yanluozhai Village White Goose Breeding Industrial Park in Mayang County, Huaihua City, Hunan Province, enhanced maintenance for facilities on the road in the park, and solve pollution problems brought by breeding in the park. In order to help poor villages to improve greenhouse planting technology, CRCC appointed a professor from Gansu Agricultural University to present lecture on cultivation technology of main crops and vegetable seedlings in Lvjing Town, Min County, Dingxi City, Gansu Province. Subsidiaries at all levels increased their support for alleviating poverty by consumption to purchase more than RMB19.60 million of special agricultural products in poor districts and counties, and sold around RMB8 million of various products through live commerce and other means, effectively boosting development of local enterprises, increasing poor people's income, and promoting socioeconomic development.

Section V Significant Events (continued)

4. Uphold the principle of health promoting intelligent development to enhance effective measures to alleviate poverty by medical care and education. Focusing on that rural poor people have no worry about food and clothing and have access to compulsory education, basic medical services, and safe housing, CRCC adopted the problem-oriented strategy and took comprehensive approaches to benefit people best based on medical care and education that poor people care and need most. Implementing construction for 120 dispatching command center and construction project of primary medical institution in hospital of Shangyi County, CRCC helped the poor county to make up for its weak links in medical care. In Gande County, Wanquan District and Ganluo County, CRCC implemented “coming together” emergency project to conduct medical help activities continuously for patients with serious diseases, and prevent people who have get rid of poverty from slipping back into poverty due to illness and people who are not in poverty from falling into poverty because of illnesses. During the pandemic, CRCC donated RMB2.2 million to help Wanquan District, Shangyi County, Gande County and other poor counties to prevent and control the pandemic, while organized by Zhangjiakou City, relevant departments and enterprises in Wanquan District donated 2,000 masks, 30 tons of potatoes, 5,000 boxes of corn, 4,000 boxes of mineral water to China Railway 11th Bureau Group Co., Ltd. and Wuhan, showing the deep friendship of “Rewarding you for helping us to alleviate poverty, we help you to fight against pandemic” and “commit to each other and support each other”, as well as the proud traditions “when a disaster strikes in one location, help comes from all quarters”. Making greater effort to enhance “CRCC Sunshine” education brands in Wanquan District, CRCC built “CRCC Sunshine” kindergarten and held the love for children and teenagers activity with the theme of “focusing on poverty alleviation, and creating a warm Children’s Day” based on “CRCC Sunshine” parent lecture presented and “CRCC Sunshine” education funds raised. In Dalu Village, Dubu Town, Yangshan County, Guangdong Province, CRCC established “Caring Cyber Cafe” to give away idle smart phones and laptops so as to help students from poor families to take online courses. In Daimaopo Village Primary School at Mayang County, Hunan Province, CRCC upgraded and reconstructed the classrooms and canteen, and donated over 1,000 books and plenty of study supplies to 254 students.
5. Pursue the goal of living and working in peace, and make greater effort to rebuild dilapidated houses and alleviate poverty by water conservancy projects. Putting life and safety of people from poor areas in the first place, CRCC made great effort to facilitate and enhance safety in houses and drinking water, significantly improving living standard and water conservancy facilities. CRCC further investigated relocation for poverty alleviation and rebuilding of dilapidated houses for 1,073 registered poor families in 13 villages in Qingshui Town, Min County, Gansu Province to help them to repair houses and improve living environment. In addition, CRCC also helped 20 families relocated to finish tearing down old houses for reclamation in Teke Village, Ganluo County, Sichuan Province, and assisted 20 families with “subsistence allowance, five guarantees and disability” to complete rebuilding of dilapidated houses to achieve the basic goal of “no one lives in a dilapidated house”. Helping Wuqi Town, Wuqi County, Shaanxi Province to construct “beautify village”, CRCC used lots of mechanical equipment to repair houses for poor local residents. To provide irrigation well for farming and drinking water well for villagers in Nanchaonian Village, Shangyi County, CRCC raised funds for poverty alleviation to build two drinking water wells. In Huining County, Gansu Province, CRCC hardened and strengthened household pipelines, valves, antifreeze facilities and well bottom of tap water to improve conditions of drinking water for local people.

Section V Significant Events (continued)

(III) Achievements of Targeted Poverty Alleviation

Applicable Not applicable

Unit: '0,000 Currency: RMB

Indicator	Quantity and implementation
I. Overall situation	
Including: 1. Funds	4,917.6
2. Amount of money converted from materials	333.3
3. Number of registered poor people lifted out of poverty (<i>person</i>)	721
II. Itemized investments	
1. Lifting the poor out of poverty through industrial development	
Including: 1.1 Types of industrial poverty alleviation projects	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> Poverty alleviation in agriculture and forestry industry <input checked="" type="checkbox"/> Poverty alleviation in tourism <input checked="" type="checkbox"/> Poverty alleviation in e-commerce <input checked="" type="checkbox"/> Poverty alleviation in assets profit <input type="checkbox"/> Poverty alleviation in science and technology <input checked="" type="checkbox"/> Others
1.2 Number of industrial poverty alleviation projects	38
1.3 Amount invested in industrial poverty alleviation projects	1,098.6
1.4 Number of registered poor people lifted out of poverty (<i>person</i>)	566
2. Lifting the poor out of poverty through finding jobs elsewhere	
Including: 2.1 Amount invested in vocational skills -training	43.6
2.2 Number of the poor who have received vocational skills training (<i>person/time</i>)	418
2.3 Number of the poor on the records who are helped to get employed (<i>person</i>)	535
3. Lifting the poor out of poverty through relocation	
Including: 3.1 Number of the poor out of poverty through relocation who are helped to get employed (<i>person</i>)	9

Section V Significant Events (continued)

Indicator	Quantity and implementation
4. Lifting the poor out of poverty through education	
Including: 4.1 Amount invested for helping the poor students	23.7
4.2 Number of the poor students who are funded (<i>person</i>)	389
4.3 Amount invested for improving educational resources in poor areas	86.5
5. Lifting the poor out of poverty through better health care	
Including: 5.1 Investment amount of medical and health resources in poverty – poor areas	734.7
6. Poverty alleviation through ecological protection	
Including: 6.1 Project title	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> Ecological protection and construction <input type="checkbox"/> Establishing compensation mode of ecological protection <input type="checkbox"/> Establish ecological public welfare post <input checked="" type="checkbox"/> Others
6.2 Amount invested	12.1
7. Guaranteed basic living standard for people unable to work	
Including: 7.1 Investment in left-behind children, women and senior people	55.3
7.2 Number of left-behind children, women and senior people assisted (<i>person</i>)	183
7.3 Investment in assisting poor people with physical disabilities	8.1
7.4 Number of poor people with disabilities assisted (<i>person</i>)	50
8. Social poverty alleviation	
Including: 8.1 Investment in coordinated poverty alleviation in East and West China	–
8.2 Investment in targeted poverty alleviation programs	2,197.4
8.3 Charity funds for poverty alleviation	–
9. Other project	
Including: 9.1 Number of projects	10
9.2 Amount invested	657.6
9.3 Number of registered poor people lifted out of poverty (<i>person</i>)	155
9.4 Explanation for other projects	Construction of roads connecting each household, activity centres, Party activity centres, village clinics and rehabilitation centres for the disabled, online learning room in poor villages, rural lighting refurbishment project, purchase in lieu of donation.

Section V Significant Events (continued)

Indicator	Quantity and implementation
III. Honors (contents and levels)	
	CRCC won the title of “Public Charity Pioneer with Best Corporate Social Responsibilities”.
	Zhu Hao, leader of the poverty alleviation team of China Railway SIYUAN Survey and Design Group Co., Ltd., a subsidiary of the Group, was awarded the title of “Outstanding Leader of Provincial Team Dispatched to Villages” and member Wang Jianbin was awarded the title of “Outstanding Member of Provincial Team Dispatched to Villages” (provincial and ministerial level)
	Zhu Hao, leader of the poverty alleviation team of China Railway SIYUAN Survey and Design Group Co., Ltd., a subsidiary of the Group, was awarded the title of “Outstanding Team Member Dispatched to Villages for Poverty Alleviation of Danjiangkou City” (municipal level)
	Yang Suoli, a member of the team dispatched to villages by China Railway 20th Bureau Group Co., Ltd., a subsidiary of the Group, was rated by Ankang City as the Outstanding Team Member Dispatched to Villages of Provincial Aid Enterprises in 2019 (municipal level)

(IV) Phased progress in performance of social responsibility for targeted poverty alleviation

Applicable Not applicable

Currently, the districts and counties, towns and villages under targeted poverty alleviation all lift out of poverty and all poverty alleviation projects are being performed and advanced as scheduled. Wanquan district and Shangyi County in Zhangjiakou City, Hebei Province, which are exclusively supported by the headquarter, have been officially lifted out poverty in May 2019 and February 2020, respectively; Gande County in Guoluo Prefecture, Qinghai Province achieved the goal of poverty elimination in April 2020.

Section V Significant Events (continued)

(V) *Subsequent targeted poverty alleviation plan*

Applicable Not applicable

1. We will strengthen the implementation of assistance responsibilities to provide assistance in fighting against poverty. We will actively explore new ideas, approaches and measures for poverty alleviation, participate in construction for rural revitalization project, raise funds for the development of targeted poverty-stricken counties, introduce poverty-stricken enterprises, and cultivate leaders and professional talents who become rich in entrepreneurship; vigorously promote poverty alleviation through industry, carry out in-depth poverty alleviation through consumption, employment and infrastructure construction. Then, we will further focus on “rural poor people have no worry about food and clothing and have access to compulsory education, basic medical services, and safe housing”, and address critical problems and weak links, and satisfy people’s demands for better life with greater effort and more contributions.
2. We will implement the Four Continuing Requirements and consolidate the achievements of poverty alleviation, adhering that the poverty-relief counties will not shake off poverty without responsibilities, policies, assistance, and supervision, and further implementing the main supporting policies for poverty-stricken counties and maintaining the basic stability and continuity of cadres in poverty-stricken frontline so as to help the remaining poor people out of poverty. We will explore a long-term mechanism of stable poverty alleviation, enhance the endogenous development ability of poverty-stricken population, stimulate the endogenous power and hematopoietic ability of economic development in poor counties; establish and improve the poverty alleviation mechanism, strengthen the use, supervision and management of poverty alleviation funds, and ensure that every fund is used to the best of its ability.
3. We will intensify the spread of public opinion and tell stories about poverty alleviation by actively utilizing the media platforms such as websites, WeChat, newspapers and periodicals, and thoroughly publicizing General Secretary Xi Jinping’s important statement on poverty alleviation, the Central Committee’s major decision and deployment on targeted poverty alleviation, and the typical experience and touching deeds of enterprises in helping overcome poverty to inject powerful spiritual impetus so as to win the battle against poverty.
4. We will enhance cooperation to achieve win-win development. Combining securing comprehensive victory in the fight against poverty with creating “High-Quality CRCC” effectively, we will actively explore cooperation with local governments and enterprises in all aspects to complement each other’s advantages, realize win-win cooperation and get powerful force that jointly facilitate high-quality development for CRCC while sowing the seed for better life for poor people in areas under targeted poverty alleviation.

XIII. CONVERTIBLE BONDS

Applicable Not applicable

(I) Issuance of convertible bonds**1. Issuance of A share convertible corporate bonds**

As of the disclosure date of this report, the Company did not issue A share convertible corporate bonds.

2. Matters in relation to the issuance of H share convertible corporate bonds by the Company

During the Reporting Period, the Company did not issue H share convertible corporate bonds. As of the end of the Reporting Period, the Company issued two tranches of H share convertible bonds in total, details of which are set out as follows:

(1) US\$ H Share Convertible Bonds

On 29 January 2016, the Company issued the H share convertible bonds at an aggregate principal amount of US\$500,000,000 (hereinafter referred to as US\$ H Share Convertible Bonds), which will be due on 29 January 2021, with a par value of US\$250,000 each and were issued at 100% of its par value with zero coupon. The initial conversion price of the US\$ H Share Convertible Bonds is HK\$10.30 per H share, which was adjusted to HK\$10.15 per H share on 19 July 2016. The conversion price was adjusted to HK\$10.02 per H Share on 19 July 2017, to HK\$9.83 per H Share on 18 July 2018. The conversion price was adjusted to HK\$9.65 per H Share on 25 July 2019, to HK\$9.44 per H Share on 25 July 2020. The subscribers of the US\$ H Share Convertible Bonds are not less than six independent placees (each of whom is independent individual, enterprise and/or institutional investor). Calculated based on the net proceeds from the issuance of the US\$ H Share Convertible Bonds of approximately US\$496 million after the deduction of fees, commissions and expenses payable, the net price for each share to be converted will be approximately HK\$9.57 (at the pre-determined exchange rate of US\$1.00 = HK\$7.7944). The last closing price of H shares of the Company as quoted on the Hong Kong Stock Exchange on 18 January 2016 (being the trading day on which the subscription agreement of the US\$H Share Convertible Bonds was signed) is HK\$7.49 per H share, and the last closing price as quoted on the Hong Kong Stock Exchange on 19 July 2016 (being the effective date of the first adjustment of the conversion price) is HK\$9.39 per H share. The last closing price as quoted on the Hong Kong Stock Exchange on 19 July 2017 (being the effective date of the second adjustment of the conversion price) was HK\$10.96 per H share. The last closing price as quoted on the Hong Kong Stock Exchange on 18 July 2018 (being the effective date of the third adjustment of conversion price) was HK\$7.72 per H Share. The last closing price as quoted on the Hong Kong Stock Exchange on 25 July 2019 (being the effective date of the fourth adjustment of conversion price) was HK\$9.39 per H Share. The last closing price as quoted on the Hong Kong Stock Exchange on 27 July 2020 (being the first business day following the effective date of the fifth adjustment of conversion price) was HK\$6.15 per H Share.

Section V Significant Events (continued)

(2) RMB H Share Convertible Bonds

On 21 December 2016, the Company issued the RMB3.450 billion US\$ settled 1.5% convertible bonds (hereinafter referred to as RMB H Share Convertible Bonds), which will due in 2021 and can be converted into H shares of the Company. The RMB H Share Convertible Bonds were issued in registered form in minimum denominations of RMB2,000,000 each and integral multiples of RMB1,000,000 in excess thereof. The aggregate issuance price represented 100% of the principal amount of the bonds. The subscribers are not less than six independent placees (each of whom is independent individual, enterprise and/or institutional investor). The initial conversion price of the RMB H Share Convertible Bonds is HK\$13.7750 per H share. As of 23 January 2020, the balance of the bonds of the Company was zero. As approved by the Hong Kong Stock Exchange, the tranche of bonds was delisted after the closing of business hours on 3 February 2020.

For more details, please see relevant announcements published on 3 June 2015, 29 October 2015, 30 October 2015, 19 January 2016, 28 January 2016, 18 July 2016, 8 December 2016, 21 December 2016, 18 July 2017, 17 July 2018, 24 July 2019, 23 December 2019, 23 January 2020 and 24 July 2020 respectively, on China Securities Journal, Shanghai Securities News, Securities Daily, Securities Times, as well as on the website of Shanghai Stock Exchange (www.sse.com.cn), the website of the Hong Kong Stock Exchange (www.hkex.com.hk) and the Company's website (www.crcc.cn), respectively.

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

The US\$ H Share Convertible Bonds of an amount of US\$500,000,000 issued by the Company on 29 January 2016 and the RMB H Share Convertible Bonds of an amount of RMB3.45 billion issued by the Company on 21 December 2016 were held by The Hong Kong and Shanghai Banking Corporation Limited, the trustee on behalf of the Company with no guarantee provided. Pursuant to the relevant requirements of the above H share convertible bonds, information of the bondholders was only recorded in the clearing system. No customers' information was allowed to be disclosed by the trustee to any third parties without the authorization from the customers.

(III) Changes in convertible bonds during the Reporting Period

Unit: '000 Currency: RMB

Name of convertible bond	Prior to current changes	Increase/decrease as a result of the current changes			After current changes
		Converted	Redeemed	Resold	
RMB H Share Convertible Bonds	155,000	–	155,000	–	0

(IV) Aggregated conversion of convertible bonds during the Reporting Period

Not Applicable.

Section V Significant Events (continued)

(V) Previous adjustments to conversion price

Unit: yuan Currency: HK\$

Name of convertible bond	US\$ H Share Convertible Bonds				
	Effective date of adjusted conversion price	Adjusted conversion price	Disclosure date	Media of disclosure	Note to adjustments to conversion price
	19 July 2016	10.15	18 July 2016	China Securities Journal, Shanghai Securities News, Securities Daily and Securities Times, as well as on the website of the Shanghai Stock Exchange (www.sse.com.cn), the website of the Hong Kong Stock Exchange (www.hkex.com.hk) and the Company's website (www.crcc.cn)	Adjust the conversion price according to the Implementation plan of dividend distribution for the year 2015
	19 July 2017	10.02	18 July 2017	China Securities Journal, Shanghai Securities News, Securities Daily and Securities Times, as well as on the website of the Shanghai Stock Exchange (www.sse.com.cn), the website of the Hong Kong Stock Exchange (www.hkex.com.hk) and the Company's website (www.crcc.cn)	Adjust the conversion price according to the Implementation plan of dividend distribution for the year 2016
	18 July 2018	9.83	17 July 2018	China Securities Journal, Shanghai Securities News, Securities Daily and Securities Times, as well as on the website of the Shanghai Stock Exchange (www.sse.com.cn), the website of the Hong Kong Stock Exchange (www.hkex.com.hk) and the Company's website (www.crcc.cn)	Adjust the conversion price according to the Implementation plan of dividend distribution for the year 2017
	25 July 2019	9.65	24 July 2019	China Securities Journal, Shanghai Securities News, Securities Daily and Securities Times, as well as on the website of the Shanghai Stock Exchange (www.sse.com.cn), the website of the Hong Kong Stock Exchange (www.hkex.com.hk) and the Company's website (www.crcc.cn)	Adjust the conversion price according to the Implementation plan of dividend distribution for the year 2018
The latest conversion price as of the end of Reporting Period					9.65

Section V Significant Events (continued)

(VI) The Company's liabilities, creditworthiness and availability of cash for repayment of debts in future years

As bondholders exercised put options in accordance with the terms and conditions of the Bonds, the Company redeemed and cancelled the principal of RMB H Share Convertible Bonds of RMB3.295 billion on 23 December 2019. The Company redeemed the remaining principal of RMB H Share Convertible Bonds of RMB155 million under the terms and conditions of the Bonds on 23 January 2020. After the completion of redemption, the balance of the Bonds was zero. As approved by the Stock Exchange, the Bonds was delisted after the closing of business hours on 3 February 2020.

During the Reporting Period, there was no significant change in the Company's liabilities and creditworthiness. Credit rating granted by all credit rating agencies to the Company remained unchanged. The Company has abundant cash flow and banks granted sufficient credit to the Company, and has utilized cash to settle the principal and interest of H-share convertible bonds amounting to RMB3.45 billion. The Company is fully capable of paying for the redemption of the principal of the US\$ H Share Convertible Bonds to be due in January 2021.

(VII) Other description of convertible bonds

1. Utilization of proceeds from issuance of US\$ H Share convertible bonds

The Company uses the proceeds for, among others, domestic and overseas projects investment, merger and acquisition, capital increase and replenishment of working capital for domestic and overseas construction projects, replenishment of working capital of the Company and repayment of bank loans. As at 31 December 2019, the net proceeds from the US\$ H Share Convertible Bonds, amounting to approximately US\$496 million, had been fully used as to (i) approximately US\$85 million (equivalent to approximately 17% of the net proceeds) for replenishment of working capital of the Company, which was primarily used as general working capital for overseas subsidiaries and projects; (ii) approximately US\$211 million (equivalent to approximately 43% of the net proceeds) for repayment of principal and interests of domestic bank loans; and (iii) approximately US\$200 million (equivalent to approximately 40% of the net proceeds) for repayment of principal and interests of overseas bank loans, and the utilization of the proceeds was complied with the plan disclosed previously by the Company.

2. Dilution impact of US\$ H Share Convertible Bonds on the shareholding

As at the end of the Reporting Period, the outstanding principal amount of US\$ H Share Convertible Bonds was US\$500 million. If all outstanding US\$ H Share Convertible Bonds were converted based on the adjusted conversion price(HK\$9.65 per H share), the maximum total number of H shares to be issued by the Company will be 403,854,922 H shares (based on the pre-determined exchange rate of US\$1.00 to HK\$7.7944). The Company has sufficient general mandate to issue the H shares upon full conversion of the US\$ H Share Convertible Bonds.

Section V Significant Events (continued)

The table below sets forth the changes in shareholding structure of the Company if the US\$ H Share Convertible Bonds had been fully converted as at the end of the Reporting Period:

Shareholder	Class of shares	No conversion of any US\$ H Share Convertible Bonds		If the US\$ H Share Convertible Bonds were fully converted based on the adjusted conversion price of HK\$9.65 per H share at the end of the Reporting Period	
		Number of shares (Share)	Approximate percentage of the issued share capital (%)	Number of shares (Share)	Approximate percentage of the issued extended share capital (%)
The Controlling Shareholder	A share	6,942,736,590	51.13	6,942,736,590	49.65
Public holders of A shares	A share	4,560,508,910	33.58	4,560,508,910	32.61
Public holders of H shares	H share	2,076,296,000	15.29	2,480,150,922	17.74
Total	/	13,579,541,500	100.00	13,983,396,422	100.00

3. Accounting Treatment for the US\$ H Share Convertible Bonds

The Company evaluated the fair value of such bonds as at the date of issuance and separated the liability component and financial derivative component in the convertible bonds based on the evaluation result. In the separation, the initial recognition of financial derivatives is made at the fair value, whereas the initial recognition amount of liability component equals to the total issuance amount less the financial derivative component. The transaction fee of the issuance of such bonds will be allocated to the liability component and the derivative component based on their respective fair values.

For the liability component, the Company conducted subsequent calculation through effective interest method according to the initial recognition amount during the term of the bonds based on the amortized cost, and carried out revaluation based on the then exchange rate at the end of the period.

For the derivative component, as at 30 June 2020, the Company revaluated the fair value of the derivatives. The decrease of US\$33.049 million in the fair value of derivatives will be recognized through profit or loss.

XIV. ENVIRONMENTAL INFORMATION

(I) Explanation on environmental protection of companies and their significant subsidiaries classified as the key pollutant discharging units announced by the environmental protection department

Applicable Not applicable

(II) Environmental issues of companies other than those classified as the key pollutant discharging units

Applicable Not applicable

In the course of business, the Group strictly abides by the national environmental protection related policies, as well as laws and regulations, resolutely implements the national laws and regulations such as Environmental Protection Law of the People's Republic of China, and administrative regulations, such as Action Plan for Prevention and Treatment of Air, Water and Soil Pollution, issued by the State Council. The Group has always practiced the environmental management concept of "reasonable energy use and green construction", made continuous innovations in environmental protection work with the help of science and technology, and consciously fulfilled and assumed the social responsibility of environmental protection, striving to become a "resource-saving and environmentally-friendly" enterprise, and contributing to the construction of ecological civilization of the state by fighting for an environment with blue sky, clear water and rich soil.

The major emissions of the Group in the course of business include CO₂ generated from the use of oil, gas and coal, as well as solid wastes such as construction waste generated during construction of engineering projects.

To reduce the emission of carbon dioxide, the Group has taken the following measures: firstly, controlling the total energy consumption; secondly, adjusting the energy utilization structure to cut down the consumption of energy with high carbon dioxide content; thirdly, adopting clean energy and promoting the clean production strategy; fourthly, discarding obsolete capacity and process and purchasing energy-saving and advanced equipment; fifthly, optimizing the construction plan to accelerate construction and shorten construction period, thus reducing energy consumption; sixthly, applying advanced technologies to help with energy conservation.

For the purpose of utilizing construction waste in an efficient manner to reduce the total discharge, the Group has taken the following measures: firstly, recycling and treating construction waste for reutilization purposes; secondly, having comprehensive treatment on construction waste in accordance with environmental standards and requirements and discharging the waste only when it met such standards; thirdly, initiating the energy substitution project, using steel over timber, and expanding the cycle of convertible materials, thus reducing the production of waste.

(III) Explanation of reasons for non-disclosure of environmental information by companies other than those classified as the key pollutant discharging units

Applicable Not applicable

(IV) Explanation of the follow-up progress of or changes in the disclosure of environmental information during the Reporting Period

Applicable Not applicable

XV. EXPLANATION ON OTHER SIGNIFICANT EVENTS

(I) Compared with the last accounting period, the change of accounting policies, accounting estimates and calculation methods and their reasons and impact

Applicable Not applicable

(II) The correction on significant accounting errors required to be restated, its amount after correction, reasons and impact during the Reporting Period

Applicable Not applicable

(III) Others

Applicable Not applicable

1. The spin-off and listing for a subsidiary

In respect of the Company's proposed spin-off and the listing on the Science and Technology Innovation Board of the Shanghai Stock Exchange of CRCHI, the Hong Kong Stock Exchange has approved that the Company may proceed with the proposed spin-off under Practice Note 15 of the Rules Governing the Listing of Securities on The Stock Exchange in February 2020. On 2 April 2020, the Company convened the 37th meeting of the fourth session of the Board, at which it reviewed and approved the Resolution in relation to the Plan for the Spin-off and Listing of China Railway Construction Heavy Industry Co., Ltd. (a subsidiary of the Company) on the Science and Technology Innovation Board (Revised) of China Railway Construction Corporation Limited and other proposals. On 28 April 2020, the Company convened the 2020 second extraordinary general meeting, at which the relevant proposals in relation to the spin-off and listing of CRCHI on the Science and Technology Innovation Board of the Shanghai Stock Exchange were considered and approved. On 12 June 2020, CRCHI submitted to the Shanghai Stock Exchange the application materials for the initial public offering of shares and listing on the Science and Technology Innovation Board. On 15 June 2020, the Shanghai Stock Exchange issued the Notice on Accepting the Application of China Railway Construction Heavy Industry Co., Ltd. for Initial Public Offering of Shares and Listing on the Science and Technology Innovation Board (Shang Zheng KeShen (Shou Li) [2020] No. 137) (《關於受理中國鐵建重工集團股份有限公司首次公開發行股票並在科創板上市申請的通知》(上證科審(受理)[2020]137號)). The Shanghai Stock Exchange decided to accept and review the documents according to the law. The above spin-off matters shall be subject to (including but not limited to) the approval of the Shanghai Stock Exchange and the completion of the CSRC registration procedure.

Section V Significant Events (continued)

For details, please refer to the announcements of the Company dated 17 February 2020, 3 April 2020, 29 April 2020 and 16 June 2020 published on China Securities Journal, Shanghai Securities News, Securities Daily, Securities Times as well as on the website of Shanghai Stock Exchange (www.sse.com.cn), the website of Hong Kong Stock Exchange (www.hkex.com.hk) and the Company's website (www.crcc.cn).

XVI. COMPLIANCE WITH CORPORATE GOVERNANCE CODE

During the Reporting Period, the Company strictly complied with all code provisions of the Company Law, the Securities Law, relevant laws and regulations of Hong Kong and all the code provisions of the Corporate Governance Code in Appendix 14 to the Hong Kong Listing Rules. In the meantime, in accordance with relevant laws and regulations issued by the regulatory department, the Company conducted corporate governance activities, and constantly improved corporate governance structure.

XVII. SUBSEQUENT EVENTS

Not applicable.

Section VI Changes in Ordinary Shares and Particulars of Shareholders

I. CHANGES IN SHARE CAPITAL

(I) Table of changes in shares

1. Table of changes in shares

The Company's total shares and share capital structure had no change during the Reporting Period.

2. Particulars of changes in shares

Applicable Not applicable

3. Effect of changes in shares on financial indicators such as earnings per share and net assets per share within the period from the end of the Reporting Period to the disclosure date of the interim report (if any)

Applicable Not applicable

4. Other contents that the Company deemed necessary or security regulatory authorities require to disclose

Applicable Not applicable

(II) Changes in shares subject to trading moratorium

Applicable Not applicable

(III) Repurchase, sales or redemption of securities of the Company

During the Reporting Period, neither the Company nor its subsidiaries had repurchased, sold or redeemed any securities of the Company.

II. PARTICULARS OF SHAREHOLDERS

(I) Share capital structure

As at 30 June 2020, the share capital structure of the Company is set out as follows:

Shareholder	Class of shares	Number of shares (share)	Approximate percentage of the issued share capital (%)
China Railway Construction Corporation	A share	6,942,736,590	51.13
Public holders of A shares	A share	4,560,508,910	33.58
Public holders of H shares	H share ^{Note}	2,076,296,000	15.29
Total	–	13,579,541,500	100.00

Note: Including the H shares held by National Council for Social Security Fund.

Section VI Changes in Ordinary Shares and Particulars of Shareholders (continued)

(II) Total number of shareholders

As at 30 June 2020, the total number of shareholders of the Company was 326,944, of which 311,406 were holders of A shares and 15,538 were holders of H shares.

Total number of ordinary shareholders as at the end of the Reporting Period (holder)	326,944
Total number of shareholders of preference shares with restored voting rights as at the end of the Reporting Period (holder)	N/A

(III) Particulars of shareholdings of the top ten shareholders and the top ten shareholders of tradable shares (or shareholders not subject to trading moratorium) as at the end of the Reporting Period

Unit: share

Particulars of shareholdings of the top ten shareholders

Name of shareholder (full name)	Change of shareholding during the Reporting Period	Number of shares held as the end of the period	Percentage (%)	Number of shares held subject to trading moratorium	Pledged or frozen		Nature of shareholder
					Condition of shares	Number	
China Railway Construction Corporation	0	6,942,736,590	51.13	0	Nil	0	State-owned
HKSCC NOMINEES LIMITED	-86,500	2,061,562,506	15.18	0	Unknown		Overseas legal person
China Securities Finance Corporation Limited	0	407,098,054	3.00	0	Nil	0	Other
Hong Kong Securities Clearing Company Limited	-19,510,596	178,484,786	1.31	0	Nil	0	Overseas legal person
Central Huijin Asset Management Corporation Limited (中央匯金資產管 理有限責任公司)	0	141,519,100	1.04	0	Nil	0	Other
Bosera Fund – Agricultural Bank of China – Bosera CSI Financial Assets Management Scheme	0	81,847,500	0.60	0	Nil	0	Other
E Fund – Agricultural Bank of China– E Fund CSI Financial Assets Management Scheme	0	81,847,500	0.60	0	Nil	0	Other
Da Cheng Fund – Agricultural Bank of China – Da Cheng CSI Financial Assets Management Scheme	0	81,847,500	0.60	0	Nil	0	Other
Harvest Fund – Agricultural Bank of China – Harvest CSI Financial Assets Management Scheme	0	81,847,500	0.60	0	Nil	0	Other

Section VI Changes in Ordinary Shares and Particulars of Shareholders (continued)

Name of shareholder (full name)	Change of shareholding during the Reporting Period	Number of shares held as the end of the period	Percentage (%)	Number of shares held subject to trading moratorium	Pledged or frozen Condition of shares	Number	Nature of shareholder
GF Fund –Agricultural Bank of China – GF CSI Financial Assets Management Scheme	0	81,847,500	0.60	0	Nil	0	Other
Zhong Ou Fund – Agricultural Bank of China – Zhong Ou CSI Financial Assets Management Scheme	0	81,847,500	0.60	0	Nil	0	Other
China Asset Management – Agricultural Bank of China – China Asset Management CSI Financial Assets Management Scheme	0	81,847,500	0.60	0	Nil	0	Other
Yinhua Fund – Agricultural Bank of China – Yinhua CSI Financial Assets Management Scheme	0	81,847,500	0.60	0	Nil	0	Other
CSAM – Agricultural Bank of China– CSAM CSI Financial Assets Management Scheme	0	81,847,500	0.60	0	Nil	0	Other
ICBC Credit Suisse Fund – Agricultural Bank of China – ICBC Credit Suisse CSI Financial Assets Management Scheme	0	81,847,500	0.60	0	Nil	0	Other

Section VI Changes in Ordinary Shares and Particulars of Shareholders (continued)

Particulars of shareholdings of the top ten shareholders not subject to trading moratorium

Name of shareholder	Number of tradable shares held not subject to trading moratorium	Class and number of share	
		Class	Number
China Railway Construction Corporation	6,942,736,590	RMB ordinary share	6,942,736,590
HKSCC NOMINEES LIMITED	2,061,562,506	Overseas listed foreign share	2,061,562,506
China Securities Finance Corporation Limited	407,098,054	RMB ordinary share	407,098,054
Hong Kong Securities Clearing Company Limited	178,484,786	RMB ordinary share	178,484,786
Central Huijin Asset Management Corporation Limited (中央匯金資產管理有限責任公司)	141,519,100	RMB ordinary share	141,519,100
Bosera Fund – Agricultural Bank of China – Bosera CSI Financial Assets Management Scheme	81,847,500	RMB ordinary share	81,847,500
E Fund – Agricultural Bank of China– E Fund CSI Financial Assets Management Scheme	81,847,500	RMB ordinary share	81,847,500
Da Cheng Fund – Agricultural Bank of China – Da Cheng CSI Financial Assets Management Scheme	81,847,500	RMB ordinary share	81,847,500
Harvest Fund – Agricultural Bank of China – Harvest CSI Financial Assets Management Scheme	81,847,500	RMB ordinary share	81,847,500
GF Fund –Agricultural Bank of China – GF CSI Financial Assets Management Scheme	81,847,500	RMB ordinary share	81,847,500
Zhong Ou Fund – Agricultural Bank of China – Zhong Ou CSI Financial Assets Management Scheme	81,847,500	RMB ordinary share	81,847,500
China Asset Management – Agricultural Bank of China – China Asset Management CSI Financial Assets Management Scheme	81,847,500	RMB ordinary share	81,847,500
Yinhua Fund – Agricultural Bank of China – Yinhua CSI Financial Assets Management Scheme	81,847,500	RMB ordinary share	81,847,500

Section VI Changes in Ordinary Shares and Particulars of Shareholders (continued)

Name of shareholder	Number of tradable shares held not subject to trading moratorium	Class	Class and number of share Number
CSAM – Agricultural Bank of China– CSAM CSI Financial Assets Management Scheme	81,847,500	RMB ordinary share	81,847,500
ICBC Credit Suisse Fund – Agricultural Bank of China – ICBC Credit Suisse CSI Financial Assets Management Scheme	81,847,500	RMB ordinary share	81,847,500
Explanations on the connected or concerted action among the above shareholders	HKSCC Nominees Limited and Hong Kong Securities Clearing Company Limited are wholly-owned subsidiaries of Hong Kong Exchanges and Clearing Limited. In addition to the disclosures above, the Company has no information on whether there exists any related-party relationship between the top ten shareholders not subject to trading moratorium and the top ten shareholders and whether the shareholders are persons acting in concert as specified in the Measures for the Administration of the Acquisition of Listed Companies.		
Explanation on the preference shareholders with voting right restored and their shareholdings	Not Applicable		

Note: The H shares held by HKSCC Nominees Limited were held for and on behalf of several clients. The A shares held by Hong Kong Securities Clearing Company Limited were held for and on behalf of several clients. As at the end of the Reporting Period, HKSCC Nominees Limited held 2,061,562,506 shares of the Company. However, details regarding whether the shares were pledged or frozen were unknown.

The top ten shareholders subject to trading moratorium and conditions of such trading moratorium

Applicable Not applicable

(IV) Top ten shareholders from strategic investors or general legal persons participating in the placing of the new shares

Applicable Not applicable

Section VI Changes in Ordinary Shares and Particulars of Shareholders (continued)

(V) Particulars of interests of substantial shareholders disclosed in accordance with the SFO

So far as the directors of the Company are aware, as at 30 June 2020, the persons other than directors, supervisors or chief executive of the Company who have interests or short positions in the shares or underlying shares of the Company which are discloseable under Section 336 of Part XV of the SFO were as follows:

Name of substantial shareholder	Class of share	Capacity	Number of shares interested ^{Note 1}	Percentage of issued share capital of the relevant class of shares	Percentage of total issued share capital
China Railway Construction Corporation	A share	Beneficial owner	6,942,736,590	60.35%	51.13%
National Council for Social Security Fund	H share	Beneficial owner	188,754,500(L)	9.09%	1.39%
The Bank of New York Mellon Corporation ^{Note 2}	H share	Interest of corporation controlled by the substantial shareholder	142,994,762(L) 141,205,861(P)	6.89% 6.80%	1.05% 1.04%
JPMorgan Chase & Co. ^{Notes 3}	H share	Interest of corporation controlled by the substantial shareholder, investment manager, person having a security interest in shares, approved lending agent	134,928,887(L) 30,757,142(S)	6.50% 1.48%	0.99% 0.23%
BlackRock, Inc. ^{Note 4}	H share	Approved lending agent Interest of corporation controlled by the substantial shareholder	59,861,731(P) 131,378,456(L) 548,500(S)	2.88% 6.33% 0.03%	0.44% 0.97% 0.00%

Note 1. L – long position, S – short position, P – lending pool.

Note 2. As at 30 June 2020, The Bank of New York Mellon Corporation held long positions in 142,994,762 H shares of the Company in total through a corporation under its control.

Note 3. As at 30 June 2020, JPMorgan Chase & Co. (including corporations under its control) held long positions in 134,928,887 H shares and short positions in 30,757,142 H shares of the Company in total.

Note 4. As at 30 June 2020, BlackRock, Inc. held long positions in 131,378,456 H shares and short positions in 548,500 H shares of the Company in total through certain corporations under its control.

III. CHANGES IN THE CONTROLLING SHAREHOLDER OR ACTUAL CONTROLLER

Applicable Not applicable

Section VII Particulars of Preference Shares

Applicable Not applicable



Section VIII Directors, Supervisors and Senior Management

I. CHANGES IN SHAREHOLDING

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

Applicable Not applicable

Explanation for other matters

Applicable Not applicable

(II) The equity incentives granted to the directors, supervisors and senior management during the Reporting Period

Applicable Not applicable

(III) Directors', supervisors' and senior management's interests in the securities of the Company

As at the end of the Reporting Period, none of the directors, supervisors or members of senior management of the Company held any shares of the Company, nor were they granted any share options or restricted shares of the Company.

As at the end of the Reporting Period, none of the directors, supervisors and chief executive of the Company and their respective associates had any interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which are (a) required to be recorded in the register kept by the Company pursuant to Section 352 of the SFO; or (b) 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 in the Appendix 10 to the Hong Kong Listing Rules.

II. CHANGES IN DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT OF THE COMPANY

Applicable Not applicable

Name	Position held	Information on the change
GE Fuxing	Non-executive director	Resigned

Section VIII Directors, Supervisors and Senior Management (continued)

Particulars of changes in directors, supervisors and senior management of the Company

Applicable Not applicable

The Board of the Company received the letter of resignation from Mr. GE Fuxing, a non-executive director of the Company, on 17 February 2020. Mr. GE Fuxing resigned from the position as a non-executive Director of the Company due to his age and ceased to be a member of the Audit and Risk Management Committee, Remuneration and Evaluation Committee and Strategy and Investment Committee. The resignation of Mr. GE Fuxing took effect upon the delivery of his letter of resignation to the Board. For details, please refer to the relevant announcements published by the Company dated 17 February 2020 and 18 February 2020 on China Securities Journal, Shanghai Securities News, Securities Daily, Securities Times and the website of Shanghai Stock Exchange (www.sse.com.cn), the website of Hong Kong Stock Exchange (www.hkex.com.hk) and the website of the Company (www.crcc.cn).

III. OTHER EXPLANATION

Applicable Not applicable

(I) Code of conduct regarding securities transactions by directors and supervisors

The Company has adopted a code of conduct regarding securities transactions by the directors, supervisors and relevant employees (the "Required Standard") on terms no less exacting than the required standard for dealing in securities transactions by the directors, supervisors and relevant employees set out in the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix 10 to the Hong Kong Listing Rules. After specific enquiries with all directors and supervisors of the Company, the Company confirmed that the Required Standard had been complied with during the Reporting Period.

(II) Changes in biographical details of directors, supervisors and president of the Company

During the reporting period, Mr. GE Fuxing, a non-executive director of the Company, resigned from the position as a non-executive Director of the Company and ceased to be a member of the Audit and Risk Management Committee, Remuneration and Evaluation Committee and Strategy and Investment Committee from 17 February 2020. Mr. WANG Huacheng, an independent non-executive director of the Company, has been serving as an independent director of Tsinghua Tongfang Co., Ltd. since February 2020.

Mr. CHEN Fenjian, Chairman, executive director, secretary of the communist party committee and Chairman of the Nomination Committee of the Board passed away on 16 August 2020.

(III) Employees of the Company and their remuneration and training

During the Reporting Period, there were no significant changes in the total number, composition, remuneration and training of the employees of the Group since the disclosure of the 2019 annual report.

Section IX Particulars of Corporate Bonds

Applicable Not applicable

I. BASIC INFORMATION OF CORPORATE BONDS

Unit: '000 Currency: RMB

Bond	Short name	Code	Date of issuance	Maturity date	Balance of the bond	Interest rate %	Method of principal repayment and interest payment	Exchange platform
CRCC 2018 publicly issued renewable corporate bonds (first tranche)	18 CRCC Y1	143502	16 March 2018	The basic term of the bonds will be 3 years. At the end of the agreed basic term and the end of the cycle of each renewal period, the issuer is entitled to exercise the option to renew. The maturity date will extend one cycle (i.e. an extension of 3 years) when the issuer exercises the option to renew. The renewable corporate bonds will become due if the issuer decides not to exercise the option to renew and the full amount is repaid.	2,996,935	5.56	Bond interest will be paid once a year if the Company does not exercise the option of deferred interest payment.	Shanghai Stock Exchange
CRCC 2018 publicly issued renewable corporate bonds (second tranche)	18 CRCC Y2	143961	16 April 2018	The basic term of the bonds will be 3 years. At the end of the agreed basic term and the end of the cycle of each renewal period, the issuer is entitled to exercise the option to renew. The maturity date will extend one cycle (i.e. an extension of 3 years) when the issuer exercises the option to renew. The renewable corporate bonds will become due if the issuer decides not to exercise the option to renew and the full amount is repaid.	1,997,877	5.23	Bond interest will be paid once a year if the Company does not exercise the option of deferred interest payment.	Shanghai Stock Exchange

Section IX Particulars of Corporate Bonds (continued)

Bond	Short name	Code	Date of issuance	Maturity date	Balance of the bond	Interest rate %	Method of principal repayment and interest payment	Exchange platform
CRCC 2018 publicly issued renewable corporate bonds (third tranche)	18 CRCC Y3	143978	30 May 2018	The basic term of the bonds will be 3 years. At the end of the agreed basic term and the end of the cycle of each renewal period, the issuer is entitled to exercise the option to renew. The maturity date will extend one cycle (i.e. an extension of 3 years) when the issuer exercises the option to renew. The renewable corporate bonds will become due if the issuer decides not to exercise the option to renew and the full amount is repaid.	1,997,877	5.30	Bond interest will be paid once a year if the Company does not exercise the option of deferred interest payment.	Shanghai Stock Exchange
CRCC 2019 publicly issued renewable corporate bonds to qualified investors (first tranche) (type I)	19 CRCC Y1	155868	28 October 2019	The basic term of the bonds will be 3 years. At the end of the agreed basic term and the end of the cycle of each renewal period, the issuer is entitled to exercise the option to renew. The maturity date will extend one cycle (i.e. an extension of 3 years) when the issuer exercises the option to renew. The renewable corporate bonds will become due if the issuer decides not to exercise the option to renew and the full amount is repaid.	3,498,427	4.03	Bond interest will be paid once a year if the Company does not exercise the option of deferred interest payment.	Shanghai Stock Exchange
CRCC 2019 publicly issued renewable corporate bonds to qualified investors (first tranche) (type II)	19 CRCC Y2	155869	28 October 2019	The basic term of the bonds will be 5 years. At the end of the agreed basic term and the end of the cycle of each renewal period, the issuer is entitled to exercise the option to renew. The maturity date will extend one cycle (i.e. an extension of 5 years) when the issuer exercises the option to renew. The renewable corporate bonds will become due if the issuer decides not to exercise the option to renew and the full amount is repaid.	499,775	4.30	Bond interest will be paid once a year if the Company does not exercise the option of deferred interest payment.	Shanghai Stock Exchange

Section IX Particulars of Corporate Bonds (continued)

Bond	Short name	Code	Date of issuance	Maturity date	Balance of the bond	Interest rate %	Method of principal repayment and interest payment	Exchange platform
CRCC 2019 publicly issued renewable corporate bonds to qualified investors (second tranche) (type I)	19 CRCC Y3	155855	15 November 2019	The basic term of the bonds will be 3 years. At the end of the agreed basic term and the end of the cycle of each renewal period, the issuer is entitled to exercise the option to renew. The maturity date will extend one cycle (i.e. an extension of 3 years) when the issuer exercises the option to renew. The renewable corporate bonds will become due if the issuer decides not to exercise the option to renew and the full amount is repaid.	3,498,411	4.08	Bond interest will be paid once a year if the Company does not exercise the option of deferred interest payment.	Shanghai Stock Exchange
CRCC 2019 publicly issued renewable corporate bonds to qualified investors (second tranche) (type II)	19 CRCC Y4	155856	15 November 2019	The basic term of the bonds will be 5 years. At the end of the agreed basic term and the end of the cycle of each renewal period, the issuer is entitled to exercise the option to renew. The maturity date will extend one cycle (i.e. an extension of 5 years) when the issuer exercises the option to renew. The renewable corporate bonds will become due if the issuer decides not to exercise the option to renew and the full amount is repaid.	1,499,319	4.39	Bond interest will be paid once a year if the Company does not exercise the option of deferred interest payment.	Shanghai Stock Exchange
CRCC 2019 publicly issued renewable corporate bonds to qualified investors (third tranche) (type I)	19 CRCC Y5	163969	16 December 2019	The basic term of the bonds will be 3 years. At the end of the agreed basic term and the end of the cycle of each renewal period, the issuer is entitled to exercise the option to renew. The maturity date will extend one cycle (i.e. an extension of 3 years) when the issuer exercises the option to renew. The renewable corporate bonds will become due if the issuer decides not to exercise the option to renew and the full amount is repaid.	1,998,990	3.90	Bond interest will be paid once a year if the Company does not exercise the option of deferred interest payment.	Shanghai Stock Exchange

Section IX Particulars of Corporate Bonds (continued)

Bond	Short name	Code	Date of issuance	Maturity date	Balance of the bond	Interest rate %	Method of principal repayment and interest payment	Exchange platform
CRCC 2019 publicly issued renewable corporate bonds to qualified investors (third tranche) (type II)	19 CRCC Y6	163970	16 December 2019	The basic term of the bonds will be 5 years. At the end of the agreed basic term and the end of the cycle of each renewal period, the issuer is entitled to exercise the option to renew. The maturity date will extend one cycle (i.e. an extension of 5 years) when the issuer exercises the option to renew. The renewable corporate bonds will become due if the issuer decides not to exercise the option to renew and the full amount is repaid.	999,495	4.20	Bond interest will be paid once a year if the Company does not exercise the option of deferred interest payment.	Shanghai Stock Exchange

Interest payment status of corporate bonds

Applicable Not applicable

The Company paid the interest of CRCC 2018 publicly issued renewable corporate bonds (first tranche) from 19 March 2019 to 18 March 2020 on 19 March 2020. In accordance with the Announcement on the Nominal Interest Rate of CRCC 2018 Publicly Issued Renewable Corporate Bonds (First Tranche), nominal interest rate of “18 CRCC Y1” was 5.56%. Interest of RMB55.60 (tax inclusive) was distributed for each lot of “18 CRCC Y1” with a nominal value of RMB1,000.

The Company paid the interest of CRCC 2018 publicly issued renewable corporate bonds (second tranche) from 17 April 2019 to 16 April 2020 on 17 April 2020. In accordance with the Announcement on the Nominal Interest Rate of CRCC 2018 Publicly Issued Renewable Corporate Bonds (Second Tranche), nominal interest rate of “18 CRCC Y2” was 5.23%. Interest of RMB52.30 (tax inclusive) was distributed for each lot of “18 CRCC Y2” with a nominal value of RMB1,000.

The Company paid the interest of CRCC 2018 publicly issued renewable corporate bonds (third tranche) from 31 May 2019 to 30 May 2020 on 1 June 2020. In accordance with the Announcement on the Nominal Interest Rate of CRCC 2018 Publicly Issued Renewable Corporate Bonds (Third Tranche), nominal interest rate of “18 CRCC Y3” was 5.30%. Interest of RMB53.00 (tax inclusive) was distributed for each lot of “18 CRCC Y3” with a nominal value of RMB1,000.

Additional situation statement of corporate bonds

Applicable Not applicable

Section IX Particulars of Corporate Bonds (continued)

II. CONTACT PERSON, CONTACT INFORMATION OF CORPORATE BONDS TRUSTEE MANAGER AND CONTACT INFORMATION OF CREDIT RATING ORGANIZATION

Corporate bond trustee manager	Name	CITIC Securities Co., Ltd.
	Office address	22nd floor, CITIC Securities Mansion, No. 48 Liangmaqiao Road, Chaoyang District, Beijing
	Contact person	WANG Yanyan, ZHU Jun
	Contact number	010-60833551, 60833585
Credit rating organization	Name	China Chengxin International Credit Rating Co., Ltd. (中誠信國際信用評級有限責任公司)
	Office address	Building 6, Galaxy SOHO, No. 2 Nanzhugan Hutong, Chaoyangmennei Avenue, Dongcheng District, Beijing

Other explanation:

Applicable Not applicable

Upon the approval of the CSRC, China Chengxin International Credit Rating Co., Ltd. (hereinafter referred to as CCXI) has been carrying out the stock market credit rating business since 26 February 2020, and China Chengxin Securities Rating Co., Ltd., its wholly-owned subsidiary, has terminated the stock market credit rating business from the same day, and the stock market credit rating business undertaken by it has been inherited by CCXI.

III. UTILIZATION OF PROCEEDS FROM CORPORATE BONDS

Applicable Not applicable

The utilization, performance procedure and the operation of the special account of the proceeds raised from the 2018 publicly issued renewable corporate bonds (first, second and third tranche) and 2019 publicly issued renewable corporate bonds (type I of first tranche, type II of first tranche, type I of second tranche, type II of second tranche, type I of third tranche and type II of third tranche) to qualified investors of the Company were in strict compliance with the prospectus and Administrative Measures of the Proceeds Raised by China Railway Construction Corporation Limited. Upon the deduction of the issuance fees, all of the proceeds were used for the replenishment of the working capital. As at the end of the Reporting Period, the proceeds have been fully utilized.

IV. RATING OF CORPORATE BONDS

Applicable Not applicable

China Chengxin Securities Rating Co., Ltd. issued a credit rating report for the issuance of the 2018 publicly issued renewable corporate bonds (first, second and third tranche) and the 2019 publicly issued renewable corporate bonds to qualified investors (first, second and third tranche) of the Company, assigning an AAA rating to the issuer of the bonds and an AAA rating to the bonds. China Chengxin International Credit Rating Co., Ltd. issued the report on 26 April 2020 on the ongoing credit rating of the 2018 publicly issued renewable corporate bonds (first, second and third tranche) and 2019 publicly issued renewable corporate bonds to qualified investors (first, second and third tranche) of the Company, pursuant to which the ongoing credit rating of the subject is maintained at AAA, the credit rating outlook is stable; the credit rating of the current bonds is maintained at AAA.

For details, please refer to the announcements of the Company dated 7 May 2020 published on China Securities Journal, Shanghai Securities News, Securities Daily, Securities Times and the website of Shanghai Stock Exchange (www.sse.com.cn), the website of Hong Kong Stock Exchange (www.hkex.com.hk) and the website of the Company (www.crcc.cn).

V. CREDIT ENHANCEMENT MECHANISM, DEBT REPAYMENT SCHEME AND OTHER RELEVANT INFORMATION OF CORPORATE BONDS DURING THE REPORTING PERIOD

Applicable Not applicable

No guarantee has been made for the 2018 publicly issued renewable corporate bonds (first, second and third tranche) and the 2019 publicly issued renewable corporate bonds (type I of first tranche, type II of first tranche, type I of second tranche, type II of second tranche, type I of third tranche and type II of third tranche) to qualified investors of the Company. The debt repayment scheme is that the bond interest will be paid once a year if the Company does not exercise the option of deferred interest payment.

VI. CONVENING OF THE MEETING OF BONDHOLDERS

Applicable Not applicable

VII. PERFORMANCE OF CORPORATE BONDS TRUSTEE MANAGER

Applicable Not applicable

During the Reporting Period, CITIC Securities Co., Ltd., as the bonds trustee manager of the “18 CRCC Y1”, “18 CRCC Y2”, “18 CRCC Y3”, “19 CRCC Y1”, “19 CRCC Y2”, “19 CRCC Y3”, “19 CRCC Y4”, “19 CRCC Y5” and “19 CRCC Y6” was continuously aware of the operations, financial conditions and credit standing of the Company and performed its duties as the trustee manager in strict compliance with the stipulations under the Bonds Trustee Management Agreement.

Section IX Particulars of Corporate Bonds (continued)

In October 2018, CITIC Securities Co., Ltd. issued the Interim Report on Trusted Management Affairs for the Public Issuance of 2016 and 2018 Renewable Corporate Bonds of CRCC. In June 2019, CITIC Securities Co., Ltd. issued the Report on Trusted Management Affairs for the 2016 Corporate Bonds and 2018 Corporate Bonds of CRCC for the year 2018. In June 2020, CITIC Securities Co., Ltd. issued the Report on Trusted Management Affairs for the Corporate Bonds of CRCC for the year 2019. For details, please refer to the announcements of the Company dated 1 November 2018, 29 June 2019 and 30 June 2020 respectively published on China Securities Journal, Shanghai Securities News, Securities Daily, Securities Times and the website of Shanghai Stock Exchange (www.sse.com.cn), the website of Hong Kong Stock Exchange (www.hkex.com.hk) and the website of the Company (www.crcc.cn).

VIII. ACCOUNTING DATA AND FINANCIAL INDICATORS OF THE COMPANY AS AT THE END OF THE REPORTING PERIOD AND THE END OF LAST YEAR (OR DURING THE REPORTING PERIOD AND THE CORRESPONDING PERIOD LAST YEAR)

Applicable Not applicable

Unit: '000 Currency: RMB

Principal indicators	At the end of Reporting Period	At the end of last year	Increase or decrease of the end of the Reporting Period as compared with the end of last year (%)	Reasons of change
Liquidity ratio	1.11	1.10	0.91	
Quick ratio	0.54	0.59	-8.47	
Gearing ratio (%)	76.60	75.77	Increased by 0.83 percentage point	
Loan repayment ratio (%)	100.00	100.00	-	

Principal indicators	The Reporting Period (January to June)	The corresponding period last year	Increase or decrease in the Reporting Period as compared with the corresponding period of last year (%)	Reasons of change
EBITDA interest coverage multiples	4.51	4.65	-3.01	
Interest repayment ratio (%)	100.00	100.00	-	

IX. EXPLANATION ON THE INDEBTEDNESS THAT HAS FALLEN DUE

Applicable Not applicable

X. INTEREST PAYMENT OF OTHER BONDS AND DEBT FINANCING INSTRUMENTS OF THE COMPANY

Applicable Not applicable

The principal and interest on other existing bonds and debt financing instruments of the Company have been repaid in a timely manner, and there has been no default so far.

XI. BANKING FACILITIES DURING THE REPORTING PERIOD

Applicable Not applicable

As at the end of the Reporting Period, the Group has already obtained banking facilities from several PRC banks of up to RMB1,545.1980 billion, of which an amount of RMB565.5259 billion has been utilized.

XII. FULFILLMENT OF STIPULATIONS OR COMMITMENT IN THE COMPANY'S PROSPECTUS DURING THE REPORTING PERIOD

Applicable Not applicable

During the Reporting Period, the Company strictly complied with and fulfilled the relevant agreements and commitments in the prospectus of the CRCC 2018 publicly issued renewable corporate bonds (first, second and third tranches) and the 2019 publicly issued renewable corporate bonds (type I of first tranche, type II of first tranche, type I of second tranche, type II of second tranche, type I of third tranche and type II of third tranche) to qualified investors, there had been no default in this regard.

XIII. IMPACT OF MAJOR EVENTS ON OPERATING STATUS AND SOLVENCY OF THE COMPANY

Applicable Not applicable

Section X Financial Report

REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS

De Shi Bao (Yue) Zi (20)No. R00053

To the shareholders of China Railway Construction Corporation Limited

We have reviewed the accompanying financial statements of China Railway Construction Corporation Limited (“the Company”), which comprise the consolidated and company statements of financial position as at 30 June 2020, and the consolidated and company statements of profit or loss and other comprehensive income, the consolidated and company statements of changes in equity and the consolidated and company statements of cash flows for the six months then ended, and the notes to the financial statements. The preparation of these financial statements is the responsibility of the Company’s management. Our responsibility is to express a report on review of these financial statements based on our review.

We conducted our review in accordance with China Certified Public Accountant Review Standard No. 2101 – Review of Financial Statements. This Standard requires us to plan and perform the review to obtain limited assurance about whether these financial statements are free from material misstatements. A review is limited primarily to procedures as enquiry of entity’s personnel and analytical review procedures applied to the financial information and thus provides less assurance than an audit. We have not performed an audit, and therefore we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying financial statements are not prepared in accordance with the requirements of Accounting Standards for Business Enterprises and cannot present fairly, in all material respects, the consolidated and company financial position as at 30 June 2020, and operating performance and cash flows for the six months ended 30 June 2020.

Deloitte Touche Tohmatsu CPA LLP

Shanghai China

Chinese Certified Public Accountant: **Ma Yanmei**

Chinese Certified Public Accountant: **Yin Lili**

28 August 2020

The Report on Review of Interim Financial Statements and the accompanying financial statements are English translations of the Chinese Report on Review of Interim Financial Statements and the interim financial statements prepared under accounting principles and practices generally accepted in the People’s Republic of China. These financial statements are not intended to present the financial position and operating performance and cash flows in accordance with accounting principles and practices generally accepted in other countries and jurisdictions. Where the English version does not conform to the Chinese version, the Chinese version prevails.

Consolidated Statement of Financial Position

As at 30 June 2020

RMB '000

ASSETS	Note V	30 June 2020 (unaudited)	31 December 2019
Current assets			
Cash and bank balances	1	124,770,685	156,887,177
Held-for-trading financial assets	2	1,608,435	3,587,646
Bills receivable	3	7,235,696	10,305,274
Receivables at FVTOCI	4	2,130,161	2,654,263
Trade receivables	5	125,799,493	112,138,537
Advances to suppliers	6	28,581,940	24,335,981
Other receivables	7	63,048,869	60,100,338
Inventories	8	227,698,903	194,891,575
Contract assets	9	176,693,447	154,903,081
Current portion of non-current assets	12 · 22	15,270,453	18,109,883
Other current assets	10	22,258,719	17,900,227
Total current assets		795,096,801	755,813,982
Non-current assets			
Loans and advances to customers	11	2,437,500	2,730,000
Long-term receivables	12	68,039,876	60,804,614
Long-term equity investments	13	56,426,958	49,644,634
Debt investments		41	41
Other non-current financial assets		1,852,750	1,643,494
Other equity instrument investments	14	10,193,051	10,038,609
Investment properties	15	5,966,207	5,357,757
Fixed assets	16	50,569,195	50,891,768
Construction in progress	17	6,741,319	5,614,803
Right-of-use assets	18	5,290,280	5,678,711
Intangible assets	19	66,979,757	59,871,943
Development expenditure		19,687	9,436
Goodwill	20	581,137	118,841
Long-term prepayments		441,538	420,477
Deferred tax assets	21	6,363,675	5,624,947
Other non-current assets	22	68,163,498	66,975,156
Total non-current assets		350,066,469	325,425,231
TOTAL ASSETS		1,145,163,270	1,081,239,213

The accompanying notes form part of the financial statements.

The financial statements from page 101 to page 341 have been signed by:

Person-in-charge of the Company:

Zhuang Shangbiao

CFO:

Wang Xiuming

Head of the Finance Department:

Guo Shuanglai

Consolidated Statement of Financial Position (continued)

As at 30 June 2020

RMB '000

LIABILITIES AND SHAREHOLDERS' EQUITY	Note V	30 June 2020 (unaudited)	31 December 2019
Current liabilities			
Short-term loans	23	65,191,274	42,749,266
Due to customers	24	1,713,428	3,820,235
Bills payable	25	71,367,755	69,601,977
Trade payables	26	328,289,433	325,785,304
Advances from customers		146,591	128,914
Contract liabilities	27	111,077,575	108,506,589
Employee benefits payable	28	10,490,266	11,880,367
Taxes payable	29	5,176,561	6,970,004
Other payables	30	79,538,253	70,116,812
Current portion of non-current liabilities	31	26,712,079	34,672,076
Other current liabilities	32	19,132,864	14,747,536
Total current liabilities		718,836,079	688,979,080
Non-current liabilities			
Long-term loans	33	115,124,299	87,936,038
Bonds payable	34	24,389,117	26,143,894
Lease liabilities	35	3,046,562	3,160,980
Long-term payables	36	10,626,291	8,563,197
Long-term employee benefits payable		217,238	233,175
Provisions		426,304	417,208
Deferred income	37	3,071,001	2,842,220
Deferred tax liabilities	21	1,331,265	507,813
Other non-current liabilities		150,131	434,034
Total non-current liabilities		158,382,208	130,238,559
Total liabilities		877,218,287	819,217,639
Shareholders' equity			
Share capital	38	13,579,542	13,579,542
Other equity instruments	39	40,170,757	40,189,093
Capital reserve	40	44,173,062	44,154,726
Other comprehensive income	41	(576,764)	(66,158)
Special reserve	42	-	-
Surplus reserve	43	4,613,506	4,613,506
Retained earnings	44	112,972,389	107,488,965
Total equity attributable to owners of the Company		214,932,492	209,959,674
Non-controlling interests		53,012,491	52,061,900
Total shareholders' equity		267,944,983	262,021,574
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		1,145,163,270	1,081,239,213

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2020

RMB '000

ITEM	Note V	For the six months ended 30 June 2020 (unaudited)	For the six months ended 30 June 2019 (unaudited)
Revenue	45	370,789,433	352,934,879
Less: Cost of sales	45	337,027,720	318,364,458
Taxes and surcharges	46	1,250,826	1,527,212
Selling and distribution expenses	47	2,203,779	2,160,367
General and administrative expenses	48	8,140,710	8,275,270
Research and development expenses	49	6,696,047	7,002,021
Finance costs	50	1,735,823	2,094,611
Including: Interest expenses		2,918,463	3,312,223
Interest income		1,943,806	1,942,181
Add: Other income	53	248,195	171,108
Investment income	54	239,564	52,799
Including: Share of profits of associates and joint ventures		1,010,131	982,341
Losses from derecognition of financial assets measured at amortised cost		(756,314)	(1,120,028)
Gains on fair value changes	55	215,383	311,343
Impairment (losses)/gains on assets	51	(7,430)	960
Impairment of credit losses	52	(1,320,649)	(1,313,740)
Gains on disposal of assets		202,462	56,886
Operating profit		13,312,053	12,790,296
Add: Non-operating income	56	377,588	367,101
Less: Non-operating expenses	57	257,245	247,510
Profit before tax		13,432,396	12,909,887
Less: Income tax expenses	59	2,545,375	2,593,425
Net profit		10,887,021	10,316,462
Classified by the continuity of operation			
Net profit from continuing operations		10,887,021	10,316,462
Net profit from discontinued operations		–	–
Classified by the ownership			
Net profit attributable to owners of the Company		9,316,253	9,284,178
Net profit attributable to non-controlling interests		1,570,768	1,032,284

Consolidated Statement of Profit or Loss and Other Comprehensive Income (continued)

For the six months ended 30 June 2020

RMB '000

ITEM	Note V	For the six months ended 30 June 2020 (unaudited)	For the six months ended 30 June 2019 (unaudited)
Other comprehensive income/(expense), net of tax	41	(532,546)	377,612
Other comprehensive income/(expense) attributable to owners of the Company, net of tax		(510,606)	381,046
Other comprehensive income/(expense) not to be reclassified to profit or loss			
Re-measurement of defined benefit, net of tax		(28)	(97)
Changes in fair value of other equity instrument investments		(238,077)	308,683
Other comprehensive income/(expense) to be reclassified to profit or loss			
Shares of other comprehensive income/(expense) that will be reclassified subsequently into profit or loss by the investee under equity method		(76,770)	144,985
Changes in fair value of other debt investments		3,028	(183)
Exchange differences on translation of foreign operations		(199,245)	(72,342)
Others		486	-
Other comprehensive income/(expense) attributable to non-controlling interests, net of tax		(21,940)	(3,434)
Total comprehensive income		10,354,475	10,694,074
Including:			
Total comprehensive income attributable to owners of the Company		8,805,647	9,665,224
Total comprehensive income attributable to non-controlling interests		1,548,828	1,028,850
Earnings per share:			
Basic earnings per share (RMB/share)	60	0.62	0.65
Diluted earnings per share (RMB/share)	60	0.59	0.61

Consolidated Statement of Cash Flows

For the six months ended 30 June 2020

RMB '000

ITEM	Note V	For the six months ended 30 June 2020 (unaudited)	For the six months ended 30 June 2019 (unaudited)
1. CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from the sale of goods or rendering of services		346,718,497	349,116,689
Refunds of tax		131,236	159,274
Net decrease in loans and advances to customers		300,000	–
Net decrease in balances with the central bank		1,234,415	685,912
Cash received from other operating activities	61(1)	6,071,292	5,833,394
Subtotal of cash inflows from operating activities		354,455,440	355,795,269
Cash paid for goods and services		351,781,649	336,207,612
Net increase in loans and advances to customers		–	700,000
Net decrease in due to customers and due to banks		2,106,807	1,820,351
Cash paid to and on behalf of employees		30,813,497	29,840,160
Cash paid for all taxes		12,276,990	15,629,048
Cash paid for other operating activities	61(2)	5,555,009	4,070,011
Subtotal of cash outflows from operating activities		402,533,952	388,267,182
Net cash flows used in operating activities	62(1)	(48,078,512)	(32,471,913)
2. CASH FLOWS FROM INVESTING ACTIVITIES			
Cash received from disposal of investments		2,321,172	5,032,705
Cash received from investment income		172,770	118,878
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		874,616	633,910
Net decrease in cash and bank balances with title restrictions		997,915	–
Cash received from other investing activities		960,597	78,220
Subtotal of cash inflows from investing activities		5,327,070	5,863,713
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		12,193,934	13,117,148
Cash paid for acquisition of investments		7,342,829	7,413,441
Net increase in cash and bank balances with title restrictions		–	153,775
Cash paid for other investing activities		347,237	205,025
Subtotal of cash outflows from investing activities		19,884,000	20,889,389
Net cash flows used in investing activities		(14,556,930)	(15,025,676)

Consolidated Statement of Cash Flows (continued)

For the six months ended 30 June 2020

RMB '000

ITEM	Note V	For the six months ended 30 June 2020 (unaudited)	For the six months ended 30 June 2019 (unaudited)
3. CASH FLOWS FROM FINANCING ACTIVITIES			
Cash received as capital contributions		3,387,843	10,774,727
Including: Cash received from non-controlling shareholders of subsidiaries		3,387,843	6,174,727
Cash received from issuing bonds		9,183,176	17,178,647
Cash received from borrowings		104,114,055	77,873,553
Cash received from other financing activities	61(3)	3,500,000	3,505,000
Subtotal of cash inflows from financing activities		120,185,074	109,331,927
Cash repayments for borrowings		73,930,296	66,963,821
Cash paid for distribution of dividends or profits and for interest expenses		7,573,563	7,380,097
Including: Cash paid to non-controlling shareholders for distribution of dividends by subsidiaries		1,449,765	258,137
Cash paid for other financing activities	61(4)	6,091,768	8,902,390
Subtotal of cash outflows from financing activities		87,595,627	83,246,308
Net cash flows generated from financing activities		32,589,447	26,085,619
4. EFFECT OF CHANGES IN EXCHANGE RATES ON CASH AND CASH EQUIVALENTS		161,833	19,789
5. NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(29,884,162)	(21,392,181)
Add: Cash and cash equivalents at beginning of the period	62(2)	140,293,616	130,087,717
6. CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	62(2)	110,409,454	108,695,536

Consolidated Statement of Changes in Equity

For the six months ended 30 June 2020

RMB '000

ITEM	For the six months ended 30 June 2020 (unaudited)										
	Equity attributable to owners of the Company									Non-controlling interests	Total equity
	Share capital	Other equity instruments	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Subtotal			
I. As at 1 January 2020	13,579,542	40,189,093	44,154,726	(66,158)	-	4,613,506	107,488,965	209,959,674	52,061,900	262,021,574	
II. Increase/(decrease) during the period	-	(18,336)	18,336	(510,606)	-	-	5,483,424	4,972,818	950,591	5,923,409	
(I) Total comprehensive income	-	-	-	(510,606)	-	-	9,316,253	8,805,647	1,548,828	10,354,475	
(II) Capital contributions and withdrawals by shareholders	-	(18,336)	18,336	-	-	-	(16,979)	(16,979)	586,975	569,996	
1. Capital contributions by shareholders	-	-	-	-	-	-	-	-	3,387,843	3,387,843	
2. Capital withdrawals by shareholders	-	-	-	-	-	-	-	-	(3,680,100)	(3,680,100)	
3. Equity transactions with non-controlling shareholders	-	-	-	-	-	-	(16,979)	(16,979)	(59,594)	(76,573)	
4. Others (Note V.39)	-	(18,336)	18,336	-	-	-	-	-	938,826	938,826	
(III) Profit distribution	-	-	-	-	-	-	(3,815,850)	(3,815,850)	(1,185,212)	(5,001,062)	
1. Distribution to shareholders (Note V.44)	-	-	-	-	-	-	(3,815,850)	(3,815,850)	(1,185,212)	(5,001,062)	
(IV) Special reserve (Note V.42)	-	-	-	-	-	-	-	-	-	-	
1. Appropriated in current period	-	-	-	-	5,483,860	-	-	5,483,860	-	5,483,860	
2. Used in current period	-	-	-	-	(5,483,860)	-	-	(5,483,860)	-	(5,483,860)	
(V) Others	-	-	-	-	-	-	-	-	-	-	
III. As at 30 June 2020	13,579,542	40,170,757	44,173,062	(576,764)	-	4,613,506	112,972,389	214,932,492	53,012,491	267,944,983	

Consolidated Statement of Changes in Equity (continued)

For the six months ended 30 June 2020

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	For the six months ended 30 June 2019 (unaudited)									
	Equity attributable to owners of the Company								Non-controlling interests	Total equity
	Share capital	Other equity instruments	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Subtotal		
I. As at 1 January 2019	13,579,542	20,392,922	40,434,270	(515,059)	-	3,229,881	92,768,356	169,889,912	37,444,943	207,334,855
II. Increase/(decrease) during the period	-	(3,392,104)	(2,914)	380,149	-	-	5,802,435	2,787,566	5,396,580	8,184,146
(I) Total comprehensive income	-	-	-	381,046	-	-	9,284,178	9,665,224	1,028,850	10,694,074
(II) Capital contributions and withdrawals by shareholders	-	(3,392,104)	(2,914)	-	-	-	-	(3,395,018)	5,699,745	2,304,727
1. Capital contributions by shareholders	-	-	-	-	-	-	-	-	102,115	102,115
2. Capital contributions by other equity instrument holders	-	(3,392,104)	(7,896)	-	-	-	-	(3,400,000)	6,072,612	2,672,612
3. Others	-	-	4,982	-	-	-	-	4,982	(474,982)	(470,000)
(III) Profit distribution	-	-	-	-	-	-	(3,482,640)	(3,482,640)	(1,332,015)	(4,814,655)
1. Distribution to shareholders	-	-	-	-	-	-	(3,482,640)	(3,482,640)	(1,332,015)	(4,814,655)
(IV) Special reserve (Note V.42)	-	-	-	-	-	-	-	-	-	-
1. Appropriated in current period	-	-	-	-	4,618,047	-	-	4,618,047	-	4,618,047
2. Used in current period	-	-	-	-	(4,618,047)	-	-	(4,618,047)	-	(4,618,047)
(V) Others	-	-	-	(897)	-	-	897	-	-	-
1. Others	-	-	-	(897)	-	-	897	-	-	-
III. As at 30 June 2019	13,579,542	17,000,818	40,431,356	(134,910)	-	3,229,881	98,570,791	172,677,478	42,841,523	215,519,001

The Company's Statement of Financial Position

As at 30 June 2020

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ASSETS	Note XIV	30 June 2020 (unaudited)	31 December 2019
Current assets			
Cash and bank balances		15,209,410	15,303,074
Held-for-trading financial assets		65,896	54,086
Trade receivables	1	3,448,237	5,187,891
Advances to suppliers		472,648	93,263
Other receivables	2	23,932,916	25,767,145
Contract assets		1,206,309	309,861
Current portion of non-current assets		11,915,726	8,501,726
Other current assets		134,429	155,106
Total current assets		56,385,571	55,372,152
Non-current assets			
Long-term receivables		22,119,000	23,776,000
Long-term equity investments	3	98,144,338	96,644,338
Other equity instrument investments		333,559	364,646
Fixed assets		29,950	32,278
Construction in progress		46,915	29,691
Right-of-use assets		47,791	63,547
Intangible assets		51,116	49,036
Deferred tax assets		348	348
Other non-current assets		2,707,827	2,640,297
Total non-current assets		123,480,844	123,600,181
TOTAL ASSETS		179,866,415	178,972,333

The Company's Statement of Financial Position (continued)

As at 30 June 2020

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LIABILITIES AND SHAREHOLDERS' EQUITY	Note XIV	30 June 2020 (unaudited)	31 December 2019
Current liabilities			
Trade payables		5,973,865	6,498,216
Contract liabilities		576,657	168,538
Employee benefits payable		90,652	75,578
Taxes payable		83,933	71,000
Other payables	4	26,056,942	23,360,538
Current portion of non-current liabilities		7,882,120	14,396,304
Other current liabilities		306,451	414,417
Total current liabilities		40,970,620	44,984,591
Non-current liabilities			
Long-term loans	5	4,482,198	3,415,448
Bonds payable	Note V.34	–	3,298,086
Lease liabilities		34,888	33,295
Long-term payables		1,855,128	2,417,169
Long-term employee benefits payable		12,440	12,440
Deferred tax liabilities		245,972	193,204
Deferred income		5,520	970
Other non-current liabilities		–	244,414
Total non-current liabilities		6,636,146	9,615,026
Total liabilities		47,606,766	54,599,617
Shareholders' equity			
Share capital	Note V.38	13,579,542	13,579,542
Capital reserve		46,893,785	46,875,449
Other comprehensive income		85,847	109,164
Other equity instruments	Note V.39	40,170,757	40,189,093
Special reserve		–	–
Surplus reserve	Note V.43	4,613,506	4,613,506
Retained earnings		26,916,212	19,005,962
Total shareholders' equity		132,259,649	124,372,716
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		179,866,415	178,972,333

The Company's Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2020

RMB '000

ITEM	Note XIV	For the six months ended 30 June 2020 (unaudited)	For the six months ended 30 June 2019 (unaudited)
Revenue	6	4,978,398	6,084,923
Less: Cost of sales	6	4,884,392	6,015,087
Taxes and surcharges		3,737	1,128
Selling and distribution expenses		8,746	21,926
General and administrative expenses		175,963	183,489
Research and development expenses		–	1,794
Finance costs	7	(997,750)	(222,867)
Including: Interest expenses		847,824	1,090,564
Interest income		2,011,569	1,313,508
Add: Other income		4,889	–
Investment income	8	10,665,946	8,884,552
Including: Share of profits of joint ventures		–	2,217
Gains on fair value changes		242,162	331,292
Impairment of credit losses		(30,936)	(27,279)
Operating profit		11,785,371	9,272,931
Add: Non-operating income		2,029	8,438
Less: Non-operating expenses		686	1,087
Profit before tax		11,786,714	9,280,282
Less: Income tax expenses		60,614	83,034
Net profit		11,726,100	9,197,248
Classified by the continuity of operation			
Net profit from continuing operations		11,726,100	9,197,248
Net profit from discontinued operations		–	–
Other comprehensive income/(expense), net of tax		(23,317)	23,526
Other comprehensive income/(expense) not to be reclassified to profit or loss			
Changes in fair value of other equity instrument investments		(23,317)	23,526
Total comprehensive income		11,702,783	9,220,774

The Company's Statement of Cash Flows

For the six months ended 30 June 2020

RMB '000

ITEM	Note XIV	For the six months ended 30 June 2020 (unaudited)	For the six months ended 30 June 2019 (unaudited)
1. CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from the sale of goods or rendering of services		6,586,075	5,603,384
Cash received from other operating activities		8,847,686	16,632,798
Subtotal of cash inflows from operating activities		15,433,761	22,236,182
Cash paid for goods and services		6,436,786	5,880,110
Cash paid to and on behalf of employees		115,148	114,514
Cash paid for all taxes		24,659	8,775
Cash paid for other operating activities		5,613,814	6,223,380
Subtotal of cash outflows from operating activities		12,190,407	12,226,779
Net cash flows generated from operating activities	9(1)	3,243,354	10,009,403
2. CASH FLOWS FROM INVESTING ACTIVITIES			
Cash received from investment income		8,614,410	7,533,924
Net decrease in cash and bank balances with title restrictions		69,579	2,400
Subtotal of cash inflows from investing activities		8,683,989	7,536,324
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		27,595	18,909
Cash paid for acquisition of investments		1,500,000	-
Subtotal of cash outflows from investing activities		1,527,595	18,909
Net cash flows generated from investing activities		7,156,394	7,517,415

The Company's Statement of Cash Flows (continued)

For the six months ended 30 June 2020

RMB '000

ITEM	Note XIV	For the six months ended 30 June 2020 (unaudited)	For the six months ended 30 June 2019 (unaudited)
3. CASH FLOWS FROM FINANCING ACTIVITIES			
Cash received as capital contributions		–	4,600,000
Cash received from borrowings		1,100,000	–
Cash received from issuing bonds		–	7,000,000
Subtotal of cash inflows from financing activities		1,100,000	11,600,000
Cash repayments for borrowings		10,201,001	9,994,961
Cash paid for distribution of dividends or profits and for interest expenses		1,358,620	1,811,736
Cash paid for other financing activities		632	8,010,000
Subtotal of cash outflows from financing activities		11,560,253	19,816,697
Net cash flows used in financing activities		(10,460,253)	(8,216,697)
4. EFFECT OF CHANGES IN EXCHANGE RATES ON CASH AND CASH EQUIVALENTS		36,419	21,409
5. NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(24,086)	9,331,530
Add: Cash and cash equivalents at beginning of the period	9(2)	15,221,695	13,393,575
6. CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	9(2)	15,197,609	22,725,105

The Company's Statement of Changes in Equity

For the six months ended 30 June 2020

RMB '000

ITEM	For the six months ended 30 June 2020 (unaudited)							Total equity
	Share capital	Other equity instruments	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	
I. As at 1 January 2020	13,579,542	40,189,093	46,875,449	109,164	-	4,613,506	19,005,962	124,372,716
II. Increase/(decrease) during the period	-	(18,336)	18,336	(23,317)	-	-	7,910,250	7,886,933
(I) Total comprehensive income	-	-	-	(23,317)	-	-	11,726,100	11,702,783
(II) Capital contributions and withdrawals by shareholders	-	(18,336)	18,336	-	-	-	-	-
1. Capital contributions and withdrawals by other equity instrument holders (Note V.39)	-	(18,336)	18,336	-	-	-	-	-
(III) Profit distribution	-	-	-	-	-	-	(3,815,850)	(3,815,850)
1. Distribution to shareholders (Note V.44)	-	-	-	-	-	-	(3,815,850)	(3,815,850)
(IV) Special reserve (Note V.42)	-	-	-	-	-	-	-	-
1. Appropriated in current period	-	-	-	-	80,913	-	-	80,913
2. Used in current period	-	-	-	-	(80,913)	-	-	(80,913)
III. As at 30 June 2020	13,579,542	40,170,757	46,893,785	85,847	-	4,613,506	26,916,212	132,259,649

The Company's Statement of Changes in Equity (continued)

For the six months ended 30 June 2020

RMB '000

ITEM	For the six months ended 30 June 2019 (unaudited)							
	Share capital	Other equity instruments	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Total equity
I. As at 1 January 2019	13,579,542	20,392,922	46,493,552	85,292	-	3,229,881	10,644,560	94,425,749
II. Increase/(decrease) during the period	-	(3,392,104)	(7,896)	23,526	-	-	5,714,608	2,338,134
(I) Total comprehensive income	-	-	-	23,526	-	-	9,197,248	9,220,774
(II) Capital contributions and withdrawals by shareholders	-	(3,392,104)	(7,896)	-	-	-	-	(3,400,000)
1. Capital contributions by other equity instrument holders	-	(3,392,104)	(7,896)	-	-	-	-	(3,400,000)
(III) Profit distribution	-	-	-	-	-	-	(3,482,640)	(3,482,640)
1. Distribution to shareholders	-	-	-	-	-	-	(3,482,640)	(3,482,640)
(IV) Special reserve (Note V.42)	-	-	-	-	-	-	-	-
1. Appropriated in current period	-	-	-	-	120,404	-	-	120,404
2. Used in current period	-	-	-	-	(120,404)	-	-	(120,404)
III. As at 30 June 2019	13,579,542	17,000,818	46,485,656	108,818	-	3,229,881	16,359,168	96,763,883

Notes to the Financial Statements

For the six months ended 30 June 2020

I. CORPORATE INFORMATION

China Railway Construction Corporation Limited (the “Company”) is a joint stock limited company with limited liability registered in Beijing in the People’s Republic of China (the “PRC” or “Mainland China”) on 5 November 2007. The Company’s shares, have been listed on the Shanghai Stock Exchange and the Hong Kong Stock Exchange. The registered address of the Company’s head office is located at East No. 40 Fuxing Road, Haidian District, Beijing, PRC.

The principal activities of the Company and its subsidiaries (collectively referred to as the “Group”) mainly consist of construction operations, survey, design and consultancy operations, trade and logistics, manufacturing operations and real estate development operations.

The Company’s parent and ultimate holding company is China Railway Construction Corporation (referred to as the “Controlling Shareholder”), a company registered in PRC.

These financial statements were approved and authorised for issue by the board of directors of the Company on 28 August 2020.

The scope of consolidated financial statements shall be determined on the basis of control. Refer to Note VI for the changes of consolidation scope for the period.

II. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements have been prepared by the Group on a going-concern basis in accordance with *Accounting Standards for Business Enterprises* and other relevant provisions issued and revised subsequently by the Ministry of Finance (collectively referred to as “Accounting Standards for Business Enterprises”). In addition, the financial statements are also disclosed in accordance with *Information Disclosure and Presentation Rules for Companies Public offering Securities No. 15 – General Provisions on Financial Reporting* (revised by China Securities Regulatory Commission in 2014).

In accordance with the *Consultation Conclusions on Acceptance of Mainland Accounting and Auditing Standards and Mainland Audit Firms for Mainland Incorporated Companies Listed in Hong Kong* issued by the Hong Kong Stock Exchange in December 2010, the corresponding amendments to the Hong Kong Listing Rules, as well as the relevant documents issued by the Ministry of Finance and China Securities Regulatory Commission, the Company ceased to provide financial reports prepared in accordance with *Accounting Standards for Business Enterprises and International Financial Reporting Standards* separately to A-share shareholders and H-share shareholders from the year of 2011 with the approval of the Company’s general meeting of shareholders. Instead, the Company provides all shareholders with financial reports solely prepared in accordance with *Accounting Standards for Business Enterprises*, taking into account the disclosure requirements of the Hong Kong Companies Ordinance and the Hong Kong Listing Rules in preparing such financial reports.

The Group has adopted accrual basis for accounting measurement. The financial statements have been presented under the historical cost, except for certain financial assets which have been measured at fair value. If the assets are impaired, the corresponding provisions for impairment shall be made according to relevant requirements.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

According to the characteristics of its production and operation, the Group formulated a series of specific accounting policies and accounting estimates, including the impairment of receivables and contract assets, the measurement of inventories, the provisions for decline in value of inventories, the depreciation methods and the depreciation rates of the fixed assets, the amortisation methods of the intangible assets, the method of long-term assets impairment testing, and the policy for revenue recognition, etc.

1. *Statement of compliance with Accounting Standards for Business Enterprises*

The financial statements present fairly and fully the financial position of the Group and the Company as at 30 June 2020 and the consolidated and company financial performance and cash flows for the six months ended 30 June 2020 in accordance with Accounting Standards for Business Enterprises.

2. *Accounting period*

The accounting year of the Group is from 1 January to 31 December of each calendar year. The reporting period for the financial statements starts from 1 January to 30 June 2020.

3. *Functional currency*

Renminbi (“RMB”) is the currency of the primary economic environment in which the Company and its domestic subsidiaries operate. Therefore, the Company and its domestic subsidiaries choose RMB as their functional currency. The overseas subsidiaries of the Company may determine their own functional currencies based on their specific economic environments. The Group adopts RMB to prepare its financial statements.

4. *Business combinations*

Business combinations are classified into business combinations involving entities under common control and business combinations not involving entities under common control.

4.1 *Business combinations involving entities under common control*

A business combination involving entities under common control is a business combination in which all of the combining entities are ultimately controlled by the same party or parties both before and after the combination, and that control is not transitory. For a business combination involving entities under common control, the party that, on the combination date, obtains control of another entity participating in the combination is the acquirer, while the other entity participating in the combination is a party being acquired. The combination date is the date on which the acquirer effectively obtains control of the party being acquired.

Assets and liabilities (including the goodwill recognised by the ultimate controlling party in acquisition of the acquiree) that are obtained by the acquirer in a business combination shall be measured at their carrying amounts at the combination date as recorded by the ultimate controlling party. The difference between the carrying amount of the net assets obtained and the carrying amount of the consideration paid for the combination (or the aggregate face value of the shares issued as consideration) is adjusted to share premium under capital reserve. If the capital reserve is not sufficient to absorb the difference, any excess shall be adjusted against retained earnings.

Costs that are directly attributable to the combination are charged to profit or loss in the year in which they are incurred.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

4. *Business combinations (continued)*

4.2 **Business combinations involving entities not under common control**

A business combination involving entities not under common control is a business combination in which all of the combining entities are not ultimately controlled by the same party or parties both before and after the combination. For a business combination involving entities not under common control, the party that, on the acquisition date, obtains control of another entity participating in the combination is the acquirer, while the other entity participating in the combination is the acquiree. The acquisition date is the date on which the acquirer effectively obtains control of the acquiree.

The cost of combination is the aggregate of the fair values, at the acquisition date, of the assets given, liabilities incurred or assumed, and equity securities issued by the acquirer in exchange for control of the acquiree. The intermediary expenses incurred by the acquirer in respect of auditing, legal services, valuation and consultancy services, etc. and other associated administrative expenses attributable to the business combination are recognised in profit or loss when they are incurred.

The acquirer shall measure the acquiree's identifiable assets, liabilities and contingent liabilities acquired in the business combination at their fair values on the purchase date.

Goodwill is measured at cost being the excess of the aggregate of the fair value of the consideration transferred (or the fair value of the equity securities issued) and any fair value of the acquirer's previously held equity interest in the acquiree over the acquirer's interest in the fair value of the acquiree's net identifiable assets. Goodwill is subsequently measured at cost deducted by accumulated provision. If the aggregate of the fair value of the consideration transferred (or the fair value of the equity securities issued) and any fair value of the acquirer's previously held equity interest in the acquiree is lower than the acquirer's interest in the fair value of the acquiree's net identifiable assets, the difference is, after reassessment of the fair value of each identifiable asset, liability and contingent liability acquired from the acquiree and the fair value of the consideration transferred (or the fair value of the equity securities issued) and any fair value of the acquirer's previously held equity interest in the acquiree, recognised in profit or loss.

As at the end of the reporting period when the business combination occurs, if the fair value of each identifiable asset, liability and contingent liability acquired from the acquiree can only be provisionally determined, the Group shall measure and recognise the business combination based on the provisionally determined fair value. Within 12 months after the acquisition date, if the provisionally determined fair value is adjusted, it should be treated as that the adjusted value is measured and recognised on the acquisition date.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

5. Consolidated financial statements

The consolidation scope of the consolidated financial statements is determined on the basis of control. Control exists when the investor has power over the investee; is exposed, or has rights, to variable returns from its involvement with the investee; and has the ability to use its power over the investee to affect its returns. The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes of the above elements of the definition of control.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

For a subsidiary disposed of by the Group, the operating results and cash flows before the date of disposal (the date when control is lost) are included in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows, as appropriate.

For a subsidiary acquired through a business combination not involving enterprises under common control, the operating results and cash flows from the acquisition date (the date when control is obtained) are included in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows, as appropriate.

No matter when the business combination occurs in the reporting period, subsidiaries acquired through a business combination involving enterprises under common control or the party being absorbed under merger by absorption are included in the Group's scope of consolidation as if they had been included in the scope of consolidation from the date when they first came under the common control of the ultimate controlling party. Their operating results and cash flows from the beginning of the earliest reporting period or from the date when they first came under the common control of the ultimate controlling party are included in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows, as appropriate.

The significant accounting policies and accounting periods adopted by the subsidiaries are determined based on the uniform accounting policies and accounting periods set out by the Company.

All intra-group transactions are eliminated on consolidation.

The portion of subsidiaries' equity that is not attributable to the Company is treated as minority interests and presented as "non-controlling interests" in the consolidated statement of financial position within shareholders' equity. The portion of net profits or losses of subsidiaries for the period attributable to non-controlling interests is presented as "net profit attributable to non-controlling interests" in the consolidated statement of profit or loss and other comprehensive income below the "net profit" line item.

When the amount of loss for the period attributable to the minority shareholders of a subsidiary exceeds the minority shareholders' portion of the opening balance of shareholders' equity of the subsidiary, the excess amount are still allocated against non-controlling interests.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

5. *Consolidated financial statements (continued)*

Acquisition of minority interests or disposal of interest in a subsidiary that does not result in the loss of control over the subsidiary is accounted for as equity transactions. The carrying amounts of the Company's interests and minority interests are adjusted to reflect the changes in their relative interests in the subsidiary. The difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is adjusted to capital reserve under shareholders' equity. If the capital reserve is not sufficient to absorb the difference, the excess are adjusted against retained earnings.

When the Group loses control over a subsidiary due to disposal of certain equity interest or other reasons, any retained interest is re-measured at its fair value at the date when control is lost. The difference between (1) the aggregate of the consideration received on disposal and the fair value of any retained interest and (2) the share of the former subsidiary's net assets cumulatively calculated from the acquisition date according to the original proportion of ownership interest is recognised as investment income in the period in which control is lost. Other comprehensive income associated with investment in the former subsidiary is reclassified to investment income in the period in which control is lost.

6. *Joint arrangement and joint operations*

A joint arrangement is either a joint operation or a joint venture. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

In respect of joint operations, the Group as a party of joint operation recognises its interest in a joint operation: (1) its assets held individually and its share of assets held jointly; (2) its liabilities assumed individually and its share of liabilities assumed jointly; (3) its revenue from the sale of its share of the output arising from the joint operation; (4) its share of the revenue from the sale of the output by the joint operation; and (5) its expenses incurred individually and its share of expenses incurred jointly.

The Group measures its joint ventures under equity method, please refer to Note III. 11.3.2.

7. *Cash and cash equivalents*

Cash comprises the Group's cash on hand and deposits that can be readily withdrawn on demand. Cash equivalents are short-term, highly liquid investments held by the Group, that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

8. *Foreign currency transactions and foreign currency translations*

The Group translates the amounts of foreign currency transactions into its functional currency.

Foreign currency transactions are initially recorded using the functional currency spot exchange rate ruling at the dates of the transactions. Monetary items denominated in foreign currencies are translated into functional currencies at the spot exchange rate ruling at the balance sheet date. All differences are recognised in profit or loss, except those related to a specific-purpose borrowing denominated in foreign currency that qualify for capitalisation for the purpose of acquisition, construction or production of qualifying assets. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated into functional currencies using the foreign spot exchange rates at the transaction dates and do not change the amounts of functional currency.

Non-monetary items denominated in foreign currencies that are measured at fair value are translated using the foreign exchange spot rate at the date the fair value is determined; the exchange differences are recognised in profit or loss or other comprehensive income depending on the nature of the non-monetary items.

For foreign operations, the Group translates functional currencies of overseas financial statements into RMB financial statements. All assets and liabilities are translated at the spot exchange rates ruling at the balance sheet date; the shareholders' equity, with the exception of retained earnings, is translated at the spot exchange rates ruling at the transaction dates; all items in the statement of profit or loss and other comprehensive income and items reflect amounts of profit distribution are translated at the spot exchange rates at the transaction dates. The undistributed profit at the beginning of the year/period equals the translated undistributed profit of the previous year; The undistributed profit at the end of the year/period is calculated according to the translated profit distribution items. Exchange fluctuations arising from the translations mentioned above are recognised as other comprehensive income. When an overseas business is disposed of, the exchange fluctuation reserve of the overseas business will be transferred to profit or loss in the same period.

Foreign currency cash flows and cash flows of overseas subsidiaries are translated into RMB at the spot exchange rates ruling at the dates of the cash flows. The effect of changes in exchange rates on cash and cash equivalents are presented as a reconciled item separately in the statement of cash flows.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. *Financial instruments*

The Group recognises a financial asset or a financial liability when it becomes a party to the contractual provisions of a financial instrument. For a regular way purchase or sale of financial assets, the recognition of an asset to be received and the liability to pay for it will be made on the trade date, and the derecognition of an asset that is sold will be made on the trade date.

On initial recognition, financial assets and financial liabilities are recognised at fair value. For financial assets and financial liabilities at fair value through profit or loss, relevant transaction costs are directly recognised in profit or loss; transaction costs relating to other categories of financial assets and financial liabilities are included in the value initially recognised. For trade receivables initially recognised that do not contain a significant financing component or a financing component included in the contracts less than one year which are not considered, which are within the scope of Accounting Standard for Business Enterprises No.14 – Revenue (ASBE No.14), transaction prices shall be adopted on initial recognition.

The effective interest method is a method that is used in the calculation of the amortised cost of a financial asset or a financial liability and in the allocation of the interest income or interest expense in profit or loss over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the financial asset or financial liability to the carrying amount of a financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Group estimates future cash flows by considering all the contractual terms of the financial asset or financial liability (for example, prepayment, extension, call option or similar options) but shall not consider the expected credit losses.

The amortised cost of a financial asset or a financial liability is the amount of a financial asset or a financial liability initially recognised net of principal repaid, plus or less the cumulative amortised amount arising from amortisation of the difference between the amount initially recognised and the amount at the maturity date using the effective interest method, net of cumulative credit loss allowance (only applicable to financial assets).

9.1 **Classification and measurement of financial assets**

Subsequent to initial recognition, the Group's financial assets of various categories are subsequently measured at amortised cost, at fair value through other comprehensive income or at fair value through profit or loss.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. Financial instruments (continued)

9.1 Classification and measurement of financial assets (continued)

9.1.1 Financial assets measured as at amortised cost

If contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, and the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, such asset is classified into financial assets measured at amortised cost. The Group's financial assets measured at amortised cost including cash and bank balances, bills receivable, trade receivables, other receivables, loans and advances to customers, long-term receivables (including current portion of long-term receivables) and debt investments.

The above financial assets are subsequently measured at amortised cost using the effective interest method. Gain or loss arising from impairment or derecognition is recognised in profit or loss.

Interest income from financial assets at amortised cost is recognised based on the effective interest method. The Group calculates interest income by applying the effective interest rate to the gross carrying amount of the financial asset, except:

- (1) For the purchased or internally generated credit-impaired financial assets, the Group recognises interest income based on amortised cost and credit-adjusted effective interest rate of such financial assets since initial recognition.
- (2) For the purchased or internally generated financial assets without credit-impairment but subsequently becoming credit-impaired, the Group subsequently recognises their interest income based on amortised costs and effective interest rate of such financial assets. If the credit impairment no longer exists due to an improvement in credit risk of the financial instruments subsequently and such improvement is relevant to some events occurred after applying the policies mentioned above, the Group recognises interest income based on applying effective interest rate to gross carrying amount of the financial assets.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. Financial instruments (continued)

9.1 Classification and measurement of financial assets (continued)

9.1.2 Financial assets classified as at fair value through other comprehensive income (FVTOCI)

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income: the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling; and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial assets classified as at FVTOCI are presented by the Group as other debt investments (due within 1 year and presented under current portion of non-current assets) and receivables at FVTOCI in financial statements.

Financial assets classified as at FVTOCI's relevant loss/gain on impairment and interest income based on effective interest rate are recognised in profit or loss. Except for the above circumstances, changes in fair value of such financial assets are all recognised in other comprehensive income. Such financial assets' changes that are recognised in profit or loss in each period equal to their changes that are recognised in profit or loss in each period as they are measured at amortised cost from acquisition date. Upon derecognition of the financial assets, cumulative gains or losses previously recognised in other comprehensive income are transferred and included in profit or loss.

9.1.3 Financial assets designated as at fair value through other comprehensive income

On initial recognition, the Group may irrevocably designate non-trading equity instruments as financial assets at fair value through other comprehensive income on an individual basis. Financial assets designated as at fair value through other comprehensive income are presented by the Group as other equity instrument investments in financial statements.

The fair value changes of such financial asset is recognised in other comprehensive income. Upon derecognition of the financial asset, cumulative gains or losses previously recognised in other comprehensive income are transferred and included in retained earnings. During the period for which the Group holds the investments in equity instruments, dividend income is recognised in profit or loss for the period when the Group has right to collect dividend, the economic benefits associated with dividend will probably flow into the Group and the amount of dividend can be reliably measured.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. Financial instruments (continued)

9.1 Classification and measurement of financial assets (continued)

9.1.4 Financial assets measured at fair value through profit or loss (FVTPL)

Any financial assets that does not qualify for amortised cost measurement or measurement at FVTOCI or designated at FVTOCI are classified into financial assets at FVTPL. FVTPL are presented by the Group as held-for-trading financial assets and other non-current financial assets items in the statement of financial position, based on its liquidity.

The above financial assets are subsequently measured at fair value. Gains or losses arising from fair value changes and dividends and interest income in relation to such financial assets are recognised in profit or loss for the period.

9.2 Impairment of financial assets

The Group recognises loss allowance for financial assets measured as at amortised cost, financial assets classified as at FVTOCI, lease receivables, contract assets and financial guarantee contracts based on expected credit losses ("ECL").

The Group measures loss allowance for contract assets, trade receivables and lease receivables based on the amount of full lifetime ECL.

For other financial instruments, except for the purchased or internally generated credit-impaired financial assets, at each balance sheet date, the Group assesses changes in credit risk of relevant financial instruments since initial recognition. If the credit risk of the above financial instruments has not increased significantly since initial recognition, the Group recognises loss allowance based on 12-month ECL of the financial instrument. If the credit risk of the above financial instruments has increased significantly, the Group measures loss based on the amount of ECL for their full lifetime. The increase or reversal of credit loss allowance is included in profit or loss as loss/gain on impairment. Except for financial assets classified as at FVTOCI, impairment of credit losses decreases the gross carrying amount of financial assets. For financial assets classified as at FVTOCI, the Group recognises credit loss allowance in other comprehensive income and does not decrease the carrying amount of such financial assets in the statement of financial position.

The Group measured loss allowance at the full lifetime ECL of the financial instruments in the prior accounting period. However, at each balance sheet date, for the above financial instruments, due to failure to qualify as significant increase in credit risk since initial recognition, the Group measures loss allowance for the financial instrument at 12-month ECL at each balance sheet date. Relevant reversal of loss allowance is included in profit or loss for the current period as gain on impairment.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. Financial instruments (continued)

9.2 Impairment of financial assets (continued)

9.2.1 Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group uses available, reasonable and supportable forward-looking information, to compare the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition in the application of criteria related to the financial instrument for impairment.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly: Whether the actual or expected operating results of the debtor have changed significantly; Whether supervisory, economic or technical environment for the debtor has significant detrimental changes; Whether value of collateral against debt mortgage or guarantee/credit enhancement provided by a third party has changed significantly. It is expected that the aforesaid changes are economic motives that will lower the debtor's repayment based on contractual stipulation or have an impact on probability of default; Whether the debtor's expected performance and repayment activities have changed significantly; Whether the Group's financial instrument management measures have changed, etc.

At the balance sheet date, the Group assumes that credit risk of the financial instrument has not increased significantly since initial recognition when the Group determines that the financial instrument is only exposed to low credit risk. A financial instrument is determined to have low credit risk if i) it has a low risk of default, ii) the debtor has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the debtor to fulfil its contractual cash flow obligations.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. Financial instruments (continued)

9.2 Impairment of financial assets (continued)

9.2.2 Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence of credit-impairment includes observable data about the following events:

- (1) Significant financial difficulty of the issuer or debtor;
- (2) A breach of contract by the debtor, such as a default or overdue in interest or principal payments;
- (3) The creditor, for economic or contractual reasons relating to the debtor's financial difficulty, having granted to the debtor a concession that the creditor would not otherwise consider;
- (4) It becoming probable that the debtor will enter bankruptcy or other financial reorganizations;
- (5) Other objective evidences indicating the impairment of financial assets.

9.2.3 Measurement and recognition of ECL

The Group recognises credit losses for lease receivables and financial guarantee contracts on an individual basis. For trade receivables and contract assets, the Group individually assesses credit losses for those individually significant and credit-impaired and uses provision matrix to assess credit losses for the remaining. For other financial assets measured as at amortised cost and financial assets measured at fair value through other comprehensive income, the Group individually assesses credit losses for those individually significant and uses provision matrix to assess credit losses for the remaining. The Group classifies financial instruments into different groups based on similar credit risk characteristics. Similar credit risk characteristics include: type of financial instruments, credit risk rating, contractual billing period and industry of debtor etc.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. Financial instruments (continued)

9.2 Impairment of financial assets (continued)

9.2.3 Measurement and recognition of ECL (continued)

ECL of relevant financial instruments is recognised based on the following methods:

- (1) For a financial asset, credit loss is the present value of difference between the contractual cash flows and the cash flows that the Group expects to receive.
- (2) For a lease receivable, credit loss is the present value of difference between the contractual cash flows and the cash flows that the Group expects to receive.
- (3) For a financial guarantee contract, credit loss is the present value of difference between the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.
- (4) For credit-impaired financial assets other than the purchased or internally generated of credit-impaired financial assets at the balance sheet date, credit loss is the difference between the gross carrying amount of financial assets and the present value of expected future cash flows discounted at original effective interest rate.

The Group's measurement of ECL of financial instruments reflects factors including unbiased probability weighted average amount recognised by assessing a series of possible results, time value of money, reasonable and supportable information related to historical events, current condition and forecast of future economic position that is available without undue cost or effort at the balance sheet date.

9.2.4 Reduction in financial assets

The Group directly reduces the gross carrying amount of financial assets when ceasing to reasonably expect that the contractual cash flow of such financial assets may be fully or partially recoverable. Such reduction comprises derecognition of relevant financial assets.

9.3 Transfer of financial assets

The Group derecognises a financial asset if one of the following conditions is satisfied: (1) the contractual rights to the cash flows from the financial asset expire; or (2) the financial asset has been transferred and substantially all the risks and rewards of ownership of the financial asset have been transferred to the transferee; or (3) although the financial asset has been transferred and the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, the Group has not retained control of the financial asset.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. Financial instruments (continued)

9.3 Transfer of financial assets (continued)

If the Group neither transfers nor retains substantially all the risks and rewards of ownership of a financial asset, it retains control of the financial asset, it recognises the financial asset to the extent of its continuing involvement in the transferred financial asset and recognises an associated liability. Relevant liabilities are measured using the following methods:

- (1) For transferred financial assets carried at amortised cost, the carrying amount of relevant liabilities is the carrying amount of financial assets transferred with continuing involvement less amortised cost of the Group's retained rights (if the Group retains relevant rights upon transfer of financial assets) with addition of amortised cost of obligations assumed by the Group (if the Group assumes relevant obligations upon transfer of financial assets). Relevant liabilities are not designated as financial liabilities at fair value through profit or loss.
- (2) For transferred financial assets carried at fair value, the carrying amount of relevant financial liabilities is the carrying amount of financial assets transferred with continuing involvement less fair value of the Group's retained rights (if the Group retains relevant rights upon transfer of financial assets) with addition of fair value of obligations assumed by the Group (if the Group assumes relevant obligations upon transfer of financial assets). Accordingly, the fair value of relevant rights and obligations shall be measured on an individual basis.

For a transfer of a financial asset in its entirety that satisfies the derecognition criteria, the difference between (1) the carrying amount of the financial asset transferred and the consideration received from the transfer; and (2) the accumulated changes in fair value initially recorded in other comprehensive income is recognised in profit or loss. While regarding non-trading equity instruments designated as at fair value through other comprehensive income, cumulative gains or losses previously recognised in other comprehensive income are transferred and included in retained earnings.

If a part of the transferred financial asset qualifies for derecognition, the overall carrying amount of the financial asset prior to transfer is allocated between the part that continues to be recognised and the part that is derecognised, based on the respective fair values of those parts at the date of transfer. The difference between (1) the consideration received from the transfer; and (2) the cumulative changes in fair value previously recognised in other comprehensive income allocated to the part derecognised plus the carrying amount allocated to the part derecognised is recognised in profit or loss. If the Group transfers a financial asset that belongs to non-trading equity instrument investments designated as at FVTOCI, the cumulative gains or losses previously recognised in other comprehensive income allocated to the part derecognised are transferred and included in retained earnings.

For a transfer of a financial asset in its entirety that does not satisfy the derecognition criteria, the Group continues to recognise the transferred financial asset in its entirety and recognises the consideration as a liability when received.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. *Financial instruments (continued)*

9.4 **Classification and measurement of financial liabilities**

The Group's financial instruments or their components are, on initial recognition, classified into financial liabilities or equity instruments on the basis of contractual terms for issuance and the economic substance reflected by such terms and in combination with definitions of financial liability and equity instruments, instead of only on the basis of the legal form.

On initial recognition, financial liabilities are classified into financial liabilities at fair value through profit or loss and other financial liabilities.

9.4.1 *Financial liabilities at fair value through profit or loss*

Financial liabilities at fair value through profit or loss consist of financial liabilities held for trading (including derivative instruments that are financial liabilities) and those designated as at fair value through profit or loss.

Held-for-trading financial liabilities are subsequently measured at fair value, any gains or losses arising from changes in fair value and any dividend or interest income earned on the financial liabilities are recognised in profit or loss.

9.4.2 *Other financial liabilities*

The Group shall classify all financial liabilities as subsequently measured at amortised cost, except for financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, gains or losses arising from derecognition or amortisation are recognised in profit or loss for the period.

9.4.2.1 *Financial guarantee contracts*

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder of the contract for a loss it incurs when a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. Subsequent to initial recognition, financial guarantee contracts that are not designated as financial liabilities at fair value through profit or loss are measured at the higher of: (1) amount of loss provision; and (2) the amount initially recognised less cumulative amortisation amount during the guarantee period.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. *Financial instruments (continued)*

9.5 **Derecognition of financial liabilities**

The Group derecognises a financial liability (or part of it) when the underlying present obligation (or part of it) is discharged. An agreement between the Group (the debtor) and the creditor to replace the original financial liability with a new financial liability with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

When the Group derecognises a financial liability or a part of it, it recognises the difference between the carrying amount of the financial liability (or part of the financial liability) derecognised and the consideration paid (including any non-cash assets transferred or new financial liabilities assumed) in profit or loss.

9.6 **Equity instruments**

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued (including refinanced), repurchased, sold and cancelled by the Group are recognised as changes of equity. Changes of fair value of equity instruments is not recognised by the Group. Transaction costs related to equity transactions are deducted from equity.

The Group recognises the distribution to holders of the equity instruments as distribution of profits and dividends paid do not affect total amount of shareholders' equity.

9.7 **Derivatives and embedded derivatives**

Derivative financial instruments related to the Group include option contracts. Derivatives are initially measured at fair value at the date when the derivative contracts are entered into and are subsequently re-measured at fair value. The changes in fair value is recognised in profit or loss.

For hybrid contract constituted by embedded derivatives and host contract, if the host contract is a financial asset, the embedded derivative is not separated from the hybrid contract, and the hybrid contract shall be taken as a whole to apply to the accounting standards for the classification of financial assets.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. *Financial instruments (continued)*

9.7 **Derivatives and embedded derivatives (continued)**

If the host contract included in the hybrid contract is not a financial asset and meets all of the following criteria, the embedded derivative shall be separated from the hybrid contract by the Group and treated as a standalone derivative.

- (1) The economic characteristics and risks of the embedded derivative are not highly related to the economic characteristics and risks of the host contract;
- (2) A separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and
- (3) The hybrid instrument is not designated as a financial asset or financial liability at fair value through profit or loss.

If the embedded derivative is separated from the hybrid contract, the host contract shall be accounted for in accordance with the appropriate standards. If the Group is unable to measure reliably the fair value of an embedded derivative on the basis of its terms and conditions, the fair value of the embedded derivative is the difference between the fair value of the hybrid contract and the fair value of the host. If the Group is still unable to measure the fair value of the embedded derivative separately either at acquisition or at subsequent reporting dates after the above methods are applied, it designates the entire hybrid contract as a financial instrument at fair value through profit or loss.

9.8 **Convertible bonds**

Convertible bonds issued by the Group that contain liability and conversion option are classified separately into respective items on initial recognition. Conversion option that is settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is accounted for as equity rather than conversion option derivatives.

Convertible bonds are initially recognised at fair value at the issue date. If the convertible bonds includes equity instruments, the fair value of liability component of the convertible bonds is determined based on the market value of similar bonds which have no conversion option. The balance of issue price and the fair value of liability is the value of conversion option and is recognised in shareholders' equity. The liability and conversion-embedded derivatives of the convertible bonds which include conversion-embedded derivatives are initially recognised at fair value at the issue date.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. *Financial instruments (continued)*

9.8 **Convertible bonds (continued)**

In subsequent periods, the liability component of the convertible bonds is carried at amortised cost using the effective interest method. The derivative financial instruments are measured at fair value with changes in fair value recognised in profit or loss. The conversion option classified as equity remains in equity. No gain or loss is recognised in profit or loss upon conversion or expiration of the option.

Transaction costs incurred for the issue of the convertible bonds are allocated to the liability, equity and derivative financial instruments components in proportion to their respective fair values. Transaction costs relating to the liability component are included in the carrying amount of the liability component and amortised over the period of the convertible bonds using the effective interest method. Transaction costs relating to the equity component are charged directly to equity. Transaction costs relating to the derivative financial instruments are charged to profit or loss.

9.9 **Offsetting financial assets and financial liabilities**

Where the Group has a legal right that is currently enforceable to set off the recognised financial assets and financial liabilities, and intends either to settle on a net basis, or to realise the financial asset and settle the financial liability simultaneously, a financial asset and a financial liability shall be offset and the net amount is presented in the statement of financial position. Except for the above circumstances, financial assets and financial liabilities shall be presented separately in the statement of financial position and shall not be offset.

10. *Inventories*

Inventories include raw materials, work in progress, finished goods, turnover materials, properties under development and completed properties held for sale. Costs of properties under development and completed properties held for sale mainly consist of the acquisition cost of land use rights, expenditures of land development, construction costs, infrastructure costs, costs of supporting facilities and other relevant costs.

Inventories are initially measured at actual cost. Cost of inventories comprises all costs of purchase, costs of conversion and other costs. The actual cost of inventories transferred out is determined using the first-in first-out method. Turnover materials include low value consumables and packing materials. Low value consumables and packing materials are amortised using immediate write-off, and other turnover materials are amortised based on the number of times that they are estimated to be used.

Inventories are accounted for using the perpetual inventory system.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

10. *Inventories (continued)*

At each balance sheet date, inventories shall be measured at the lower of cost and net realisable value. If the cost is in excess of net realisable value, provision for inventories is recognised in the statement of profit or loss and other comprehensive income. When the circumstances that previously caused inventories to be written down below cost no longer exist and the net realisable value is higher than the carrying amount, the original amount of the write-down is reversed and charged to the profit or loss for the current period.

Net realisable value is the estimated selling price under normal business terms deducted by the estimated costs to completion, the estimated selling expenses and related taxes. Provision is considered on a category basis for inventories in large quantity and with relatively low unit prices and on an individual basis for all other inventories.

11. *Long-term equity investments*

11.1 **Basis for determining joint control and significant influence**

Control exists when the investor has power over the investee; is exposed, or has rights, to variable returns from its involvement with the investee; and has the ability to use its power over the investee to affect its returns. Joint control is the contractually agreed sharing of control over an economic activity, and exists only when the strategic financial and operating policy decisions relating to the activity require the unanimous consent of the parties sharing control. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. When determining whether an investing enterprise is able to exercise control or significant influence over an investee, the effect of potential voting rights of the investee (for example, warrants and convertible debts) held by the investing enterprises or other parties that are currently exercisable or convertible shall be considered.

11.2 **Determination of initial investment cost**

For a long-term equity investment acquired through a business combination involving enterprises under common control, the initial investment cost of the long-term equity investment is the attributable share of the carrying amount of the shareholders' equity of the acquiree on the date of combination in the consolidated financial statements of the ultimate controlling party. The difference between the initial investment cost and the carrying amount of cash paid, non-cash assets transferred and liabilities assumed adjusted to capital reserve. If the balance of capital reserve is not sufficient, any excess is adjusted to retained earnings.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

11. Long-term equity investments (continued)

11.2 Determination of initial investment cost (continued)

For a long-term equity investment acquired through business combination not involving enterprises under common control, the initial investment cost of the long-term equity investment is the cost of acquisition on the date of combination. For the stepwise acquisition of equity interest till acquiring control after a few transactions and leading to business combination not under common control, this should be dealt with for whether this belongs to 'package deal': if it belongs to 'package deal', transactions will be dealt as one transaction to acquire control. If it does not belong to 'package deal', the investment cost of the long-term equity investment is the aggregate of the carrying amount of the equity interest held in the acquiree prior to the acquisition date and the cost of the additional investment at the acquisition date. When the equity held was accounted for under equity method, relevant other comprehensive income is not accounted temporarily; when the equity held was accounted for other investments in equity instruments, the difference between the fair value and carrying amount, together with the cumulative changes in fair value recognised in other comprehensive income are included in retained earnings for the current period.

The intermediary fees incurred by the absorbing party or acquirer such as audit, legal, valuation and consulting fee, etc. and other related administrative expenses attributable to the business combination are recognised in profit or loss when they are incurred.

The long-term equity investment acquired otherwise than through a business combination is initially measured at its cost. When the entity is able to exercise significant influence or joint control (but not control) over an investee due to additional investment, the cost of long-term equity investments is the sum of the fair value of previously-held equity investments determined in accordance with Accounting Standard for Business Enterprises No. 22-Financial Instruments; Recognition and Measurement (ASBE No. 22) and the additional investment cost.

11.3 Subsequent measurement and recognition of profit or loss

11.3.1 Long-term equity investment accounted for using the cost method

Long-term equity investments in subsidiaries are accounted for using the cost method in the Company's separate financial statements. A subsidiary is an investee that is controlled by the Group.

Under the cost method, a long-term equity investment is measured at initial investment cost. When additional investment is made or the investment is recouped, the cost of the long-term equity investment is adjusted accordingly. Investment income is recognised in the period in accordance with the attributable share of cash dividends or profit distributions declared by the investee.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

11. Long-term equity investments (continued)

11.3 Subsequent measurement and recognition of profit or loss (continued)

11.3.2 Long-term equity investment accounted for using the equity method

The Group accounts for investment in associates and joint ventures using the equity method. An associate is an entity over which the Group has significant influence and a joint venture is a joint arrangement whereby the Group has rights to the net assets of the arrangement.

Under the equity method, where the initial investment cost of a long-term equity investment exceeds the Group's share of the fair value of the investee's identifiable net assets at the time of acquisition, no adjustment is made to the initial investment cost. Where the initial investment cost is less than the Group's share of the fair value of the investee's identifiable net assets at the time of acquisition, the difference is recognised in profit or loss for the period, and the cost of the long-term equity investment is adjusted accordingly.

Under the equity method, the Group recognises its share of the net profit or loss and other comprehensive income of the investee for the period as investment income or other comprehensive income respectively for the period. Meanwhile, the carrying amount of long-term equity investments will be adjusted accordingly; for the share of the investee's profit or cash dividends declared by the investee, the carrying amount of long-term equity should be decreased accordingly; for changes in owner's equity rather than the investee's net profit or loss, other comprehensive income and profit distribution, carrying amount of long-term equity investments should be adjusted and included in capital reserve. The Group recognises its share of the investee's net profit or loss based on the fair value of the investee's individual separately identifiable assets, etc. at the acquisition date after making appropriate adjustments. When the investee adopts different accounting policies and accounting period with the Company's, the financial statements are adjusted in accordance with the Company's accounting policies and accounting period, and then investment income and other comprehensive income are recognised. Unrealised profits or losses resulting from the Group's transactions with its associates and joint ventures and contributions or sales of assets that do not constitute business are recognised as investment income or loss to the extent that those attributable to the Group's equity interest are eliminated. However, unrealised profit or loss resulting from the Group's transactions with its investee which represent impairment losses on the transferred assets are not eliminated.

The Group discontinues recognising its share of net losses of the investee after the carrying amount of the long-term equity investment together with any long-term interests that in substance form part of its net investment in the investee is reduced to zero. If the Group has incurred obligations to assume additional losses of the investee, a provision is recognised according to the expected obligation, and recorded as investment loss for the period. Where net profits are subsequently made by the investee, the Group resumes recognising its share of those profits only after its share of the profits exceeds the share of losses previously not recognised.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

11. Long-term equity investments (continued)

11.4 Disposal of long-term equity investments

For disposal of long-term equity investments, the difference between the carrying amount and the consideration shall be recorded through profit or loss in the current period. For a long-term equity investment accounted for using the equity method, if remaining shares after the disposal are still accounted for using the equity method, other comprehensive income is accounted on the basis of directly disposed related assets and liabilities of investee, recognised in profit or loss of current period and carried forward proportionately; other shareholders' equity recognised from changes of shareholders' equity except for net profit or loss, other comprehensive income and profit distribution is recognised in profit or loss of current period and carried forward proportionately. For a long-term equity investment accounted for using the cost method, if remaining shares after the disposal are still accounted for using the cost method, other comprehensive income recognised before controlling the investee according to equity method or recognition and measurement of financial instruments, is accounted for on the basis of directly disposed related assets and liabilities of the investee, and is recognised in profit or loss for the period and carried forward proportionately; changes of shareholders' equity except for net profit or loss, other comprehensive income and profit distribution are recognised in profit or loss for the current period and carried forward proportionately.

The Group loses control on investee due to disposal of part of shares, when preparing separate financial statement, remaining shares after disposal which can make joint control or significant influence on investee, are accounted under equity method, and are adjusted as they are accounted under equity method from acquisition date; if remaining shares after disposal cannot make joint control or significant influence on investee, they are accounted according to recognition and measurement of financial instrument, and the difference between fair value on date of losing control and carrying amount is recognised in profit or loss for the current period.

12. Investment properties

Investment property is property held to earn rentals or for capital appreciation or for both purpose. It includes land use rights that are leased out; land use rights held for transfer upon capital appreciation; and buildings that are leased out.

An investment property is measured initially at cost. Subsequent expenditures incurred for such investment property are included in the cost of the investment property if it is probable that economic benefits associated with an investment property will flow to the Group and the subsequent expenditures can be measured reliably. Other subsequent expenditures are recognised in profit or loss in the period in which they are incurred.

The Group uses the cost model for subsequent measurement of investment properties, and adopts a depreciation or amortisation policy for the investment property which is consistent with that for buildings or land use rights.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

12. *Investment properties (continued)*

When an investment property is sold, transferred, retired or damaged, the Group recognises the amount of any proceeds on disposal net of the carrying amount and related taxes in profit or loss for the period.

When the Group has evidence indicating the self-occupied houses and buildings are converted to leasing or leasing out its properties held for sale under operating leases, the carrying amount of such fixed assets, intangible assets or inventories before the conversion are transferred to investment properties.

When the Group has evidence indicating the property held to earn rentals or for capital appreciation are converted to self-occupation or the property intended for operating lease purpose are open for sale, the carrying amount of such properties before the conversion are transferred to fixed assets, intangible asset or inventories.

13. *Fixed assets*

A fixed asset is a tangible asset whose useful life exceeds one accounting year and which is held for production of goods, rendering services, offering leases or operation and management. A fixed asset is recognised only when the economic benefits associated with the asset will probably flow to the Group and the cost of the asset can be measured reliably. Subsequent expenditure incurred for a fixed asset that meets the recognition criteria shall be included in the cost of the fixed asset, and the carrying amount of the component of the fixed asset that is replaced shall be derecognised. Otherwise, such expenditure shall be recognised in profit or loss for the period in which it is incurred.

Fixed assets are initially measured at cost. The purchase cost of a fixed asset comprises its purchase price, related taxes and any directly attributable expenditure for bringing the asset to its working condition for its intended use, such as transportation costs and installation expenses. If the payment for a purchased fixed asset is deferred beyond the normal credit terms, the cost of the fixed asset shall be determined based on the present value of the instalment payments. The difference between the actual payment and the present value of the purchase price is recognised in profit or loss over the credit period, except for such difference that is capitalised according to Accounting Standard for Business Enterprises No. 17 – Borrowing Costs (ASBE No.17).

The accelerated depreciation method is adopted for depreciation of the fixed assets specifically used for research and development. The units of production method is adopted for the depreciation of the large-scaled construction equipment. For other fixed assets, the straight-line method is adopted.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

13. Fixed assets (continued)

For fixed assets depreciated with the straight-line method, the estimated useful lives, estimated residual values rates and annual depreciation rates by category are as follows:

Category	Estimated residual value rates	Useful lives	Annual depreciation rates
Buildings	5%	20–35 years	2.71%-4.75%
Machinery	5%	10–25 years	3.80%-9.50%
Vehicles	5%	5–10 years	9.50%-19.00%
Production equipment	5%	5–10 years	9.50%-19.00%
Measuring and testing equipment	5%	5 years	19.00%
Others	5%	3–5 years	19.00%-31.67%

Where the individual component parts of a fixed asset have different useful lives or provide benefits to the enterprise in different patterns, different depreciation rates are applied.

If a fixed asset is upon disposal or no future economic benefits are expected to be generated from its use or disposal, the fixed asset is derecognised. When a fixed asset is sold, transferred, retired or damaged, the amount of any proceeds on disposal of the asset net of the carrying amount and related taxes is recognised in profit or loss for the period.

The Group reviews the useful life and estimated net residual value of a fixed asset and the depreciation method applied at least at the end of each year, makes adjustments and accounts for any change as a change in an accounting estimate when necessary.

14. Construction in progress

Construction in progress is recognised based on the actual construction expenditures incurred. It consists of all types of expenditures necessarily to be incurred, capitalised borrowing costs on related borrowings before the asset is ready for its intended use, and other related expenditures during the period of construction.

Construction in progress is transferred to fixed assets when the asset is ready for its intended use.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

15. *Borrowing costs*

Borrowing costs are interest and other costs arising from the Group's borrowings. Borrowing costs include interest, amortisation of discounts or premiums, ancillary expenses and exchange differences arising from foreign currency borrowings.

Borrowing costs directly attributable to the construction or production of qualifying assets are capitalised and other borrowing costs are recognised as expenses. A qualifying asset is defined as a fixed asset or inventory that necessarily takes a substantially long period of time to get ready for its intended use or sale.

Capitalisation of borrowing costs commences only when all of the following conditions are satisfied:

- (1) expenditures for the asset have incurred; and
- (2) borrowing costs have incurred; and
- (3) activities relating to the acquisition, construction or production of the asset that are necessary to bring the asset to get ready for its intended use or sale have commenced.

Capitalisation of borrowing costs ceases when the qualifying asset being acquired, constructed or produced becomes ready for its intended use or sale. Any borrowing costs subsequently incurred are recognised as expenses in the period in which they are incurred.

During the capitalisation period, the amount of interest to be capitalised for each accounting period shall be determined as follows:

- (1) for specific borrowings, the borrowing costs eligible for capitalisation are the actual borrowing costs incurred during the current period deducted by any temporary interest or investment income; and
- (2) for general borrowings, the borrowing costs eligible for capitalisation are determined by applying a capitalisation rate to the capital expenditure that accumulated capital expenditures exceed the specific borrowings.

Capitalisation of borrowing costs is suspended during extended periods in which the acquisition or construction of a fixed asset is interrupted abnormally and the interruption lasts for more than three months, until the acquisition or construction is resumed. Borrowing costs incurred during the suspension period are recognised as expenses until the acquisition or construction of a fixed asset is resumed.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

16. *Intangible assets*

The Group's intangible assets include land use rights, concession rights, software licenses, mining rights and others.

An intangible asset shall be recognised only when it is probable that the related economic benefits will flow to the Group and the costs of which can be measured reliably. Intangible assets are measured initially at cost. However, intangible assets acquired in a business combination involving entities not under common control with a fair value that can be measured reliably are recognised separately as intangible assets and measured initially at fair value at the date of acquisition.

The useful lives of intangible assets are assessed based on estimated economic benefit periods. Those intangible assets without foreseeable economic benefit periods are classified as intangible assets with indefinite useful lives.

Intangible assets with finite useful lives are amortised over the useful lives on the traffic volume basis, straight-line basis or unit of production basis. The Group reviews the useful lives and the amortisation method of intangible assets with finite useful lives, and adjusts if appropriate, at least at each year end.

16.1 Land use rights

Land use rights represent costs incurred for a certain lease period of land.

The Group accounts for its land use rights as intangible assets. The land use rights of self-developed buildings including plants are measured as intangible assets and buildings are measured as fixed assets. With respect to the land use rights purchased together with buildings, the acquisition cost is allocated between the two parts proportionately, or otherwise, is wholly accounted for as fixed assets.

Land use rights of the Group are amortised on the straight-line basis according to the useful lives approved in the obtained land use certificates.

16.2 Concession rights

The Group engages in certain service concession arrangements in which the Group carries out construction work (such as turnpike highways and bridges) for the granting authority and receives in exchange a right to operate the assets concerned in accordance with the pre-established conditions set by the granting authority. The assets under the concession arrangements may be calculated according to their arrangement nature.

The Group recognises revenue and a contract asset or a financial asset to the extent that it has an unconditional contractual right to receive a specified or determinable amount of cash or another financial asset from the granting authority, or to receive the shortfall, if any, between amounts received from users of the public service and specified or determinable amounts.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

16. *Intangible assets (continued)*

16.2 **Concession rights (continued)**

If the Group receives a right to charge users of public service, with an undeterminable amount, the assets are classified as intangible assets and the Group recognises revenue at the same time in the “concession rights” under intangible assets included in the statement of financial position. The amortisation approach, either the traffic volume method or the straight-line method, should be selected for concession operation projects based on the pattern in which the asset’s future economic benefits are expected to be realised at the commencement of operations.

16.3 **Software licenses**

Software licenses are initially measured at cost incurred. Amortisation is calculated on a straight-line basis over their estimated useful lives ranging from 1 to 10 years.

16.4 **Mining rights**

Mining rights are stated at cost incurred to obtain the mining license. Amortisation is calculated in adoption of the unit of production method based on proved mining reserves.

16.5 **Development expenditure**

The Group classifies the expenditure in an internal research and development project into expenditure in the research phase and expenditure in the development phase. Expenditure in the research phase is recognised in profit or loss for the period in which it is incurred. Expenditure in the development phase is capitalised when the Group can demonstrate all of the following: (1) the technical feasibility of completing the intangible asset so that it will be available for use or sale; (2) the intention to complete the intangible asset and use or sell it; (3) how the intangible asset will generate probable future economic benefits. Among other things, the Group can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset; (4) the availability of adequate technical, financial and other resources to complete the development and the ability to use or sell the intangible asset; and (5) the expenditure attributable to the intangible asset during its development can be measured reliably. Expenditure in the development phase that does not meet the above criteria is recognised in profit or loss for the period in which it is incurred.

17. *Long-term prepayments*

Long-term prepayments represent expenditures incurred which should be recognised as expenses over one year and should be allocated in current and subsequent periods, including costs of improvements to fixed assets under operating leases. Long-term prepayments are amortised on the straight-line basis over the estimated beneficial period. Expenditure incurred during the pre-operating period should be recognised in profit or loss immediately as incurred.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

18. Provisions

Except for contingent liabilities assumed in business combinations involving entities not under common control, the Group recognises an obligation related to a contingency as a provision when all of the following conditions are satisfied:

- (1) the obligation is a present obligation of the Group; and
- (2) it is probable that an outflow of economic benefits from the Group will be required to settle the obligation; and
- (3) the amount of the obligation can be measured reliably.

A provision is initially measured at the best estimate of the expenditure required to settle the related present obligation, with a comprehensive consideration of factors such as the risks, uncertainty and time value of money relating to a contingency. The carrying amount of a provision is reviewed at each balance sheet date. If there is clear evidence that the carrying amount does not reflect the current best estimate, the carrying amount is adjusted to the best estimate.

19. Revenue

The revenue of the Group is mainly generated from business types as follows:

- The construction operations, which mainly comprises the construction of infrastructure such as railways, highways, metropolitan railways and real estate projects;
- The survey, design and consultancy operations, which mainly comprises the provision of survey, design and consultancy services for civil engineering and infrastructure construction, such as railways, highways and urban rail transport, etc.;
- The manufacturing operations, which mainly comprises the research and development, production and sale of mechanical equipment, such as the large railway track maintenance machinery, tunnel boring machinery as well as the manufactures of track system, etc.;
- The real estate development operations, which mainly comprises the development, construction and sale of residential properties and commercial properties;
- The other business operations, which mainly comprises trade and logistics, finance and insurance and highway operation.

When (or as) a performance obligation in a contract is satisfied, i.e., when (or as) the customer obtains control of relevant goods or services, the Group recognises as revenue the amount of the transaction price that is allocated to that performance obligation.

A performance obligation is the Group's promise to transfer to a customer a good or service (or a bundle of goods or services) that is distinct, in a contract with the customer.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

19. Revenue (continued)

The Group assesses a contract at contract inception, identifies each individual performance obligation included in the contract, and determines whether the Group satisfies the performance obligation over time or the Group satisfies the performance obligation at a point in time. Revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met: (1) the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs; (2) the Group's performance creates or enhances an asset that the customer controls as the Group performs; or (3) the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

For most of the Group's construction operations, the Group completes satisfaction of the relevant performance obligations over time and the revenue is recognised during the contract period based on the performance progress, which is determined by input method, which is to recognise revenue on the basis of the Group's efforts or inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation, that best depict the Group's performance in transferring control of goods or services. When the Group is not able to reasonably measure its performance progress, the Group recognises revenue only to the extent of the recoverable amount of costs incurred until such time that it can reasonably measure the performance progress.

For survey, design and consultancy operations, manufacturing operations, real estate development operations and other business operations, revenue is recognised over the contract period based on the performance progress, or recognised at a point in time when the customer obtains control of relevant goods or services.

The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties and amounts that the Group expects to refund to the customer.

Variable consideration

For contracts that contain variable consideration, the Group estimates the amount of consideration to which it will be entitled using either (a) the expected value method or (b) the most likely amount. The estimated amount of variable consideration is included in the transaction price only to the extent that it is highly probable that such an inclusion will not result in a significant revenue reversal in the future when the uncertainty associated with the variable consideration is subsequently resolved. At each balance sheet date, the Group updates the estimated transaction price.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

19. Revenue (continued)

Existence of significant financing component

For contracts that contain significant financing components, the Group determines the transaction price based on the amount payable under the assumption that the customer pays that amount payable in cash when the control of goods or services is transferred to the customer. The difference between the transaction price and the contract consideration shall be amortised within the contract period using effective interest rate. For contracts where the period between payment and transfer of the associated goods or services is less than one year, the Group applies the practical expedient of not adjusting the transaction price for any significant financing component.

Consideration payable to a customer

If the contract includes consideration payable to a customer, the Group shall account for consideration payable to a customer as a reduction of the transaction price unless the payment to the customer is in exchange for a distinct good or service, and shall recognise the reduction of revenue when (or as) the later of either of the following events occurs: (1) the Group recognises revenue for the transfer of the related goods or services to the customer; and (2) the Group pays or promises to pay the consideration.

If the contract includes two or more performance obligations, at contract inception, the Group allocates the transaction price to each performance obligation on a basis of relative stand-alone selling price, at which an entity would sell a promised good or service separately to a customer. When an entity has observable evidence that the contract discount or the variable consideration relates to only one or more, but not all, performance obligations in a contract, the entity shall allocate the contract discount or the variable consideration to one or more, but not all, performance obligations in the contract.

The stand-alone selling price is the price at which the Group would sell a promised good or service separately to a customer. If a stand-alone selling price is not directly observable, the Group shall consider all information that is reasonably available to the Group and maximize the use of observable inputs and apply estimation methods consistently in similar circumstances.

Sales with warranties

For sales with warranties, if the warranties are separate services to the customer other than serving as an assurance that the products sold comply with agreed-upon specifications, the warranties constitute single performance obligations. Otherwise, the Group accounts for warranties in accordance with the Accounting Standards for Business Enterprises No. 13 – Contingencies (ASBE No.13).

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

19. Revenue (continued)

Principal versus agent

The Group assesses whether it controls each specified good or service before that good or service is transferred to the customer to determine whether the Group is a principal or an agent. If the Group controls the specified good or service before that good or service is transferred to a customer, the Group is a principal and recognises revenue in the gross amount of consideration received or receivable. Otherwise, the Group is an agent and recognises revenue in the amount of any fee or commission to which it expects to be entitled. The fee or commission is the net amount of consideration that the Group retains after paying the other party the consideration received in exchange for the goods or services to be provided by that party, or is determined by some established amounts or proportions.

Incremental costs of obtaining a contract

Incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. The Group recognises such costs as an asset if it expects to recover these costs. The Group applies the practical expedient of expensing all incremental costs to obtain a contract if these costs would otherwise have been fully amortised to profit or loss within one year. Other costs of obtaining a contract are recognised in profit or loss when they occur, unless they are going to be reimbursed by customers. The asset is presented as other current assets or other non-current assets according to whether the amortisation period exceeds one normal operating period.

Costs to fulfill a contract

If the costs incurred in fulfilling a contract are not within the scope of any standards other than ASBE No.14, the Group recognises an asset from the costs incurred to fulfill a contract only if those costs meet all of the following criteria: (1) the costs relate directly to a contract or to an anticipated contract that the Group can specifically identify; (2) the costs generate or enhance resources of the Group that will be used in satisfying performance obligations in the future; and (3) the costs are expected to be recovered. The asset is presented as inventories or other non-current assets according to whether the amortisation period exceeds one normal operating period.

The asset mentioned above shall be amortised on a basis that is consistent with the transfer to the customer of the goods or services to which the asset relates and recognised as expenses in relevant periods.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

19. Revenue (continued)

Costs to fulfill a contract (continued)

The Group shall recognise an impairment loss to the extent that the carrying amount of the asset mentioned above exceeds:

- (1) the remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the asset relates; less
- (2) the estimated costs that relate to providing those goods or services and that have not been recognised as expenses.

The Group shall, after the impairment has been provided, recognise in profit or loss a reversal of some or all of an impairment loss previously recognised when the impairment conditions no longer exist or have improved. The increased carrying amount of the asset shall not exceed the carrying amount that would have been determined if no impairment loss had been recognised previously.

Contract assets

Contract assets refer to the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer when that right is conditioned on something other than the passage of time. Accounting policies relating to contract assets are specified in Note III.9.2. The Group's unconditional (i.e., depending on the passage of time only) right to receive consideration from the customer is separately presented as receivables.

Contract liabilities

Contract liabilities refer to the Group's obligation to transfer goods or services to a customer for which the Group has received consideration or the amount is due from the customer.

20. Government grants

Government grants are transfer of monetary assets and non-monetary assets from the government to the Group at no consideration. A government grant is recognised only when the Group can comply with the conditions attached and the Group would receive the grant.

If a government grant is in the form of a transfer of a monetary asset, it is measured at the amount received or receivable. If a government grant is in the form of a non-monetary asset, it is measured at fair value of the asset. If the fair value cannot be reliably determined, it is measured at a nominal amount. A government grant measured at a nominal amount is recognised immediately in profit or loss for the period.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

20. Government grants (continued)

20.1 Judgment basis and accounting treatments for government grants related to assets

Government grants related to assets refer to those acquired by the Group for the purpose of purchasing or constructing or forming long-term assets.

Government grants related to assets are charged against carrying amount in related assets when related assets become ready for their intended use.

20.2 Judgment basis and accounting treatments for government grants related to income

Government grants related to income refer to those other than grants related to assets.

For a government grant related to income, if the grant is a compensation for related expenses or losses to be incurred in subsequent periods, the grant is recognised as deferred income, and recognised in profit or loss or offset against related cost over the periods in which the related expenses are recognised. If the grant is a compensation for related expenses or losses already incurred, the grant is recognised immediately in profit or loss for the period.

Government grants related to the Group's daily activities are included in other income in accordance with its economic substance. Otherwise, government grants are included in non-operating income or expense.

For repayment of a government grant already recognised, if government grants were charged against carrying amount of the related assets at initial recognition, the repayment adjusts the carrying amount of assets. If there is related deferred income, the repayment is offset against the gross carrying amount of the deferred income, and any excess is recognised in profit or loss for the period. If there is no related deferred income, the repayment is recognised immediately in profit or loss for the period.

20.3 Relocation compensation received due to public interests

The Group receives relocation compensation directly from the government for the benefit of public interests such as urban overall planning, reservoir construction, and renovation of shanty towns and subsidence area control. The relocation compensation is paid out of financial budgets by the government and is recognised as special payable when received. Therein compensation granted for losses of fixed assets and intangible assets, expenses incurred, losses from suspension of projects, and assets to be constructed after the relocation, should be transferred to deferred income and recognised as government grants relating to assets and government grants related to income accordingly. Excess of the relocation compensation over the amount transferred to deferred income should be recorded in capital reserve.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

21. *Income tax*

Income tax expenses comprise current and deferred tax. Current tax expenses and deferred tax expenses are recognised as income or expenses in profit or loss for the current period, except for the deferred tax as an adjustment of goodwill arising from a business combination, or the current tax expenses and the deferred tax expenses to be recognised directly in other comprehensive income or shareholders' equity, which arise from transactions or events that should be recognised directly in other comprehensive income or shareholders' equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered or paid according to the taxation laws and regulations.

Based on the temporary differences between the carrying amount of an asset or liability on the balance sheet date and its tax base, and the differences between the carrying amount of some items that have a tax base but are not recognised as assets and liabilities and their tax base, the Group adopts the liability method for the provision for deferred tax.

A deferred tax liability is recognised for all taxable temporary differences, except:

- (1) where taxable temporary differences arise from the initial recognition of goodwill, or the initial recognition of an asset or liability in a transaction that is not a business combination, and at the time of the transaction, it affects neither accounting profit nor taxable profit or loss;
- (2) taxable temporary differences associated with investments in subsidiaries, joint ventures and associates, where the timing of the reversal of the temporary differences can be controlled by the Group and it is probable that the temporary differences will not reverse in the foreseeable future.

A deferred tax asset is recognised for deductible temporary differences, carry forward of unused deductible tax losses and tax credits, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of deductible tax losses and tax credits can be utilised, except:

- (1) where the deferred tax asset arises from a transaction that is not a business combination and, at the time of the transaction, it affects neither the accounting profit nor taxable profit or loss;
- (2) deductible temporary differences associated with investments in subsidiaries, joint ventures and associates, a deferred tax asset is only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised in the future.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

21. *Income tax (continued)*

At the balance sheet date, deferred tax assets and liabilities are measured at the tax rates that are estimated to apply to the period when the asset is realised or the liability is settled, according to the requirements of tax laws. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the balance sheet date, to recover the assets or settle the liabilities.

The carrying amount of deferred tax assets is reviewed at the balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available in future periods to allow the deferred tax assets to be utilised. Unrecognised deferred tax assets are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow the deferred tax asset to be recovered.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

22. *Leases*

A contract is, or contains, a lease if the contract conveys the right to control the use of an identical asset for a period of time in exchange for consideration.

For contracts entered into, the Group assesses whether the contract is, or contains, a lease at inception or modification date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

22.1 *As a lessee*

Separating components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

22. Leases (continued)

22.1 As a lessee (continued)

Right-of-use assets

Except for short-term leases and leases of low-value assets, the Group recognises a right-of-use asset at the commencement date of the lease. The commencement date of the lease is the date on which a lessor makes an underlying asset available for use. The right-of-use asset is measured at cost. The cost of the right-of-use asset shall include:

- (1) the amount of the initial measurement of the lease liability;
- (2) any lease payments made at or before the commencement date, less any lease incentives received;
- (3) any initial direct costs incurred by the Group; and
- (4) an estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease terms are depreciated from commencement date to the end of their useful lives. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of their estimated useful lives and the lease terms.

The Group assesses and determines whether the right-of-use asset is impaired and accounts for any impairment loss identified in accordance with Accounting Standards for Business Enterprises No. 8 – Impairment of Assets (ASBE No.8).

Lease liabilities

Except for short-term leases and leases of low-value assets, at the commencement date of a lease, the Group recognises the lease liability at the present value of the lease payments that are not paid at that date. In calculating the present value of lease payments, the Group uses the interest rate implicit in the lease as the discount rate. The Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determined.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

22. Leases (continued)

22.1 As a lessee (continued)

Lease liabilities (continued)

The lease payments are payments to the lessor for the right to use the underlying asset during the lease term made by the Group:

- (1) fixed payments, including in-substance fixed payments, less any lease incentives receivable, if applicable;
- (2) the exercise price of a purchase option reasonably certain to be exercised by the Group;
- (3) payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

After the commencement date, the Group recognises interest expenses in each accounting periods during the lease, based on a constant periodic rate of interest on the remaining balance of the lease liabilities. The interest expenses are recognised into profit or loss for the current period or the cost of the related assets.

After the commencement date, if the lease term or the assessment of the purchase option changes, the Group shall remeasure the lease liability, according to modified lease payments and present value with modified discount rates, and make corresponding adjustments to the related right-of-use asset. If the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Group shall recognise any remaining amount of the remeasurement in profit or loss.

Short-term leases and leases of low-value assets

The Group elects not to recognise right-of-use assets and lease liabilities for short-term leases of machinery and vehicles and leases of low-value assets. A short-term lease is a lease that at the commencement date, has a lease term of 12 months or less and does not contain any purchase options. A lease of a low-value asset, is a lease that the single underlying asset, when is new, is of low value. The Group shall recognise the lease payments associated with short-term leases and leases of low-value assets as the cost of the related assets or profit or loss on a straight-line basis over the lease term.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

22. Leases (continued)

22.1 As a lessee (continued)

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- (1) the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- (2) the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group reallocates the consideration in the contract, and remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

22.2 As a lessor

Separating components of a contract

For a contract that contains lease components and non-lease components, the Group applies ABSE No.14 to allocate consideration in a contract to lease and non-lease components. Non-lease components are separated from lease component on the basis of their relative stand-alone selling prices.

Classification of leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Other leases which are not finance leases are operating leases.

Recognition and measurement as a lessor of an operating lease

The Group recognises lease receivables from operating leases as income on a straight-line basis over the lease term. The Group adds initial direct costs incurred in obtaining an operating lease to the carrying amount of the underlying asset and recognises those costs as an expense over the lease term on the same basis as the lease income.

For the contingent receivables not included in the operating lease receivables, the Group recognises into profit or loss when received.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

22. Leases (continued)

22.3 Sale and leaseback transactions

As a seller-lessee

The Group applies the requirements of ASBE No.14 to assess whether the sale and leaseback transaction constitutes a sale by the Group as a seller-lessee. For the sales and leaseback transaction that does not constitute a sale, the Group continues to recognise the transferred asset, and recognises a financial liability which equals to the transfer proceeds and accounts for the financial liability applying ASBE No. 22. If the sales and leaseback transaction constitutes a sale, the Group measures the right-of-use asset arising from the leaseback at the proportion of the previous carrying amount of the asset that relates to the right of use retained, and recognises only the amount of any gain or loss that relates to the rights transferred to the buyer-lessor.

23. Impairment of long-term assets

The Group determines the impairment of assets, other than the impairment of inventories, deferred tax assets, financial assets, contract assets and assets related to the costs incurred in fulfilling a contract, using the following methods:

The Group assesses at the balance sheet date whether there is any indication that the assets may be impaired. If any indication exists that an asset may be impaired, the Group estimates the recoverable amount of the asset. Goodwill arising from a business combination and an intangible asset with an indefinite useful life is tested for impairment at least at each year end, irrespective of whether there is any indication that the asset may be impaired. Intangible assets that have not been ready for intended use are tested for impairment each year.

The Group estimates the recoverable amount on an individual basis. If it is not possible to estimate the recoverable amount of the individual asset, the Group determines the recoverable amount of the asset group to which the asset belongs. The recoverable amount of an asset or an asset group is the higher of its fair value less costs to sell and the present value of the future cash flows estimated to be derived from the asset or the asset group.

When the recoverable amount of an asset or an asset group is less than its carrying amount, the difference is recognised as a provision for impairment loss and profit or loss for the current period.

For the purpose of impairment testing, the carrying amount of goodwill acquired in a business combination is allocated from the acquisition date on a reasonable basis to each of the related asset groups; if it is impossible to allocate to the related asset groups, it is allocated to each of the related set of asset groups. Each of the related asset groups or set of asset groups is an asset group or set of asset groups that is able to benefit from the synergies of the business combination and shall not be larger than a reportable segment determined by the Group.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

23. *Impairment of long-term assets (continued)*

In impairment testing for goodwill, if there is any indication of impairment, the Group first tests the asset group or set of asset groups excluding the amount of goodwill allocated for impairment, i.e., it determines and compares the recoverable amount with the related carrying amount and recognised any impairment loss. After that, the Group tests the asset group or set of asset groups including goodwill for impairment, the carrying amount (including the portion of the carrying amount of goodwill allocated) of the related asset group or set of asset groups is compared to its recoverable amount. If the carrying amount of the asset group or set of asset groups is higher than its recoverable amount, the amount of the impairment loss is first reduced by the carrying amount of the goodwill allocated to the asset group or set of asset groups, and then the carrying amount of other assets (other than the goodwill) within the asset group or set of asset groups, pro rata based on the carrying amount of each asset.

Once the above impairment loss is recognised, it cannot be reversed in subsequent periods.

24. *Employee benefits*

Employee benefits are all forms of considerations given by an entity in exchange for services rendered by employees or for the termination of employment. Employee benefits include short-term benefits, post-employment benefits, termination benefits and other long-term employee benefits. The benefits the Group provided to employees' spouses, children, dependent, and families of deceased employees and other beneficiaries also belong to employee benefits.

24.1 **Short-term benefits**

In the period of employee services, short-term benefits are actually recognised as liabilities and charged to profit or loss or the related costs of assets for the current period.

24.2 **Post-employment benefits (defined contribution plans)**

If employees of the Group participate in the basic pension insurance and unemployment insurance plans managed by local governments and participate in the supplementary pension insurance of the Group as well, the relevant expenditures are recorded in the relevant capital costs and expenses in the period when incurred.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

24. *Employee benefits (continued)*

24.3 Post-employment benefits (defined benefit plans)

The Group provides benefit plans for long-term post-leaving personnel, which are considered as defined benefit plans. The Group does not put any funds in the plans; the costs of the defined benefit plans are measured using the projected cumulative unit credit method.

Any remeasurement caused by the defined benefit plans, including actuarial gains or losses, is recognised in the statement of financial position immediately and recorded in equity as other comprehensive income in the accounting period the re-measurement occurred. Those losses and gains should not be reversed to profit or loss in the subsequent accounting periods.

The past service costs should be recognised as current expenses at the earlier of the following dates: (1) when the Group modifies the defined benefit plans; and (2) when the Group recognises relevant restructuring costs or termination benefits.

Net interest equals to the net defined benefit liability multiply by the discount rate. The Group recognised changes in the net defined benefit obligation as general and administrative expenses in the statement of profit or loss and other comprehensive income. Those changes include service costs, including current service costs, past service costs and gains and losses on settlement, and net interest, which are the interest expenses of the plan.

24.4 Termination benefits

The Group recognises a liability and expenses for termination benefits at the earlier of the following dates: (1) when the Group can no longer unilaterally withdraw the offer of those benefits for proposals or suggestions for termination of employment; and (2) when the Group recognises costs or expenses for restructuring and involves the payment of termination costs or expenses.

24.5 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.

24.6 Bonus entitlements

The estimated cost of bonus payments is recognised as a liability when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made. Liabilities for bonuses are estimated to be settled within 12 months and are measured at the amounts estimated to be paid when they are settled.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

25. Debt restructuring

25.1 Recording of debt restructuring obligation as the debtor

When a debt is settled by an asset in a debt restructuring, the Group derecognises the relevant asset and the debt settled when the derecognition criteria for the asset and the debt are satisfied. The difference between the carrying amount of the debt settled and the carrying amount of the asset transferred is recognised in profit or loss for the current period.

When a debt is converted into an equity instrument in a debt restructuring, the Group derecognises the debt settled when the derecognition criteria for the debt are satisfied. On initial recognition, the equity instrument are recognised at fair value. When the fair value of the equity instrument cannot be measured reliably, the equity instruments are recognised at the fair value of the debt. The difference between the carrying amount of the debt and the carrying amount of the equity instrument is recognised in profit or loss for the current period.

When a debt restructuring involves the modification of other terms of a debt, the Group recognises and measures the debt restructured in accordance with ASBE No. 22 and Accounting Standard for Business Enterprises No.37- Presentation of Financial Instruments (ASBE No. 37).

When a debt is settled by multiple assets or combination of various methods in a debt restructuring, the Group recognises and measures the equity instrument and the debt restructured in accordance with the policies regarding debts settled by assets and debts converted into equity instruments, as mentioned above. The difference between the carrying amount of the debt and the sum of the carrying amount of the assets transferred, the carrying amount of the equity instrument recognised and the carrying amount of the debt restructured, is recognised in profit or loss for the current period.

25.2 Recording of debt restructuring obligation as the creditor

When a debt is settled by assets in a debt restructuring, on initial recognition of the assets other than financial assets, the assets are recognised at cost.

- (1) The cost of inventories includes the fair value of the debt receivable and any directly attributable expenditure, including taxes, transportation costs, handling costs, insurance and other costs, for bringing the assets to the current position and condition;
- (2) The cost of fixed assets includes the fair value of the debt receivable and any directly attributable expenditure, including taxes, transportation costs, handling costs, installation costs, professional service costs and other costs, for bringing the assets to working condition for intended use.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

25. *Debt restructuring (continued)*

25.2 Recording of debt restructuring obligation as the creditor (continued)

The difference between the fair value and the carrying amount of the debt receivable is recognised in profit or loss for the current period.

When the debt restructuring causes the Group to convert the debt receivable to an equity investment of joint ventures or associates, the creditor shall measure the equity investment based on the sum of the fair value of debt receivable, and any directly attributable taxes and other costs of the investment. The difference between the fair value and the carrying amount of the debt receivable is recognised in profit or loss for the current period.

When a debt restructuring involves the modification of other terms of a debt, the Group recognises and measures the restructured debt receivable in accordance with ASBE No. 22.

When a debt is settled by multiple assets or combination of various methods in a debt restructuring, the Group first recognises and measures the financial assets received and restructured debt receivable in accordance with ASBE No. 22, and then allocates the net value, which is the fair value of the debt receivable deducted by the recognised total carrying amount of financial assets received and restructured debt receivable, to the costs of non-financial assets received based on their relative fair value. The difference between the fair value and the carrying amount of the debt receivable is recognised in profit or loss for the current period.

26. *Nonmonetary Transactions*

When the non-monetary assets are of commercial substance and the fair value of assets received or the assets given up can be measured reliably, the nonmonetary transactions are measured at fair value. For the asset received, the fair value of the asset given up and related taxes payable are recognised as the cost at initial recognition; For the asset given up, at derecognition, the difference between the fair value and the carrying amount is recognised in profit or loss for the current period. When there is clear evidence indicating that the fair value of the received asset is more reliable, for the asset received, the fair value of the asset received and related taxes payable are recognised as the cost at initial recognition; For the asset given up, at derecognition, the difference between the fair value of the asset received and the carrying amount of the asset given up is recognised in profit or loss for the current period.

When the nonmonetary transactions fail to meet criteria to be measured at fair value, the transactions are measured at carrying amounts. For the asset received, the carrying amount of the asset given up and relevant taxes payable are recognised as the cost of at initial recognition. For the asset given up, at derecognition, no profit or loss is recognised.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

26. *Nonmonetary Transactions (continued)*

When several assets are received at the same time in a nonmonetary transaction, if the transaction is measured at fair value, the cost of each asset other than financial assets received is determined by apportioning the net amount, which is the total fair value of all assets given up deducted by the fair value of the financial assets received, based on the proportion of the fair value of each asset received, and plus related taxes payable, at initial recognition; When there is clear evidence indicating that the fair value of the received assets is more reliable, the fair value of each asset received and related taxes payable are recognised as cost of each asset received at initial recognition; If the transaction is measured at carrying amounts, the cost of each asset received is determined by apportioning the total carrying amounts of all assets given up based on the proportion of the fair value of each asset received to the total fair value of all assets received.

When several assets are given up at the same time in a nonmonetary transaction, if the transaction is measured at fair value, at each asset's derecognition, the difference between each asset's fair value and carrying amount is recognised in profit or loss for the current period; When there is clear evidence indicating that the fair value of the received assets is more reliable, the profit or loss, recognised for the current period, of derecognition of each asset given up is the net amount, which is the apportioning of the total fair value of the assets received, based on the proportion of the fair value of each asset given up to the total fair value of all assets given up, deducted by the carry amount of each asset given up; if the transaction is measured by carrying amounts, no profit or loss of derecognition of assets given up, is recognised.

27. *Profit distribution*

The cash dividend of the Company is recognised as a liability upon approval in the annual shareholders' meeting.

28. *Renewable corporate bonds and other financial instruments*

The perpetual securities and other financial instruments issued by the Group shall be classified as equity instruments if no contractual obligations of one party (the issuer) to deliver cash or another financial asset to another party (the holder), or to exchange financial assets or liabilities under conditions that are potentially unfavorable.

For perpetual securities and other financial instruments classified as equity instruments, distribution of interests and dividends are recognised into distribution of equity. Its repurchase and cancellation are recognised as changes of equity and transaction costs related to equity transactions are deducted from equity.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

29. *Production safety expenses*

The Group accrues for production safety expenses pursuant to the Circular on Printing and Issuing the Management Measures on the Enterprise Production Safety Expenses Appropriation and Utilisation (Cai Qi [2012] No.16) and the Management Measures on the Enterprises Production Safety Expenses Appropriation and Utilisation, issued by the Ministry of Finance and the State Administration of Work Safety.

Production safety expenses accrued based on the aforesaid regulations shall be recorded in the costs of related products or expenses in profit or loss for the current period, and provided as a fund in the special reserve. When the expenditures are utilised as expenses, they should be recognised in the statement of profit or loss and other comprehensive income and offset against the special reserve; when the expenditures incurred relate to fixed assets, they shall be recognised in the cost of fixed assets, which will be recognised when it is ready for use. The same amount as the expenditure will be offset against the special reserve and recorded as accumulated depreciation equivalent at the same time.

30. *Fair value measurement*

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Regardless of whether that price is directly observable or estimated using another valuation technique, fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis.

Fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety:

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that they can access at the measurement date;

Level 2: Inputs are inputs, other than quoted process included within level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3: Inputs are unobservable inputs for the asset or liability.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

31. *Asset securitisation*

The Group has securitised a portion of receivables (“underlying assets”) where underlying assets are sold and transferred to a special purpose entity (“SPE”). The SPE issues senior and subordinate assets-backed securities to investors, while the Group holds some portion of subordinate assets-backed securities which are not transferrable until the principal and interests of the senior assets-backed securities have been repaid. The Group acts as an asset service provider to provide services such as asset management and collection, contract revision and other services. The cash received from the underlying assets during the periods of collection, after paying SPE taxation and relevant fees, will be firstly used to repay the principal and interests of the senior assets-backed securities; the remaining cash after paying the principal and interests in full is treated as income from subordinate assets-backed securities. The Group shares relevant income based on its proportion of subordinate assets-backed securities.

When applying the accounting policy of securitisation of financial assets, the Groups has already taken into account the extent of transfer of the risks and rewards of those assets transferred to the other entity, as well as the extent of control over such entity by the Group:

- (1) When the Group has transferred substantially all the risks and rewards of ownership of a financial asset, it shall derecognise the relevant financial asset;
- (2) When the Group has retained substantially all the risks and rewards of ownership of a financial asset, it shall continue to recognise the relevant financial asset;
- (3) When the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, it shall determine whether it has retained control of the financial asset transferred. If the Group has not retained control, it shall derecognise the financial asset and recognise the rights retained or obligations arising from the transfer as an asset or a liability respectively. If the Group has retained control, it shall recognise the financial asset to the extent of its continuing involvement in the transferred financial asset.

32. *Significant accounting judgments and estimates*

The preparation of the financial statements requires management to make judgments, estimates and assumptions that will affect the reported amounts of revenue, expenses, assets and liabilities, and the disclosure of contingent liabilities at each balance sheet date. However, uncertainty about these assumptions and estimates may result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities in the future.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

32. Significant accounting judgments and estimates (continued)

At the balance sheet date, key assumptions and uncertainties that probably lead to significant future adjustments on the carrying amount of assets and liabilities are as follows:

Revenue from construction operations

For most of the Group's construction operations, the Group completes satisfaction of the relevant performance obligations over time and the revenue is recognised during the contract period based on the performance progress, which is determined by input method. The Group's management makes reasonable estimates on the expected total contract revenue and total contract costs based on the budgets prepared for construction operations to determine the performance progress and identify onerous contracts. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately. Due to the nature of activities associated with construction, the Group has to continuously review and revise budget prepared for each construction operation throughout the contract period. Revision may have effect on revenue, profit and other items related to construction operations during the period when the revision incurred.

Impairment of trade receivables and contract assets

For trade receivables and contract assets scoped in ASBE No. 14, the Group measures loss allowances for trade receivables and contract assets based on lifetime ECL. For trade receivables and contract assets which are individually significant and credit-impaired, the Group's management assesses credit losses individually by estimating the contractual cash flow expected to receive, based on the evidence of credit-impairment and forward-looking information. Except for trade receivables and contract assets which are individually significant and credit-impaired, the Group's management uses provision matrix to assess ECL, which is based on collective credit risk characteristics. The provision rates are based on the Group's historical actual loss rates, taking into consideration forward-looking information. The impairment of trade receivables and contract assets involves management's accounting estimations and judgements. If the result of reassessment is different from the current estimation, such differences may have influence on the profit and carrying amount of trade receivables and contract assets during the period when the reassessment incurred.

Impairment of other financial assets

For financial assets which are not scoped in ASBE No. 14, the Group assesses changes in credit risk of relevant financial instruments since initial recognition at each balance sheet date and calculates the ECL through default exposure and the expected credit loss rate for the next 12 months or the full lifetime. The calculation of ECL involves management's judgment on whether significant increase in credit risk and management's estimation on future contractual cash flows. If the result of reassessment is different from the current estimation, such differences may have influence on the profit and carrying amount of financial assets during the period which the reassessment incurred.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

32. Significant accounting judgments and estimates (continued)

Impairment of properties under development and completed properties held for sale

The Group has to evaluate the net realisable values for properties under development and completed properties held for sale at each balance sheet date. When the net realisable values are lower than the carrying amounts, a provision is made by the Group.

The principal assumptions for the Group's estimation of the net realisable values of the properties under development include those related to prevailing market prices for similar properties in the same location and condition, estimated costs to be incurred to completion of the properties and discount rates.

The Group estimates the net realisable value for completed properties held for sale based on the selling price, sales projections, sales expenses to be incurred and relevant tax expenses, with reference to the current market prices and actual sale progress.

Impairment of concession rights

The Group assesses at the balance sheet date whether there is any indication that the concession rights may be impaired. If there is any indication of impairment, the Group will estimate the recoverable amount and perform the impairment test. The provision for impairment loss is recognised according to the difference where the recoverable amount of an asset is less than its carrying amount and charged to the impairment loss.

The recoverable amount of the franchise rights is the higher of its fair value less costs of disposal and the present value of the estimated future cash flows. The present value of estimated future cash flows is determined based on the present value of estimated future cash flows during the period of the concession rights, i.e. based on the estimated future cash flows generated by the concession rights in the continuous use and discounted to the present value by selecting the appropriate discount rates. The estimated future cash flows are estimated based on the expected revenue of services rendered under concession arrangements and other income from the concession rights, net of necessary maintenance expenses and operating costs.

Contingent liabilities arising from litigation and claims

The Group is involved in a number of litigation and claims in respect of certain construction work performed at present and in the past. Contingent liabilities arising from these litigation and claims have been assessed by management with reference to legal advice. Provisions on the probable obligations have been made based on management's best estimates and judgments.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

32. Significant accounting judgments and estimates (continued)

Useful lives and residual values of fixed assets

The useful lives of fixed assets are estimated based on historical experience of the Group with similar assets used in a similar way. If useful lives of the fixed assets are estimated to be shorter than previously estimated, the Group will increase the depreciation rates accordingly, or dispose of those assets that are idle or technically obsolete.

In determining the useful lives and residual values of fixed assets, the Group periodically reviews the changes in market conditions, estimated physical wear and tear, and the maintenance of an asset. The estimation of the useful life of the asset is based on historical experience of the Group with similar assets that are used in a similar way. The depreciation amount will be adjusted if the estimated useful lives and/or the residual values of fixed assets are less than previous estimation. Useful lives and residual values are reviewed, at the end of each reporting period, based on changes in circumstances.

Amortisation of concession rights of highways

If the assets under the concession arrangement acquired by the “Build-Operate-Transfer” (“BOT”) participating in the construction of the expressway is applicable to intangible asset model, the concession rights is amortised at the early stage of operation period based on expected realisation approach of associated economic benefits using traffic volume method or straight-line method. In the case of traffic volume method amortisation (namely, calculating the total annual amortisation amount based on the percentage of actual traffic volume in certain years in the estimated total traffic volumes), amortisation calculation is initiated since the operation of the relevant turnpike highways.

The Group's management made judgments on the proportion of actual traffic volume in the total estimated traffic volume. Where the difference between the actual amount and the estimation is substantial, the management will reestimate the total estimated traffic volume based on the actual traffic volume and adjust the amortisation of annual provisions for standard traffic volumes in subsequent years.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

32. Significant accounting judgments and estimates (continued)

Income tax and deferred tax assets

The Company and its subsidiaries are subject to income taxes in numerous jurisdictions in domestic provinces and certain overseas countries. In order to reliably estimate and judge, the income tax provision is required to be determined based on existing tax laws, regulations and practices, if the relevant affairs of income tax have not yet been confirmed by relevant tax authorities. Where the final tax outcome of these matters is different from the amounts originally recorded, the differences will impact on the current period income tax provisions in the periods in which the differences arise.

Deferred tax assets relating to certain deductible temporary differences and tax losses are recognised as management considers it is probable that future taxable profit will be available against which the deductible temporary differences or tax losses can be utilised. In cases where the actual future profits generated are different from the estimation, such difference will influence on or change the deferred tax assets and income tax recognised in the relevant period.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the present value of the future expected cash flows from the asset groups or set of asset groups to which the goodwill is allocated. Estimating the present value requires the Group to make an estimate of the expected future cash flows from the asset groups or set of asset groups and also choose a suitable discount rate in order to calculate the present value of those cash flows.

Provisions for long-term post-leaving benefits

The Group recognised the benefits paid to certain long-term post-leaving personnel as a liability. The amounts of employee benefit expenses and liabilities are determined using various assumptions, including the estimated rates of return on assets, pension benefit inflation rates, medical benefit inflation rates, and other factors. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

The differences between actual experience and assumptions are recognised immediately in other comprehensive income in the period in which such differences arise. While management believes that its assumptions are reasonable, differences in actual experience or changes in assumptions may affect other comprehensive income and balance of liabilities related to the long-term post-leaving benefit obligations.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

IV. TAXES

1. Major categories of taxes and respective tax rates

Category	Tax basis	Tax rate
Value-added tax ("VAT")	Sales revenue and construction installation income in accordance with relevant tax law	3%, 6%, 9%, 13%
Enterprise income tax ("EIT")	Taxable income	All enterprises are subject to EIT at 25% except for some domestic subsidiaries qualified for tax preferential (Note IV. 2) and overseas subsidiaries that are subject to EIT in accordance with the local tax laws applicable to the jurisdiction where the company was registered.
City maintenance and construction tax ("CCT")	Based on the actual VAT and circulation tax payment	1%, 5%, 7%
Educational surcharge	Based on the actual VAT and circulation tax payment	3%
Local educational surcharge	Based on the actual VAT and circulation tax payment	2%
Land appreciation tax ("LAT")	Calculate LAT based on the appreciation amount arising from the transfer of properties and the extra progressive tax rate	Extra progressive tax rate: 30%, 40%, 50%, 60%

2. Tax preferential

Super deduction of research and development (R&D) expenses

Pursuant to Chapter IV, Item 1 of Article 30 of the *Law of the PRC on Enterprise Income Tax Law* (the "New EIT Law"), the *Notice of the Ministry of Finance, the State Administration of Taxation and the Ministry of Science and Technology on Improving the Policies for the Weighted Pre-tax Deduction of Research and Development Expenses* (Cai Shui [2015] No. 119) and *Notice of the Ministry of Finance, the State Administration of Taxation and the Ministry of Science and Technology on Improving the Policies for the Weighted Pre-tax Deduction Proportion of Research and Development Expenses* (Cai Shui [2018] No. 99), the Company and its subsidiaries complying with the relevant provisions can make a 75% super deduction on their actual research and development expenditures when calculating the taxable income.

IV. TAXES (CONTINUED)

2. Tax preferential (continued)

Tax preferential for the Western Region Development

Pursuant to the *Circular on Issues Concerning Tax Policies for In-depth Implementation of Western Development Strategies of the State Administration of Taxation, the Ministry of Finance and General Administration of Customs* (Cai Shui [2011] No. 58), the tax preference for the Western Region Development are valid until 2020. According to the Circular, “from 1 January 2011 to 31 December 2020, enterprise income tax may be levied at a reduced tax rate of 15% for enterprises established in the western region and engaged in encouraged industries. The above-mentioned industries shall refer to enterprises whose principal businesses are the industrial projects prescribed in the *Catalogue of Encouraged Industries in the Western Region*, the income of which accounts for more than 70% of the total income of such enterprises. The *Catalogue of Encouraged Industries in the Western Region* shall be issued separately.”

Pursuant to the *Announcement of the Ministry of Finance, the State Taxation Administration and the National Development and Reform Commission on Continuing the Enterprise Income Tax Policies for Western Development Strategies* (Cai Shui [2020] No. 23), the tax preference for the Western Region Development are valid until 2030. According to the Circular, “from 1 January 2021 to 31 December 2030, enterprise income tax may be levied at a reduced tax rate of 15% for enterprises established in the western region and engaged in encouraged industries. The above-mentioned industries shall refer to enterprises whose principal businesses are the industrial projects prescribed in the *Catalogue of Encouraged Industries in the Western Region*, the income of which accounts for more than 60% of the total income of such enterprises. The *Catalogue of Encouraged Industries in the Western Region* has been issued by National Development and Reform Commission. If the catalogue is modified during the period of the announcement, the modified version shall apply since the date of implementation.”

Certain subsidiaries of the Group, including China Railway 11th Bureau Group 5th Engineering Co., Ltd. (中鐵十一局集團第五工程有限公司), China Railway 12th Bureau Group 1st Engineering Co., Ltd. (中鐵十二局集團第一工程有限公司), China Railway 12th Bureau Group 4th Engineering Co., Ltd. (中鐵十二局集團第四工程有限公司), China Railway 12th Bureau Group Railway Maintenance Engineering Co., Ltd. (中鐵十二局集團鐵路養護工程有限公司), China Railway 12th Bureau Group (Tibet) Engineering Co., Ltd. (中鐵十二局集團(西藏)工程有限公司), China Railway Construction Bridge Engineering Bureau Group 5th Engineering Co., Ltd. (中鐵建大橋工程局集團第五工程有限公司), China Railway 15th Bureau Group 1st Engineering Co., Ltd. (中鐵十五局集團第一工程有限公司), China Railway 15th Bureau Group Tibet Engineering Co., Ltd. (中鐵十五局集團西藏工程有限公司), China Railway 16th Bureau Group Tibet Engineering Co., Ltd. (中鐵十六局集團西藏工程有限公司), China Railway 17th Bureau Group 2nd Engineering Co., Ltd. (中鐵十七局集團第二工程有限公司), China Railway 17th Bureau Group 4th Engineering Co., Ltd. (中鐵十七局集團第四工程有限公司), China Railway 17th Bureau Group Tibet Engineering Co., Ltd. (中鐵十七局集團西藏工程有限公司), China Railway 18th Bureau Group Tunnel Engineering Co., Ltd. (中鐵十八局集團隧道工程有限公司), China Railway 18th Bureau Group Tibet Engineering Co., Ltd. (中鐵十八局集團西藏工程有限公司), China Railway 19th Bureau Group Tibet Engineering Co., Ltd. (中鐵十九局集團西藏工程有限公司), China Railway 20th Bureau Group Co., Ltd. (中鐵二十局集團有限公司), China Railway 20th Bureau Group 2nd Engineering Co., Ltd. (中鐵二十局集

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

IV. TAXES (CONTINUED)

2. Tax preferential (continued)

Tax preferential for the Western Region Development (continued)

團第二工程有限公司), China Railway 20th Bureau Group 3rd Engineering Co., Ltd. (中鐵二十局集團第三工程有限公司), China Railway 20th Bureau Group 5th Engineering Co., Ltd. (中鐵二十局集團第五工程有限公司), China Railway 20th Bureau Group 6th Engineering Co., Ltd. (中鐵二十局集團第六工程有限公司), China Railway 20th Bureau Group Electrical Engineering Co., Ltd. (中鐵二十局集團電氣化工程有限公司), China Railway 20th Bureau Group Municipal Engineering Co., Ltd. (中鐵二十局集團市政工程有限公司), China Railway Guizhou Engineering Co., Ltd. (中鐵貴州工程有限公司), China Railway 21st Bureau Group Co., Ltd. (中鐵二十一局集團有限公司), China Railway 21st Bureau Group 1st Engineering Co., Ltd. (中鐵二十一局集團第一工程有限公司), China Railway 21st Bureau Group 2nd Engineering Co., Ltd. (中鐵二十一局集團第二工程有限公司), China Railway 21st Bureau Group 3rd Engineering Co., Ltd. (中鐵二十一局集團第三工程有限公司), China Railway 21st Bureau Group 4th Engineering Co., Ltd. (中鐵二十一局集團第四工程有限公司), China Railway 21st Bureau Group 5th Engineering Co., Ltd. (中鐵二十一局集團第五工程有限公司), China Railway 21st Bureau Group Electrical Engineering Co., Ltd. (中鐵二十一局集團電務電化工程有限公司), China Railway 21st Bureau Group Road & Bridge Engineering Co., Ltd. (中鐵二十一局集團路橋工程有限公司), China Railway 22nd Bureau Group 5th Engineering Co., Ltd. (中鐵二十二局集團第五工程有限公司), China Railway 23rd Bureau Group Co., Ltd. (中鐵二十三局集團有限公司), China Railway 23rd Bureau Group 3rd Engineering Co., Ltd. (中鐵二十三局集團第三工程有限公司), China Railway 23rd Bureau Group 4th Engineering Co., Ltd. (中鐵二十三局集團第四工程有限公司), China Railway 23rd Bureau Group 6th Engineering Co., Ltd. (中鐵二十三局集團第六工程有限公司), China Railway 23rd Bureau Group Rail Transit Chengdu Engineering Co., Ltd. (中鐵二十三局集團軌道交通成都工程有限公司), China Railway 23rd Bureau Group Tibet Engineering Co., Ltd. (中鐵二十三局集團西藏工程有限公司), China Railway 23rd Bureau Group Survey & Design Institute Co., Ltd. (中鐵二十三局集團建築設計研究院有限公司), China Railway 25th Bureau Group (Ganzhou) Engineering Co., Ltd. (中鐵二十五局集團(贛州)工程有限公司), China Railway Construction Electrification Bureau Group Xi'an Electrical Product Co., Ltd. (中鐵建電氣化局集團西安電氣化製品有限公司), China Railway Chongqing Urban Rail Transit Engineering Co., Ltd. (中鐵建重慶軌道環綫建設有限公司), China Railway First Survey and Design Institute Group Co., Ltd. (中鐵第一勘察設計院集團有限公司), Shaanxi Xingan Runtong Electrification Co., Ltd. (陝西興安潤通電氣化有限公司), Gansu Runtong Telecom Engineering Co., Ltd. (甘肅潤通電信與自動化控制工程有限公司), Lanzhou Railway Survey and Design Institute Co., Ltd. (蘭州鐵道設計院有限公司), China Railway Siyuan Group Nanning Survey and Design Co., Ltd. (中鐵四院集團南寧勘察設計院有限公司), China Railway Siyuan Group Southwest Survey and Design Co., Ltd. (中鐵四院集團西南勘察設計有限公司), China Railway Material Group Southwest Co., Ltd. (中鐵物資集團西南有限公司), CRCC High-tech Equipment Co., Ltd. (中國鐵建高新裝備股份有限公司), China Railway Construction Heavy Industry Xinjiang Co., Ltd. (鐵建重工新疆有限公司), China Railway Longchang Materials Co., Ltd. (中鐵隆昌鐵路器材有限公司), Chongqing China Petroleum & Railway Construction Industrial Co., Ltd. (重慶中油鐵建實業有限公司), Chongqing Tiefa Suiyu Highway Co., Ltd. (重慶鐵發遂渝高速公路有限公司), CRCC Chongqing Investment Group Co., Ltd. (中鐵建重慶投資集團有限公司), CRCC Chongqing Petrochemical Sales Co., Ltd. (中鐵建重慶石化銷售有限公司), China Railway Construction Kunlun Metro Investment Construction Management Co., Ltd. (中鐵建昆侖地鐵投資建設管理有限公司), CRCC Kunlun Investment Co., Ltd. (中國鐵建昆侖投資集團有限公司), China Railway Construction Guizhou Construction Co., Ltd. (中鐵建貴州建設有限公司), China Railway Construction Yunnan Transportation Construction Management Co., Ltd. (中鐵建雲南交通建設管理有限公司), China Railway Construction

IV. TAXES (CONTINUED)

2. Tax preferential (continued)

Tax preferential for the Western Region Development (continued)

Yunnan Investment Co., Ltd. (中鐵建雲南投資有限公司), CRCC Kunlun Tianfu Greenway Chengdu Co., Ltd. (中鐵建昆侖天府綠道成都有限公司), Chengdu CRCC Kunlun Rail Engineering Co., Ltd. (成都中鐵建昆侖軌道工程有限有限公司), Chengdu CRCC City Investment Composite Pipe Gallery Construction Management Co., Ltd. (成都中鐵建城投綜合管廊建設管理有限有限公司), CRCC Beibuwan Construction and Investment Co., Ltd. (中鐵建北部灣建設投資有限公司) China Railway Construction Northwest Investment & Construction Co., Ltd. (中鐵建西北投資建設有限公司), and China Railway Construction (Yinchuan) City Development Co., Ltd. (中鐵建(銀川)城市發展有限有限公司) met requirements of “enterprises located in the Western Region, whose principal businesses are encouraged industries, and the income of which accounts for more than 70% of the total income of such enterprises” in 2019, and are applicable to preferential income tax rate of 15% for the Western Region Development. If the above-mentioned companies meet requirements of “enterprises located in the Western Region, whose principal businesses are encouraged industries, and the income of which accounts for more than 70% of the total income of such enterprises” in 2020, they continue to enjoy the preferential enterprise income tax rate at 15%.

Other preferential tax for the Company's subsidiaries

China Railway 11th Bureau Group Co., Ltd. (中鐵十一局集團有限公司): (1) its subsidiaries including China Railway 11th Bureau Group 1st Engineering Co., Ltd. (中鐵十一局集團第一工程有限有限公司), China Railway 11th Bureau Group 2nd Engineering Co., Ltd. (中鐵十一局集團第二工程有限有限公司), China Railway 11th Bureau Group 3rd Engineering Co., Ltd. (中鐵十一局集團第三工程有限有限公司), China Railway 11th Bureau Group 4th Engineering Co., Ltd. (中鐵十一局集團第四工程有限有限公司) and China Railway 11th Bureau Group City Rail Engineering Co., Ltd. (中鐵十一局集團城市軌道工程有限有限公司) have been recognised as High-tech Enterprises by Hubei Provincial Science and Technology Department, Hubei Provincial Department of Finance, and Hubei Provincial Tax Service, State Taxation Administration since 2019, and are entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2019 till 31 December 2021; (2) its subsidiary China Railway 11th Bureau Group Bridge Engineering Co., Ltd. (中鐵十一局集團橋梁有限有限公司) has been recognised as a High-tech Enterprise by Jiangxi Provincial Science and Technology Department, Jiangxi Provincial Department of Finance, and Jiangxi Provincial Tax Service, State Taxation Administration since 2019, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2019 till 31 December 2021; (3) its subsidiaries including China Railway 11th Bureau Hanjiang Heavy Industry Co., Ltd. (中鐵十一局集團漢江重工有限有限公司), China Railway 11th Bureau Electrical Engineering Co., Ltd. (中鐵十一局集團電務工程有限有限公司) and China Railway 11th Bureau Construction and Installation Engineering Co., Ltd. (中鐵十一局集團建築安裝工程有限有限公司) have been recognised as High-tech Enterprises by Hubei Provincial Science and Technology Department, Hubei Provincial Department of Finance, and Hubei Provincial Tax Service, State Taxation Administration since 2018, and are entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2018 till 31 December 2020.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

IV. TAXES (CONTINUED)

2. Tax preferential (continued)

Other preferential tax for the Company's subsidiaries (continued)

China Railway 12th Bureau Group Co., Ltd. (中鐵十二局集團有限公司): (1) its subsidiary China Railway 12th Bureau Group 7th Engineering Co., Ltd. (中鐵十二局集團第七工程有限公司) has been recognised as a High-tech Enterprise by Hunan Provincial Science and Technology Department, Hunan Provincial Department of Finance, and Hunan Provincial Tax Service, State Taxation Administration since 2019, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2019 till 31 December 2021; (2) its subsidiaries including China Railway 12th Bureau Group 2nd Engineering Co., Ltd. (中鐵十二局集團第二工程有限公司) and China Railway 12th Bureau Group 3rd Engineering Co., Ltd. (中鐵十二局集團第三工程有限公司) have been recognised as High-tech enterprises by the Shanxi Science and Technology Department, Department of Finance of Shanxi, and Shanxi Provincial Tax Service, State Taxation Administration since 2018, and are entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2018 till 31 December 2020; (3) its subsidiary Electrification Engineering Co., Ltd. of China Railway 12th Bureau Group (中鐵十二局集團電氣化工程有限公司) has been recognised as a High-tech enterprise by Tianjin Municipal Science & Technology Commission, Tianjin Finance Bureau, and Tianjin Municipal Tax Service, State Taxation Administration since 2018, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2018 till 31 December 2020.

China Railway Construction Bridge Engineering Bureau Group Co., Ltd. (中國鐵建大橋工程局集團有限公司): (1) China Railway Construction Bridge Engineering Bureau Group Co., Ltd.(中國鐵建大橋工程局集團有限公司) has been recognised as a High-tech Enterprise by Tianjin Science & Technology Commission, Tianjin Finance Bureau, and Tianjin Tax Service, State Taxation Administration since 2019, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2019 till 31 December 2021;(2) its subsidiary China Railway Construction Bridge Engineering Bureau Group 4th Engineering Co., Ltd.(中鐵建大橋工程局集團第四工程有限公司) has been recognised as a High-tech Enterprise by Hei Longjiang Science and Technology Bureau, Hei Longjiang Municipal Bureau of Finance, and Hei Longjiang Tax Service, State Taxation Administration since 2019, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2019 till 31 December 2021; (3) its subsidiary China Railway Construction Bridge Engineering Bureau Group 1st Engineering Co., Ltd. (中國鐵建大橋工程局集團第一工程有限公司) has been recognised as a High-tech Enterprise by Dalian Science and Technology Bureau, Dalian Municipal Bureau of Finance, and Dalian Tax Service, State Taxation Administration since 2018, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2018 till 31 December 2020; (4) its subsidiary China Railway Modern Survey and Design Institute Group Co., Ltd. (中鐵現代勘察設計院有限公司) has been recognised as a High-tech Enterprise by Jilin Science and Technology Department, Jilin Province Department of Finance, and Jilin Provincial Tax Service, State Taxation Administration since 2018, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2018 till 31 December 2020.

IV. TAXES (CONTINUED)

2. Tax preferential (continued)

Other preferential tax for the Company's subsidiaries (continued)

China Railway 14th Bureau Group Co., Ltd. (中鐵十四局集團有限公司): (1) its subsidiary Beijing China Railway Fangshan Bridge Co., Ltd. (北京中鐵房山橋梁有限公司) has been recognised as a High-tech Enterprise by the Beijing Municipal Science & Technology Commission, Beijing Finance Bureau, and Beijing Municipal Tax Service, State Taxation Administration since 2018, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2018 till 31 December 2020; (2) its subsidiaries including Electrification Engineering Co., Ltd. of China Railway 14th Bureau Group (中鐵十四局集團電氣化工程有限公司), and Shandong Tiezheng Testing Technology Co., Ltd. (山東鐵正工程試驗檢測中心有限公司) have been recognised as High-tech Enterprises by Department of Science & Technology of Shandong Province, Shandong Province Finance Bureau, and Shandong Provincial Tax Service, State Taxation Administration since 2018, and are entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2018 till 31 December 2020; (3) its subsidiary China Railway 14th Bureau Group 3rd Engineering Co., Ltd. (中鐵十四局集團第三工程有限公司) has been recognised as a High-tech Enterprise by Department of Science & Technology of Shandong Province, Shandong Province Finance Bureau, and Shandong Provincial Tax Service, State Taxation Administration since 2019, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2019 till 31 December 2021.

China Railway 15th Bureau Group Co., Ltd. (中鐵十五局集團有限公司): (1) its subsidiary China Railway 15th Bureau Group 3rd Engineering Co., Ltd. (中鐵十五局集團第三工程有限公司) has been recognised as a High-tech Enterprise by Science & Technology Department of Sichuan Province, Sichuan Provincial Finance Department, and Sichuan Provincial Tax Service, State Taxation Administration since 2019, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2019 till 31 December 2021; (2) its subsidiary China Railway 15th Bureau Group 4th Engineering Co., Ltd. (中鐵十五局集團第四工程有限公司) has been recognised as a High-tech Enterprise by the Henan Science and Technology Department, Henan Provincial Department of Finance, and Henan Provincial Tax Service, State Taxation Administration since 2018, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2018 till 31 December 2020; (3) its subsidiary China Railway 15th Bureau Group 5th Engineering Co., Ltd. (中鐵十五局集團第五工程有限公司) has been recognised as a High-tech Enterprise by Tianjin Science & Technology Commission, Tianjin Finance Bureau, and Tianjin Municipal Tax Service, State Taxation Administration since 2018, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2018 till 31 December 2020.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

IV. TAXES (CONTINUED)

2. Tax preferential (continued)

Other preferential tax for the Company's subsidiaries (continued)

China Railway 16th Bureau Group Co., Ltd. (中鐵十六局集團有限公司): (1) China Railway 16th Bureau Group Co., Ltd. and its subsidiaries China Railway 16th Bureau Group 1st Engineering Co., Ltd. (中鐵十六局集團第一工程有限公司) and China Railway 16th Bureau Group Subway Engineering Co., Ltd. (中鐵十六局集團地鐵工程有限公司) have been recognised as High-tech Enterprises by Beijing Municipal Science & Technology Commission, Beijing Finance Bureau, and Beijing Municipal Tax Service, State Taxation Administration since 2018, and are entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2018 till 31 December 2020; (2) its subsidiaries including China Railway 16th Bureau Group 4th Engineering Co., Ltd. (中鐵十六局集團第四工程有限公司), China Railway 16th Bureau Group Beijing Metro Engineering Co., Ltd. (中鐵十六局集團北京軌道交通工程建設有限公司) and China Railway 16th Bureau Group Electrification Engineering Co., Ltd. (中鐵十六局集團電氣化工程有限公司) have been recognised as High-tech Enterprises by Beijing Municipal Science & Technology Commission, Beijing Finance Bureau, and Beijing Municipal Tax Service, State Taxation Administration since 2019, and are entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2019 till 31 December 2021; (3) its subsidiary China Railway 16th Bureau Group 5th Engineering Co., Ltd. (中鐵十六局集團第五工程有限公司) has been recognised as a High-tech Enterprise by Hebei Provincial Department of Science and Technology, Finance Bureau of Hebei Province, and Hebei Provincial Tax Service, State Taxation Administration since 2019, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2019 till 31 December 2021 (4) its subsidiary China Railway 16th Bureau Group 2nd Engineering Co., Ltd. (中鐵十六局集團第二工程有限公司) has been recognised as a High-tech Enterprise by Tianjin Science & Technology Commission, Tianjin Finance Bureau, and Tianjin Municipal Tax Service, State Taxation Administration since 2018, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2018 till 31 December 2020; (5) its subsidiary China Railway 16th Bureau Group Railway Transportation Engineering Co., Ltd. (中鐵十六局集團鐵運工程有限公司) has been recognised as a High-tech Enterprise by Inner Mongolia Autonomous Region Science & Technology Department, Inner Mongolia Autonomous Region Department of Finance, and Inner Mongolia Autonomous Region Tax Service, State Taxation Administration since 2018, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2018 till 31 December 2020.

IV. TAXES (CONTINUED)

2. Tax preferential (continued)

Other preferential tax for the Company's subsidiaries (continued)

China Railway 17th Bureau Group Co., Ltd. (中鐵十七局集團有限公司): (1) its subsidiary China Railway(Guizhou) Municipal Engineering Co., Ltd. (中鐵(貴州)市政工程有限公司) has been recognised as a High-tech Enterprise by Guizhou Provincial Department of Science and Technology, Guizhou Provincial Finance Bureau, and Guizhou Provincial Tax Service, State Taxation Administration since 2018, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2018 till 31 December 2020; (2) its subsidiary China Railway 17th Bureau Shanghai Rail Transit Engineering Co., Ltd. (中鐵十七局集團上海軌道交通工程有限公司) has been recognised as a High-tech Enterprise by Science and Technology Commission Shanghai Municipality, Shanghai Municipal Finance Bureau, and Shanghai Municipal Tax Service, State Taxation Administration since 2018, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2018 till 31 December 2020; (3) its subsidiary China Railway 17th Bureau 1st Engineering Co., Ltd. (中鐵十七局集團第一工程有限公司) has been recognised as a High-tech Enterprise by Department of Science & Technology of Shandong Province, Shandong Province Finance Bureau, and Shandong Provincial Tax Service, State Taxation Administration since 2019, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2019 till 31 December 2021; (4) its subsidiaries China Railway 17th Bureau Group Electrification Engineering Co., Ltd. (中鐵十七局集團電氣化工程有限公司) and China Railway 17th Bureau Construction Engineering Co., Ltd. (中鐵十七局集團建築工程有限公司) have been recognised as High-tech Enterprises by the Shanxi Science and Technology Department, Department of Finance of Shanxi, and Shanxi Provincial Tax Service, State Taxation Administration since 2019, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2019 till 31 December 2021.

China Railway 18th Bureau Group Co., Ltd. (中鐵十八局集團有限公司): (1) its subsidiary China Railway 18th Bureau Group 3rd Engineering Co., Ltd. (中鐵十八局集團第三工程有限公司) has been recognised as a High-tech Enterprise by Hebei Municipal Science and Technology Bureau, Hebei Finance Bureau, and Hebei Municipal Tax Service, State Taxation Administration since 2018, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2018 till 31 December 2020; (2) its subsidiary China Railway 18th Bureau Group 4th Engineering Co., Ltd. (中鐵十八局集團第四工程有限公司) has been recognised as a High-tech Enterprise by Tianjin Science & Technology Commission, Tianjin Finance Bureau, and Tianjin Municipal Tax Service, State Taxation Administration since 2018, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2018 till 31 December 2020; (3) its subsidiary China Railway 18th Bureau Group Construction and Installation Engineering Co., Ltd. (中鐵十八局集團建築安裝工程有限公司) has been recognised as a High-tech Enterprise by Tianjin Science & Technology Commission, Tianjin Finance Bureau, and Tianjin Municipal Tax Service, State Taxation Administration since 2019, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2019 till 31 December 2021.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

IV. TAXES (CONTINUED)

2. Tax preferential (continued)

Other preferential tax for the Company's subsidiaries (continued)

China Railway 19th Bureau Group Co., Ltd. (中鐵十九局集團有限公司): (1) its subsidiaries including China Railway 19th Bureau Group Rail Transit Engineering Co., Ltd. (中鐵十九局集團軌道交通工程有限公司) and China Railway 19th Bureau Group Mining Investment Co., Ltd. (中鐵十九局集團礦業投資有限公司) have been recognised as High-tech Enterprises by Beijing Municipal Science & Technology Commission, Beijing Finance Bureau, and Beijing Municipal Tax Service, State Taxation Administration since 2018, and are entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2018 till 31 December 2020; (2) its subsidiary China Railway 19th Bureau Group 5th Engineering Co., Ltd. (中鐵十九局集團第五工程有限公司) has been recognised as a High-tech Enterprise by Dalian Science and Technology Bureau, Dalian Municipal Bureau of Finance, and Dalian Tax Service, State Taxation Administration since 2019, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2019 till 31 December 2021; (3) its subsidiary China Railway 19th Bureau Group 3rd Engineering Co., Ltd. (中鐵十九局集團有限公司第三工程有限公司) has been recognised as a High-tech Enterprise by Department of Science & Technology of Liaoning Province, Liaoning Province Finance Department, and Liaoning Provincial Tax Service, State Taxation Administration since 2018, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2018 till 31 December 2020; (4) its subsidiary China Railway 19th Bureau Group 7th Engineering Co., Ltd. (中鐵十九局集團有限公司第七工程有限公司) has been recognised as High-tech Enterprises by Department of Science & Technology of Guangdong Province, Department of Finance of Guangdong Province, and Guangdong Provincial Tax Service, State Taxation Administration since 2018, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2018 till 31 December 2020.

China Railway 20th Bureau Group Co., Ltd. (中鐵二十局集團有限公司): (1) its subsidiary China Railway 20th Bureau Group 4th Engineering Co., Ltd. (中鐵二十局集團第四工程有限公司) has been recognised as a High-tech Enterprise by Qingdao Science and Technology Bureau, Qingdao Municipal Bureau of Finance, and Qingdao Tax Service, State Taxation Administration since 2019, and is entitled to enjoy the preferential income tax rate at 15% from 1 January 2019 till 31 December 2021; (2) its subsidiary China Railway Building and Installing Engineering Design Institute Co., Ltd. (中鐵建安工程設計院有限公司) has been recognised as a High-tech Enterprise by Hebei Provincial Department of Science and Technology, Finance Bureau of Hebei Province, and Hebei Provincial Tax Service, State Taxation Administration since 2018, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2018 till 31 December 2020.

IV. TAXES (CONTINUED)

2. Tax preferential (continued)

Other preferential tax for the Company's subsidiaries (continued)

China Railway 21st Bureau Group Co., Ltd. (中鐵二十一局集團有限公司): its subsidiary China Railway 21st Bureau Group Metro Engineering Co., Ltd. (中鐵二十一局集團軌道交通工程有限公司) has been recognised as a High-tech Enterprises by Department of Science & Technology of Shandong Province, Shandong Province Finance Bureau, and Shandong Provincial Tax Service, State Taxation Administration since 2019, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2019 till 31 December 2021.

China Railway 22nd Bureau Group Co., Ltd. (中鐵二十二局集團有限公司): (1) China Railway 22nd Bureau Group Co., Ltd. and its subsidiary China Railway 22nd Bureau Group Metro Co., Ltd. (中鐵二十二局集團軌道工程有限公司) have been recognised as High-tech Enterprises by Beijing Municipal Science & Technology Commission, Beijing Finance Bureau, and Beijing Municipal Tax Service, State Taxation Administration since 2019, and are entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2019 till 31 December 2021; (2) its subsidiary China Railway 22nd Bureau Group 4th Engineering Co., Ltd. (中鐵二十二局集團第四工程有限公司) has been recognised as a High-tech Enterprise by Tianjin Science & Technology Commission, Tianjin Finance Bureau, and Tianjin Tax Service, State Taxation Administration since 2019, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2019 till 31 December 2021; (3) its subsidiary China Railway 22nd Bureau Group 3rd Engineering Co., Ltd. (中鐵二十二局集團第三工程有限公司) has been recognised as a High-tech Enterprise by Xiamen Science and Technology Bureau, Xiamen Municipal Bureau of Finance, and Xiamen Tax Service, State Taxation Administration since 2018, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2018 till 31 December 2020.

China Railway 24th Bureau Group Co., Ltd. (中鐵二十四局集團有限公司) has been recognised as High-tech Enterprises by Department of Science & Technology of Shanghai Province, Department of Finance of Shanghai Province, and Shanghai Provincial Tax Service, State Taxation Administration since 2019, and are entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2019 till 31 December 2021.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

IV. TAXES (CONTINUED)

2. Tax preferential (continued)

Other preferential tax for the Company's subsidiaries (continued)

China Railway 25th Bureau Group Co., Ltd. (中鐵二十五局集團有限公司): (1) China Railway 25th Bureau Group Co., Ltd. and its subsidiary China Railway 25th Bureau Group 1st Engineering Co., Ltd. (中鐵二十五局集團第一工程有限公司) have been recognised as High-tech Enterprises by Department of Science & Technology of Guangdong Province, Department of Finance of Guangdong Province, and Guangdong Provincial Tax Service, State Taxation Administration since 2018, and are entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2018 till 31 December 2020; (2) its subsidiary China Railway 25th Bureau Group 5th Engineering Co., Ltd. (中鐵二十五局集團第五工程有限公司) has been recognised as a High-tech Enterprise by Qingdao Science and Technology Bureau, Qingdao Municipal Bureau of Finance, and Qingdao Tax Service, State Taxation Administration since 2018, and is entitled to enjoy the preferential income tax rate at 15% from 1 January 2018 till 31 December 2020; (3) its subsidiary China Railway 25th Bureau Group 3rd Engineering Co., Ltd. (中鐵二十五局集團第三工程有限公司) has been recognised as a High-tech Enterprise by China Hunan Provincial Science & Technology Department, Hunan Provincial Department of Finance, and Hunan Provincial Tax Service, State Taxation Administration since 2019, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2019 till 31 December 2021; (4) its subsidiaries Guangzhou Tiecheng Engineering Inspection Co., Ltd. (廣州鐵誠工程質量檢測有限公司) and China Railway 25th Bureau Group Corporation Electric Engineering Co., Ltd. (中鐵二十五局集團電務工程有限公司) have been recognised as High-tech Enterprises by Department of Science & Technology of Guangdong Province, Department of Finance of Guangdong Province, and Guangdong Provincial Tax Service, State Taxation Administration since 2019, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2019 till 31 December 2021; (5) its subsidiary China Railway 25th Bureau Group 4th Engineering Co., Ltd. (中鐵二十五局集團第四工程有限公司) has been recognised as High-tech Enterprises by China Guangxi Provincial Science & Technology Department, Guangxi Provincial Department of Finance, and Guangxi Provincial Tax Service, State Taxation Administration since 2019, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2019 till 31 December 2021.

China Railway Construction Group Co., Ltd. (中鐵建設集團有限公司): (1) its subsidiaries Beijing CRCC Decoration Engineering Co., Ltd. (北京中鐵裝飾工程有限公司), Beijing CRCC Architecture & Technology Co., Ltd. (北京中鐵建築科技有限公司) and Beijing CRCC Elevator Engineering Co., Ltd. (北京中鐵電梯工程有限公司) have been recognised as High-tech Enterprises by Beijing Municipal Science & Technology Commission, Beijing Finance Bureau, and Beijing Municipal Tax Service, State Taxation Administration since 2018, and are entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2018 till 31 December 2020; (2) its subsidiaries China Railway Construction Group Equipment Co., Ltd. (中鐵建設集團設備安裝有限公司) and China Railway Construction Group Infrastructure Construction Co., Ltd. (中鐵建設集團基礎設施建設有限公司) have been recognised as High-tech Enterprises by Beijing Municipal Science & Technology Commission, Beijing Finance Bureau, and Beijing Municipal Tax Service, State Taxation Administration since 2019, and are entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2019 till 31 December 2021; (3) its subsidiary China Railway Construction Group South Engineering Co., Ltd. (中鐵建設集團南方工程有限公司) has been recognised as a High-tech Enterprise by Guangdong Municipal Science & Technology Commission, Guangdong Finance Bureau, and Guangdong Municipal Tax Service, State Taxation Administration since 2019, and are entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2019 till 31 December 2021.

IV. TAXES (CONTINUED)

2. Tax preferential (continued)

Other preferential tax for the Company's subsidiaries (continued)

China Railway Construction Electrification Bureau Group Co., Ltd. (中國鐵建電氣化局集團有限公司): (1) its subsidiary China Railway Construction Electrification Bureau Group 1st Engineering Co., Ltd. (中鐵建電氣化局集團第一工程有限公司) has been recognised as a High-tech Enterprise by the Henan Science and Technology Department, Henan Provincial Department of Finance, and Henan Provincial Tax Service, State Taxation Administration since 2019, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2019 till 31 December 2021; (2) its subsidiary China Railway Construction Electrification Bureau Group 3rd Engineering Co., Ltd. (中鐵建電氣化局集團第三工程有限公司) has been recognised as a High-tech Enterprise by Hebei Provincial Department of Science and Technology, Finance Bureau of Hebei Province, and Hebei Provincial Tax Service, State Taxation Administration since 2019, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2019 till 31 December 2021; (3) its subsidiary China Railway Construction Electrification Bureau Group 5th Engineering Co., Ltd. (中國鐵建電氣化局集團第五工程有限公司) has been recognised as a High-tech Enterprise by Science & Technology Department of Sichuan Province, Sichuan Provincial Finance Department, and Sichuan Provincial Tax Service, State Taxation Administration since 2019, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2019 till 31 December 2021; (4) China Railway Construction Electrification Bureau Group Co., Ltd. and its subsidiary Beijing CRCC Electrification Design Institute Co., Ltd. (北京中鐵建電氣化設計研究院有限公司) have been recognised as a High-tech Enterprise by Beijing Municipal Science & Technology Commission, Beijing Finance Bureau, and Beijing Municipal Tax Service, State Taxation Administration since 2018, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2018 till 31 December 2020; (5) its subsidiary China Railway Construction Electrification Bureau Group South Engineering Co., Ltd. (中鐵建電氣化局集團南方工程有限公司) has been recognised as a High-tech Enterprise by Hubei Provincial Science and Technology Department, Hubei Provincial Department of Finance, and Hubei Provincial Tax Service, State Taxation Administration since 2018, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2018 till 31 December 2020; (6) its subsidiary China Railway Construction Electrification Bureau Group Science and Technology Co., Ltd. (中鐵建電氣化局集團科技有限公司) has been recognised as a High-tech Enterprise by Hebei Provincial Department of Science and Technology, Finance Bureau of Hebei Province, and Hebei Provincial Tax Service, State Taxation Administration since 2018, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2018 till 31 December 2020; (7) its subsidiary China Railway Construction Electrification Bureau Group Metro Engineering Machinery Co., Ltd. (中鐵建電氣化局集團軌道交通器材有限公司) has been recognised as a High-tech Enterprise by Jiangsu Provincial Science and Technology Department, Department of Finance of Jiangsu Province, and Jiangsu Provincial Tax Service, State Taxation Administration since 2018, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2018 till 31 December 2020;

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

IV. TAXES (CONTINUED)

2. Tax preferential (continued)

Other preferential tax for the Company's subsidiaries (continued)

CRCC Harbor and Channel Engineering Bureau Group Co., Ltd. (中國鐵建港航局集團有限公司): its subsidiary CRCC Harbour & Channel Engineering Bureau Group Survey & Design Institute Co., Ltd. (中鐵建港航局集團勘察設計院有限公司) has been recognised as a High-tech Enterprise by Department of Science & Technology of Guangdong Province, Department of Finance of Guangdong Province, and Guangdong Provincial Tax Service, State Taxation Administration since 2018, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2018 till 31 December 2020.

China Railway Urban Construction Group Co., Ltd. (中鐵城建集團有限公司): (1) its subsidiary China Railway Urban Construction Group 1st Engineering Co., Ltd. (中鐵城建集團第一工程有限公司) has been recognised as a High-tech Enterprise by the Shanxi Science and Technology Department, Department of Finance of Shanxi, and Shanxi Provincial Tax Service, State Taxation Administration since 2018, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2018 till 31 December 2020; (2) China Railway Urban Construction Group Co., Ltd.(中鐵城建集團有限公司) has been recognised as a High-tech Enterprise by China Hunan Provincial Science & Technology Department, Hunan Provincial Department of Finance, and Hunan Provincial Tax Service, State Taxation Administration since 2018, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2018 till 31 December 2020; (3) its subsidiary China Railway Urban Construction Group 2nd Engineering Co., Ltd. (中鐵城建集團第二工程有限公司) has been recognised as a High-tech Enterprise by Department of Science & Technology of Guangdong Province, Department of Finance of Guangdong Province, and Guangdong Provincial Tax Service, State Taxation Administration since 2018, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2018 till 31 December 2020; (4) its subsidiary China Railway Urban Construction Group 3rd Engineering Co., Ltd. (中鐵城建集團第三工程有限公司) has been recognised as a High-tech Enterprise by Tianjin Science & Technology Commission, Tianjin Finance Bureau, and Tianjin Municipal Tax Service, State Taxation Administration since 2018, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2018 till 31 December 2020.

IV. TAXES (CONTINUED)

2. Tax preferential (continued)

Other preferential tax for the Company's subsidiaries (continued)

China Railway SIYUAN Survey and Design Group Co., Ltd. (中鐵第四勘察設計院集團有限公司): (1) its subsidiaries Geotechnical Engineering Co., Ltd. of China Railway Siyuan Survey and Design Group Co., Ltd. (中鐵四院集團岩土工程有限責任公司) and Wuhan Tiechen Engineering Testing Co., Ltd. (武漢鐵辰工程檢測有限公司) have been recognised as High-tech Enterprises by Hubei Provincial Science and Technology Department, Hubei Provincial Department of Finance, and Hubei Provincial Tax Service, State Taxation Administration since 2018 and are entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2018 till 31 December 2020; (2) its subsidiary New Rail Transit Design and Research Institute Co., Ltd. of China Railway Siyuan Survey and Design Group Co., Ltd. (中鐵四院集團新型軌道交通設計研究院有限公司) has been recognised as a High-tech Enterprise by Jiangsu Provincial Science and Technology Department, Department of Finance of Jiangsu Province, and Jiangsu Provincial Tax Service, State Taxation Administration since 2018 and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2018 till 31 December 2020; (3) its subsidiary Wuhan Railway Siyuan Engineering Consulting Co., Ltd. (武漢鐵四院工程諮詢有限公司) has been recognised as a High-tech Enterprise by Hubei Provincial Science and Technology Department, Hubei Provincial Department of Finance, and Hubei Provincial Tax Service, State Taxation Administration since 2019 and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2019 till 31 December 2021.

China Railway Shanghai Design Institute Group Co., Ltd. (中鐵上海設計院集團有限公司) has been recognised as a High-tech Enterprise by Science and Technology Commission Shanghai Municipality, Shanghai Municipal Finance Bureau, and Shanghai Municipal Tax Service, State Taxation Administration since 2018, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2018 till 31 December 2020.

CRCC High-tech Equipment Corporation Limited (中國鐵建高新裝備股份有限公司): its subsidiary Beijing Ruiweitong Engineering Machinery Co., Ltd. (北京瑞維通工程機械有限公司) has been recognised as a High-tech Enterprise by Beijing Municipal Science & Technology Commission, Beijing Finance Bureau, and Beijing Municipal Tax Service, State Taxation Administration since 2018, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2018 till 31 December 2020.

CRCC Cyber Information Technology Co., Ltd. (中鐵建網絡信息科技有限公司) has been recognised as a High-tech Enterprise by Beijing Municipal Science & Technology Commission, Beijing Finance Bureau, and Beijing Municipal Tax Service, State Taxation Administration since 2019, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2019 till 31 December 2021.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

1. Cash and bank balances

RMB '000

Item	30 June 2020 (unaudited)	31 December 2019
Cash on hand	100,015	97,202
Cash at banks	112,293,316	142,462,384
Other cash and bank balances	7,054,774	7,770,596
Mandatory reserves placed by CRCC Finance Company Limited with the central bank	5,322,580	6,556,995
Total	124,770,685	156,887,177

The restricted cash and bank balances of the Group are stated in Note V. 63.

As at 30 June 2020, the Group held foreign cash and bank balances amounting to RMB10,024,790,000 (31 December 2019: RMB9,263,845,000), and held no restricted deposits. (31 December 2019: Nil).

RMB '000

Item	30 June 2020 (unaudited)	31 December 2019
Cash and bank balances at the end of the period/year	124,770,685	156,887,177
Less: Mandatory reserves placed by CRCC Finance Company Limited with the central bank	5,322,580	6,556,995
Less: Other restricted cash and bank balances	7,025,510	7,708,492
Less: Non-pledged time deposits with original maturity of three months or more when acquired	2,013,141	2,328,074
Cash and cash equivalents at the end of the period/year	110,409,454	140,293,616

2. Held-for-trading financial assets

RMB '000

Item	30 June 2020 (unaudited)	31 December 2019
Monetary fund products	1,048,628	3,009,186
Equity instruments	153,575	168,119
Others	406,232	410,341
Total	1,608,435	3,587,646

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. Bills receivable

RMB '000

Item	30 June 2020 (unaudited)	31 December 2019
Commercial acceptance bills	7,143,162	10,260,964
Bank acceptance bills	121,864	91,053
Less: Impairment of credit losses	29,330	46,743
Total	7,235,696	10,305,274

The restricted bills receivable of the Group are stated in Note V.63.

4. Receivables at FVTOCI

RMB '000

Item	30 June 2020 (unaudited)	31 December 2019
Bank acceptance bills	2,130,161	2,654,263
Total	2,130,161	2,654,263

As at 30 June 2020, the Group had RMB676,477,000 (31 December 2019: RMB1,098,468,000) non-matured bills receivable which had right of recourse and had been discounted or endorsed to other parties. The Group derecognised those bills receivable as the Group considered that all risks and rewards of the ownership had been transferred from the discounted or endorsed bills receivable since there was extremely low risk of the acceptor's inability to cash the bills upon expiry due to the acceptor's good reputation.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. Trade receivables

An aging analysis of trade receivables is listed as follows:

RMB '000

Aging	30 June 2020 (unaudited)	31 December 2019
Within 1 year	102,950,768	92,147,207
1 to 2 years	17,195,831	14,220,068
2 to 3 years	5,989,732	6,306,436
Over 3 years	6,577,725	6,077,845
Subtotal	132,714,056	118,751,556
Less: Impairment of credit losses	6,914,563	6,613,019
Total	125,799,493	112,138,537

Movements in impairment of credit losses for trade receivables is listed as follows:

RMB '000

Item	For the six months ended 30 June 2020 (unaudited)	2019
Opening balance of current period/year	6,613,019	4,705,845
Provision for the period/year	1,011,605	2,939,511
Less: Reversal for the period/year	623,548	898,997
Less: Write-off for the period/year	10,087	99,405
Others	(76,426)	(33,935)
Closing balance of current period/year	6,914,563	6,613,019

The movements in detail of impairment of credit losses for the six months ended 30 June 2020 are presented in Note VIII. 3.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. Trade receivables (continued)

Trade receivables and impairment of credit losses are listed by category are listed as follows:

RMB '000

Category	30 June 2020 (unaudited)				Carrying amount
	Gross carrying amount		Impairment of credit losses		
	Amount	Percentage (%)	Amount	Percentage (%)	
Impairment of credit losses assessed individually	6,660,059	5.02	3,718,124	55.83	2,941,935
Impairment of credit losses assessed by credit risk portfolio	126,053,997	94.98	3,196,439	2.54	122,857,558
Total	132,714,056	100.00	6,914,563	5.21	125,799,493

RMB '000

Category	31 December 2019				Carrying amount
	Gross carrying amount		Impairment of credit losses		
	Amount	Percentage (%)	Amount	Percentage (%)	
Impairment of credit losses assessed individually	5,337,174	4.49	3,394,656	63.60	1,942,518
Impairment of credit losses assessed by credit risk portfolio	113,414,382	95.51	3,218,363	2.84	110,196,019
Total	118,751,556	100.00	6,613,019	5.57	112,138,537

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. Trade receivables (continued)

As at 30 June 2020, trade receivables whose impairment of credit losses were assessed individually are listed as follows (unaudited):

RMB '000

Company name	Gross carrying amount	Impairment of credit losses	Provision percentage (%)	Reasons
Company 1	575,639	229,907	39.94	Note
Company 2	241,519	241,519	100.00	Note
Company 3	212,523	164,148	77.24	Note
Company 4	164,184	111,636	67.99	Note
Company 5	162,474	162,474	100.00	Note
Others	5,303,720	2,808,440	52.95	—
Total	6,660,059	3,718,124	55.83	—

Note: According to the recoverability of receivables, the Group recorded all or a portion of impairment of credit losses.

As at 30 June 2020, trade receivables whose impairment of credit losses were assessed by credit risk portfolio are listed as follows:

RMB '000

Aging	30 June 2020 (unaudited)			
	Gross carrying amount Amount	Percentage (%)	Impairment of credit losses Amount	Percentage (%)
Within 1 year	102,770,297	81.53	931,774	0.91
1 to 2 years	16,052,934	12.73	793,549	4.94
2 to 3 years	4,768,930	3.78	539,150	11.31
Over 3 years	2,461,836	1.96	931,966	37.86
Total	126,053,997	100.00	3,196,439	2.54

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. Trade receivables (continued)

As at 30 June 2020, trade receivables from the five largest customers are listed as follows (unaudited):

RMB '000

Company name	Relationship with the Group	Amount	Aging	Percentage of total trade receivables (%)
Company 1	Third party	1,380,914	Within 1 year	1.04
Company 2	Third party	1,011,187	Within 1 year	0.76
Company 3	Third party	1,003,835	Within 1 year	0.76
Company 4	Third party	994,423	Within 1 year	0.75
Company 5	Joint venture	975,122	Within 1 year	0.73
Total	—	5,365,481	—	4.04

For the six months ended 30 June 2020, the write-off of trade receivables amounted to RMB10,087,000 (For the six months ended 30 June 2019: RMB6,715,000)

Transferred trade receivables that are derecognised are analysed as follows:

For the six months ended 30 June 2020, the Group derecognised trade receivables of RMB18,927,522,000 (For the six months ended 30 June 2019: RMB17,698,276,000) due to transfer of financial assets and recognised losses from derecognition of financial assets RMB756,314,000 (For the six months ended 30 June 2019: RMB1,120,028,000).

Assets and liabilities recognised due to continuing involvement in the transferred asset:

As at 30 June 2020, the Group recognised assets of RMB324,000,000 and liabilities of RMB324,000,000 (As at 31 December 2019: RMB374,000,000 and RMB374,000,000) related to continuing involvement of transferred trade receivables.

The restricted trade receivables of the Group are stated in Note V. 63.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6. Advances to suppliers

An aging analysis of advances to suppliers is listed as follows:

RMB '000

Aging	30 June 2020 (unaudited)		31 December 2019	
	Gross carrying amount	Percentage (%)	Gross carrying amount	Percentage (%)
Within 1 year	28,162,148	98.53	23,826,757	97.91
1 to 2 years	228,448	0.80	261,322	1.07
2 to 3 years	170,313	0.60	191,190	0.79
Over 3 years	21,031	0.07	56,712	0.23
Total	28,581,940	100.00	24,335,981	100.00

As at 30 June 2020, there were no significant advances to suppliers aged over one year.

As at 30 June 2020, advances to the five largest suppliers are listed as follows (unaudited):

RMB '000

Company name	Relationship with the Group	Amount	Time for prepayment	Percentage of total advances to suppliers (%)
Company 1	Third party	620,100	Within 1 year	2.17
Company 2	Third party	299,070	Within 1 year	1.05
Company 3	Third party	239,510	Within 1 year	0.84
Company 4	Third party	182,867	Within 1 year	0.64
Company 5	Third party	178,738	Within 1 year	0.63
Total	—	1,520,285	—	5.33

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7. Other receivables

An aging analysis of other receivables is listed as follows:

RMB '000

Aging	30 June 2020 (unaudited)	31 December 2019
Within 1 year	52,932,434	50,868,850
1 to 2 years	7,240,156	6,229,654
2 to 3 years	3,343,694	2,998,293
Over 3 years	4,285,464	4,770,025
Subtotal	67,801,748	64,866,822
Less: Impairment of credit losses	4,752,879	4,766,484
Total	63,048,869	60,100,338

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7. Other receivables (continued)

Movements in the impairment of credit losses are listed as follows:

RMB '000

Item	For the six months ended 30 June 2020 (unaudited)	2019
Opening balance of the period/year	4,766,484	3,828,719
Provision for the period/year	364,555	1,000,212
Less: Reversal for the period/year	175,500	272,810
Less: Write-off for the period/year	196,243	53,916
Others	(6,417)	264,279
Closing balance of the current period/year	4,752,879	4,766,484

- (1) As at 30 June 2020, analysis of impairment of credit losses of other receivables at phase I by portfolio are listed as follows (unaudited):

RMB '000

Nature	Gross carrying amount	Impairment of credit losses	Provision percentage (%)
Loans for cooperative development project	21,378,171	26,164	0.12
Security deposit and cash pledged	17,709,756	489,340	2.76
Advance payments	7,398,426	126,409	1.71
Others	15,764,396	245,220	1.56
Total	62,250,749	887,133	1.43

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7. Other receivables (continued)

- (2) As at 30 June 2020, analysis of impairment of credit losses of other receivables at phase II are listed as follows:

RMB '000

Category	30 June 2020 (unaudited)				Carrying amount
	Gross carrying amount		Impairment of credit losses		
	Amount	Percentage (%)	Amount	Percentage (%)	
Impairment of credit losses assessed by credit risk portfolio	1,537,820	100.00	449,486	29.23	1,088,334
Total	1,537,820	100.00	449,486	29.23	1,088,334

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7. Other receivables (continued)

- (3) As at 30 June 2020, analysis of impairment of credit losses of other receivables at phase III are listed as follows:

RMB '000

Category	30 June 2020 (unaudited)				Carrying amount
	Gross carrying amount		Impairment of credit losses		
	Amount	Percentage (%)	Amount	Percentage (%)	
Impairment of credit losses assessed individually	3,716,031	92.60	3,259,222	87.71	456,809
Impairment of credit losses assessed by credit risk portfolio	297,148	7.40	157,038	52.85	140,110
Total	4,013,179	100.00	3,416,260	85.13	596,919

Impairment of credit losses assessed individually of other receivables are listed as follows (unaudited):

RMB '000

Company name	Gross carrying amount	Impairment of credit losses	Provision percentage (%)	Reason
Company 1	446,618	446,618	100.00	Note
Company 2	193,168	193,168	100.00	Note
Company 3	129,521	129,521	100.00	Note
Company 4	123,104	123,104	100.00	Note
Company 5	109,252	109,252	100.00	Note
Others	2,714,368	2,257,559	83.17	--
Total	3,716,031	3,259,222	87.71	--

Note: According to the recoverability of other receivables, the Group recorded all or a portion of impairment of credit losses.

For the six months ended 30 June 2020, the write-off of other receivables amounted to RMB196,243,000 (for the six months ended 30 June 2019: RMB2,041,000).

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7. Other receivables (continued)

Other receivables categorised by nature are listed as follows:

RMB '000

Nature	30 June 2020 (unaudited)	31 December 2019
Loans for cooperative development project	21,378,171	23,622,256
Security deposit and cash pledge	19,142,154	17,947,945
Advance payments	7,752,546	7,363,930
Others	19,528,877	15,932,691
Total	67,801,748	64,866,822

As at 30 June 2020, other receivables from the five largest customers are listed as follows (unaudited):

RMB '000

Company name	Gross carrying amount	Percentage of total other receivables (%)	Nature	Aging	Impairment of credit losses
Company 1	2,993,051	4.41	Loans for cooperative development project	Within 2 years	2,961
Company 2	1,915,055	2.82	Loans for cooperative development project	Within 1 year	3,413
Company 3	1,887,120	2.78	Loans for cooperative development project	Within 2 years	1,887
Company 4	1,479,859	2.18	Loans for cooperative development project	Within 3 years	1,480
Company 5	1,295,847	1.91	Loans for cooperative development project	Within 1 year	1,711
Total	9,570,932	14.10	—	—	11,452

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

8. Inventories

RMB '000

Item	30 June 2020 (unaudited)		
	Gross carrying amount	Provision for decline in value	Carrying amount
Raw materials	25,945,496	14,234	25,931,262
Work in progress	3,171,004	–	3,171,004
Finished goods	5,795,964	201,026	5,594,938
Turnover materials	11,535,395	99,514	11,435,881
Properties under development (1)	154,295,629	840,394	153,455,235
Completed properties held for sale (2)	28,662,331	551,748	28,110,583
Total	229,405,819	1,706,916	227,698,903

RMB '000

Item	31 December 2019		
	Gross carrying amount	Provision for decline in value	Carrying amount
Raw materials	22,367,821	14,056	22,353,765
Work in progress	2,095,484	–	2,095,484
Finished goods	5,998,048	197,507	5,800,541
Turnover materials	10,299,081	99,514	10,199,567
Properties under development (1)	123,214,723	840,394	122,374,329
Completed properties held for sale (2)	32,635,344	567,455	32,067,889
Total	196,610,501	1,718,926	194,891,575

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

8. Inventories (continued)

Movements in the provision for decline in value of inventories are listed as follows:

RMB '000

Item	1 January 2020	Additions		Reductions		30 June 2020 (unaudited)
		Provision (unaudited)	Others (unaudited)	Write-off and others (unaudited)		
Raw materials	14,056	520	–	342	–	14,234
Finished goods	197,507	3,519	–	–	–	201,026
Turnover materials	99,514	–	–	–	–	99,514
Properties under development	840,394	–	–	–	–	840,394
Completed properties held for sale	567,455	–	2,610	18,317	–	551,748
Total	1,718,926	4,039	2,610	18,659	–	1,706,916

RMB '000

Item	1 January 2019	Additions		Reductions		31 December 2019 (unaudited)
		Provision (unaudited)	Others (unaudited)	Reversal (unaudited)	Write-off and others (unaudited)	
Raw materials	21,815	3,321	–	–	11,080	14,056
Finished goods	168,380	41,341	–	6,986	5,228	197,507
Turnover materials	99,514	–	–	–	–	99,514
Properties under development	1,099,596	51,747	20,118	–	331,067	840,394
Completed properties held for sale	394,619	113,658	257,881	–	198,703	567,455
Total	1,783,924	210,067	277,999	6,986	546,078	1,718,926

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

8. Inventories (continued)

(1) Details of the properties under development are listed as follows:

RMB '000

Project name	Construction commencement date	Estimated latest completion date	Estimated aggregate investment amount	30 June 2020 (Unaudited) Gross carrying amount	31 December 2019 Gross carrying amount
Tianjin Guoyin Wenyuan Project	October 2018	September 2021	10,156,510	7,038,724	6,474,997
CRCC Haiyu Xi'an Project	August 2019	November 2021	10,727,370	4,384,782	3,978,450
International Mansion Project	July 2019	June 2021	5,477,670	4,258,620	4,117,115
CRCC Xipai City Project	September 2017	June 2022	12,365,490	4,142,058	3,776,429
Nanjing Huayu Xi'an Residence Project	June 2020	May 2022	5,124,900	3,435,297	1,285,000
Chongqing Dadukou Project	July 2019	September 2022	5,961,690	3,222,856	3,085,278
Xipai Jinsha Residence Project	May 2020	May 2022	10,054,070	3,185,302	810,000
Shaoxing Huayujiangnan Mansion Project	August 2019	September 2021	5,748,770	3,035,554	2,817,615
Lingxiu Mansion North Zone Project	December 2018	November 2020	4,711,900	3,023,358	2,816,722
CRCC Huayutang Project	December 2019	December 2022	5,900,000	2,978,978	2,870,085
Wenzhou Lucheng Future Community	September 2020	August 2023	10,705,140	2,764,129	-
Xi'an CRCC International City III Project	October 2016	July 2020	5,721,880	2,707,632	1,831,685
CRCC Huayu City Project	July 2020	May 2022	6,150,940	2,688,984	2,552,919
Wutong Bay Project	December 2018	September 2020	2,869,150	2,498,708	2,354,323
Lingxiu Mansion South Zone Project	December 2018	November 2020	3,826,430	2,446,701	2,179,894
Jinan Wutongyuan Project	November 2019	June 2022	4,665,170	2,407,369	2,326,046
Sudi 2020-WG-12 Lot Project	August 2020	November 2022	3,561,980	2,266,410	-
Huayu Tianjingfu Project	August 2019	June 2021	2,956,180	2,201,091	2,063,841
Huayu Lingnanyuan Project	November 2019	November 2021	3,054,280	2,163,062	2,096,593
Jiaxing Huayu Jiangnan Project	July 2017	August 2020	2,670,770	2,055,730	1,991,356
Others	—	—	337,369,125	91,390,284	73,786,375
Total	—	—	459,779,415	154,295,629	123,214,723

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

8. Inventories (continued)

(1) Details of the properties under development are listed as follows: (continued)

As at 30 June 2020, the aggregate carrying amount of borrowing costs capitalised in properties under development was RMB10,231,311,000 (31 December 2019: RMB8,235,648,000). Borrowing costs capitalised for the six months ended 30 June 2020 amounted to RMB2,137,947,000 (for the six months ended 30 June 2019: RMB1,713,033,000). The capitalisation rates of borrowing costs ranged from 3.35% to 8.00% (for the six months ended 30 June 2019: 3.70 % to 8.00 %).

(2) Details of the completed properties held for sale are listed as follows:

RMB '000

Project name	Latest completion date	1 January 2020	Additions (unaudited)	Reductions (unaudited)	30 June 2020
		Gross carrying amount			Gross carrying amount
Chengdu Beihu Xinqu Project	December 2019	1,923,173	-	95,123	1,828,050
Xiangxie International Project	April 2019	2,473,146	-	720,636	1,752,510
CRCC Guiyang International City Project	December 2019	1,686,074	-	62,245	1,623,829
Tianjin CRCC International City Project	April 2019	1,547,422	58,577	36,851	1,569,148
CRCC Southern Headquarter Base Project	June 2019	1,469,376	-	75,920	1,393,456
Nananhuayu Project	October 2018	1,389,829	-	46,481	1,343,348
Chengdu CRCC Xipai Lan'an Project	January 2019	1,650,749	-	530,727	1,120,022
Beijing CRCC International City Project	September 2019	1,110,366	5,504	141	1,115,729
CRCC Xipai City Project	December 2019	1,090,728	-	-	1,090,728
Dalian Qingxiu Lanwan Project	December 2018	1,073,636	-	89,069	984,567
Jiucheng Yihao Project	November 2017	667,944	-	3,544	664,400
Qingyangpeng Project	November 2019	763,894	-	191,848	572,046
CRCC Pudong New District Huiyu Commercial Square Project	June 2020	-	590,300	52,143	538,157
CRCC Kaiyuan Community Project	August 2019	1,243,975	-	706,735	537,240
CRCC Guobinyuan Project	December 2017	775,363	-	279,843	495,520
Beijing Tongzhou Yongshun Town No.51 Lot Project	September 2017	575,739	-	117,531	458,208
Xi'an CRCC International City I Project	August 2016	348,606	-	18,987	329,619
Yuehu International Project	November 2019	435,064	-	123,080	311,984
CRCC Chengdu Xipai City Project(No.7 Lot)	December 2019	335,298	-	39,374	295,924
Others	-	12,074,962	1,994,068	3,431,184	10,637,846
Total	-	32,635,344	2,648,449	6,621,462	28,662,331

The restricted inventories of the Group are stated in Note V. 63.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

9. Contract assets

Contract assets are from the Group's construction operations. The Group provides construction services in accordance with the construction contract entered into with customers and recognises revenue based on performance progress over the contract period. According to the contract term, customers of the Group make progress billings with the Group based on the performance progress and make payment for the progress billings within the credit term. Revenue recognised based on performance progress in excess of progress billings is presented as contract asset, and is disclosed in contract assets/other non-current assets based on liquidity. While progress billings in excess of revenue recognised based on performance progress is presented as contract liabilities.

RMB '000

Item	30 June 2020 (unaudited)		
	Gross carrying amount	Impairment of credit losses	Carrying amount
Contract assets	182,813,992	6,120,545	176,693,447

RMB '000

Item	31 December 2019		
	Gross carrying amount	Impairment of credit losses	Carrying amount
Contract assets	160,274,029	5,370,948	154,903,081

The movements of impairment of credit losses for contract assets for the six months ended 30 June 2020 are presented in Note VIII. 3.

10. Other current assets

RMB '000

Item	30 June 2020 (unaudited)	31 December 2019
	Prepaid taxes and VAT input to be deducted	21,873,274
Others	385,445	570,741
Total	22,258,719	17,900,227

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

11. Loans and advances to customers

RMB '000

Item	30 June 2020	31 December 2019
	(unaudited)	
Loans to customers	2,437,500	2,730,000

12. Long-term receivables

RMB '000

Item	30 June 2020 (unaudited)		
	Gross carrying amount	Impairment of credit losses	Carrying amount
Long-term project receivables	29,328,718	518,575	28,810,143
Long-term loans to customers	24,751,020	133,875	24,617,145
Land development receivables	9,915,499	47,165	9,868,334
Others	11,720,542	55,419	11,665,123
Total	75,715,779	755,034	74,960,745
Less: Current portion of non-current assets:	6,956,410	35,541	6,920,869
Including: Long-term project receivables	1,759,548	11,793	1,747,755
Long-term loans to customers	2,795,792	11,742	2,784,050
Land development receivables	2,302,921	11,515	2,291,406
Others	98,149	491	97,658
Long-term receivables due after one year	68,759,369	719,493	68,039,876

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12. Long-term receivables (continued)

RMB '000

Item	31 December 2019		Carrying amount
	Gross carrying amount	Impairment of credit losses	
Long-term project receivables	29,711,700	518,519	29,193,181
Long-term loans to customers	21,037,729	139,544	20,898,185
Land development receivables	10,357,357	50,625	10,306,732
Others	10,615,141	53,245	10,561,896
Total	71,721,927	761,933	70,959,994
Less: Current portion of non-current assets:			
Including: Long-term project receivables	3,696,172	21,366	3,674,806
Long-term loans to customers	3,127,905	13,945	3,113,960
Land development receivables	3,293,487	16,467	3,277,020
Others	90,044	450	89,594
Long-term receivables due after one year	61,514,319	709,705	60,804,614

The Group assesses ECL of long-term receivables on an individual or a collective basis of credit risk characteristics.

RMB '000

Category	30 June 2020 (unaudited)				Carrying amount
	Gross carrying amount		Impairment of credit losses		
	Amount	Percentage (%)	Amount	Percentage (%)	
Impairment of credit losses assessed individually	739,160	0.98	375,399	50.79	363,761
Impairment of credit losses assessed by credit risk portfolio	74,976,619	99.02	379,635	0.51	74,596,984
Total	75,715,779	100.00	755,034	1.00	74,960,745

As at 30 June 2020, long-term receivables with significant financing component were presented in accordance with the net amount after discount. The discount rate is 4.35%-5.50% (31 December 2019: 4.35%-5.50%).

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12. Long-term receivables (continued)

Movements in the impairment of credit losses of long-term receivables were as follows:

RMB '000

Item	For the six months ended 30 June 2020 (unaudited)	2019
Opening balance of the current period/year	761,933	491,547
Provision for the period/year	40,283	325,863
Less: Reversal for the period/year	45,577	55,646
Others	(1,605)	169
Closing balance of the current period/year	755,034	761,933

Assets and liabilities recognised due to continuing involvement in the transferred long-term receivables:

For the six months ended 30 June 2020, the Group did not derecognise long-term receivables due to transfer of financial assets.

As at 30 June 2020, the Group had assets of RMB15,250,000 and liabilities of RMB15,250,000 (As at 31 December 2019: RMB15,250,000 and RMB15,250,000) related to continuing involvement of transferred trade receivables from transfer of long-term receivables in previous years.

The restricted long-term receivables of the Group are stated in Note V. 63.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

13. Long-term equity investments

RMB '000

Item		30 June 2020 (unaudited)	31 December 2019
Investments in unlisted companies			
– equity method			
Joint ventures	(1)	26,301,233	24,533,795
Associates	(2)	30,175,004	25,160,118
Less: Provision for impairment of long-term equity investments		49,279	49,279
Total		56,426,958	49,644,634

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

13. Long-term equity investments (continued)

(1) Investment in joint ventures

30 June 2020:

RMB '000

Investee	Investment cost	1 January 2020	Changes for the period					30 June 2020	Provision for impairment at the end of period
			Transfer to/ Increase in investment (unaudited)	Decrease in investment (unaudited)	Investment profits or losses under equity method (unaudited)	Declaration of cash dividends (unaudited)	Others (unaudited)		
Hohhot Metro Line 2 Construction & Management Co., Ltd. (Note 1)	3,310,664	3,310,664	-	-	-	-	-	3,310,664	-
Sichuan Tianfu Airport Expressway Co., Ltd.	3,100,000	3,100,000	-	-	-	-	-	3,100,000	-
Yunnan Yulin Expressway Construction Co., Ltd.	2,078,996	2,078,996	-	-	-	-	-	2,078,996	-
Qingdao Blue Silicon Valley Intercity Rail Transit Co., Ltd.	1,688,159	1,688,099	-	-	-	-	-	1,688,099	-
Chongqing Tiefu Jianxin Highway Co., Ltd.	1,554,400	1,554,400	-	-	(52,735)	-	-	1,501,665	-
CRCC Shaanxi Highway Co., Ltd.	1,149,380	1,149,366	-	-	(7)	-	-	1,149,359	-
China Railway Construction Real Estate Group Jinan 6th Continent Real Estate Co., Ltd. (Note 2)	1,021,998	1,009,176	-	-	(3,336)	-	-	1,005,840	-
China-Africa Lekkil Investment Co., Ltd. (Note 3)	851,410	866,213	-	-	1,916	-	-	868,129	-
Chongqing Tiefu Shuanghe Expressway Co., Ltd.	850,000	850,000	-	-	-	-	-	850,000	-
Kunming Kunlun Shouzhi Real Estate Co., Ltd.	598,200	597,887	-	-	(1,288)	-	-	596,599	-
Others	-	8,279,786	1,506,266	(24,500)	727,754	(378,757)	(7,875)	10,102,674	(49,208)
Total	-	24,484,587	1,506,266	(24,500)	672,304	(378,757)	(7,875)	26,252,025	(49,208)

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

13. Long-term equity investments (continued)

(1) Investment in joint ventures (continued)

31 December 2019:

RMB '000

Investee	Investment cost	1 January 2019	Transfer to/ Increase in investment	Decrease in investment	Changes for the year			31 December 2019	Provision for impairment at the end of year
					Investment profits or losses under equity method	Declaration of cash dividends	Provision for impairment of long-term equity investments		
Hohhot Metro Line 2 Construction & Management Co., Ltd. (Note 1)	3,310,664	1,240,000	2,070,664	-	-	-	-	3,310,664	-
Sichuan Tianfu Airport Expressway Co., Ltd.	3,100,000	1,900,000	1,200,000	-	-	-	-	3,100,000	-
Yunnan Yulin Expressway Construction Co., Ltd.	2,078,996	289,770	1,789,226	-	-	-	-	2,078,996	-
Qingdao Blue Silicon Valley Intercity Rail Transit Co., Ltd.	1,688,159	1,838,159	-	(150,000)	(60)	-	-	1,688,099	-
Chongqing Tiefa Jianxin Highway Co., Ltd.	1,554,400	854,400	700,000	-	-	-	-	1,554,400	-
CRCC Shaanxi Highway Co., Ltd.	1,149,380	190,020	959,360	-	(14)	-	-	1,149,366	-
China Railway Construction Real Estate Group Jinan 6th Continent Real Estate Co., Ltd. (Note 2)	1,021,998	1,018,247	-	-	(9,071)	-	-	1,009,176	-
China-Africa Lekkil Investment Co., Ltd. (Note 3)	851,410	870,188	-	-	(475)	(3,500)	-	866,213	-
Chongqing Tiefa Shuanghe Expressway Co., Ltd.	850,000	470,000	380,000	-	-	-	-	850,000	-
Kunming Kunlun Shouzhi Real Estate Co., Ltd.	598,200	-	598,200	-	(313)	-	-	597,887	-
Others	-	4,414,634	2,798,657	(154,557)	1,842,440	(522,590)	(49,208)	8,279,786	(49,208)
Total	-	13,085,418	10,496,107	(304,557)	1,832,507	(526,090)	(49,208)	24,484,587	(49,208)

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

13. Long-term equity investments (continued)

(1) Investment in joint ventures (continued)

Note 1: According to the articles of association of Hohhot Metro Line 2 Construction & Management Co., Ltd. ("Hohhot Metro Line 2"), the major decisions made in the shareholders' meeting shall be subject to more than two-thirds of voting rights of shareholders. As the Group holds 51.00% shares in Hohhot Metro Line 2, it can jointly control the entity with other shareholders but not wholly control it. Therefore, it is accounted for a joint venture of the Group.

Note 2: According to the articles of association of China Railway Construction Real Estate Group Jinan 6th Continent Real Estate Co., Ltd. ("The 6th Continent"), all the decisions made in the shareholders' meeting shall be subject to 100% of voting rights of shareholders. As the Group holds 70.00% shares in the entity, it can jointly control the entity with other shareholders but not wholly control it. Therefore, it is accounted for a joint venture of the Group.

Note 3: According to the articles of association of China-Africa Lekkil Investment Co., Ltd. ("China-Africa Lekkil"), the major decisions made in shareholders' meeting shall be subject to more than three-quarters of voting rights of shareholders. As the Group holds 74.47% shares in the entity, it can jointly control the entity with other shareholders but not wholly control it. Therefore, it is accounted for a joint venture of the Group.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

13. Long-term equity investments (continued)

(2) Investment in associates

30 June 2020:

RMB '000

Investee	Investment cost	1 January 2020	Transfer to/ Increase in investment (unaudited)	Decrease in investment (unaudited)	Changes for the period				30 June 2020 (unaudited)	Provision for impairment at the end of period (unaudited)
					Investment profits or losses under equity method (unaudited)	Other comprehensive income (unaudited)	Declaration of cash dividends (unaudited)	Others (unaudited)		
Hengda Real Estate (Shenzhen) Co., Ltd.	2,313,506	2,313,506	-	-	(134)	-	-	-	2,313,372	-
CRCC Financial Leasing Co., Ltd. (Note 1)	1,747,618	2,075,531	-	-	154,163	-	-	16,638	2,246,332	-
Ningxia Inter-City Railway Co., Ltd.	1,924,675	2,036,500	-	(111,825)	75,342	-	(75,342)	-	1,924,675	-
CRCC-Tongguan Investment Co., Ltd.	1,472,366	1,660,258	-	-	(16,196)	(76,770)	-	-	1,567,292	-
Kunming Metro Line 5 Construction & Operation Co., Ltd. (Note 2)	1,475,400	775,400	700,000	-	-	-	-	-	1,475,400	-
CRCC Gansu Zhangbian Highway Co., Ltd.	1,265,900	750,615	525,950	-	13,324	-	-	-	1,289,889	-
CRCC Xinjiang Jingxin Highway Co., Ltd.	769,410	337,010	432,400	-	-	-	-	-	769,410	-
Yunnan Kunchu Highway Investment & Development Co., Ltd. (Note 3)	712,139	660,099	52,040	-	-	-	-	-	712,139	-
Tianjin Tiejian Hongtu Fengchuang Investment Partnership (Limited Partnership)	575,017	575,017	-	-	-	-	-	-	575,017	-
Beijing City Vice-Center Investment Fund Partnership (Limited Partnership) (Note 4)	560,000	560,000	-	-	-	-	-	-	560,000	-
Others	-	13,416,111	3,325,380	(77,917)	111,328	-	(33,495)	-	16,741,407	(71)
Total	-	25,160,047	5,035,770	(189,742)	337,827	(76,770)	(108,837)	16,638	30,174,933	(71)

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

13. Long-term equity investments (continued)

(2) Investment in associates (continued)

31 December 2019:

RMB '000

Investee	Investment cost	1 January 2019	Transfer to/ Increase in investment	Decrease in investment	Changes for the year			31 December 2019	Provision for impairment at the end of year
					Investment profits or losses under equity method	Other comprehensive income	Declaration of cash dividends		
Hengda Real Estate (Shenzhen) Co., Ltd.	2,313,506	-	2,313,506	-	-	-	-	2,313,506	-
CRCC Financial Leasing Co., Ltd. (Note 1)	1,747,618	1,718,427	-	-	332,638	-	24,466	2,075,531	-
Ningxia Inter-City Railway Co., Ltd.	2,036,500	2,236,500	-	(200,000)	154,315	-	(154,315)	2,036,500	-
CRCC-Tongguan Investment Co., Ltd.	1,472,366	1,449,910	-	-	(28,163)	238,511	-	1,660,258	-
Kunming Metro Line 5 Construction & Operation Co., Ltd. (Note 2)	775,400	409,400	366,000	-	-	-	-	775,400	-
CRCC Gansu Zhangbian Highway Co., Ltd.	739,850	254,240	485,610	-	10,765	-	-	750,615	-
Yunnan Kunchu Highway Investment & Development Co., Ltd. (Note 3)	660,099	300,000	360,099	-	-	-	-	660,099	-
Tianjin Tiejian Hongtu Fengchuang Investment Partnership (Limited Partnership)	575,017	575,017	-	-	38,164	-	(38,164)	575,017	-
Chongqing Yurong Highway Co., Ltd.	853,960	566,549	-	-	7,196	-	-	573,745	-
Beijing City Vice-Center Investment Fund Partnership (Limited Partnership) (Note 4)	560,000	-	560,000	-	-	-	-	560,000	-
Others	-	8,383,094	4,926,336	(102,306)	49,058	12,582	(87,988)	13,179,376	(71)
Total	-	15,893,137	9,011,551	(302,306)	563,973	251,093	(280,467)	25,160,047	(71)

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

13. Long-term equity investments (continued)

(2) Investment in associates (continued)

Note 1: According to the articles of association of CRCC Financial Leasing Co., Ltd. ("CRCCFL"), the decisions of amending the company's articles of association, increasing the registered capital, resolutions of the company merger, division, dissolution, changing the company form, scope of operations, issuing corporate bonds and selecting the directors shall be subject to more than two-thirds of voting rights of shareholders. Others shall be subject to more than half of voting rights of shareholders. As the Group holds 50% shares in Financial Leasing Co., Ltd., it can neither control nor jointly control the entity with other shareholders, but has significant influence over the entity. Therefore, it is accounted for an associate of the Group.

Note 2: According to the articles of association of Kunming Metro Line 5 Construction & Operation Co., Ltd. ("Kunming Metro Line 5"), the decisions made in the shareholders' meetings of determining business policies and investment plans and approving the board's reports shall be subject to more than half of voting rights of attending shareholders. The Group holds 9.4% shares in Kunming Metro Line 5 and has sent one director to the board of directors. It can neither control nor jointly control the entity with other shareholders over the entity, but has significant influence. Therefore, it is accounted for an associate of the Group.

Note 3: According to the shareholders' agreement and the articles of association of Yunnan Kunchu Highway Investment & Development Co., Ltd. ("Yunnan Kunchu"), the decisions made in the shareholders' meetings of increasing or decreasing the registered capital, transferring shareholders' shares, establishing and amending the company's articles of association shall be subject to 100% consent of voting rights of shareholders. Other decisions shall be subject to more than three quarters of voting rights of shareholders. The Group holds 72% of the voting rights of Yunnan Kunchu. The Group can neither control nor jointly control the entity with other shareholders, but has significant influence over the Company. Therefore, it is accounted for an associate of the Group.

Note 4: According to rules of procedure of Beijing City Vice-Center Investment Fund Partnership (Limited Partnership) ("City Vice-Center Fund Partnership"), The City Vice-Center Fund Partnership has established an investment decision-making committee (hereinafter referred to as the "investment committee"). The resolutions made by the investment committee shall be subject to more than half (excluding half) of members' consent. The investment committee consists of 9 members, one of which can be nominated by the Group. The Group can neither control nor jointly control the entity with other shareholders, but has significant influence over the entity. Therefore, it is accounted for an associate of the Group.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

14. Other equity instrument investments

RMB '000

Item	30 June 2020 (unaudited)	31 December 2019
Equity investments in listed companies	1,825,128	2,130,633
Equity investments in unlisted companies	8,367,923	7,907,976
Total	10,193,051	10,038,609

For the six months ended 30 June 2020 (unaudited):

RMB '000

Item	Changes for the period				30 June 2020	Dividends recognised for the period
	1 January 2020	Increase of investment	Changes in fair value	Others		
Other equity instrument investments	10,038,609	462,848	(310,404)	1,998	10,193,051	89,497

2019:

RMB '000

Item	Changes for the year					31 December 2019	Dividends recognised for the year
	1 January 2019	Increase of investment	Decrease of investment	Changes in fair value	Others		
Other equity instrument investments	8,268,378	1,673,638	(260,000)	353,903	2,690	10,038,609	187,668

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

15. Investment properties

Subsequent measurement under cost method

For the six months ended 30 June 2020 (unaudited):

RMB '000

	Buildings and land use rights	Total
I. Original costs		
1 January 2020	6,470,785	6,470,785
Transferred in from inventories	16,194	16,194
Transferred in from fixed assets	47,298	47,298
Acquired from business combinations involving entities not under common control (Note VI. 1.)	92,166	92,166
Transferred in	603,545	603,545
Disposal	43,723	43,723
30 June 2020	7,186,265	7,186,265
II. Accumulated depreciation and amortisation		
1 January 2020	843,791	843,791
Provision	96,596	96,596
Transferred in from fixed assets	16,304	16,304
Disposal	3,260	3,260
30 June 2020	953,431	953,431
III. Provision for impairment		
1 January 2020	269,237	269,237
Provision	–	–
Decrease	2,610	2,610
30 June 2020	266,627	266,627
IV. Carrying amount		
Closing balance	5,966,207	5,966,207
Opening balance	5,357,757	5,357,757

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

15. Investment properties (continued)

Subsequent measurement under cost method (continued)

2019:

	Buildings and land use rights	Total
		<i>RMB '000</i>
I. Original costs		
1 January 2019	6,336,471	6,336,471
Additions	18,239	18,239
Transferred in from inventories	278,746	278,746
Transferred in from fixed assets	224,398	224,398
Transferred in	1,198	1,198
Transferred out to fixed assets	102,500	102,500
Transferred out	285,767	285,767
31 December 2019	6,470,785	6,470,785
II. Accumulated depreciation and amortisation		
1 January 2019	646,646	646,646
Provision	201,900	201,900
Transferred in from fixed assets	17,551	17,551
Transferred out to fixed assets	4,378	4,378
Transferred out	17,928	17,928
31 December 2019	843,791	843,791
III. Provision for impairment		
1 January 2019	45,745	45,745
Provision	64,184	64,184
Transferred in	159,308	159,308
31 December 2019	269,237	269,237
IV. Carrying amount		
Closing balance	5,357,757	5,357,757
Opening balance	5,644,080	5,644,080

As at 30 June 2020, the Group was in the process of applying for and handling registration or transfer of the title certificates of investment properties with an aggregate carrying amount of RMB50,701,000 (31 December 2019: RMB51,503,000). The Company's management is of the view that the Group is entitled to lawfully and validly occupy and use the below-mentioned investment properties. The Company's management is also of the opinion that the matter did not have any significant adverse impact on the Group's financial position as at 30 June 2020.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

15. Investment properties (continued)

Subsequent measurement under cost method (continued)

As at 30 June 2020, investment properties whose title rights certificates had not been obtained are listed as follows:

RMB'000

Item	Carrying amount	Reason
East China Headquarter Base of China Railway Construction Group Co., Ltd.	50,701	In progress

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

16. Fixed assets

For the six months ended 30 June 2020 (unaudited):

RMB '000

Item	Buildings	Machinery	Vehicles	Other equipment	Total
I. Original costs					
1 January 2020	21,367,307	46,224,246	15,242,414	50,443,234	133,277,201
Additions	183,255	1,220,257	435,706	4,195,899	6,035,117
Transferred in from construction in progress	180,569	47,641	25,926	263,318	517,454
Acquired from business combinations involving entities not under common control (Note VI. 1.)	549,221	17,198	–	53,790	620,209
Transferred in from inventories	–	148,831	–	–	148,831
Disposal or retirement	120,257	1,396,786	704,817	2,053,460	4,275,320
Transferred out to investment properties	47,298	–	–	–	47,298
Transferred out	–	128,564	23,044	169	151,777
30 June 2020	22,112,797	46,132,823	14,976,185	52,902,612	136,124,417
II. Accumulated depreciation					
1 January 2020	4,982,575	28,505,796	11,925,504	36,796,901	82,210,776
Provision	187,589	1,977,279	566,350	4,184,282	6,915,500
Disposal or retirement	31,028	1,067,175	660,480	1,875,513	3,634,196
Transferred out to investment properties	16,304	–	–	–	16,304
Transferred out	–	81,206	15,480	55	96,741
30 June 2020	5,122,832	29,334,694	11,815,894	39,105,615	85,379,035
III. Provision for impairment					
1 January 2020	76,521	71,787	830	25,519	174,657
Other	1,530	–	–	–	1,530
30 June 2020	78,051	71,787	830	25,519	176,187
IV. Carrying amount					
30 June 2020	16,911,914	16,726,342	3,159,461	13,771,478	50,569,195
1 January 2020	16,308,211	17,646,663	3,316,080	13,620,814	50,891,768

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

16. Fixed assets (continued)

2019:

RMB '000

Item	Buildings	Machinery	Vehicles	Other equipment	Total
I. Original costs					
1 January 2019	20,471,891	43,379,123	14,388,468	44,074,335	122,313,817
Additions	122,693	4,056,656	1,678,994	9,562,384	15,420,727
Transferred in from construction in progress	1,186,021	932,654	–	672,802	2,791,477
Transferred in from investment properties	102,500	–	–	–	102,500
Transferred in	74,764	1,822	799	1,204	78,589
Disposal or retirement	335,276	1,559,537	825,847	3,840,383	6,561,043
Transferred out to investment properties	224,398	–	–	–	224,398
Transferred out	30,888	586,472	–	27,108	644,468
31 December 2019	21,367,307	46,224,246	15,242,414	50,443,234	133,277,201
II. Accumulated depreciation					
1 January 2019	4,634,087	25,838,583	11,522,575	31,233,393	73,228,638
Provision	531,031	4,271,887	1,110,019	9,002,469	14,915,406
Transferred in from investment properties	4,378	–	–	–	4,378
Disposal or retirement	154,367	1,411,379	707,090	3,438,560	5,711,396
Transferred out to investment properties	17,551	–	–	–	17,551
Transferred out	15,003	193,295	–	401	208,699
31 December 2019	4,982,575	28,505,796	11,925,504	36,796,901	82,210,776
III. Provision for impairment					
1 January 2019	74,128	74,794	902	25,589	175,413
Provision	2,397	–	–	–	2,397
Disposal or retirement	4	3,007	72	70	3,153
31 December 2019	76,521	71,787	830	25,519	174,657
IV. Carrying amount					
31 December 2019	16,308,211	17,646,663	3,316,080	13,620,814	50,891,768
1 January 2019	15,763,676	17,465,746	2,864,991	12,815,353	48,909,766

The restricted fixed assets of the Group are stated in Note V. 63.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

16. Fixed assets (continued)

As at 30 June 2020, the amount of interest expenses capitalised in the balance of fixed assets was RMB35,866,000 (31 December 2019: RMB35,866,000). For the six months ended 30 June 2020, the amount of interest expenses capitalised which was transferred in from construction in progress had been RMB nil (2019: RMB3,129,000).

As at 30 June 2020, the Group had no significant fixed assets that were temporarily idle (31 December 2019: Nil).

As at 30 June 2020, the Group was in the process of applying for and handling registration or transfer of the title certificates of certain buildings with an aggregate carrying amount of RMB1,616,544,000 (31 December 2019: RMB1,631,534,000). The Company's management is of the view that the Group is entitled to lawfully and validly occupy and use the below-mentioned buildings. The Company's management is also of the opinion that the matter did not have any adverse significant impact on the Group's financial position as at 30 June 2020.

As at 30 June 2020, fixed assets whose title rights certificates had not been obtained are listed as follows (unaudited):

RMB '000

Buildings	Carrying amount	Reasons
Headquarters Building of China Railway SIYUAN Survey and Design Group Co., Ltd.	479,731	In progress
Integrated Office Building of China Railway 21st Bureau Group Co., Ltd.	346,485	In progress
East China Headquarter Base of China Railway Construction Group Co., Ltd.	134,054	In progress
Construction Tech Plaza of China Railway 17th Bureau Group Co., Ltd.	75,053	In progress
Others	581,221	In progress
Total	1,616,544	—

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

17. Construction in progress

RMB '000

Item	30 June 2020 (unaudited)			31 December 2019		
	Gross carrying amount	Provision for impairment	Carrying amount	Gross carrying amount	Provision for impairment	Carrying amount
Hengqin Tiejian Plaza Project (Original name: Zhuhai Tiejian Plaza Project)	618,998	-	618,998	568,508	-	568,508
Tianjin Tiejian Building Phase II Project	413,326	-	413,326	318,428	-	318,428
Public Wharf of Qiwei Operating Area, Taixing Port Area, Taizhou Port	377,755	-	377,755	369,230	-	369,230
Yangtze River Wharf Project	347,950	-	347,950	327,869	-	327,869
Shanghai Baoshan New City Yanghang Yangxin Community Unit BSPO-0601 07-08 Lot Rental Housing Project	330,935	-	330,935	9,455	-	9,455
Tiejian Tower Project (Original name: Zhuhai Tiejian Tower Project)	287,994	-	287,994	264,829	-	264,829
Guanggu Hi-Tech Innovation Base Project	277,254	-	277,254	227,186	-	227,186
Wuhu Tunnel Boring Machine Construction Project	249,437	-	249,437	239,802	-	239,802
Hengda Weilai City Phase II Office Building No.3	242,870	-	242,870	146,956	-	146,956
Prefabricated Industrial Park Construction Project (Original name: Prefabricated Construction Base)	224,204	-	224,204	214,425	-	214,425
Others	3,380,159	9,563	3,370,596	2,937,678	9,563	2,928,115
Total	6,750,882	9,563	6,741,319	5,624,366	9,563	5,614,803

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

17. Construction in progress (continued)

For the six months ended 30 June 2020 (unaudited):

RMB '000

Item	Budget	1 January 2020	Additions	Transfer out	Others	30 June 2020	Source of funds	Proportion of investment to budget (%)
Hengqin Tiejian Plaza Project (Original name: Zhuhai Tiejian Plaza Project)	2,056,000	568,508	50,490	-	-	618,998	Self-funding/ loan	30
Tianjin Tiejian Building Phase II Project	446,000	318,428	94,898	-	-	413,326	Self-funding	93
Public Wharf of Qiwei Operating Area, Taixing Port Area, Taizhou Port	1,211,836	369,230	8,525	-	-	377,755	Self-funding	31
Yangtze River Wharf Project	461,250	327,869	20,081	-	-	347,950	Self-funding	75
Shanghai Baoshan New City Yanghang Yangxin Community Unit BSPO-0601 07-08 Lot Rental Housing Project	884,800	9,455	321,480	-	-	330,935	Self-funding	37
Tiejian Tower Project (Original name: Zhuhai Tiejian Tower Project)	510,030	264,829	23,165	-	-	287,994	Self-funding/ loan	56
Guanggu Hi-Tech Innovation Base Project	822,482	227,186	50,068	-	-	277,254	Self-funding	34
Wuhu Tunnel Boring Machine Construction Project	499,000	239,802	9,635	-	-	249,437	Self-funding/ loan	50
Hengda Weilai City Phase II Office Building No.3	276,937	146,956	95,914	-	-	242,870	Self-funding	88
Prefabricated Industrial Park Construction Project (Original name: Prefabricated Construction Base)	467,300	214,425	9,779	-	-	224,204	Self-funding/ loan	48
Others	-	2,937,678	980,064	(524,538)	(13,045)	3,380,159	Self-funding/ loan	-
Total	-	5,624,366	1,664,099	(524,538)	(13,045)	6,750,882	-	-
Less: Provision for impairment	-	9,563	-	-	-	9,563	-	-
Net value at the end of the period	-	5,614,803	1,664,099	(524,538)	(13,045)	6,741,319	-	-

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

17. Construction in progress (continued)

2019:

Item	Budget						31 December 2019	Source of funds	Proportion of investment to budget (%)
		1 January 2019	Additions	Transfer out	Disposals	Others			
Zhuhai Tiejian Plaza Project	2,056,000	—	568,508	—	—	—	568,508	Self-funding	28
Public Wharf of Qiwei Operating Area, Taixing Port Area, Taizhou Port	1,211,836	74,983	294,247	—	—	—	369,230	Self-funding	30
Yangtze River Wharf Project	371,250	87,446	240,423	—	—	—	327,869	Self-funding	88
Tiejian Building Phase II Project	446,000	265,840	52,588	—	—	—	318,428	Self-funding	71
Zhuhai Tiejian Tower Project	510,030	175,781	89,048	—	—	—	264,829	Self-funding/ loan	52
Wuhu Tunnel Boring Machine Construction Project	499,000	170,978	68,824	—	—	—	239,802	Self-funding/ loan	48
Guanggu Hi-Tech Innovation Base Project	822,482	92,316	134,870	—	—	—	227,186	Self-funding	28
Prefabricated Construction Base	467,300	4,215	210,210	—	—	—	214,425	Self-funding/ loan	46
TBM(Tunnel Boring Machine) (S1051) Renovation Project	250,000	—	191,514	—	—	—	191,514	Self-funding	77
Hengda Weilai City Phase II Office Building No.3	276,937	—	146,956	—	—	—	146,956	Self-funding	53
Others	—	3,566,388	2,231,051	(3,015,123)	(27,397)	700	2,755,619	Self-funding/ loan	—
Total	—	4,437,947	4,228,239	(3,015,123)	(27,397)	700	5,624,366	—	—
Less: Provision for impairment	—	9,563	—	—	—	—	9,563	—	—
Net value at the end of the year	—	4,428,384	4,228,239	(3,015,123)	(27,397)	700	5,614,803	—	—

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

17. Construction in progress (continued)

For the six months ended 30 June 2020, construction in progress with a carrying amount of RMB517,454,000 (2019: RMB2,791,477,000), RMB7,084,000 (2019: RMB19,017,000) and Nil (2019: Nil) had been transferred to fixed assets, intangible assets and investment properties respectively.

The amounts of interest expenses capitalised in the balance of construction in progress and the capitalisation rates are listed as follows:

For the six months ended 30 June 2020 (unaudited):

RMB '000

Item	Progress as at	Accumulated amount of interest capitalised as at	Interest capitalised during the period	Capitalisation rate during the period
	30 June 2020 (%)	30 June 2020		
Jingjiang Bridge Science and Technology Industrial Park	16	18,906	5,352	3.71
Wuhu Tunnel Boring Machine Construction Project	50	17,392	-	-
Yangtze River Wharf Project	75	14,379	3,722	3.84
Tiejian Tower Project (Original name: Zhuhai Tiejian Tower Project)	56	6,830	897	5.08
North Blue Ocean Production Base	55	5,077	593	4.35
Others	--	4,210	2,225	--
Total	--	66,794	12,789	--

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

17. Construction in progress (continued)

2019:

RMB '000

Item	Progress	Accumulated	Interest	Capitalisation
	as at	amount of interest		
	31 December	31 December	capitalised during	rate during
	2019	2019	the year	the year
	(%)			(%)
Wuhu Tunnel Boring Machine Construction Project	48	17,392	6,783	4.74
Jingjiang Bridge Science and Technology Industrial Park	13	13,554	—	—
Yangtze River Wharf Project	71	10,657	—	—
Zhuhai Tiejian Tower Project	52	5,933	4,986	4.89
North Blue Ocean Production Base	54	4,484	1,185	4.35
Others	—	1,985	1,850	—
Total	—	54,005	14,804	—

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

18. Right-of-use assets

For the six months ended 30 June 2020 (unaudited):

RMB '000

Item	Buildings	Machinery	Vehicles	Other equipment	Total
I. Original costs					
1 January 2020	1,210,511	5,839,786	537,643	125,789	7,713,729
Additions	314,706	258,808	2,226	4,958	580,698
Disposal or retirement	40,143	90,142	9,088	4,422	143,795
30 June 2020	1,485,074	6,008,452	530,781	126,325	8,150,632
II. Accumulated depreciation					
1 January 2020	346,832	1,601,672	57,796	28,718	2,035,018
Provision	242,529	668,538	32,895	14,258	958,220
Disposal or retirement	38,362	89,176	1,270	4,078	132,886
30 June 2020	550,999	2,181,034	89,421	38,898	2,860,352
III. Carrying amount					
Closing balance	934,075	3,827,418	441,360	87,427	5,290,280
Opening balance	863,679	4,238,114	479,847	97,071	5,678,711

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

18. Right-of-use assets (continued)

2019:

RMB '000

Item	Buildings	Machinery	Vehicles	Other equipment	Total
I. Original costs					
1 January 2019	907,708	5,131,559	1,010,508	94,538	7,144,313
Additions	449,687	902,548	–	40,744	1,392,979
Disposal or retirement	146,884	194,321	472,865	9,493	823,563
31 December 2019	1,210,511	5,839,786	537,643	125,789	7,713,729
II. Accumulated depreciation					
1 January 2019	–	–	–	–	–
Provision	348,636	1,606,072	59,898	30,073	2,044,679
Disposal or retirement	1,804	4,400	2,102	1,355	9,661
31 December 2019	346,832	1,601,672	57,796	28,718	2,035,018
III. Carrying amount					
Closing balance	863,679	4,238,114	479,847	97,071	5,678,711
Opening balance	907,708	5,131,559	1,010,508	94,538	7,144,313

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

19. Intangible assets

For the six months ended 30 June 2020 (unaudited):

RMB '000

Item	Land use rights	Concession rights	Software licenses	Mining rights and Others	Total
I. Original costs					
1 January 2020	7,565,424	55,776,599	811,147	736,003	64,889,173
Additions	150,996	4,617,024	60,513	49,481	4,878,014
Transferred in from construction in progress	-	-	-	7,084	7,084
Acquired from business combinations involving entities not under common control (Note VI. 1.)	-	1,795,131	25,970	728,211	2,549,312
Disposal or retirement	45,475	-	27,557	6,003	79,035
30 June 2020	7,670,945	62,188,754	870,073	1,514,776	72,244,548
II. Accumulated amortisation					
1 January 2020	1,516,449	1,911,077	421,188	98,465	3,947,179
Provision	52,698	145,416	67,526	25,195	290,835
Disposal or retirement	21,153	-	26,801	51	48,005
30 June 2020	1,547,994	2,056,493	461,913	123,609	4,190,009
III. Provision for impairment					
1 January 2020	9,043	1,060,130	-	878	1,070,051
Provision	-	4,731	-	-	4,731
30 June 2020	9,043	1,064,861	-	878	1,074,782
IV. Carrying amount					
Closing balance	6,113,908	59,067,400	408,160	1,390,289	66,979,757
Opening balance	6,039,932	52,805,392	389,959	636,660	59,871,943

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

19. Intangible assets (continued)

2019:

RMB '000

Item	Land use rights	Concession rights	Software licenses	Mining rights and Others	Total
I. Original costs					
1 January 2019	7,193,473	45,497,193	605,610	776,159	54,072,435
Additions	529,508	11,723,703	201,965	13,299	12,468,475
Transferred in from construction in progress	–	–	19,017	–	19,017
Disposal of subsidiaries	–	1,444,297	–	–	1,444,297
Disposal or retirement	157,557	–	15,445	53,455	226,457
31 December 2019	7,565,424	55,776,599	811,147	736,003	64,889,173
II. Accumulated amortisation					
1 January 2019	1,321,363	1,691,133	286,279	94,511	3,393,286
Provision	216,458	219,944	141,665	29,639	607,706
Disposal or retirement	21,372	–	6,756	25,685	53,813
31 December 2019	1,516,449	1,911,077	421,188	98,465	3,947,179
III. Provision for impairment					
1 January 2019	11,265	–	–	878	12,143
Provision	–	1,060,130	–	–	1,060,130
Disposal	2,222	–	–	–	2,222
31 December 2019	9,043	1,060,130	–	878	1,070,051
IV. Carrying amount					
Closing balance	6,039,932	52,805,392	389,959	636,660	59,871,943
Opening balance	5,860,845	43,806,060	319,331	680,770	50,667,006

As at 30 June 2020, there were no intangible assets recognised through internal research and development (31 December 2019: Nil).

The restricted intangible assets of the Group are stated in Note V.63.

As at 30 June 2020, the Group was in the process of applying for the title certificates of certain parcels of its land in the PRC with an aggregate carrying amount of RMB56,307,000 (31 December 2019: RMB78,326,000). The Company's management is of the view that the Group is entitled to lawfully and validly occupy and use the above-mentioned land, and also of the opinion that the aforesaid matter did not have any significant adverse impact on the Group's financial position as at 30 June 2020.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

19. Intangible assets (continued)

As at 30 June 2020, intangible assets whose title rights certificates had not been obtained are listed as follows (unaudited):

RMB '000

Land	Carrying amount	Reasons
Yanliang New Production Base of China Railway 20th Bureau Group Co., Ltd.	38,582	In progress
Wuhan Donghu High and New Technology Development Zone Jiayuan Road No.23 Lot of China Railway 11th Bureau Group Co., Ltd.	9,892	In progress
Others	7,833	In progress
Total	56,307	—

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

19. Intangible assets (continued)

The amounts of interest capitalised in the balance of intangible assets and the capitalisation rates are analysed as follows:

For the six months ended 30 June 2020 (unaudited):

RMB '000

Item	Progress	Accumulated	Interest	Capitalisation
	as at 30 June 2020 (%)	amount of interest capitalised as at 30 June 2020	capitalised during the period	rate during the period (%)
Sichuan Jianpu Highway Project concession rights	100	1,151,795	—	—
Sichuan Dejian Highway Project concession rights	86	779,106	192,634	4.84
Guangxi Ziyuan (Meixi) to Xing'an Highway BOT project concession rights	100	546,609	—	—
Sichuan Dedu Highway Project concession rights	64	306,482	90,605	4.83
Yusui Highway Project concession rights	100	192,971	—	—
Guizhou Anshun to Ziyun Highway Project concession rights	100	165,669	—	—
Hunan Anxiang to Cili Highway Project concession rights	57	158,214	72,547	4.36
Beijing New Airport North Line Highway project (middle part)	100	57,579	—	—
Beijing Xingyan Highway Project concession rights	100	45,554	—	—
Jiyang Yellow River Bridge concession rights	100	23,564	—	—
S404 from Sucheng, Suzhou to demarcation between Anhui and Jiangsu concession rights	55	41,385	20,665	5.00
Others	—	19,128	6,833	—
Total	—	3,488,056	383,284	—

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

19. Intangible assets (continued)

2019:

RMB '000

Item	Progress as at 31 December 2019 (%)	Accumulated amount of interest capitalised as at 31 December 2019	Interest capitalised during the year	Capitalisation rate during the year (%)
Sichuan Jianpu Highway Project concession rights	100	1,151,795	–	–
Sichuan Dejian Highway Project concession rights	80	586,472	309,936	4.76
Guangxi Ziyuan (Meixi) to Xing'an Highway BOT project concession rights	100	546,609	–	–
Sichuan Dedu Highway Project concession rights	56	215,877	133,665	4.88
Yusui Highway Project concession rights	100	192,971	–	–
Guizhou Anshun to Ziyun Highway Project concession rights	100	165,669	–	–
Hunan Anxiang to Cili Highway Project concession rights	48	85,667	58,465	4.60
Beijing New Airport North Line Highway project (middle part)	100	57,579	7,201	4.45
Beijing Xingyan Highway Project concession rights	100	45,554	–	–
Jiyang Yellow River Bridge concession rights	100	23,564	–	–
S404 from Sucheng, Suzhou to demarcation between Anhui and Jiangsu concession rights	48	20,720	20,720	5.00
Others	—	12,295	11,586	—
Total	—	3,104,772	541,573	—

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

20. Goodwill

For the six months ended 30 June 2020 (unaudited):

Original costs

RMB '000

Item	1 January 2020	Increase (unaudited)	Decrease (unaudited)	30 June 2020 (unaudited)
Acquisition of Hangsheng Company (Note 1)	100,135	–	–	100,135
Acquisition of CIDEON Company (Note 2)	91,369	–	–	91,369
Acquisition of GRUPO ALDESA, S.A. (Note 3)	–	462,296	–	462,296
Others	44,199	–	–	44,199
Total	235,703	462,296	–	697,999

Accumulated depreciation

RMB '000

Item	1 January 2020	Increase (unaudited)	Decrease (unaudited)	30 June 2020 (unaudited)
Acquisition of Hangsheng Company (Note 1)	100,135	–	–	100,135
Acquisition of CIDEON Company (Note 2)	15,656	–	–	15,656
Others	1,071	–	–	1,071
Total	116,862	–	–	116,862

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

20. Goodwill (continued)

2019:

Original costs

RMB '000

Item	1 January 2019	Increase	Decrease	31 December 2019
Acquisition of Hangsheng Company (Note 1)	100,135	–	–	100,135
Acquisition of CIDEON Company (Note 2)	91,369	–	–	91,369
Others	38,280	5,919	–	44,199
Total	229,784	5,919	–	235,703

Accumulated depreciation

RMB '000

Item	1 January 2019	Increase	Decrease	31 December 2019
Acquisition of Hangsheng Company (Note 1)	–	100,135	–	100,135
Acquisition of CIDEON Company (Note 2)	–	15,656	–	15,656
Others	1,071	–	–	1,071
Total	1,071	115,791	–	116,862

Note 1: The goodwill of RMB100,135,000 was acquired in the business combination involving entities not under common control of Guangdong Hangsheng Group Construction Co., Ltd. ("Hangsheng Company") in 2012. In 2019, due to internal business restructuring and institutional reform, the synergies of the business combination no longer existed and the group accrued impairment of the goodwill of RMB100,135,000.

Note 2: On 29 February 2016, the Group purchased CIDEON Engineering GmbH&Co.KG, CIDEON Engineering Verwaltungs GmbH and CIDEON Schweiz AG (collectively referred to as "CIDEON Company"), which is a business combination involving entities not under common control and resulted in the increase in goodwill by RMB91,369,000. The group accrued impairment of the goodwill of RMB15,656,000 in 2019.

Note 3: On 8 May 2020, the Group purchased GRUPO ALDESA, S.A. (Further details are stated in Note VI.1.), which is a business combination involving entities not under common control and resulted in the increase in goodwill by RMB462,296,000.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

21. Deferred tax assets/liabilities

RMB '000

Item	30 June 2020 (unaudited)		31 December 2019	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Deferred tax assets				
Provision for long-term post-leaving benefits	306,293	65,806	352,843	73,006
Provision for impairment of assets and credit losses	11,358,960	2,285,548	11,228,915	2,253,061
Deductible tax losses	4,123,311	911,727	2,771,562	511,742
Revaluation surplus from restructuring	1,330,793	330,658	1,383,180	341,388
Unrealised profits of intra-group transactions	5,371,646	1,252,939	4,714,240	1,093,891
Changes in fair value of other equity instrument investments	409,284	84,791	306,758	64,654
Others	7,397,908	1,549,111	5,745,402	1,389,770
Total	30,298,195	6,480,580	26,502,900	5,727,512

Item	30 June 2020 (unaudited)		31 December 2019	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Deferred tax liabilities				
Changes in fair value of other equity instrument investments	999,971	195,944	1,207,810	227,163
Convertible bonds	816,932	204,233	586,580	146,644
Asset appreciation from appraisal for business combinations involving entities not under common control (Note VI. 1.)	1,996,570	506,739	–	–
Others	2,372,318	541,254	1,037,233	236,571
Total	6,185,791	1,448,170	2,831,623	610,378

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

21. Deferred tax assets/liabilities (continued)

Deferred tax assets and deferred tax liabilities that are presented at the net amount after offset:

RMB '000

Item	Offset amount between deferred tax assets and liabilities at the end of the period (unaudited)	Closing balance of deferred tax assets or liabilities after offset (unaudited)	Offset amount between deferred tax assets and liabilities at the beginning of the period	Opening balance of deferred tax assets or liabilities after offset
Deferred tax assets	116,905	6,363,675	102,565	5,624,947
Deferred tax liabilities	116,905	1,331,265	102,565	507,813

Deductible temporary differences and deductible tax losses for which deferred tax assets are not recognised are listed as follows:

RMB '000

Item	30 June 2020 (unaudited)	31 December 2019
Deductible temporary differences	12,408,810	11,291,639
Deductible tax losses	13,382,332	11,563,321
Total	25,791,142	22,854,960

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

21. Deferred tax assets/liabilities (continued)

Deductible tax losses that are not recognised as deferred tax assets will expire in the following years:

RMB '000

Year	30 June 2020 (unaudited)	31 December 2019
2020	678,739	726,436
2021	638,568	758,148
2022	1,521,347	1,533,850
2023	3,602,413	3,607,344
2024	4,104,889	4,154,083
2025	1,599,514	25,675
2026	35,299	35,299
2027	130,889	130,889
2028	295,292	295,292
2029	296,305	296,305
2030	479,077	–
Total	13,382,332	11,563,321

22. Other non-current assets

RMB '000

Item	30 June 2020 (unaudited)	31 December 2019
Retention receivables	62,261,714	62,759,430
Land development receivables and other project receivables	9,239,070	7,439,734
Others	4,853,731	4,575,347
Subtotal	76,354,515	74,774,511
Less: Current portion of non-current assets	8,191,017	7,799,355
Including: Retention receivables	8,191,017	7,799,355
Total	68,163,498	66,975,156

The restricted other non-current assets of the Group are stated in Note V. 63.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

23. Short-term loans

RMB '000

Item	30 June 2020 (unaudited)	31 December 2019
Pledged loans (<i>Note 1, Note 2, Note V. 33(Note 1)</i>)	1,393,917	1,799,449
Mortgaged loans (<i>Note V. 33(Note 4)</i>)	134,863	112,873
Guaranteed loans (<i>Note 3</i>)	5,479,926	5,093,140
Credit loans	58,182,568	35,743,804
Total	65,191,274	42,749,266

Note 1: As at 30 June 2020, short-term loans with carrying amounts of RMB970,724,000 (31 December 2019: RMB1,236,968,000) were secured by the pledge of the Group's trade receivables with a carrying amount of RMB978,999,000 (31 December 2019: RMB1,245,243,000).

Note 2: As at 30 June 2020, short-term loans with carrying amounts of RMB323,193,000 (31 December 2019: RMB562,481,000) were secured by the pledge of the Group's bills receivable with a carrying amount of RMB323,193,000 (31 December 2019: RMB562,481,000).

Note 3: As at 30 June 2020, all guaranteed loans were guaranteed by the entities comprising the Group (31 December 2019: all guaranteed loans were guaranteed by the entities comprising the Group).

As at 30 June 2020, annual interest rates of above short-term loans ranged from 0.43% to 7.99% (31 December 2019: 2.15% to 7.99%).

As at 30 June 2020, the Group had no overdue short-term loans (31 December 2019: Nil).

24. Due to customers

RMB '000

Item	30 June 2020 (unaudited)	31 December 2019
Due to customers	1,713,428	3,820,235

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

25. Bills payable

RMB '000

Item	30 June 2020 (unaudited)	31 December 2019
Commercial acceptance bills	17,671,001	17,409,156
Bank acceptance bills	53,696,754	52,192,821
Total	71,367,755	69,601,977

As at 30 June 2020, the Group had no unpaid overdue bills payable (31 December 2019: Nil).

26. Trade payables

Aging of trade payables is listed as follows:

RMB '000

Item	30 June 2020 (unaudited)	31 December 2019
Within 1 year	321,051,126	318,511,674
1 to 2 years	5,125,887	5,059,474
2 to 3 years	1,173,308	1,050,771
Over 3 years	939,112	1,163,385
Total	328,289,433	325,785,304

As at 30 June 2020, trade payables aged over one year amounted to RMB7,238,307,000 (31 December 2019: 7,273,630,000), primarily consisted of payables for construction contracts and materials. Since the progress of relevant projects had not reached the point of payments, these trade payables had not been settled.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

27. Contract liabilities

RMB '000

Item	30 June 2020 (unaudited)	31 December 2019
Advances for construction contracts	53,167,662	61,232,083
Advances for the sale of properties (Note)	51,588,436	41,866,261
Advances for the sale of materials	4,606,722	4,040,219
Advances for the sale of goods	441,925	353,972
Others	1,272,830	1,014,054
Total	111,077,575	108,506,589

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

27. Contract liabilities (continued)

Note: Details of advances for the sale of properties are listed as follows:

RMB '000

Project name	30 June 2020 (unaudited)	Percentage of accumulated pre-sales as at 30 June 2020 (%)	Estimated completion date
Xi'an CRCC International City III Project	3,657,633	57	July 2020
Jiaxing Huayu Jiangnan Project	2,783,516	92	August 2020
Shaoxing Huayujiangnan Mansion Project	2,638,295	48	September 2021
Xi'an CRCC International City II Project	2,150,432	76	September 2020
Guian Shanyucheng Project	1,668,533	89	August 2020
Hefei Qingxiucheng Project	1,522,818	80	December 2020
Xi'an Tiexing Xipai International Project	1,437,143	83	October 2021
Zhuhai CRCC Wutongyuan Project	1,356,050	87	June 2021
CRCC Donglindao Project	1,301,563	28	September 2020
CRCC Yujing Yangguang Project	1,299,821	56	November 2020
Changsha Meixi Lake Project	1,298,180	91	December 2020
CRCC Yangchun Hupan Project	1,173,702	78	December 2021
CRCC Xishan Wutong Project	1,167,698	63	November 2020
Xiangman Xi'an Project	1,156,187	91	March 2021
CRCC Wanlajiuge Project	1,139,273	66	November 2020
Changchun Economic Development Zone Yangpu Plot Project	1,049,932	96	October 2020
CRCC Fengling International City Project	1,036,393	94	June 2021
CRCC Zhuhai Tiejian Tower Project	1,014,826	37	August 2020
CRCC Kaiyuan Community Project	890,848	100	August 2019
CRCC Qingxiucheng Project	857,215	82	July 2020
Yushuilanwan Project Phase 1	847,934	91	October 2021
CRCC Fuzhou Langqi Shanyucheng Project	835,243	55	December 2020
CRCC Chengdu Xipai City Project (No.7 Lot)	814,198	83	December 2020
CRCC Shanyucheng (Ningbo) Project	766,226	76	July 2020
CRCC Bailubandao Project	735,967	61	December 2020
CRCC Xipai City Project	669,753	35	June 2022
Chengdu CRCC Xipai Lan'an Project	658,336	44	June 2022
CRCC Yipinhua Project	658,224	91	June 2021
CRCC Pudong New District Huilu Commercial Square Project	624,320	75	June 2020
CRCC Huayu Jiangnan City Project	552,850	11	May 2021
Others	13,825,327	—	—
Total	51,588,436	—	—

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

27. Contract liabilities (continued)

As at the balance sheet date, significant contract liabilities aged over one year are listed as follows:

RMB '000

Company name	Relationship with the Group	30 June 2020 (unaudited)	Reasons
Company 1	Third party	1,134,027	Work performed but not billed
Company 2	Third party	578,085	Work performed but not billed
Company 3	Third party	543,847	Work performed but not billed
Company 4	Third party	365,327	Work performed but not billed
Company 5	Third party	275,280	Work performed but not billed
Total	—	2,896,566	—

28. Employee benefits payable

For the six months ended 30 June 2020:

RMB '000

Item	1 January 2020	Accrued (unaudited)	Paid (unaudited)	30 June 2020 (unaudited)
Short-term benefits	10,228,668	27,096,594	28,543,661	8,781,601
Post-employment benefits (defined contribution plans)	1,651,699	2,277,676	2,220,710	1,708,665
Total	11,880,367	29,374,270	30,764,371	10,490,266

2019:

RMB '000

Item	1 January 2019	Accrued	Paid	31 December 2019
Short-term benefits	9,717,291	57,590,072	57,078,695	10,228,668
Post-employment benefits (defined contribution plans)	1,563,280	6,673,519	6,585,100	1,651,699
Total	11,280,571	64,263,591	63,663,795	11,880,367

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

28. Employee benefits payable (continued)

Short-term benefits:

For the six months ended 30 June 2020:

RMB '000

Item	1 January 2020	Accrued (unaudited)	Paid (unaudited)	30 June 2020 (unaudited)
Salaries, bonuses, allowances and subsidies	7,365,466	20,274,638	21,833,670	5,806,434
Staff welfare	–	1,495,839	1,495,839	–
Social insurance	1,095,988	1,269,569	1,244,210	1,121,347
Including: Medical insurance	956,719	1,138,011	1,114,871	979,859
Work injury insurance	86,125	81,106	77,589	89,642
Maternity insurance	53,144	50,452	51,750	51,846
Housing funds	674,487	1,582,031	1,512,972	743,546
Union fund and employee education fund	585,986	488,456	389,429	685,013
Others	506,741	1,986,061	2,067,541	425,261
Total	10,228,668	27,096,594	28,543,661	8,781,601

2019:

RMB '000

Item	1 January 2019	Accrued	Paid	31 December 2019
Salaries, bonuses, allowances and subsidies	6,978,400	41,585,790	41,198,724	7,365,466
Staff welfare	–	3,571,972	3,571,972	–
Social insurance	1,110,730	3,481,968	3,496,710	1,095,988
Including: Medical insurance	970,674	3,038,880	3,052,835	956,719
Work injury insurance	91,072	236,105	241,052	86,125
Maternity insurance	48,984	206,983	202,823	53,144
Housing funds	684,423	3,161,120	3,171,056	674,487
Union fund and employee education fund	569,131	1,198,488	1,181,633	585,986
Others	374,607	4,590,734	4,458,600	506,741
Total	9,717,291	57,590,072	57,078,695	10,228,668

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

28. Employee benefits payable (continued)

Defined contribution plan:

For the six months ended 30 June 2020:

RMB '000

Item	1 January 2020	Accrued (unaudited)	Paid (unaudited)	30 June 2020 (unaudited)
Basic pension insurance	1,182,798	1,496,984	1,495,523	1,184,259
Unemployment insurance	91,367	64,076	59,359	96,084
Supplementary pension insurance	377,534	716,616	665,828	428,322
Total	1,651,699	2,277,676	2,220,710	1,708,665

2019:

RMB '000

Item	1 January 2019	Accrued	Paid	31 December 2019
Basic pension insurance	1,146,935	5,074,155	5,038,292	1,182,798
Unemployment insurance	91,745	194,898	195,276	91,367
Supplementary pension insurance	324,600	1,404,466	1,351,532	377,534
Total	1,563,280	6,673,519	6,585,100	1,651,699

Defined contribution plan includes basic pension insurance and unemployment insurance managed by local governments and the Group's supplementary pension insurance. In addition to the monthly payments, the Group is no longer liable for further payments. Relevant expenditures are capitalised or expensed in the period when incurred.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

29. Taxes payable

RMB '000

Item	30 June 2020 (unaudited)	31 December 2019
VAT	1,871,880	2,264,422
EIT	2,079,383	2,352,430
Others	1,225,298	2,353,152
Total	5,176,561	6,970,004

30. Other payables

RMB '000

Item	30 June 2020 (unaudited)	31 December 2019
Guarantees and deposits	19,662,517	18,653,879
Payables for advances	23,658,723	21,365,743
Amounts due from related parties	12,160,714	7,589,027
Dividends payable	3,902,192	977,453
Others	20,154,107	21,530,710
Total	79,538,253	70,116,812

As at 30 June 2020, significant other payables aged over one year are listed as follows:

RMB '000

Company name	Relationship with the Group	30 June 2020 (unaudited)	Reasons
Company 1	Third party	141,500	Payables not settled
Company 2	Third party	139,350	Payables not settled
Company 3	Third party	135,926	Payables not settled
Company 4	Third party	124,644	Payables not settled
Company 5	Third party	119,789	Payables not settled
Total	—	661,209	—

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

31. Current portion of non-current liabilities

RMB '000

Item	30 June 2020 (unaudited)	31 December 2019
Current portion of bonds payable (Note V. 34)	11,785,202	13,565,374
Current portion of long-term loans (Note V. 33)	10,826,823	16,914,489
Current portion of long-term payables	2,123,964	2,140,031
Current portion of lease liabilities (Note V. 35)	1,862,239	1,920,949
Current portion of post-employment benefits payable	89,055	119,668
Current portion of derivatives- convertible bonds (Note V. 34 (Note 2))	14,062	–
Current portion of provisions	10,734	11,565
Total	26,712,079	34,672,076

The current portion of long-term loans is presented as follows:

RMB '000

Item	30 June 2020 (unaudited)	31 December 2019
Credit loans	4,808,996	10,034,266
Guaranteed loans (Note V. 33 (Note 7))	3,032,914	3,363,450
Mortgaged loans (Note V. 33 (Note 4, Note 5, Note 6))	1,686,213	2,569,180
Pledged loans (Note V. 33 (Note 1, Note 2, Note 3))	1,298,700	947,593
Total	10,826,823	16,914,489

32. Other current liabilities

RMB '000

Item	30 June 2020 (unaudited)	31 December 2019
Amounts to be transferred to output VAT	15,335,600	14,449,127
Short-term unsecured financing bonds (Note 1)	3,509,826	–
Others	287,438	298,409
Total	19,132,864	14,747,536

Note 1: Short-term unsecured financing bonds bear a fixed interest rate. The principal and the interest will be repaid in a lump sum at the end of the term.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

32. Other current liabilities (continued)

The movement of short-term unsecured financing bonds is listed as follows (unaudited):

RMB '000

Bond name	Par value	Issuance date	Bond term	Opening balance	Issuance during the periods	Interests accrued	Amortisation of discounts and premiums	Closing balance
China Railway Construction Real Estate Group Co., Ltd. 2020 first issue short-term financing bond	1,400,000	13 March, 2020	12 months	-	1,398,046	9,113	489	1,407,648
China Railway Construction Real Estate Group Co., Ltd. 2020 second issue short-term financing bond	600,000	24 March, 2020	12 months	-	599,143	3,847	214	603,204
China Railway Construction Investment Group Co., Ltd. 2020 first issue short-term financing bond	1,500,000	24 April, 2020	8 months	-	1,498,585	-	389	1,498,974
Total	3,500,000	-	-	-	3,495,774	12,960	1,092	3,509,826

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

33. Long-term loans

RMB '000

Item	30 June 2020 (unaudited)	31 December 2019
Pledged loans (Note 1, Note 2, Note 3)	36,285,061	35,091,405
Mortgaged loans (Note 4, Note 5, Note 6)	12,306,128	6,639,979
Guaranteed loans (Note 7)	24,269,024	21,249,507
Credit loans	42,264,086	24,955,147
Total	115,124,299	87,936,038

Note 1: As at 30 June 2020, short-term loans with a carrying amount of RMB100,000,000 and long-term loans with a carrying amount of RMB33,874,948,000, including current portion of long-term loans of RMB157,790,000 (31 December 2019: RMB33,787,052,000, including current portion of long-term loans of RMB114,500,000) were secured by pledges of the Group's concession rights with a carrying amount of RMB46,493,639,000 (31 December 2019: RMB48,874,715,000).

Note 2: As at 30 June 2020, long-term loans with a carrying amount of RMB457,140,000, including 222,860,000 current portion of long-term loans (31 December 2019: RMB141,000,000, including no current portion of long-term loans) were secured by pledges of the Group's long-term receivables with a carrying amount of RMB522,668,000 (31 December 2019: RMB133,142,000).

Note 3: As at 30 June 2020, long-term loans with a carrying amount of RMB3,251,673,000, including current portion of long-term loans of RMB918,050,000 (31 December 2019: RMB2,110,946,000, including current portion of long-term loans of RMB833,093,000) were secured by pledges of the Group's other non-current assets with a carrying amount of RMB4,887,591,000 (31 December 2019: RMB4,779,563,000).

Note 4: As at 30 June 2020, short-term loans with a carrying amount of RMB134,863,000 (31 December 2019: RMB112,873,000) and long-term loans with a carrying amount of RMB13,192,117,000, including current portion of long-term loans of RMB1,536,213,000 (31 December 2019: RMB8,865,506,000, including current portion of long-term loans of RMB2,550,300,000) were secured by mortgages of the Group's inventories with a carrying amount of RMB32,572,309,000 (31 December 2019: RMB25,977,309,000).

Note 5: As at 30 June 2020, long-term loans with a carrying amount of RMB50,224,000, including no current portion of long-term loans (31 December 2019: RMB43,653,000, including current portion of long-term loans of RMB18,880,000) were secured by mortgages of the Group's fixed assets with a carrying amount of RMB60,290,000 (31 December 2019: RMB263,379,000).

Note 6: As at 30 June 2020, long-term loans with a carrying amount of RMB750,000,000, including 150,000,000 current portion of long-term loans (31 December 2019: 300,000,000, including no current portion of long-term loans) were secured by mortgages of the Group's long-term receivables with a carrying amount of RMB1,291,000,000 (31 December 2019: RMB1,291,510,000).

Note 7: As at 30 June 2020, the guaranteed long-term loans, including long-term loans due within one year of RMB3,032,914,000, were all internally guaranteed by the entities comprising the Group (31 December 2019: the guaranteed long-term loans, including long-term loans due within one year of RMB3,363,450,000, were all internally guaranteed by the entities comprising the Group).

As at 30 June 2020, the Group had no overdue long-term loans (31 December 2019: Nil).

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

33. Long-term loans (continued)

The maturity profile of the long-term loans as at the end of the year is listed as follows:

RMB '000

Item	30 June 2020 (unaudited)	31 December 2019
Within one year or paid on demand (Note V. 31)	10,826,823	16,914,489
In the second year (inclusive)	29,334,089	16,265,195
In the third to fifth year (inclusive)	37,722,301	29,947,337
Over five years	48,067,909	41,723,506
Total	125,951,122	104,850,527

34. Bonds payable

Bonds payable include: (1) unsecured medium-term notes, private placement notes, and assets-backed notes guaranteed by the Group with a fixed interest rate issued by the Company and its subsidiaries in the National Inter Bank Bond Market. The bonds' interest is paid on schedule whereas the principal is paid at the maturity date; (2) the 5-year zero-interest US dollar and 5-year RMB Convertible Bond issued by the Company in the international market with a fixed interest rate with interest repayable semi-annually and the principal repayable upon maturity; and (3) the 10-year US dollar bond with a fixed interest rate issued by its overseas subsidiaries and guaranteed by the Company. The bonds' interest is repayable semi-annually whereas the principal is repayable upon maturity.

RMB '000

Item	30 June 2020 (unaudited)	31 December 2019
Bonds payable	36,174,319	39,709,268
Less: Current portion of bonds payable (Note V. 31)	11,785,202	13,565,374
Non-current portion of bonds payable	24,389,117	26,143,894

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

34. Bonds payable (continued)

As at 30 June 2020, balances of bonds payable are listed as follows (unaudited):

Bonds	Par value	Issue date	Maturity	Amount	Annual interest rate	1 January 2020	Acquired from business combinations involving entities not under common control (Note 11.1)	Amount issued	Interest accrued in the period	Discount or premium amortisation and exchange effects	Principle and interest paid in the period	30 June 2020	RMB '000
CRCC Yiwang Limited Guaranteed Note due in 2023 with principal of USD800 million and interest rate of 3.5%	USD800,000	16 May, 2013	10 years	USD800,000	3.50%	5,669,848	-	-	99,689	85,394	99,327	5,669,604	
China Railway Construction Corporation Limited - USD500 million Zero Coupon Convertible Bond due 2021 (Note 2)	USD500,000	29 January, 2016	5 years	USD500,000	0.00%	3,298,086	-	-	-	141,203	-	3,439,289	
China Railway Construction Real Estate Co., Ltd. - 2015 first issue of Corporate bond	3,000,000	29 September, 2015	5 years	3,000,000	4.80%	3,024,938	-	-	71,999	7,375	-	3,104,312	
China Railway Construction Real Estate Co., Ltd. - 2016 first issue of Corporate bond	2,800,000	8 January, 2016	5 years	2,800,000	3.70%	2,689,402	-	-	51,800	2,568	103,600	2,840,170	
China Railway Construction Real Estate Co., Ltd. - 2019 first issue of public placement Corporate bond (variety I)	2,700,000	15 March, 2019	5 years	2,700,000	4.25%	2,778,486	-	-	57,375	1,045	114,750	2,720,106	
China Railway Construction Real Estate Co., Ltd. - 2018 first issue of medium term note	2,200,000	19 January, 2018	5 years	2,200,000	5.94%	2,614,209	-	-	65,340	818	130,660	2,249,687	
China Railway Construction Real Estate Co., Ltd. - 2020 first issue of medium term note	2,100,000	12 March, 2020	5 years	2,100,000	3.27%	-	-	2,093,962	16,800	302	-	2,111,064	
China Railway Construction Real Estate Co., Ltd. - 2019 first issue of private placement Corporate bond (variety I)	1,800,000	10 January, 2019	3 years	1,500,000	4.73%	1,662,120	-	-	35,475	688	70,950	1,527,343	
China Railway Construction Real Estate Co., Ltd. - 2019 first issue of private placement Corporate bond (variety II)	1,500,000	10 January, 2019	5 years	1,500,000	4.90%	1,652,366	-	-	36,750	548	73,500	1,526,164	
China Railway Construction Real Estate Co., Ltd. - 2016 third issue of Corporate bond	1,500,000	19 April, 2016	5 years	1,500,000	4.75%	1,929,065	-	-	29,925	2,938	59,850	1,265,078	
Concesionaria Autopistas del Sureste S.A. de C.V. 2011 Corporate bond	UD1,782,060	5 October, 2011	26 years	UD1,782,060	6.00%	-	1,166,884	-	12,647	32,258	-	1,201,789	
China Railway Construction Investment Group Co., Ltd. - 2019 first issue of public placement Corporate bond	1,200,000	9 April, 2019	3 years	1,200,000	3.96%	1,233,869	-	-	11,940	462	47,097	1,199,174	
China Railway 18th Bureau Group Co., Ltd. - 2019 private placement Corporate bond	1,000,000	30 October, 2019	10 years	1,000,000	4.73%	1,008,015	-	-	55,315	-	31,665	1,034,665	
China Railway Construction Real Estate Co., Ltd. - 2016 fourth issue of Corporate bond	1,300,000	24 May, 2016	5 years	1,500,000	4.70%	963,341	-	-	22,325	2,637	44,651	949,632	
China Railway Construction Investment Group Co., Ltd. - 2020 first issue of public placement Corporate bond (variety I)	800,000	12 March, 2020	3 years	800,000	3.18%	-	-	799,064	-	103	-	799,197	
CRCC (Beijing) Property Management Co., Ltd. - 2017 first issue of private placement assets-backed note	960,000	13 December, 2017	7 years	960,000	6.90%	823,130	-	-	24,288	336	66,213	779,541	
China Railway SYUAN Survey and Design Group Co., Ltd. - 2020 first issue of medium term note	1,000,000	24 April, 2020	3 years	1,000,000	2.50%	-	-	700,000	2,651	-	702,651	-	
China Railway Construction Real Estate Co., Ltd. - 2019 first phase of debt financing plan	654,000	5 December, 2019	3 years	654,000	6.10%	654,000	-	-	19,947	(2,289)	19,947	651,711	
China Railway Construction Real Estate Co., Ltd. - 2020 second issue of medium term note	900,000	23 March, 2020	5 years	900,000	3.34%	-	-	597,492	6,130	120	-	603,742	
China Railway Construction Investment Group Co., Ltd. - 2020 first issue of public placement Corporate bond (variety II)	600,000	12 March, 2020	5 years	600,000	3.45%	-	-	599,921	-	45	-	599,366	
China Railway Construction Investment Group Co., Ltd. - 2020 second issue of public placement Corporate bond (COVID-19 prevention and control bond)	500,000	17 March, 2020	3 years	500,000	3.20%	-	-	499,434	-	65	-	499,499	
China Railway Construction Real Estate Co., Ltd. - 2019 second issue of private placement Corporate bond	300,000	18 March, 2019	5 years	300,000	4.90%	309,982	-	-	7,380	115	14,700	302,717	
China Railway Construction Real Estate Co., Ltd. Beijing Financial Assets Exchange debt financing plan - 20 Jing China Railway Construction Real Estate Co., Ltd. ZF002	300,000	16 April, 2020	3 years	300,000	5.38%	-	-	298,574	2,592	83	-	301,249	
China Railway Construction Real Estate Co., Ltd. Beijing Financial Assets Exchange debt financing plan - 20 Jing China Railway Construction Real Estate Co., Ltd. ZF001	100,000	27 March, 2020	3 years	100,000	5.67%	-	-	99,525	1,386	24	1,386	98,549	
China Railway Construction Corporation Limited - First issue of medium-term notes in 2013	10,000,000	20 June, 2013	7 years	10,000,000	5.10%	10,261,266	-	-	239,697	9,017	10,510,000	-	
China Railway Construction Corporation Limited - RMB63.45 billion 1.5% Coupon Convertible Bond due 2021 (Note 1)	3,450,000	21 December, 2016	5 years	3,450,000	1.50%	146,205	-	-	142	8,860	155,207	-	
Aldeasa Financial Services S.A. 2014 Corporate bond	EURO 250,000	3 April, 2014	7 years	EURO 250,000	7.25%	-	1,959,229	-	7,293	2,783	1,969,305	-	
Total	-	-	-	-	-	39,709,268	3,116,113	5,687,402	878,866	297,508	13,514,828	36,174,319	
Less: Current portion of bonds payable	-	-	-	-	-	13,665,374	-	-	-	-	-	11,785,202	
Non-current portion of bonds payable	-	-	-	-	-	26,143,894	-	-	-	-	-	24,389,117	

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

34. Bonds payable (continued)

As at 31 December 2019, balances of bonds payable are listed as follows:

Bonds	Par value	Issue date	Maturity	Amount	Annual interest rate	1 January 2019	Amount issued	Interest accrued in the year	Discount or premium amortisation and exchange effects	Principle and interest paid in the year	31 December 2019
China Railway Construction Corporation Limited – First issue of medium-term notes in 2013	10,000,000	20 June 2013	7 years	10,000,000	5.10%	9,979,382	-	509,256	11,621	510,000	10,261,286
CRCC Yuxiang Limited Guaranteed Note due in 2023 with principal of USD800 million and interest rate of 3.5%	USD800,000	16 May 2013	10 years	USD800,000	3.50%	5,463,582	-	194,223	95,849	193,827	5,563,848
China Railway Construction Corporation Limited – USD500 million Zero Coupon Convertible Bond due 2021 (Note 2)	USD500,000	28 January 2016	5 years	USD500,000	0.00%	3,040,981	-	-	257,105	-	3,298,086
China Railway Construction Real Estate Co., Ltd. – 2015 first issue of Corporate bond	3,000,000	29 September 2015	5 years	3,000,000	4.80%	2,971,853	-	144,000	17,084	144,000	3,024,938
China Railway Construction Real Estate Co., Ltd. – 2016 first issue of Corporate bond	2,800,000	8 January 2016	5 years	2,800,000	3.70%	2,789,332	-	103,600	5,103	103,600	2,889,402
China Railway Construction Real Estate Co., Ltd. – 2019 first issue of public placement Corporate bond (variety I)	2,700,000	15 March 2019	5 years	2,700,000	4.25%	-	2,688,840	86,063	1,533	-	2,776,436
China Railway Construction Real Estate Co., Ltd. – 2018 first issue of medium term note	2,200,000	19 January 2018	5 years	2,200,000	5.94%	2,192,819	-	130,680	1,601	130,680	2,314,209
China Railway Construction Real Estate Co., Ltd. – 2019 first issue of private placement Corporate bond (variety II)	1,500,000	10 January 2019	5 years	1,500,000	4.90%	-	1,494,028	67,375	963	-	1,562,366
China Railway Construction Real Estate Co., Ltd. – 2019 first issue of private placement Corporate bond (variety I)	1,500,000	10 January 2019	3 years	1,500,000	4.73%	-	1,486,009	65,038	1,073	-	1,562,120
China Railway Construction Real Estate Co., Ltd. – 2016 third issue of Corporate bond	1,500,000	19 April 2016	5 years	1,500,000	4.75%	1,494,698	-	63,900	(2,533)	312,000	1,292,065
China Railway Construction Investment Group Co., Ltd. – 2019 first issue of public placement Corporate bond	1,200,000	9 April 2019	3 years	1,200,000	3.98%	-	1,198,642	35,157	70	-	1,233,869
China Railway 16th Bureau Group Co., Ltd. – 2019 private placement Corporate bond	1,000,000	30 October 2019	10 years	1,000,000	4.73%	-	1,000,000	8,015	-	-	1,008,015
China Railway Construction Real Estate Co., Ltd. – 2016 fourth issue of Corporate bond	1,500,000	24 May 2016	5 years	1,500,000	4.70%	1,494,453	-	57,921	(1,158)	626,500	969,341
CRCC (Beijing) Property Management Co., Ltd. – 2017 first issue of private placement assets-backed note	960,000	13 December 2017	7 years	960,000	6.90%	866,360	-	57,549	1,203	132,411	823,130
China Railway Construction Real Estate Co., Ltd. – 2019 first phase of debt financing plan	654,000	5 December 2019	3 years	654,000	6.10%	-	654,000	-	-	-	654,000
China Railway Construction Real Estate Co., Ltd. – 2019 second issue of private placement Corporate bond	300,000	18 March 2019	5 years	300,000	4.90%	-	288,758	11,025	169	-	309,952
China Railway Construction Corporation Limited – RMB3.45 billion 1.5% Coupon Convertible Bond due 2021 (Note 1)	3,450,000	21 December 2016	5 years	3,450,000	1.50%	3,172,629	-	50,332	268,511	3,346,750	146,205
China Railway Construction Real Estate Co., Ltd. – 2016 second issue of Corporate bond	3,000,000	20 January 2016	3 years	3,000,000	4.58%	2,990,353	-	11,450	9,647	3,137,400	-
China Railway 15th Bureau Group Co., Ltd. – 2016 first issue of private placement note	400,000	4 March 2016	3 years	400,000	4.50%	400,000	-	2,900	-	418,000	-
China Railway 24th Bureau Group Co., Ltd. – 2016 second issue of private placement note	600,000	24 March 2016	3 years	600,000	4.13%	600,000	-	5,507	-	624,780	-
China Railway 16th Bureau Group Co., Ltd. – 2016 first issue of private placement Corporate bond	1,000,000	6 September 2016	3 years	1,000,000	4.00%	1,000,000	-	30,000	-	1,040,000	-
Total	-	-	-	-	-	38,458,422	8,830,277	1,633,991	667,841	10,719,948	39,709,268
Less: Current portion of bonds payable	-	-	-	-	-	1,000,000	-	-	-	-	13,565,374
Non-current portion of bonds payable	-	-	-	-	-	37,458,422	-	-	-	-	26,143,894

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

34. Bonds payable (continued)

Note 1: The Company issued a five-year 1.5% Coupon Convertible Bond at RMB3.45 billion on 21 December 2016 (settled by US Dollar). The conversion period is from 31 January 2017 or later to the close of business of the tenth operation day before expiration. The initial conversion price, at which the shares will be issued if conversion rights are executed, is set to be HKD13.775 per H share (calculated in a fixed exchange rate by HKD1 to RMB0.8898), and will be subject to adjustments under certain circumstances. The debt component of the convertible bond is initially recognised at fair value at the issue date, and the issue price in excess of the initially recognised liability is recognised as equity. On 23 December 2019, the Company redeemed and cancelled the principal of the convertible bonds of RMB3.295 billion, and the remaining part was fully redeemed on 23 January 2020.

Note 2: The Company issued a five-year Convertible Bond at zero interest rate with the principal of USD500 million on 29 January 2016. The conversion period is from 10 March 2016 or later to the close of business of the tenth operation day before expiration. The initial conversion price, at which the shares will be issued if conversion rights are executed, was set to be HKD10.30 per H share, and will be subject to adjustments under certain circumstances. The embedded derivatives of the convertible bond is initially recognised at fair value at the issue date, and the issue price in exceed of the fair value of derivative financial instruments is recognised as debt instruments. As at 30 June 2020, the debt instruments amounted to RMB3,439,289,000 and was included in current portion of non-current liabilities according to liquidity.

35. Lease liabilities

RMB '000

Item	30 June 2020 (unaudited)	31 December 2019
Lease liabilities	4,908,801	5,081,929
Less: Current portion of lease liabilities (<i>Note V. 31</i>)	1,862,239	1,920,949
Non-current portion of lease liabilities	3,046,562	3,160,980

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

36. Long-term payables

RMB '000

Item	30 June 2020 (unaudited)	31 December 2019
Retention payables	8,055,106	7,515,958
Special payables (Note 1)	83,421	99,222
Others	2,487,764	948,017
Total	10,626,291	8,563,197

Note 1: For the six months ended 30 June 2020:

RMB '000

Item	1 January 2020	Additions (unaudited)	Reductions (unaudited)	30 June 2020 (unaudited)
Specific project funds	88,416	15,235	31,573	72,078
Research and development funds	10,806	1,269	732	11,343
Total	99,222	16,504	32,305	83,421

2019:

RMB '000

Item	1 January 2019	Additions (unaudited)	Reductions (unaudited)	30 June 2019 (unaudited)
Specific project funds	96,285	73,417	81,286	88,416
Research and development funds	58,984	7,271	55,449	10,806
Total	155,269	80,688	136,735	99,222

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

37. Deferred income

For the six months ended 30 June 2020:

RMB '000

Item	1 January 2020	Additions (unaudited)	Reductions (unaudited)	30 June 2020 (unaudited)
Government grants related to assets	1,850,593	294,062	3,173	2,141,482
Government grants related to income	438,057	102,375	170,995	369,437
Others	553,570	13,759	7,247	560,082
Total	2,842,220	410,196	181,415	3,071,001

2019:

RMB '000

Item	1 January 2019	Additions	Reductions	31 December 2019
Government grants related to assets	1,070,289	1,249,714	469,410	1,850,593
Government grants related to income	46,471	791,295	399,709	438,057
Others	1,147,023	164,926	758,379	553,570
Total	2,263,783	2,205,935	1,627,498	2,842,220

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

37. Deferred income (continued)

As at 30 June 2020, projects related to governments grants are listed as follows:

RMB '000

Project	1 January	Additions (unaudited)	Included in	Other changes (Note) (unaudited)	30 June	Related to assets/income
	2020		non-operating income/other income in the period (unaudited)		2020 (unaudited)	
Sichuan Dedu Highway Project	1,717,200	270,000	-	-	1,987,200	Related to assets
Enterprise Development and Support Fund	77,179	98,875	(98,475)	(15,880)	61,699	Related to assets/ income
Others	494,271	27,562	(59,545)	(268)	462,020	—
Total	2,288,650	396,437	(158,020)	(16,148)	2,510,919	—

As at 31 December 2019, projects related to governments grants are listed as follows:

RMB '000

Project	1 January	Additions	Included in	Other changes (Note)	31 December	Related to assets/income
	2019		non-operating income/other income in the year		2019	
Sichuan Dedu Highway Project	500,000	1,217,200	-	-	1,717,200	Related to assets
Enterprise Development and Support Fund	463	214,286	(137,570)	-	77,179	Related to assets/income
Others	616,297	609,523	(276,623)	(454,926)	494,271	—
Total	1,116,760	2,041,009	(414,193)	(454,926)	2,288,650	—

Note: Government grants related to assets are used to offset against the carrying amount of relevant assets when relevant assets become ready for their intended use.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

38. Share capital

For the six months ended 30 June 2020:

RMB '000

Item	1 January 2020	Increase (unaudited)	Decrease (unaudited)	30 June 2020 (unaudited)
Unrestricted shares				
– RMB ordinary shares	11,258,246	–	–	11,258,246
– Overseas listed foreign shares	2,076,296	–	–	2,076,296
– National Social Security Fund	245,000	–	–	245,000
Total	13,579,542	–	–	13,579,542

2019:

RMB '000

Item	1 January 2019	Increase	Decrease	31 December 2019
Unrestricted shares				
– RMB ordinary shares	11,258,246	–	–	11,258,246
– Overseas listed foreign shares	2,076,296	–	–	2,076,296
– National Social Security Fund	245,000	–	–	245,000
Total	13,579,542	–	–	13,579,542

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

39. Other equity instruments

RMB '000

Item		30 June 2020 (unaudited)	31 December 2019
2016 convertible bonds	<i>Note 1</i>	–	18,336
2018 renewable corporate bonds	<i>Note 2</i>	6,992,689	6,992,689
2019 renewable corporate bonds	<i>Note 3</i>	11,994,417	11,994,417
2019 renewable loans	<i>Note 4</i>	15,201,000	15,201,000
2019 CRCC medium-term notes	<i>Note 5</i>	5,982,651	5,982,651
Total		40,170,757	40,189,093

Note 1: The Company issued a five-year 1.5% Coupon Convertible Bond at RMB3.45 billion on 21 December 2016 and the part which was recognised as equity amounted to RMB408,129,000. On 23 December 2019, the Company redeemed an aggregate principal amount of RMB3,295,000,000 (representing approximately 95.51% of the initial aggregate principal amount) and transferred the carrying amount of the corresponding equity component, amounting to RMB389,793,000, into capital reserve. The remaining part of the convertible bond has been fully redeemed on 23 January 2020 and the Company transferred the relevant equity amounting to RMB18,336,000 into capital reserve.

Note 2: In 2018, the Company issued RMB7,000,000,000 in an aggregate principal amount of renewable corporate bonds. According to the terms of the contract, the Company had no contractual obligation to deliver cash or other financial assets to the holders. The Company considered that the bonds did not satisfy the definition of financial liabilities and recognised the bonds as other equity instruments. The net proceeds from the issuance amounting to RMB6,992,689,000, net of the relevant expenses of issuance of RMB7,311,000 were included in other equity instruments.

Note 3: In 2019, the Company issued RMB12,000,000,000 in an aggregate principal amount of three tranches of renewable corporate bonds. According to the terms of the contract, the Company had no contractual obligation to deliver cash or other financial assets to the holders. The Company considered that the bonds did not satisfy the definition of financial liabilities and recognised the bonds as other equity instruments. The net proceeds from the issuance amounting to RMB11,994,417,000, net of the relevant expenses of issuance of RMB5,583,000 were included in other equity instruments.

Note 4: In 2019, the Company acquired RMB15,201,000,000 in an aggregate principal amount of renewable loans. According to the terms of the contract, the Company had no contractual obligation to deliver cash or other financial assets to the holders. The Company considered that the loans did not satisfy the definition of financial liabilities and recognised the loans as other equity instruments and the loans were included in other equity instruments.

Note 5: In 2019, the Company issued RMB6,000,000,000 in an aggregate principal amount of two tranches of medium-term notes. According to the terms of the contract, the Company had no contractual obligation to deliver cash or other financial assets to the holders. The Company considered that the notes did not satisfy the definition of financial liabilities and recognised the notes as other equity instruments. The net proceeds from the issuance amounting to RMB5,982,651,000, net of the relevant expenses of issuance of RMB17,349,000 were included in other equity instruments.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

40. Capital reserve

For the six months ended 30 June 2020:

RMB '000

Item	1 January 2020	Increase (unaudited)	Decrease (unaudited)	30 June 2020 (unaudited)
Share premium	41,241,813	–	–	41,241,813
Relocation compensation granted by government	160,961	–	–	160,961
Equity transactions with non-controlling shareholders	2,876,681	–	–	2,876,681
Others (Note V. 39 (Note1))	(124,729)	18,336	–	(106,393)
Total	44,154,726	18,336	–	44,173,062

2019:

RMB '000

Item	1 January 2019	Increase	Decrease	31 December 2019
Share premium	41,241,813	–	–	41,241,813
Relocation compensation granted by government	160,961	–	–	160,961
Equity transactions with non-controlling shareholders (Note 1)	(461,878)	4,020,273	681,714	2,876,681
Others (Note V. 39 (Note1))	(506,626)	389,793	7,896	(124,729)
Total	40,434,270	4,410,066	689,610	44,154,726

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

40. Capital reserve (continued)

Note 1: On 18 December 2019, the Company and its subsidiaries including China Railway 11th Bureau Group Co., Ltd., China Railway Construction Group Co., Ltd., China Railway Construction Investment Group Co., Ltd. and CRCC Kunlun Investment Group Co., Ltd. (“the Target Companies”) entered into Capital Contribution Agreements and Investment Agreements with several third-party investors. Pursuant to the agreements, the third-party investors respectively made capital contributions to the Target Companies in cash. Upon completion of the capital contribution, the Company’s shareholding proportion of the Target Companies decreased from 100% to 81.62%, 85.64%, 87.34% and 70.77% respectively, but the Company will not lose actual control over the Target Companies. The capital contributions made by the third-party investors amounted to RMB11,000,000,000 in aggregate. These transactions resulted in an increase of capital reserve amounting to RMB2,996,354,000 and an increase of non-controlling interests amounting to RMB8,003,646,000 in the consolidated financial statements of the Group as at 31 December 2019.

In December 2019, the Company’s subsidiaries including China Railway 14th Bureau Group Co., Ltd., China Railway 16th Bureau Group Co., Ltd., China Railway 18th Bureau Group Co., Ltd., China Railway 19th Bureau Group Co., Ltd., China Railway 21st Bureau Group Co., Ltd. and China Railway Urban Construction Group Co., Ltd. and their subsidiaries entered into Capital Contribution Agreements and Equity Transferring Agreements with several third-party investors. Pursuant to the agreements, the third-party investors made capital contributions amounting to RMB5,950,000,000 in aggregate to the subsidiaries. These transactions resulted in an increase of capital reserve amounting to RMB1,022,523,000 and an increase of non-controlling interests amounting to RMB4,927,477,000 in the consolidated financial statements of the Group as at 31 December 2019.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

41. Other comprehensive income

Accumulated balances of other comprehensive income attributable to owners of the Company in the consolidated statement of financial position:

RMB '000

Item	1 January 2019	Increase/ (decrease)	Less: Other comprehensive income carried forward to retained earnings	1 January	Increase/ (decrease)	30 June
				2020	(unaudited)	2020 (unaudited)
Re-measurement of defined benefit	9,126	15,729	(2,021)	26,876	(37)	26,839
Effect of deferred tax from changes in re-measurement of defined benefit	(48,240)	(2,714)	-	(50,954)	9	(50,945)
Other comprehensive income to be reclassified to profit or loss in subsequent periods, share of other comprehensive income of investee, under the equity method	(122,580)	251,093	-	128,513	(76,770)	51,743
Changes in fair value of other debt investments	513	(417)	-	96	3,028	3,124
Changes in fair value of other equity instrument investments	219,896	382,311	-	602,207	(284,604)	317,603
Effect of deferred tax from changes in fair value of other equity instrument investments	(45,720)	(80,750)	-	(126,470)	46,527	(79,943)
Changes in fair value of receivables at FVTOCI	-	(7,785)	-	(7,785)	572	(7,213)
Effect of deferred tax from changes in fair value of receivables at FVTOCI	-	2,703	-	2,703	(86)	2,617
Exchange differences on translation of foreign operation	(528,054)	(113,186)	104	(641,344)	(199,245)	(840,589)
Total	(515,059)	446,984	(1,917)	(66,158)	(510,606)	(576,764)

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

41. Other comprehensive income (continued)

Other comprehensive income in the statement of profit or loss and other comprehensive income:

For the six months ended 30 June 2020 (unaudited):

RMB '000

Item	Other comprehensive income before tax	Less: Income tax effect	Attributable to owners of the Company	Attributable to non-controlling interests
Other comprehensive income not to be reclassified to profit or loss				
Re-measurement of defined benefit	(37)	(9)	(28)	–
Gains/(losses) from changes in fair value of other equity instrument investments	(310,404)	(51,356)	(238,077)	(20,971)
Other comprehensive income to be reclassified to profit or loss				
Share of other comprehensive income of the investee under the equity method	(76,770)	–	(76,770)	–
Losses from changes in fair value of other debt investments	3,367	842	3,028	(503)
Changes in fair value of receivables at FVTOCI	2,367	370	486	1,511
Exchange differences on translation of foreign operations	(200,645)	577	(199,245)	(1,977)
Total	(582,122)	(49,576)	(510,606)	(21,940)

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

41. Other comprehensive income (continued)

For the six months ended 30 June 2019 (unaudited):

	<i>RMB '000</i>			
Item	Other comprehensive income before tax	Less: Income tax effect	Attributable to owners of the Company	Attributable to non-controlling interests
Other comprehensive income not to be reclassified to profit or loss				
Re-measurement of defined benefit	(130)	(33)	(97)	-
Gains/(losses) from changes in fair value of other equity instrument investments	385,208	79,989	308,683	(3,464)
Other comprehensive income to be reclassified to profit or loss				
Share of other comprehensive income of the investee under the equity method	144,985	-	144,985	-
Losses from changes in fair value of other debt investments	(183)	-	(183)	-
Exchange differences on translation of foreign operations	(72,312)	-	(72,342)	30
Total	457,568	79,956	381,046	(3,434)

42. Special reserve

The Group provided for the safety production expenses at 1.5% and 2% of the cost of construction projects, and utilised them according to the Management Measures on the Enterprises Production Safety Expense of Enterprises Appropriation and Utilisation (Cai Qi [2012] No. 16) issued by the Ministry of Finance and the State Administration of Work Safety. Further details are stated in Note III. 29.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

43. Surplus reserve

For the six months ended 30 June 2020

RMB '000

Item	1 January 2020	Increase (unaudited)	30 June 2020 (unaudited)
Statutory surplus reserve (Note)	4,613,506	–	4,613,506

2019:

RMB '000

Item	1 January 2019	Increase	31 December 2019
Statutory surplus reserve (Note)	3,229,881	1,383,625	4,613,506

Note: In accordance with the Company Law and the Company's articles of association, the Company appropriated 10% of the net profit to the surplus reserve. Where the accumulated amount of the surplus reserve reaches 50% of the Company's registered capital, additional appropriation will not be needed.

The Company and certain of its subsidiaries are authorized to allocate the discretionary surplus reserve from profit after tax after the allocation of the statutory reserve. Upon the approval of the board, the discretionary surplus reserve can be used to offset previous years' losses or increase the share capital.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

44. Retained earnings

RMB '000

Item	For the six months ended 30 June 2020 (unaudited)	2019
Retained earnings at the beginning of period/year	107,488,965	92,768,356
Net profit attributable to the owners	9,316,253	20,197,378
Less: Appropriation to statutory surplus reserve	–	1,383,625
Cash dividend declared for ordinary Shares (<i>Note 1</i>)	2,851,704	2,851,704
Interest distributed to other equity instrument holders	964,146	1,239,523
Others	(16,979)	(1,917)
Retained earnings at the end of the period/year (<i>Note 2</i>)	112,972,389	107,488,965

Note 1: In accordance with the resolution at the 2019 annual general meeting of shareholders on 19 June 2020, the Company declared a cash dividend for the year 2019 of RMB0.21 per share (2019: RMB0.21 per share), which amounted to RMB2,851,704,000 (2019: RMB2,851,704,000) based on 13,579,541,500 ordinary shares in issue. The dividend has been paid after the balance sheet date.

Note 2: As at 30 June 2020, the Group's retained earnings did not include any amount that belonged to holders of renewable loans (31 December 2019: Nil).

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

45. Revenue and cost of sales

RMB '000

Item	For the six months ended 30 June 2020 (unaudited)		For the six months ended 30 June 2019 (unaudited)	
	Revenue	Cost of sales	Revenue	Cost of sales
Revenue from principal operations	367,324,584	334,660,542	351,089,910	316,877,976
Other operating revenue	3,464,849	2,367,178	1,844,969	1,486,482
Total	370,789,433	337,027,720	352,934,879	318,364,458

(1) Revenue is listed as follows:

RMB '000

Sector	For the six months ended 30 June 2020 (unaudited)	For the six months ended 30 June 2019 (unaudited)
Construction operations	329,059,487	308,187,762
Real estate development operations	8,880,059	9,834,548
Manufacturing operations	6,442,716	7,825,738
Survey, design and consultancy operations	7,737,003	7,675,647
Other business operations	18,670,168	19,411,184
Total	370,789,433	352,934,879

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

45. Revenue and cost of sales (continued)

(2) Disaggregation of revenue:

RMB '000

	Construction operations	Real estate development operations	Manufacturing operations	Survey, design and consultancy operations	Other business operations	Total
Timing of revenue recognition						
Over time	329,059,487	–	–	7,065,725	2,816,763	338,941,975
A point in time	–	8,880,059	6,442,716	671,278	15,853,405	31,847,458
Total	329,059,487	8,880,059	6,442,716	7,737,003	18,670,168	370,789,433

- (3) The construction services provided by the Group are mainly identified as single performance obligation and met the criteria of performance obligation performed over time. As at 30 June 2020, for the construction services in progress, the transaction prices allocated to their unsatisfied (including partially unsatisfied) performance obligations are based on their performance progress over the relevant construction contract periods and would be recognised as revenue based on their performance progress in future construction contract periods.

46. Taxes and surcharges

RMB '000

Item	For the six months ended 30 June 2020 (unaudited)	For the six months ended 30 June 2019 (unaudited)
City maintenance and construction tax	269,069	303,033
Stamp duty	200,799	157,151
Property tax	98,426	101,513
Others	682,532	965,515
Total	1,250,826	1,527,212

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

47. Selling and distribution expenses

RMB '000

Item	For the six months ended 30 June 2020 (unaudited)	For the six months ended 30 June 2019 (unaudited)
Employee compensation costs	1,163,275	1,099,033
Advertising and publicity expenses	575,806	535,877
Transportation expenses	83,665	150,199
Others	381,033	375,258
Total	2,203,779	2,160,367

48. General and administrative expenses

RMB '000

Item	For the six months ended 30 June 2020 (unaudited)	For the six months ended 30 June 2019 (unaudited)
Employee compensation costs	6,046,901	6,140,247
Depreciation expenses of fixed assets	383,698	365,317
Office, travelling and transportation expenses	337,506	483,313
Others	1,372,605	1,286,393
Total	8,140,710	8,275,270

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

49. Research and development expenses

RMB '000

Item	For the six months ended 30 June 2020 (unaudited)	For the six months ended 30 June 2019 (unaudited)
Personnel and material expenses	6,696,047	7,002,021

50. Finance costs

RMB '000

Item	For the six months ended 30 June 2020 (unaudited)	For the six months ended 30 June 2019 (unaudited)
Interest expenses	5,452,483	5,299,012
Less: Interest income	1,943,806	1,942,181
Less: Interest capitalised	2,534,020	1,986,789
Exchange losses/(gains)	27,259	(113,700)
Bank charges and others	733,907	838,269
Total	1,735,823	2,094,611

The amount of capitalised interest had been included in the balances of construction in progress (Note V. 17), intangible assets (Note V. 19) and properties under development (Note V. 8 (1)).

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

51. Impairment (losses)/gains on assets

RMB '000

Item	For the six months ended 30 June 2020 (unaudited)	For the six months ended 30 June 2019 (unaudited)
Losses from decline in value of inventories	(4,039)	(3,145)
Others	(3,391)	4,105
Total	(7,430)	960

52. Impairment of credit losses

RMB '000

Item	For the six months ended 30 June 2020 (unaudited)	For the six months ended 30 June 2019 (unaudited)
Losses from impairment of receivables and contract assets	(1,328,149)	(1,296,240)
Losses from impairment of loans to customers	7,500	(17,500)
Total	(1,320,649)	(1,313,740)

53. Other income

RMB '000

Item	For the six months ended 30 June 2020 (unaudited)	For the six months ended 30 June 2019 (unaudited)
Government grants relating to daily operations	136,152	163,638
Others	112,043	7,470
Total	248,195	171,108

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

54. Investment income/(losses)

RMB '000

Item	For the six months ended 30 June 2020 (unaudited)	For the six months ended 30 June 2019 (unaudited)
Share of profits of long-term equity investments under the equity method	1,010,131	982,341
Investment income from disposal of long-term equity investments under the equity method	432	–
Losses from derecognition of financial assets measured at amortised cost	(756,314)	(1,120,028)
Investment income from holding other equity instrument	89,497	125,312
Investment income from disposal of held-for-trading financial assets	27,884	52,110
Others	(132,066)	13,064
Total	239,564	52,799

55. Gains on fair value changes

RMB '000

Item	For the six months ended 30 June 2020 (unaudited)	For the six months ended 30 June 2019 (unaudited)
Financial assets and liabilities at fair value through profit or loss	215,383	311,343

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

56. Non-operating income

RMB '000

Item	For the six months ended 30 June 2020 (unaudited)	For the six months ended 30 June 2019 (unaudited)	Non-recurring profit or loss of the period (unaudited)
Approved unpayable balances	89,191	38,727	89,191
Gains on compensation, penalties and fines	82,817	72,680	82,817
Government grants	33,818	44,897	33,818
Gains on debt restructuring	54,274	55,803	54,274
Others	117,488	154,994	117,488
Total	377,588	367,101	377,588

Government grants credited to profit or loss for the period are listed as follows:

RMB '000

Nature	For the six months ended 30 June 2020 (unaudited)	For the six months ended 30 June 2019 (unaudited)	Related to assets/income
Enterprise development funds	102,470	62,492	Related to income
Refund of taxes	10,099	101,258	Related to income
Relocation compensation	1,700	17	Related to assets/income
Others	55,701	44,768	Related to income
Total	169,970	208,535	—
Including: Other income	136,152	163,638	—
Non-operating income	33,818	44,897	—

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

57. Non-operating expenses

RMB '000

Item	For the six months ended 30 June 2020 (unaudited)	For the six months ended 30 June 2019 (unaudited)	Non-recurring profit or loss of the period (unaudited)
Loss on compensation, penalties and fines	96,146	137,571	96,146
Donations	87,691	17,658	87,691
Others	73,408	92,281	73,408
Total	257,245	247,510	257,245

58. Costs and expenses classified by nature

Supplementary information of the Group's costs of sales, selling and distribution expenses, general and administrative expenses, research and development expenses categorised by nature are listed as follows:

RMB '000

Item	For the six months ended 30 June 2020 (unaudited)	For the six months ended 30 June 2019 (unaudited)
Cost of services rendered	286,041,081	264,790,065
Cost of goods sold	22,736,567	25,892,411
Employee benefits (Note V. 28)	29,374,270	28,765,581
Depreciation expenses on fixed assets (Note V. 16)	6,915,500	7,245,225
Depreciation expenses on right-of-use assets (Note V. 18)	958,220	800,396
Amortisation expenses on intangible assets (Note V. 19)	290,835	280,294

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

59. Income tax expenses

RMB '000

Item	For the six months ended 30 June 2020 (unaudited)	For the six months ended 30 June 2019 (unaudited)
Current tax expenses – Mainland China	2,280,240	2,731,965
Current tax expenses – Others	5,127	10,918
Deferred tax expenses	260,008	(149,458)
Total	2,545,375	2,593,425

A reconciliation of the income tax expense applicable to profit before tax is listed as follows:

RMB '000

Item	For the six months ended 30 June 2020 (unaudited)	For the six months ended 30 June 2019 (unaudited)
Profit before tax	13,432,396	12,909,887
Income tax at the statutory income tax rate of 25%	3,358,099	3,227,472
Tax effect of preferential tax rates for some subsidiaries	(550,599)	(482,533)
Tax effect of share of profits and losses of joint ventures and associates	(252,533)	(245,585)
Effect of non-taxable income	(270,645)	(210,316)
Effect of non-deductible expenses	97,479	57,098
Effect of utilisation of unrecognised deductible tax losses	(58,476)	(79,571)
Income tax benefits on research and development expenses	(315,455)	(252,975)
Effect of unrecognised deductible tax losses	513,229	420,912
Deductible temporary differences not recognised as deferred tax assets	217,545	182,525
Adjustments in respect of current income tax of previous years	(100,586)	53,266
Others	(92,683)	(76,868)
Income tax expense at the Group's effective tax rate	2,545,375	2,593,425

The income tax of the Group is calculated based on the estimated taxable profit arising in China and the applicable tax rate. Tax arising from the taxable income in other regions is calculated at the statutory tax rate according to existing laws, interpretations and practices of the country or jurisdiction in which the Group operates.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

60. Earnings per share

The basic earnings per share is calculated based on the net profit for the period/year attributable to ordinary shareholders of the Company and the weighted average number of outstanding ordinary shares during the period/year.

RMB '000

Item	For the six months ended 30 June 2020 (unaudited)	For the six months ended 30 June 2019 (unaudited)
Earnings		
Net profit attributable to shareholders of the Company	9,316,253	9,284,178
Including: profit or loss from continuing operations	9,316,253	9,284,178
Less: attributable to holder of other equity instruments (Note V. 44)	964,146	496,451
Net profit attributable to ordinary shareholders	8,352,107	8,787,727
Shares		
Number of the outstanding ordinary shares of the Company	13,579,541,500	13,579,541,500
Basic earnings per share (<i>RMB/share</i>)	0.62	0.65
Diluted earnings per share (<i>RMB/share</i>) (Note)	0.59	0.61

Note: A Coupon Convertible Bond at USD500 million with the issue date on 29 January 2016 and a Coupon Convertible Bond at RMB0.155 billion with the issue date on 21 December 2016 have been taken into consideration.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

61. Notes to items in the statement of cash flows

RMB '000

Item	For the six months ended 30 June 2020 (unaudited)	For the six months ended 30 June 2019 (unaudited)
(1) Cash received from other operating activities:		
Rental income of fixed assets	256,105	290,429
Government grants	510,794	842,141
Sale of raw materials	622,466	540,285
Others	4,681,927	4,160,539
Total	6,071,292	5,833,394

RMB '000

Item	For the six months ended 30 June 2020 (unaudited)	For the six months ended 30 June 2019 (unaudited)
(2) Cash paid for other operating activities:		
Office and travelling expenses	821,035	900,302
Repair and maintenance costs	176,903	195,174
Sales service fee	575,806	535,877
Others	3,981,265	2,438,658
Total	5,555,009	4,070,011

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

61. Notes to items in the statement of cash flows (continued)

RMB '000

Item	For the six months ended 30 June 2020 (unaudited)	For the six months ended 30 June 2019 (unaudited)
(3) Cash received from other financing activities: Cash receipts from supply chain asset support special projects	3,500,000	3,505,000
Total	3,500,000	3,505,000

RMB '000

Item	For the six months ended 30 June 2020 (unaudited)	For the six months ended 30 June 2019 (unaudited)
(4) Cash paid for other financing activities: Redemption of the perpetual securities	3,680,100	8,000,000
Acquisition of non-controlling interests	76,573	470,000
Cash paid for lease liabilities	835,095	422,390
Cash paid for supply chain asset support special projects	1,500,000	10,000
Total	6,091,768	8,902,390

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

62. Supplementary information to the consolidated statement of cash flows

(1) Supplementary information to the statement of cash flows

RMB '000

	For the six months ended 30 June 2020 (unaudited)	For the six months ended 30 June 2019 (unaudited)
Reconciliation of net profit to cash flows generated from operating activities:		
Net profit	10,887,021	10,316,462
Add: Impairment losses on assets	7,430	(960)
Impairment of credit losses	1,320,649	1,313,740
Depreciation of fixed assets	6,915,500	7,245,225
Depreciation of right-of-use assets	958,220	800,396
Amortisation of intangible assets	290,835	280,294
Amortisation of investment properties	96,596	106,669
Gains from disposal of fixed assets, intangible assets and other long-term assets	(202,462)	(11,712)
Gains on fair value changes	(215,383)	(311,343)
Finance costs	2,242,214	2,879,058
Investment income	(1,103,440)	(1,159,763)
Decrease/(Increase)in deferred tax assets	123,055	(242,595)
Increase in deferred tax liabilities	136,953	93,137
Increase in inventories	(32,811,367)	(31,222,484)
Increase in contract assets	(22,556,281)	(33,017,088)
Increase in operating receivables	(18,544,323)	(32,400,362)
Increase in operating payables	3,141,856	42,173,501
Decrease in the deposits with the central bank	1,234,415	685,912
Net cash flows used in operating activities	(48,078,512)	(32,471,913)

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

62. Supplementary information to the consolidated statement of cash flows (continued)

(1) Supplementary information to the statement of cash flows (continued)

Net changes in cash and cash equivalents:

RMB '000

Item	For the six months ended 30 June 2020 (unaudited)	For the six months ended 30 June 2019 (unaudited)
Cash at the end of the period	109,058,735	107,055,160
Less: Opening balance of cash	134,751,232	128,786,704
Add: Closing balance of cash equivalents	1,350,719	1,640,376
Less: Opening balance of cash equivalents	5,542,384	1,301,013
Net increase/(decrease) in cash and cash equivalents	(29,884,162)	(21,392,181)

(2) Cash and cash equivalents

RMB '000

Item	30 June 2020 (unaudited)	31 December 2019
Cash	109,058,735	134,751,232
Including: Cash on hand	100,015	97,202
Cash with banks/financial institutions without restriction	108,958,720	134,654,030
Cash equivalents	1,350,719	5,542,384
Closing balance of cash and cash equivalents	110,409,454	140,293,616

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

63. Assets with title restrictions

RMB '000

Item	30 June 2020 (unaudited)	31 December 2019	Reason
Intangible assets	46,493,639	48,874,715	Pledged for loans
Inventories	32,572,309	25,977,309	Mortgaged for loans
Cash and bank balances	12,348,090	14,265,487	Note
Other non-current assets	4,887,591	4,779,563	Pledged for loans
Fixed assets	60,290	263,379	Mortgaged for loans
Trade receivables	978,999	1,245,243	Pledged for loans
Long-term receivables	522,668	133,142	Pledged for loans
Bills receivable	323,193	562,481	Pledged for loans
Long-term receivables	1,291,000	1,291,510	Mortgaged for loans
Total	99,477,779	97,392,829	—

Note: As at 30 June 2020, the Group held frozen deposits of RMB299,322,000 (31 December 2019: RMB284,785,000), the residual amount of RMB6,726,188,000 (31 December 2019: RMB7,423,707,000) was a deposit. CRCC Finance Company Limited placed RMB5,322,580,000 (31 December 2019: RMB6,556,995,000) in the central bank as statutory reserves.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

64. Foreign currency monetary items

As at 30 June 2020 (unaudited):

RMB '000

Item	Closing balance of foreign currencies (<i>'000</i>)	Exchange rate	Closing balance in RMB
Cash and bank balances			11,438,787
Including: U.S. Dollar	1,443,465	7.0795	10,219,008
Euro	84,867	7.9610	675,630
Macao dollar	125,730	0.8850	111,273
Others			432,876
Trade receivables			1,970,341
Including: U.S. Dollar	133,168	7.0795	942,763
Algeria Dinars	13,327,339	0.0546	727,566
Others			300,012
Other receivables			299,800
Including: U.S. Dollar	37,673	7.0795	266,703
Others			33,097
Trade payables			819,048
Including: U.S. Dollar	96,747	7.0795	684,923
Algeria Dinars	1,055,008	0.0546	57,595
Others			76,530
Other payables			248,636
Including: U.S. Dollar	24,532	7.0795	173,672
Others			74,964
Short-term loans			4,434,860
Including: Euro	485,122	7.9610	3,862,060
Qatari Riyal	126,199	1.9410	244,947
Saudi Riyal	117,264	1.8840	220,928
Others			106,925
Long-term loans			1,902,280
Including: U.S. Dollar	214,939	7.0795	1,521,663
Euro	47,113	7.9610	375,064
Others			5,553
Bonds payable			9,108,893
Including: U.S. Dollar	1,286,658	7.0795	9,108,893

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

VI. CHANGES OF CONSOLIDATION SCOPE

1. Business combinations involving entities not under common control

(1) Business combination not involving enterprises not under common control incurred in current period

On 8 May 2020, the Company's subsidiary CRCC International Investment Co., Ltd. acquired 75% of the equity of GRUPO ALDESA, S.A. through its wholly owned subsidiary EUROINFRA INVERSION, S.L.U., by capital increase and equity acquisition. The acquisition date of this transaction is 8 May 2020, which is the date on which the Group actually acquired control over GRUPO ALDESA, S.A.

As at the date of this report being approved to issue, the appraisal of the fair value of GRUPO ALDESA, S.A.'s identifiable net assets at the acquisition date had not been finalised and the Group provisionally determined the fair value of identifiable net assets at the acquisition date based on the best estimate of the appraisal, which will be adjusted afterwards with reference to the final appraisal results.

RMB'000

Name of acquiree	Date of acquisition	Equity acquisition cost	Ratio of equity acquired (%)	Means of equity acquisition	Acquisition date	Basis for determining the acquisition date	Revenue of acquiree from the acquisition date to the period-end	Net profit of acquiree from the acquisition date to the period-end
GRUPO ALDESA, S.A.	8 May 2020	2,232,829	75%	Capital increase and equity acquisition	8 May 2020	Obtaining control	384,579	(185,253)

(2) Cost of acquisition and goodwill

RMB'000

Cost of acquisition	GRUPO ALDESA, S.A.
– Cash	2,232,829
Total cost of acquisition	2,232,829
Less: Share obtained of the fair value of identifiable net assets	1,770,533
Goodwill	462,296

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

VI. CHANGES OF CONSOLIDATION SCOPE (CONTINUED)

1. Business combinations involving entities not under common control (continued)

(3) Identifiable assets and liabilities of the acquiree at the acquisition date

RMB'000

	GRUPO ALDESA, S.A.	
	Carrying amount on date of acquisition	Fair value on date of acquisition (Provisional)
Assets:		
Cash and bank balances	2,293,845	2,293,845
Trade receivables	1,270,238	1,270,238
Advances to suppliers	311,028	311,028
Other receivables	827,403	827,403
Inventories	436,306	476,026
Contract assets	2,026,305	2,026,305
Long-term equity investments	70,881	92,150
Investment properties	91,425	92,166
Fixed assets	598,613	619,857
Construction in progress	84,964	84,964
Intangible assets	635,716	2,549,312
Deferred tax assets	789,140	843,426
Total Assets	9,435,864	11,486,720
Liabilities:		
Trade payables	2,252,127	2,252,127
Contract liabilities	832,587	832,587
Employee benefits payable	51,243	51,243
Taxes payable	75,457	75,457
Other payables	741,968	907,446
Current portion of non-current liabilities	1,173,319	1,173,319
Bonds payable	3,116,113	3,116,113
Deferred tax liabilities	210,978	717,717
Total liabilities	8,453,792	9,126,009
Net assets	982,072	2,360,711
Less: Non-controlling interests	—	590,178
Share obtained of net assets	—	1,770,533

Notes to the Financial Statements

For the six months ended 30 June 2020

VII. EQUITY IN OTHER ENTITIES

1. Subsidiaries

Particulars of the principal subsidiaries of the Company are listed as follows:

Subsidiaries acquired through establishment or investment

RMB '000

Company name	Principal place of business	Place of registration	Principal activities	Registered capital	Shareholding proportion %	
					Direct	Indirect
China Civil Engineering Construction Corporation	Beijing	Beijing	Construction	3,000,000	100.00	-
China Railway 11th Bureau Group Co., Ltd.	Wuhan, Hubei	Wuhan, Hubei	Construction	6,162,382	81.62	-
China Railway 12th Bureau Group Co., Ltd.	Taiyuan, Shanxi	Taiyuan, Shanxi	Construction	5,060,677	100.00	-
China Railway Construction Bridge Engineering Bureau Group Co., Ltd.	Tianjin	Tianjin	Construction	3,200,000	100.00	-
China Railway 14th Bureau Group Co., Ltd.	Jinan, Shandong	Jinan, Shandong	Construction	3,110,000	100.00	-
China Railway 15th Bureau Group Co., Ltd.	Shanghai	Shanghai	Construction	3,000,000	100.00	-
China Railway 16th Bureau Group Co., Ltd.	Beijing	Beijing	Construction	3,000,000	100.00	-
China Railway 17th Bureau Group Co., Ltd.	Taiyuan, Shanxi	Taiyuan, Shanxi	Construction	3,021,226	100.00	-
China Railway 18th Bureau Group Co., Ltd.	Tianjin	Tianjin	Construction	3,000,000	100.00	-
China Railway 19th Bureau Group Co., Ltd.	Beijing	Beijing	Construction	5,080,000	100.00	-
China Railway 20th Bureau Group Co., Ltd.	Xi'an, Shaanxi	Xi'an, Shaanxi	Construction	3,130,000	100.00	-
China Railway 21st Bureau Group Co., Ltd.	Lanzhou, Gansu	Lanzhou, Gansu	Construction	2,038,000	100.00	-
China Railway 22nd Bureau Group Co., Ltd.	Beijing	Beijing	Construction	2,000,000	100.00	-
China Railway 23rd Bureau Group Co., Ltd.	Chengdu, Sichuan	Chengdu, Sichuan	Construction	2,000,000	100.00	-
China Railway 24th Bureau Group Co., Ltd.	Shanghai	Shanghai	Construction	2,000,000	100.00	-

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

VII. EQUITY IN OTHER ENTITIES (CONTINUED)

1. Subsidiaries (continued)

Subsidiaries acquired through establishment or investment (continued)

RMB '000

Company name	Principal place of business	Place of registration	Principal activities	Registered capital	Shareholding proportion %	
					Direct	Indirect
China Railway 25th Bureau Group Co., Ltd.	Guangzhou, Guangdong	Guangzhou, Guangdong	Construction	2,000,000	100.00	-
China Railway First Survey and Design Institute Group Co., Ltd.	Xi'an, Shaanxi	Xi'an, Shaanxi	Survey and design	1,000,000	100.00	-
China Railway SIYUAN Survey and Design Group Co., Ltd.	Wuhan, Hubei	Wuhan, Hubei	Survey and design	1,000,000	100.00	-
China Railway Construction Group Co., Ltd.	Beijing	Beijing	Construction	3,502,971	85.64	-
China Railway Construction Electrification Bureau Group Co., Ltd.	Beijing	Beijing	Construction	3,800,000	100.00	-
China Railway Material Group Co., Ltd.	Beijing	Beijing	Purchase and sales of goods and materials	3,000,000	100.00	-
CRCC High-tech Equipment Corporation Limited	Kunming, Yunnan	Kunming, Yunnan	Manufacturing operations	1,519,884	63.70	1.30
China Railway Construction Real Estate Group Co., Ltd.	Beijing	Beijing	Real estate development and operation	7,000,000	100.00	-
China Railway Construction Heavy Industry Corporation Limited	Changsha, Hunan	Changsha, Hunan	Manufacturing operations	3,855,540	99.50	0.50
China Railway Construction Investment Group Co., Ltd.	Zuhai, Guangdong	Zuhai, Guangdong	Project investment, Construction	12,067,086	87.34	-
CRCC Finance Company Limited	Beijing	Beijing	Financial Services	9,000,000	94.00	-
China Railway Construction Corporation (International) Limited	Beijing	Beijing	Construction	3,000,000	100.00	-
CRCC Capital Holdings Group Co., Ltd.	Shenzhen, Guangdong	Shenzhen, Guangdong	Financial Services	9,000,000	100.00	-
China Railway Urban Construction Group Co., Ltd.	Changsha, Hunan	Changsha, Hunan	Construction	2,000,000	100.00	-
CRCC Kunlun Investment Group Co., Ltd.	Chengdu, Sichuan	Chengdu, Sichuan	Project investment, Construction	5,087,166	70.77	-
CRCC Chongqing Investment Group Co., Ltd.	Chongqing	Chongqing	Project investment, Construction	3,000,000	100.00	-

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

VII. EQUITY IN OTHER ENTITIES (CONTINUED)

1. Subsidiaries (continued)

The subsidiaries with significant non-controlling interests are listed as follows:

As at 30 June 2020 (unaudited):

RMB '000

Subsidiary	Shareholding proportion %	Net profit or loss attributable to non-controlling interests	Dividends distribute to non-controlling shareholders	Accumulated balances of non-controlling interests at the reporting date
China Railway Construction Investment Group Co., Ltd.	12.66	170,070	88,195	9,590,909
China Railway 11th Bureau Group Co., Ltd.	18.38	231,286	46,529	4,278,422

RMB '000

Subsidiary	30 June 2020 (unaudited)					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
China Railway Construction Investment Group Co., Ltd.	33,472,168	103,116,631	136,588,799	49,969,480	59,873,394	109,842,874
China Railway 11th Bureau Group Co., Ltd.	41,031,018	11,876,190	52,907,208	38,958,855	1,487,291	40,446,146

RMB '000

Subsidiary	31 December 2019					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
China Railway Construction Investment Group Co., Ltd.	24,006,529	96,570,729	120,577,258	44,952,443	48,863,994	93,816,437
China Railway 11th Bureau Group Co., Ltd.	41,572,344	10,884,610	52,456,954	38,234,426	984,895	39,219,321

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

VII. EQUITY IN OTHER ENTITIES (CONTINUED)

1. Subsidiaries (continued)

RMB '000

Subsidiary	For the six months ended 30 June 2020 (unaudited)			
	Revenue	Net profit	Total comprehensive income	Net cash flows generated from operating activities
China Railway Construction Investment Group Co., Ltd.	8,580,764	383,758	297,288	444,734
China Railway 11th Bureau Group Co., Ltd.	28,866,051	397,773	386,475	(3,916,343)

RMB '000

Subsidiary	For the six months ended 30 June 2019 (unaudited)			
	Revenue	Net profit	Total comprehensive income	Net cash flows generated from operating activities
China Railway Construction Investment Group Co., Ltd.	8,499,228	640,962	799,989	70,898
China Railway 11th Bureau Group Co., Ltd.	30,107,070	674,958	660,490	(2,909,877)

CRCC Chengan Limited

The Company's subsidiary CRCC Chengan Limited issued perpetual securities in 2019. According to the terms of the perpetual securities, the Group had no contractual obligation to deliver cash or other financial assets to the holders. The Group considered that the perpetual securities did not satisfy the definition of financial liabilities and recognised the perpetual securities as non-controlling interests amounting to RMB6,729,549,000 in the consolidated financial statements.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

VII. EQUITY IN OTHER ENTITIES (CONTINUED)

2. Equity in joint ventures and associates

Principle joint ventures and associates

RMB '000

Name of principle joint ventures and associates	Principal place of business	Place of registration	Principal activities	Shareholding proportion %		Measurement of joint ventures and associates
				Direct	Indirect	
Hohhot Metro Line 2 Construction & Management Co., Ltd.	Hohhot, Inner Mongolia	Hohhot, Inner Mongolia	Rail Transit Project Investment & Development	51	–	Equity method
Sichuan Tianfu Airport Expressway Co., Ltd.	Chengdu, Sichuan	Chengdu, Sichuan	Highway Project Investment & Management	50	–	Equity method
Hengda Real Estate (Shenzhen) Co., Ltd.	Shenzhen, Guangdong	Shenzhen, Guangdong	Real estate development	49	–	Equity method
CRCC Financial Leasing Co., Ltd.	Tianjin	Tianjin	Finance lease	50	–	Equity method

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

VII. EQUITY IN OTHER ENTITIES (CONTINUED)

2. Equity in joint ventures and associates (continued)

Major financial information of principle joint ventures

RMB '000

	30 June 2020 (unaudited)/ For the six months ended 30 June 2020 (unaudited)		31 December 2019/ For the six months ended 30 June 2019 (unaudited)	
	Hohhot Metro Line 2 Construction & Management Co., Ltd.	Sichuan Tianfu Airport Expressway Co., Ltd.	Hohhot Metro Line 2 Construction & Management Co., Ltd.	Sichuan Tianfu Airport Expressway Co., Ltd.
Current assets	2,105,049	1,278,625	2,118,045	957,208
Including: Cash and cash equivalents	954,078	695,858	738,451	885,882
Non-current assets	10,955,844	28,656,591	10,056,891	27,949,797
Total assets	13,060,893	29,935,216	12,174,936	28,907,005
Current liabilities	967,528	226,812	1,312,572	298,602
Non-current liabilities	5,416,350	23,508,404	4,560,350	22,408,403
Total liabilities	6,383,878	23,735,216	5,872,922	22,707,005
Non-controlling interests	–	–	–	–
Total equity attributable to owners of the company	6,677,015	6,200,000	6,302,014	6,200,000
The net assets multiplied by the shareholding proportion	3,405,278	3,100,000	3,214,027	3,100,000
Adjustment issue				
– Others	(94,614)	–	96,637	–
Carrying amount of investments in the joint ventures attributable to the Group	3,310,664	3,100,000	3,310,664	3,100,000
Dividends from joint ventures this period/year	–	–	–	–

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

VII. EQUITY IN OTHER ENTITIES (CONTINUED)

2. Equity in joint ventures and associates (continued)

Major financial information of principle associates

RMB '000

	30 June 2020(unaudited)/ For the six months ended 30 June 2020 (unaudited)		31 December 2019/ For the six months ended 30 June 2019 (unaudited)	
	Hengda Real Estate (Shenzhen) Co., Ltd.	CRCC Financial Leasing Co., Ltd.	Hengda Real Estate (Shenzhen) Co., Ltd.	CRCC Financial Leasing Co., Ltd.
Total assets	11,109,043	47,748,632	10,912,457	48,565,281
Total liabilities	6,418,698	42,477,496	6,221,768	43,602,472
Non-controlling interests	–	–	–	–
Total equity attributable to owners of the company	4,690,345	5,271,136	4,690,689	4,962,809
The net assets multiplied by the shareholding proportion	2,298,269	2,635,568	2,298,438	2,481,405
Adjustment issue				
– Unrealised profits of intra-group transactions	–	(386,876)	–	(403,514)
– Others	15,103	(2,360)	15,068	(2,360)
Carrying amount of investments in the associates attributable to the Group	2,313,372	2,246,332	2,313,506	2,075,531
Revenue	214	2,193,952	–	2,233,516
Finance costs	(62)	–	–	–
Income tax expenses	–	106,683	–	105,278
Net profit	(344)	308,326	–	285,313
Other comprehensive income	–	–	–	–
Total comprehensive income	(344)	308,326	–	285,313
Dividends from associates this period/year	–	–	–	–

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

VII. EQUITY IN OTHER ENTITIES (CONTINUED)

2. Equity in joint ventures and associates (continued)

Major financial information of principle associates (continued)

The aggregate financial information of the individually insignificant joint ventures:

Item	<i>RMB '000</i>	
	30 June 2020 (unaudited)	31 December 2019
Shares of net profit of the joint ventures attributable to the Group	672,304	1,832,507
Shares total comprehensive income of the joint ventures attributable to the Group	672,304	1,832,507
Carrying amount of investments in the joint ventures attributable to the Group	19,841,361	18,073,923

The aggregate financial information of the individually insignificant associates:

Item	<i>RMB '000</i>	
	30 June 2020 (unaudited)	31 December 2019
Shares of net profit of the associates attributable to the Group	183,798	231,335
Shares of other comprehensive income (loss) of the associates attributable to the Group	(76,770)	251,093
Shares of total comprehensive income of the associates attributable to the Group	107,028	482,428
Carrying amount of investments in the associates attributable to the Group	25,615,229	20,771,010

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

VIII. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS

1. Financial instruments by category

The carrying amount of each categories of financial instruments at the balance sheet date are as follows:

30 June 2020 (unaudited):

Financial assets

RMB '000

Item	Classified as financial assets at fair value through other comprehensive income	Designated as financial assets at fair value through other comprehensive income	Financial assets at fair value through profit or loss	Financial assets measured at amortised cost	Total
Bills receivable	-	-	-	7,235,696	7,235,696
Trade receivables	-	-	-	125,799,493	125,799,493
Receivables at FVTOCI	2,130,161	-	-	-	2,130,161
Loans and advances to customers	-	-	-	2,437,500	2,437,500
Other receivables (excluding petty cash)	-	-	-	62,392,948	62,392,948
Other current assets	-	-	-	9,247	9,247
Long-term receivables	-	-	-	68,039,876	68,039,876
Cash and bank balances	-	-	-	124,770,685	124,770,685
Held-for-trading financial assets	-	-	1,608,435	-	1,608,435
Debt investments	-	-	-	41	41
Other equity instrument investments	-	10,193,051	-	-	10,193,051
Other non-current financial assets	-	-	1,852,750	-	1,852,750
Current portion of non-current assets	102,427	-	-	6,920,869	7,023,296
Total	2,232,588	10,193,051	3,461,185	397,606,355	413,493,179

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

VIII. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (CONTINUED)

1. Financial instruments by category (continued)

30 June 2020 (unaudited): (continued)

Financial liabilities

RMB '000

Item	Financial liabilities at fair value through profit or loss	Other financial liabilities	Total
Short-term loans	–	65,191,274	65,191,274
Due to customers	–	1,713,428	1,713,428
Bills payable	–	71,367,755	71,367,755
Trade payables	–	328,289,433	328,289,433
Other payables	–	79,538,253	79,538,253
Current portion of non-current liabilities (excluding current portion of long-term employee benefits payable, provisions and lease liabilities)	14,062	24,735,989	24,750,051
Other current liabilities	–	3,725,826	3,725,826
Long-term loans	–	115,124,299	115,124,299
Bonds payable	–	24,389,117	24,389,117
Long-term payables (excluding special payables)	–	10,542,870	10,542,870
Other non-current liabilities	–	123,250	123,250
Total	14,062	724,741,494	724,755,556

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

VIII. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (CONTINUED)

1. Financial instruments by category (continued)

31 December 2019:

Financial assets

RMB '000

Item	Classified as financial assets at fair value through other comprehensive income	Designated as financial assets at fair value through other comprehensive income	Financial assets at fair value through profit or loss	Financial assets measured at amortised cost	Total
Bills receivable	-	-	-	10,305,274	10,305,274
Trade receivables	-	-	-	112,138,537	112,138,537
Receivables at FVTOCI	2,654,263	-	-	-	2,654,263
Loans and advances to customers	-	-	-	2,730,000	2,730,000
Other receivables (excluding petty cash)	-	-	-	59,544,500	59,544,500
Other current assets	-	-	-	225,545	225,545
Long-term receivables	-	-	-	60,804,614	60,804,614
Cash and bank balances	-	-	-	156,887,177	156,887,177
Held-for-trading financial assets	-	-	3,587,646	-	3,587,646
Debt investments	-	-	-	41	41
Other equity instrument investments	-	10,038,609	-	-	10,038,609
Other non-current financial assets	-	-	1,643,494	-	1,643,494
Current portion of non-current assets	101,930	-	-	10,155,380	10,257,310
Total	2,756,193	10,038,609	5,231,140	412,791,068	430,817,010

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

VIII. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (CONTINUED)

1. Financial instruments by category (continued)

31 December 2019: (continued)

Financial liabilities

RMB '000

Item	Financial liabilities at fair value through profit or loss	Other financial liabilities	Total
Short-term loans	–	42,749,266	42,749,266
Due to customers	–	3,820,235	3,820,235
Bills payable	–	69,601,977	69,601,977
Trade payables	–	325,785,304	325,785,304
Other payables	–	70,116,812	70,116,812
Current portion of non-current liabilities (excluding current portion of long-term employee benefits payable, provisions and lease liabilities)	–	32,619,894	32,619,894
Other current liabilities	–	218,000	218,000
Long-term loans	–	87,936,038	87,936,038
Bonds payable	–	26,143,894	26,143,894
Long-term payables (excluding special payables)	–	8,463,975	8,463,975
Other non-current liabilities	244,414	171,250	415,664
Total	244,414	667,626,645	667,871,059

2. Transfer of financial assets

Transferred financial assets that are derecognised in their entirety but continuously involved

As at 30 June 2020, the Group had endorsed and discounted bank acceptance bills amounting to RMB676,477,000 (31 December 2019: RMB1,098,468,000). As at 30 June 2020, for bills within 12 months, if acceptance banks dishonored the bills, endorsees shall have the right to turn to the Group for recourse according to the Law of Bill. The Group considered the risks and rewards of the bills had been transferred. Therefore, the Group had derecognised the related bills receivable and trade payables that had been settled by the bills. The undiscounted cash flows and maximum losses of continuing involvement and repurchase equaled to the book value of the bills. The Group considered the fair value of continuing involvement to be not significant.

For the six months ended 30 June 2020, the Group did not recognised any profit or loss at the date of transfer. The Group had no current or accumulated gains or expenses related to continuing involvement of financial assets which had been derecognised. The endorsement and discount happens evenly throughout the year.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

VIII. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (CONTINUED)

2. *Transfer of financial assets (continued)*

Transferred financial assets that are not derecognised in their entirety

For the six months ended 30 June 2020, the trade receivables and long-term receivables that have been transferred but not derecognised in their entirety are stated in Note V.5 and Note V.12 respectively.

3. *Financial instrument risks*

The Group's major financial instruments include loans, due to customers, bonds and convertible bonds. The purpose of these financial instruments is to support daily operations of the Group. The Group also has various financial assets and liabilities arising from operation, such as bills receivable, trade receivables, receivables at FVTOCI, other receivables, long-term receivables, bills payable, trade payables, other payables and long-term payables.

The major risks from the Group's financial instruments are credit risk, liquidity risk and market risk. The management will hold meetings at least four times a year to analyse and make plans to manage these risks. Besides, the board will hold meetings at least twice a year to discuss and approve the suggestions from management. Generally, the Group introduces conservative strategies in risk management. As these risks for the Group are kept at a low level, the Group does not use any derivative instrument and other instruments to hedge these risks in the whole year.

Credit risk

The Group trades only with recognised and creditworthy customers. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, the balances and collection of trade receivables, contract assets and long-term receivables are monitored on an ongoing basis to ensure that the Group's exposure to credit loss is not significant. For transactions that are not denominated in the functional currency of the relevant operating unit, the Group does not offer credit terms without the specific approval of the Department of Credit Control in the Group. Besides, the Group reviews collections of financial assets at each balance sheet date to ensure sufficient provisions for estimated credit loss have been made for relevant financial assets.

Other financial assets of the Group include cash and bank balances, bills receivable, receivables at FVTOCI, other receivables, debt investments, loans and advances to customers. Credit risk of such financial assets is resulted from defaults of counterparties. The largest risk exposure equals to the carrying amount of these instruments. The Group is also exposed to credit risk through the granting of financial guarantees, further details of which are disclosed in Note XI. 3 to the financial statements. Substantially all of the Group's cash and bank balances are held in major financial institutions located in the PRC, which management believes are of high credit quality. The Group has policies to control the size of the deposits to be placed with various reputable financial institutions according to their market reputation, operating scale and financial background with a view to limit the amount of credit exposure to any single financial institution.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

VIII. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (CONTINUED)

3. Financial instrument risks (continued)

Credit risk (continued)

The Group adopts the provision matrix based on portfolio to assess the credit losses of trade receivables, except for trade receivables that are individually significant and credit-impaired. The Group's trade receivables involve a large number of customers. Aging information may reflect these customers' solvency in regard of such trade receivables. According to the credit risk characteristics of different types of customers, trade receivables are divided into several group. The Group calculates the historical actual loss rate of different aging periods based on historical data, taking into consideration of the forward-looking information like growth rate of GDP and CPI, and makes adjustments to estimate the provision rate. For contract assets and long-term receivables, the Group comprehensively considers billing period, contractual payment period, the debtor's financial position and economic situation of the debtor's industry, takes into account the above forward-looking information and makes adjustments, and works out reasonable assessment on ECL. For other financial assets, the Group calculates ECL through default exposure and the expected credit loss rate for the next 12 months or the full lifetime.

As at 30 June 2020, the credit risk exposure and expected credit-impairment losses of trade receivables are disclosed as follows (unaudited):

RMB '000

Gross carrying amount	Not credit impaired	Credit impaired	Total
30 June 2020	126,053,997	6,660,059	132,714,056

Impairment of credit losses	Not credit impaired	Credit impaired	Total
1 January 2020	3,218,363	3,394,656	6,613,019
Transferred to impairment of credit losses occurred	(84,152)	84,152	–
Provision for the period	666,748	344,857	1,011,605
Reversal for the period	(528,094)	(95,454)	(623,548)
Write-off for the period	–	(10,087)	(10,087)
Others	(76,426)	–	(76,426)
30 June 2020	3,196,439	3,718,124	6,914,563

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

VIII. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (CONTINUED)

3. Financial instrument risks (continued)

Credit risk (continued)

As at 30 June 2020, there is no significant credit impaired contract asset in the Group. The Group measure the provision according to the lifetime amount of credit losses in the whole duration, based on the billing period, settlement overdue time, the financial status of the debtor and the economic situation of the industry which the debtor is located of different types of construction projects.

RMB '000

	1 January 2020	Provision for the period (unaudited)	Reversal for the period (unaudited)	Others (unaudited)	30 June 2020 (unaudited)
Impairment of credit losses	5,370,948	1,138,262	(372,347)	(16,318)	6,120,545

As at 30 June 2020, the credit risk exposure and ECL of long-term receivables (including current portion of long-term receivables) generated from transactions scoped in ASBE No. 14 are disclosed as follows (unaudited):

RMB '000

Gross carrying amount	Not credit impaired	Credit impaired	Total
30 June 2020	38,505,057	739,160	39,244,217

Impairment of credit losses	Not credit impaired	Credit impaired	Total
1 January 2020	192,316	376,828	569,144
Provision for the year	28,373	–	28,373
Reversal for the year	(27,327)	(1,430)	(28,757)
Write-off for the period	(176)	–	(176)
Others	(2,844)	–	(2,844)
30 June 2020	190,342	375,398	565,740

As at 30 June 2020, the Group's contract assets in other non-current assets including retention receivables, A-land development receivables and other project receivables (includes retention receivables due within one year), are amounting to RMB71,500,784,000, with no credit impaired. The Group recognises loss provision amounting to RMB857,042,000 based on lifetime ECL.

VIII. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (CONTINUED)

3. *Financial instrument risks (continued)*

Credit risk (continued)

As at 30 June 2020, external financial guarantees and mortgages for real estate development operations provided by the Group amounted to RMB3,089,020,000 and RMB22,438,195,000 respectively. Details of financial guarantee contracts are set out in Note XI.3. Management of the Group assessed overdue status of relevant borrowings, financial position of relevant debtor, and economic condition in the debtor's industry. Management is of the view that relevant credit risk of such part of financial guarantee contract had not increased significantly since initial recognition. Therefore, loss allowance for the Group's financial guarantee contracts were not determined based on the amount of lifetime ECL, but measured at the amount of the future 12-month ECL of the above financial guarantee contracts. During the period from 1 January 2020 to 30 June 2020, the Group's assessment method and significant assumptions did not change. The Group had not recognised significant expected loss allowance for guarantees and mortgages based on management's assessment.

As the Group's major customers are PRC government agencies at the national, provincial and local levels and other state-owned enterprises, the Group believes that they are reliable and of high credit quality and hence, there is no significant credit risk with these customers. As the Group's exposure to credit risk spreads over a diversified portfolio of customers, there is no significant concentration of credit risk.

Liquidity risk

The Group monitors its risk of deficiency of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and estimated cash flows from the Group's operations.

The Group's objective is to ensure continuity of sufficient funding and flexibility by utilising a variety of bank and other borrowings with debt maturities spreading over a range of periods, thereby ensuring that the Group's outstanding borrowing obligation is not exposed to excessive repayment risk in any one year. Due to the capital intensive nature of the Group's businesses, the Group ensures that it maintains sufficient cash and credit facility to meet its liquidity requirements.

The liquidity of the Group is primarily dependent on its ability to maintain adequate cash inflows from operations to meet its debt obligations as they fall due, and its ability to obtain external financing to meet its committed future capital expenditure. With regard to its future capital commitments and other financing requirements, as at 30 June 2020, the Group already had banking facilities from several PRC banks.

The Group's policy is that not more than 75% of the borrowings shall mature in the following 12 months based on the carrying amount of borrowings reflected in the financial statements. As at 30 June 2020, the Group has 39.5% of loans and bonds payable that would expire within one year (As at 31 December 2019: 39.1%).

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

VIII. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (CONTINUED)

3. Financial instrument risks (continued)

Liquidity risk (continued)

The table below summarizes the maturity profile of the Group's financial liabilities and lease liabilities at the balance sheet date, based on the undiscounted contractual cash flows:

RMB '000

Item	30 June 2020 (unaudited)					Total
	On demand	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	
Short-term loans	-	66,497,790	-	-	-	66,497,790
Due to customers	1,713,428	-	-	-	-	1,713,428
Bills payable	-	71,367,755	-	-	-	71,367,755
Trade payables	-	328,289,433	-	-	-	328,289,433
Other payables	-	79,538,253	-	-	-	79,538,253
Current portion of non-current liabilities (excluding current portion of long-term employee benefits payable and provisions)	-	27,666,684	-	-	-	27,666,684
Other current liabilities	-	3,768,125	-	-	-	3,768,125
Long-term loans	-	7,855,202	37,628,193	44,018,043	60,670,630	150,172,068
Bonds payable	-	1,304,501	5,599,446	18,831,594	3,296,140	29,031,681
Long-term payables (excluding special payables)	-	-	6,037,074	4,028,867	950,693	11,016,634
Lease liabilities	-	-	1,635,817	1,481,188	450,299	3,567,304
Other non-current liabilities	-	-	123,250	-	-	123,250
Financial guarantees (<i>Note XI. 3</i>) (excluding the real estate mortgage guarantee)	3,089,020	-	-	-	-	3,089,020
Total	4,802,448	586,287,743	51,023,780	68,359,692	65,367,762	775,841,425

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

VIII. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (CONTINUED)

3. Financial instrument risks (continued)

Liquidity risk (continued)

The table below summarizes the maturity profile of the Group's financial liabilities and lease liabilities at the balance sheet date, based on the undiscounted contractual cash flows: (continued)

RMB '000

Item	31 December 2019					Total
	On demand	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	
Short-term loans	-	43,605,808	-	-	-	43,605,808
Due to customers	3,820,235	-	-	-	-	3,820,235
Bills payable	-	69,601,977	-	-	-	69,601,977
Trade payables	-	325,785,304	-	-	-	325,785,304
Other payables	-	70,116,812	-	-	-	70,116,812
Current portion of non-current liabilities (excluding current portion of long-term employee benefits payable and provisions)	-	35,565,075	-	-	-	35,565,075
Other current liabilities	-	218,000	-	-	-	218,000
Long-term loans	-	4,294,424	20,353,652	36,785,148	59,863,157	121,296,381
Bonds payable	-	1,567,074	9,492,280	17,197,757	1,229,011	29,486,122
Long-term payables (excluding special payables)	-	-	5,480,992	2,794,898	266,642	8,542,532
Lease liabilities	-	-	1,605,408	1,547,326	360,868	3,513,602
Other non-current liabilities	-	-	156,000	15,250	-	171,250
Financial guarantees (<i>Note XI.3</i>) (excluding the real estate mortgage guarantee)	3,236,731	-	-	-	-	3,236,731
Total	7,056,966	550,754,474	37,088,332	58,340,379	61,719,678	714,959,829

Market risk

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

The Group regularly reviews and monitors the mix of fixed and floating interest rate borrowings in order to manage its interest rate risk. Interest-bearing borrowings, cash and short term deposits are stated at amortised cost and are not revalued on a periodic basis. Floating rate interest income and expenses are credited/charged to the profit or loss as earned/incurred.

As at 30 June 2020, floating interest rate loans and fixed interest rate loans accounted for approximately 74.14% and 25.86% of the Group's borrowings respectively. Management would adjust the proportion of floating and fixed rate loans based on changes in the market interest rates to reduce the significant impact arising from interest rate risk.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

VIII. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (CONTINUED)

3. Financial instrument risks (continued)

Market risk (continued)

Interest rate risk (continued)

If there was a general increase/decrease in the interest rate of bank and other borrowings with floating interest rates by 0.25% (For the six months ended 30 June 2019: 0.25 %), with all other variables held constant, the consolidated operating results would have decreased/increased by approximately RMB76,850,000 for the six months ended 30 June 2020 (For the six months ended 30 June 2019: RMB93,917,000), and there is no impact on other components of the consolidated equity, except for retained earnings, of the Group. The sensitivity analysis above has been determined assuming that the change in interest rates had occurred as at 30 June 2020 and the exposure to interest rate risk has been applied to those financial instruments in existence at that date. The estimated 0.25% (2019: 0.25 %) of increase or decrease represents management's assessment of a reasonably possible change in interest rates over the year from now until the end of the next annual reporting period.

Foreign currency risk

As a result of its significant business operations in Mainland China, the Group's revenue and expenses are mainly denominated in RMB and over 90% of the financial assets and liabilities are denominated in RMB. The effect of the fluctuations in the exchange rates of RMB against foreign currencies on the Group's results of operations is therefore minimal and the Group had not entered into any hedging transactions as at 30 June 2020 in order to reduce the Group's exposure to foreign currency risk in this regard (31 December 2019: Nil).

The following table demonstrates the sensitivity at the balance sheet date to a reasonably possible change in the exchange rates of the United States dollar, Euro and Algerian dinar, with all other variables held constant, of the Group's net profit and shareholder's equity net of tax.

For the six months ended 30 June 2020 (unaudited):

RMB '000

Item	Exchange	Net profit	Total equity
	Rate Increase/ (Decrease)	or loss Increase/ (Decrease)	Increase/ (Decrease)
Increase in the United States dollar rate	4%	(38,822)	(38,822)
Decrease in the United States dollar rate	(4%)	38,822	38,822
Increase in the Euro rate	5%	(144,258)	(144,258)
Decrease in the Euro rate	(5%)	144,258	144,258
Increase in the Algerian dinar rate	5%	34,315	34,315
Decrease in the Algerian dinar rate	(5%)	(34,315)	(34,315)

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

VIII. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (CONTINUED)

3. Financial instrument risks (continued)

Market risk (continued)

Foreign currency risk (continued)

For the six months ended 30 June 2019 (unaudited):

RMB '000

Item	Exchange Rate Increase/ (Decrease)	Net profit or loss Increase/ (Decrease)	Total equity Increase/ (Decrease)
Increase in the United States dollar rate	4%	271,981	271,981
Decrease in the United States dollar rate	(4%)	(271,981)	(271,981)
Increase in the Euro rate	5%	(14,195)	(14,195)
Decrease in the Euro rate	(5%)	14,195	14,195
Increase in the Algerian dinar rate	8%	59,070	59,070
Decrease in the Algerian dinar rate	(8%)	(59,070)	(59,070)

The sensitivity analysis above has been determined assuming that the changes in foreign exchange rates had occurred as at 30 June 2020 and the exposure to foreign currency risk has been applied to those monetary assets and liabilities in existence at that date. The estimated percentage increase or decrease represents management's assessment of a reasonably possible change in foreign exchange rates over the year from now until the end of the next annual reporting period.

4. Capital management

The Group's primary objectives for capital management are to safeguard the Group's ability to continue as a going concern and keep the capital ratio at a healthy level, so that it can support business development and maximize the value of shareholders and other equity investors.

The Group sets the amount of capital in proportion to risk. The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debts. No changes were made in the objectives, policies or processes for managing capital for the six months ended 30 June 2020 and for the six months ended 30 June 2019.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

VIII. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (CONTINUED)

4. Capital management (continued)

The Group monitors capital using a gearing ratio, which is net debt divided by total equity plus net debt. Net debt includes all loans, due to customers, other current liabilities, bills payable, trade payables, other payables, bonds payable, lease liabilities, long-term payables (excluding special payables), current portion of non-current liabilities (excluding the current portion of long-term employee benefits payable and provisions) and other non-current liabilities less cash and bank balances. Total equity comprises equity attributable to owners of the Company and non-controlling interests stated in the consolidated statement of financial position. The gearing ratios at the balance sheet date are listed as follows:

RMB '000

Item	30 June 2020 (unaudited)	31 December 2019
Short-term loans	65,191,274	42,749,266
Long-term loans	115,124,299	87,936,038
Due to customers	1,713,428	3,820,235
Bills payable	71,367,755	69,601,977
Trade payables	328,289,433	325,785,304
Other payables	79,538,253	70,116,812
Current portion of non-current liabilities (excluding current portion of long-term employee benefits payable and provisions)	26,612,290	34,540,843
Other current liabilities	3,725,826	218,000
Bonds payable	24,389,117	26,143,894
Long-term payables (excluding special payables)	10,542,870	8,463,975
Lease liabilities	3,046,562	3,160,980
Other non-current liabilities	123,250	415,664
Less: Cash and bank balances	124,770,685	156,887,177
Net debt	604,893,672	516,065,811
Attributable to shareholders' equity of the Company	214,932,492	209,959,674
Non-controlling interests	53,012,491	52,061,900
Total equity	267,944,983	262,021,574
Total equity and net debt	872,838,655	778,087,385
Gearing ratio	69%	66%

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

IX. DISCLOSURE OF FAIR VALUE

1. Assets and liabilities measured at fair value

30 June 2020

RMB '000

	Inputs of fair value measurement (unaudited)			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Continuous measurement of fair value				
Receivables at FVTOCI	–	2,130,161	–	2,130,161
Held-for-trading financial assets	153,575	1,048,628	406,232	1,608,435
Current portion of other debt investments	–	102,427	–	102,427
Other equity instrument investments	1,710,506	114,622	8,367,923	10,193,051
Other non-current financial assets	52,046	–	1,800,704	1,852,750
Sum of assets under continuous measurement of fair value	1,916,127	3,395,838	10,574,859	15,886,824
Current portion of non-current liabilities	–	–	14,062	14,062
Sum of liabilities under continuous measurement of fair value	–	–	14,062	14,062

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

IX. DISCLOSURE OF FAIR VALUE (CONTINUED)

1. Assets and liabilities measured at fair value (continued)

31 December 2019

RMB '000

	Inputs of fair value measurement			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Continuous measurement of fair value				
Receivables at FVTOCI	–	2,654,263	–	2,654,263
Held-for-trading financial assets	168,119	3,009,186	410,341	3,587,646
Current portion of other debt investments	–	101,930	–	101,930
Other equity instrument investments	1,969,717	160,916	7,907,976	10,038,609
Other non-current financial assets	59,733	–	1,583,761	1,643,494
Sum of assets under continuous measurement of fair value	2,197,569	5,926,295	9,902,078	18,025,942
Other non-current liabilities	–	–	244,414	244,414
Sum of liabilities under continuous measurement of fair value	–	–	244,414	244,414

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

IX. DISCLOSURE OF FAIR VALUE (CONTINUED)

1. Assets and liabilities measured at fair value (continued)

Quantitative information of fair value measurement at Level 2:

RMB '000

Item	Fair value as at 30 June 2020	Valuation technique (s)	Key input (s)
Receivables at FVTOCI	2,130,161	Discounted cash flows	Discount rates for bank acceptance bills in the same term
Held-for-trading financial assets	1,048,628	Discounted cash flows	Market average rate of return with the category in the same term
Current portion of other debt investments	102,427	Discounted cash flows	Market average rate of return with the category in the same term
Other equity instrument investments	114,622	Comparable listed companies	Discount rate for lack of market mobility
Total	3,395,838	–	–

Quantitative information of fair value measurement at Level 3:

RMB '000

Item	Fair value as at 30 June 2020	Valuation technique (s)	Significant unobservable input (s)
Held-for-trading financial assets	406,232	Discounted cash flows	Future cash flows discounted at rates that reflected the expected risk level
Other equity instrument investments	8,367,923	Market method	Discount rate for lack of market mobility
Other non-current financial assets – call options for unlisted entities	472,106	Binomial tree option pricing model for valuation	Unlisted entities' revenue volatility and unlisted equity investments' comparable entities' stock price volatility
Other non-current financial assets – others	1,328,598	Discounted cash flows	Future cash flows discounted at rates that reflected the expected risk level
Sum of assets under continuous measurement of fair value	10,574,859	–	–
Current portion of non-current liabilities	14,062	Binomial tree option pricing model for valuation	Expected stock price volatility and risk-free interest rate
Sum of liabilities under continuous measurement of fair value	14,062	–	–

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

IX. DISCLOSURE OF FAIR VALUE (CONTINUED)

1. Assets and liabilities measured at fair value (continued)

Fair value of listed equity instruments is determined based on a quoted market price.

For the six months ended 30 June 2020, there was no transfer of fair value measurements between each level for both financial assets and financial liabilities.

2. Fair value of assets and liabilities that are not measured at fair values

The management of the Group considers that the carrying amounts of financial assets and financial liabilities measured at amortised cost in the financial statements approximate to their fair values except the following items:

RMB '000

Item	Carrying amount		Fair value	
	30 June 2020 (unaudited)	31 December 2019	30 June 2020 (unaudited)	31 December 2019
Long-term loans	115,124,299	87,936,038	115,523,167	88,315,870
Bonds payable	24,389,117	26,143,894	24,977,089	26,695,561

Note: Fair value of long-term loans and bonds payable is determined by discounted future cash flow method, with market yield of other financial instruments with similar contractual terms, credit risk and remaining period, which used as the discount rate. As at 30 June 2020, its own default risk of long-term and short-term loans was evaluated as insignificant.

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

1. Parent

RMB '000

Company name	Place of registration	Business scope	Registered capital	Percentage of ownership interest in the Company (%)	Percentage of voting rights in the Company (%)
China Railway Construction Corporation	Beijing	Construction and management	9,000,000	51.13	51.13

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

2. Subsidiaries

Please refer to Note XIV. 3(i) "Subsidiaries".

3. Joint venture and associate

Company name	Related party relationship
Xuzhou Metro Line 2 Rail Transit Investment & Development Co., Ltd.	Joint venture
Jiashan Chengfa Construction & Development Co., Ltd.	Joint venture
CRCC-HC-CR15G Joint Venture	Joint venture
Ningbo Jingwan Investment Management Co., Ltd.	Joint venture
Hohhot Metro Line 2 Construction & Management Co., Ltd.	Joint venture
Changzhou China Railway Blue Flame Component Co., Ltd.	Joint venture
Nanjing Jiangbei New Area Guanglian Pipeline Corridor Construction Co., Ltd.	Joint venture
Tianjin China Railway Yuhua Real Estate Co., Ltd.	Joint venture
Chengdu Tiecheng Real Estate Co., Ltd.	Joint venture
Chengdu China Railway Huafu Real Estate Co., Ltd.	Joint venture
China Railway Construction Kunlun Yunnan Real Estate Co., Ltd.	Joint venture
Chongqing Pinjinyue Real Estate Co., Ltd.	Joint venture
Shanghai Hongjun Real Estate Co., Ltd.	Joint venture
China Railway Construction Real Estate Group Ningbo Jingping Real Estate Co., Ltd.	Joint venture
China Railway Construction Real Estate Group Suzhou Real Estate Co., Ltd.	Joint venture
Nanjing Jingrui Real Estate Investment Co., Ltd.	Joint venture
Deqing Jingsheng Real Estate Development Co., Ltd.	Joint venture
Ningbo Jinghai Investment Management Co., Ltd.	Joint venture
Changzhou Jingrui Real Estate Development Co., Ltd.	Joint venture
Beijing Jiehai Real Estate Co., Ltd.	Joint venture
Tianjin Wanhe Real Estate Co., Ltd.	Joint venture
Beijing Liuzhuang Real Estate Co., Ltd.	Joint venture
Beijing Ruida Real Estate Co., Ltd.	Joint venture
Beijing Xinda Real Estate Co., Ltd.	Joint venture
Xi'an China Railway Jingmao Real Estate Co., Ltd.	Joint venture
Taiyuan Rongchuang Huifeng Real Estate Co., Ltd.	Joint venture
Guangzhou Xintie Xinjian Investment Co., Ltd.	Joint venture
PetroChina & CRCC Petroleum Marketing Co., Ltd.	Joint venture
Sichuan Tianfu Airport Expressway Co., Ltd.	Joint venture
Yunnan Yulin Expressway Construction Co., Ltd.	Joint venture
Yunnan Kunchu Highway Investment & Development Co., Ltd.	Joint venture
Chongqing Tiefa Shuanghe Expressway Co., Ltd.	Joint venture

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

3. Joint venture and associate (continued)

Company name	Related party relationship
Chongqing Tiefa Jianxin Highway Co., Ltd.	Joint venture
Shijiazhuang Jiasheng Pipeline Corridor Engineering Co., Ltd.	Joint venture
Shijiazhuang Jiatai Pipeline Corridor Operation Co., Ltd.	Joint venture
Shijiazhuang Runshi Ecological Protection Management Service Co., Ltd.	Joint venture
CRCC Shaanxi Highway Co., Ltd.	Joint venture
Qingdao Qingping Tiecheng Construction Engineering Co., Ltd.	Joint venture
CRCC Shaanxi Meitai Expressway Co., Ltd.	Joint venture
Wuhan Tongtui Construction & Investment Co., Ltd.	Joint venture
China Railway Construction Real Estate Group Jinan 6th Continent Real Estate Co., Ltd.	Joint venture
Chongqing Jianlian New Real Estate Co., Ltd.	Joint venture
Hangzhou Jingping Real Estate Co., Ltd.	Joint venture
Hangzhou Jingbin Real Estate Co., Ltd.	Joint venture
Hangzhou Jianshen Real Estate Co., Ltd.	Joint venture
Nanjing Xincheng Guanghong Real Estate Co., Ltd.	Joint venture
Hangzhou Jingke Real Estate Co., Ltd.	Joint venture
Xixian New Area Xingchengrenju Real Estate Co., Ltd.	Joint venture
Dalian Wancheng Zhiguang Real Estate Co., Ltd.	Joint venture
Dalian Jingcheng Real Estate Co., Ltd.	Joint venture
Fuzhou Xincheng Real Estate Co., Ltd.	Joint venture
Guangzhou Suiyun Real Estate Co., Ltd.	Joint venture
Chongqing Yonglu Expressway Co., Ltd.	Joint venture
China Railway Construction Yudongnan (Chongqing) Expressway Co., Ltd.	Joint venture
Changsha Yuchi River Area Development & Investment Co., Ltd.	Joint venture
Kunming Qiping Real Estate Co., Ltd.	Joint venture
Inner Mongolia Dongyun Sports Investment Co., Ltd.	Joint venture
Kunming Tiexin Construction Management Co., Ltd.	Joint venture
Qingdao Blue Silicon Valley Intercity Rail Transit Co., Ltd.	Joint venture
Hangzhou Lin'an Changxi Investment and Construction Management Co., Ltd.	Joint venture
Foshan City Shunde District Shunhao Real Estate Co., Ltd.	Joint venture
Guangzhou City Longguang Junshen Real Estate Co., Ltd.	Joint venture
Fuzhou Haicheng Real Estate Co., Ltd.	Joint venture
Shenyang Jiabai Real Estate Co., Ltd.	Joint venture
Guizhou Zhongguang Wenchuang City Real Estate Co., Ltd.	Joint venture
Pingxiang City China Railway Construction Bridge Haimian City Construction Co., Ltd.	Joint venture
Guangzhou City Zengcheng District Shunxuan Real Estate Co., Ltd.	Joint venture
Hangzhou Jingjiang Real Estate Development Co., Ltd.	Joint venture
Guangdong Nanhai International Architectural Design Co., Ltd.	Joint venture
Kunming Kunlun Shouzhi Real Estate Co., Ltd.	Joint venture

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

3. Joint venture and associate (continued)

Company name	Related party relationship
Fujian Green Energy Construction & Development Co., Ltd.	Associate
Chongqing Monorail Transit Engineering Co., Ltd.	Associate
Hubei Provincial Communications Investment Ziyun Railway Co., Ltd.	Associate
Nanjing Daqiaobei Environmental Comprehensive Management Co., Ltd.	Associate
Jianyang Railway Construction Hexing Highway Investment Co., Ltd.	Associate
Jiangxi Wanshui Ecology Resource Development Co., Ltd.	Associate
Taiyuan City Jinyuan East Zone Comprehensive Pipeline Corridor Construction & Management Co., Ltd.	Associate
Changde Yuanjiang Tunnel Co., Ltd.	Associate
Xingan Mengxingzhong Project Management Co., Ltd.	Associate
Ningxia Inter-City Railway Co., Ltd.	Associate
Yuxi China Railway Infrastructure Construction Co., Ltd.	Associate
Shaanxi Huangpu Highway Co., Ltd.	Associate
Gansu Gonghanglv Longzhang Expressway Management Co., Ltd.	Associate
Lanzhou Matan Pipeline Corridor Project Management Co., Ltd.	Associate
Gansu Zhuzhong Railway Co., Ltd.	Associate
Zhengzhou Jiaotou East Fourth Ring Project Management Co., Ltd.	Associate
Guangzhou Huangpu Light Rail Line 1 Investment Construction Co., Ltd.	Associate
Tianjin China Railway Guancheng Real Estate Co., Ltd.	Associate
CRCC Financial Leasing Co., Ltd.	Associate
Chengdu Urban Investment & Construction Technology Co., Ltd.	Associate
Fuzhou North Railway Station South Square Construction & Development Co., Ltd.	Associate
China Railway Construction Group Rongsheng Chengdu Tianfu New Area Investment Co., Ltd.	Associate
Guizhou China Railway Construction Engineering Investment Co., Ltd.	Associate
Ningbo Hangtong Prefabricated Components Engineering Co., Ltd.	Associate
Huizhou CRCC Harbor & Channel Engineering Bureau Infrastructure Investment Co., Ltd.	Associate
CRCC-Shandong Jinghu Highway Jile Co., Ltd.	Associate
CRCC-Tongguan Investment Co., Ltd.	Associate
Chongqing Yurong Highway Co., Ltd.	Associate
CRCC Gansu Zhangbian Highway Co., Ltd.	Associate
CRCC Xinjiang Jingxin Expressway Co., Ltd.	Associate
China Railway First Survey and Design Institution Group Shandong Architecture Design Institute Co., Ltd.	Associate
Hunan Maglev Transportation Development Co., Ltd.	Associate
Kunming Metro Line 5 Construction & Operation Co., Ltd.	Associate
Jiaxing Jingkai Real Estate Development Co., Ltd.	Associate
Guangzhou Hongjia Real Estate Co., Ltd.	Associate

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

3. Joint venture and associate (continued)

Company name	Related party relationship
Guangzhou Baorui Real Estate Co., Ltd.	Associate
Guangzhou Jingye Real Estate Co., Ltd.	Associate
Wuhu China Railway Vossloh Cogifer Rail Co., Ltd.	Associate
Qingyuan Maglev Transportation Co., Ltd.	Associate
Xinjiang Taqia Highway Project Management Co., Ltd.	Associate
Hangzhou Xiashalu Tunnel Co., Ltd.	Associate
CRCC (Guangzhou) North Railway Station Xincheng Investment Construction Co., Ltd.	Associate
CRCC (Shandong) Deshang Highway Co., Ltd.	Associate
CRCC Real Estate Co., Ltd.	Associate
Gansu Jinhe Highway Project Management Co., Ltd.	Associate
Yangzhou Wantou Jade Characteristics Town Co., Ltd.	Associate
Tianjin Tiejian Hongtu Fengchuang Investment Partnership(Limited Partnership)	Associate
Hangzhou Beikong Jiandejiang Investment Co., Ltd.	Associate
CRCC (Shandong) Gaodong Highway Co., Ltd.	Associate
Wuhan Lvyin Green Lawn Engineering Co., Ltd.	Associate
CITIC Railway Construction (Luoyang) Excavating Equipment Co., Ltd.	Associate
Chongqing Tiefa Xiusong Highway Co., Ltd.	Associate
CRCC Investment Shandong Xiaoqinghe Development Co., Ltd.	Associate
Hengda Real Estate (Shenzhen) Co., Ltd.	Associate
Kunming Sanqing Highway Co., Ltd.	Associate
Kunming Fuyi Highway Co., Ltd.	Associate
Guangde CRCC Blue Ocean Longxin Investment Center (Limited Partnership)	Associate
Sichuan Jintou Project Investment Co., Ltd.	Associate
Wuhan Qingfeng Construction & Investment Co., Ltd.	Associate
Jinan Tieying Urban and Rural Construction Co., Ltd.	Associate
Lanzhou Tiechengtong Artifacts Limited Co., Ltd.	Associate
Tianshuitong Tram Limited Co., Ltd.	Associate
Yantai Xinzhen Transit Engineering Limited Co., Ltd.	Associate
Ningxia CRCC Ningdong Bridge Investment & Development Co., Ltd.	Associate
Guangzhou Huangpu District Metro Line 2 Construction & Investment Co., Ltd.	Associate
Zhangjiakou Hong'ao Infrastructure Construction & Development Co., Ltd.	Associate
Guizhou Wengma Railway Limited Co., Ltd.	Associate
Guangzhou Hongxuan Real Estate Co., Ltd.	Associate
Wuweitongda Highway Construction Co., Ltd.	Associate

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

4. Other related parties

Company name	Related party relationship
Beijing Tongda Jingcheng Highway Co., Ltd.	Fellow subsidiary
CRCC JinLi Asset Management Co., Ltd.	Fellow subsidiary
Beijing Railway Construction Technology Magazine Co., Ltd.	Fellow subsidiary

5. Major related party transactions

Item	For the six months ended 30 June 2020 (unaudited)	For the six months ended 30 June 2019 (unaudited)
		<i>RMB '000</i>
(1) Revenue from construction services		
CRCC Shaanxi Highway Co., Ltd.	2,010,462	1,757,312
Chongqing Tiefa Shuanghe Expressway Co., Ltd.	1,875,144	636,229
Yunnan Yulin Expressway Construction Co., Ltd.	1,732,491	2,063,906
Kunming Metro Line 5 Construction & Operation Co., Ltd.	1,714,896	968,896
Yunnan Kunchu Highway Investment & Development Co., Ltd.	1,129,598	242,553
Chongqing Tiefa Jianxin Highway Co., Ltd.	1,080,273	1,615,874
CRCC Xinjiang Jingxin Expressway Co., Ltd.	1,018,664	1,235,384
Xuzhou Metro Line 2 Rail Transit Investment & Development Co., Ltd.	864,881	747,632
Hohhot Metro Line 2 Construction & Management Co., Ltd.	435,509	1,200,791
CRCC Gansu Zhangbian Highway Co., Ltd.	395,575	512,204
Gansu Zhuzhong Railway Co., Ltd.	305,622	87,415
Jiayang Railway Construction Hexing Highway Investment Co., Ltd.	288,345	439,222
Shijiazhuang Runshi Ecological Protection Management Service Co., Ltd.	268,133	474,337
Nanjing Jiangbei New Area Guanglian Pipeline Corridor Construction Co., Ltd.	235,158	271,119
Sichuan Tianfu Airport Expressway Co., Ltd.	225,588	1,162,548
Zhangjiakou Hong'ao Infrastructure Construction & Development Co., Ltd.	225,062	275,160
Jiashan Chengfa Construction & Development Co., Ltd.	219,764	389,002

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

5. Major related party transactions (continued)

RMB'000

Item	For the six months ended 30 June 2020 (unaudited)	For the six months ended 30 June 2019 (unaudited)
(1) Revenue from construction services (continued)		
	<i>Note 1</i>	
Chongqing Yonglu Expressway Co., Ltd.	193,679	335,167
Huizhou CRCC Harbor & Channel Engineering Bureau Infrastructure Investment Co., Ltd.	192,811	91,555
Jiangxi Wanshui Ecology Resource Development Co., Ltd.	184,826	105,536
Shaanxi Huangpu Highway Co., Ltd.	171,426	410,081
CRCC (Guangzhou) North Railway Station Xincheng Investment Construction Co., Ltd.	165,310	215,107
Chengdu China Railway Huafu Real Estate Co., Ltd.	160,079	222,117
Tianshuitong Tram Limited Co., Ltd.	140,063	273,190
Zhengzhou Jiaotou East Fourth Ring Project Management Co., Ltd.	107,344	483,282
Yuxi China Railway Infrastructure Construction Co., Ltd.	100,642	168,878
Qingdao Qingping Tiecheng Construction Engineering Co., Ltd.	98,588	153,184
CRCC (Shandong) Gaodong Highway Co., Ltd.	79,206	519,717
Fuzhou North Railway Station South Square Construction & Development Co., Ltd.	64,351	52,862
Chongqing Monorail Transit Engineering Co., Ltd.	61,512	25,797
Xingan Mengxingzhong Project Management Co., Ltd.	60,469	125,124
Shijiazhuang Jiatai Pipeline Corridor Operation Co., Ltd.	60,400	–
China Railway Construction Group Rongsheng Chengdu Tianfu New Area Investment Co., Ltd.	56,102	109,231
Fujian Green Energy Construction & Development Co., Ltd.	54,155	310,724
Guizhou China Railway Construction Engineering Investment Co., Ltd.	53,647	181,067
Changde Yuanjiang Tunnel Co., Ltd.	37,350	529,586
Tianjin China Railway Guancheng Real Estate Co., Ltd.	35,936	219,161

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

5. Major related party transactions (continued)

RMB'000

Item	For the six months ended 30 June 2020 (unaudited)	For the six months ended 30 June 2019 (unaudited)
(1) Revenue from construction services (continued)		
	<i>Note 1</i>	
Taiyuan City Jinyuan East Zone Comprehensive Pipeline Corridor Construction & Management Co., Ltd.	35,762	153,749
Yantai Xinzhen Transit Engineering Limited Co., Ltd.	33,200	40,554
Xi'an China Railway Jingmao Real Estate Co., Ltd.	18,238	110,332
Ningxia Inter-City Railway Co., Ltd.	11,657	425,468
Hunan Maglev Transportation Development Co., Ltd.	7,394	11,149
Lanzhou Matan Pipeline Corridor Project Management Co., Ltd.	7,227	–
Shijiazhuang Jiasheng Pipeline Corridor Engineering Co., Ltd.	5,756	122,475
Tianjin China Railway Yuhua Real Estate Co., Ltd.	4,177	91,802
Hangzhou Lin'an Changxi Investment and Construction Management Co., Ltd.	1,240	1,598
CRCC-HC-CR15G Joint Venture	426	2
Pingxiang City China Railway Construction Bridge Haimian City Construction Co., Ltd.	–	301,763
Hubei Provincial Communications Investment Ziyun Railway Co., Ltd.	–	9,748
Chongqing Yurong Highway Co., Ltd.	–	474
Total	16,228,138	19,880,064
(2) Revenue from sales of goods		
	<i>Note 2</i>	
CRCC Financial Leasing Co., Ltd.	351,972	815,049
Chongqing Tiefa Jianxin Highway Co., Ltd.	300,233	493,725
Wuhu China Railway Vossloh Cogifer Rail Co., Ltd.	5,838	6,565
Total	658,043	1,315,339

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

5. Major related party transactions (continued)

RMB'000

Item		For the six months ended 30 June 2020 (unaudited)	For the six months ended 30 June 2019 (unaudited)
(3) Other income	<i>Note 3</i>		
Tianjin Wanhe Real Estate Co., Ltd.		68,744	79,308
Chengdu China Railway Huafu Real Estate Co., Ltd.		60,481	75,231
China Railway Construction Corporation	<i>Note 4</i>	52,754	19,336
Ningbo Jinghai Investment Management Co., Ltd.		48,142	66,536
Guizhou Zhongguang Wenchuang City Real Estate Co., Ltd.		37,183	–
Beijing Xinda Real Estate Co., Ltd.		31,165	51,592
Beijing Ruida Real Estate Co., Ltd.		28,462	34,529
China Railway Construction Real Estate Group Suzhou Real Estate Co., Ltd.		27,140	82,592
Changzhou Jingrui Real Estate Development Co., Ltd.		26,841	39,127
Nanjing Jingrui Real Estate Investment Co., Ltd.		23,672	35,235
Beijing Jiehai Real Estate Co., Ltd.		16,312	40,489
China Railway Construction Kunlun Yunnan Real Estate Co., Ltd.		2,100	31,850
Foshan City Shunde District Shunhao Real Estate Co., Ltd.		–	27,541
Guangzhou Xintie Xinjian Investment Co., Ltd.		–	24,452
Beijing Liuzhuang Real Estate Co., Ltd.		–	22,975
Shanghai Hongjun Real Estate Co., Ltd.		–	21,833
Total		422,996	652,626

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

5. Major related party transactions (continued)

RMB'000

Item		For the six months ended 30 June 2020 (unaudited)	For the six months ended 30 June 2019 (unaudited)
(4) Purchase of goods and receipt of services	<i>Note 5</i>		
China Railway First Survey and Design Institution Group Shandong Architecture Design Institute Co., Ltd.		20,689	–
Ningbo Hangtong Prefabricated Components Engineering Co., Ltd.		8,522	12,622
Wuhu China Railway Vossloh Cogifer Rail Co., Ltd.		6,286	4,905
Changzhou China Railway Blue Flame Component Co., Ltd.		3,751	79,533
Guangdong Nanhai International Architectural Design Co., Ltd.		1,264	5,425
PetroChina & CRCC Petroleum Marketing Co., Ltd.		29	11,214
Lanzhou Tiechengtong Artifacts Limited Co., Ltd.		–	22,166
Total		40,541	135,865
(5) Other expenses	<i>Note 5</i>		
China Railway Construction Corporation	<i>Note 4</i>	20,346	19,931
CRCC JinLi Assets Management Co., Ltd.	<i>Note 4</i>	4,126	2,145
Jiayang Railway Construction Hexing Highway Investment Co., Ltd.		3,008	272
Beijing Tongda Jingcheng Highway Co., Ltd.	<i>Note 4</i>	1,656	1,807
Beijing Railway Construction Technology Magazine Co., Ltd.	<i>Note 4</i>	10	–
Beijing Xinda Real Estate Co., Ltd.		4	554
Total		29,150	24,709

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

5. Major related party transactions (continued)

(6) Related party leasing

As the lessee:

RMB '000

Lessor	Leasing asset types	Accrued for the six months ended 30 June 2020 (unaudited)	Accrued for the six months ended 30 June 2019 (unaudited)
CRCC Financial Leasing Co., Ltd.	Machinery	987,011	1,067,271
China Railway Construction Corporation	Buildings	38,922	17,302
Total	—	1,025,933	1,084,573

(7) Guarantees granted to a related party

30 June 2020 (unaudited):

RMB '000

Secured party	Amount of guarantee	Inception of guarantee	Termination of guarantee	Whether the guarantee is fulfilled
CRCC-Tongguan Investment Co., Ltd.	1,509,420	17 March 2014	30 December 2023	No
Guizhou Wengma Railway Limited Co., Ltd.	659,076	31 March 2016	31 March 2039	No
CRCC-Tongguan Investment Co., Ltd.	635,031	13 June 2019	13 June 2024	No
CRCC-Tongguan Investment Co., Ltd.	152,893	20 May 2015	20 November 2023	No
Chengdu Urban Investment & Construction Technology Co., Ltd.	15,000	28 April 2018	26 February 2023	No
Total	2,971,420	—	—	—

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

5. Major related party transactions (continued)

(7) Guarantees granted to a related party (continued)

31 December 2019:

Secured party	Amount of guarantee	Inception of guarantee	Termination of guarantee	<i>RMB '000</i>
				Whether the guarantee is fulfilled
CRCC-Tongguan Investment Co., Ltd.	1,702,960	17 March 2014	30 December 2023	No
Guizhou Wengma Railway Limited Co., Ltd.	646,800	31 March 2016	31 March 2039	No
CRCC-Tongguan Investment Co., Ltd.	387,179	13 June 2019	13 June 2024	No
CRCC-Shandong Jinghu Highway Jile Co., Ltd.	195,000	8 December 2016	7 December 2025	No
CRCC-Tongguan Investment Co., Ltd.	172,192	20 May 2015	20 November 2023	No
Chengdu Urban Investment & Construction Technology Co., Ltd.	15,000	28 April 2018	26 February 2023	No
Total	3,119,131	—	—	—

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

5. Major related party transactions (continued)

(8) Key management's remuneration

RMB '000

Item	For the six months ended 30 June 2020 (unaudited)	For the six months ended 30 June 2019 (unaudited)
Key management's remuneration	4,244	4,029

Note 1: The terms of the construction service agreements entered into by the Group and related parties were mutually agreed by the parties.

Note 2: The terms of the sales agreements of goods entered into by the Group and related parties were mutually agreed by the parties.

Note 3: The terms of the agreements relating to rendering of or receiving other services entered into by the Group and related parties were mutually agreed by the parties. The other income from related parties was mainly interest income from loans receivable.

Note 4: The above related party transactions also constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Hong Kong Listing Rules.

Note 5: The terms of the purchase agreements of goods and services entered into by the Group and related parties were mutually agreed by the parties.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

6. Major amounts due from/to related parties

RMB '000

		30 June 2020 (unaudited)		31 December 2019	
		Gross carrying amount	Impairment of credit losses	Gross carrying amount	Impairment of credit losses
Bills receivable	<i>Note 1</i>				
CRCC Financial Leasing Co., Ltd.		330,673	661	138,000	276
CRCC Shaanxi Highway Co., Ltd.		210,000	210	220,000	220
Shaanxi Huangpu Highway Co., Ltd.		-	-	200,529	-
Total		540,673	871	558,529	496
Trade receivables	<i>Note 1</i>				
Yunnan Yulin Expressway Construction Co., Ltd.		975,122	670	-	-
CRCC Shaanxi Highway Co., Ltd.		575,526	1,166	228,597	229
Shijiazhuang Runshi Ecological Protection Management Service Co., Ltd.		556,681	2,995	936,166	1,905
Hohhot Metro Line 2 Construction & Management Co., Ltd.		499,268	2,496	460,839	2,304
CRCC Xinjiang Jingxin Expressway Co., Ltd.		473,892	3,615	69,561	70
Xuzhou Metro Line 2 Rail Transit Investment & Development Co., Ltd.		462,012	2,310	1,536,437	8,536
Qingyuan Maglev Transportation Co., Ltd.		394,783	395	502,141	502
Chongqing Tiefu Jianxin Highway Co., Ltd.		358,870	535	114,481	558
Jiayang Railway Construction Hexing Highway Investment Co., Ltd.		313,159	1,566	320,001	320
Nanjing Jiangbei New Area Guanglian Pipeline Corridor Construction Co., Ltd.		286,620	4,826	808,062	4,040
Yuxi China Railway Infrastructure Construction Co., Ltd.		238,596	10,557	121,187	7,241
Xingan Mengxingzhong Project Management Co., Ltd.		204,952	1,025	163,415	817
Yunnan Kunchu Highway Investment & Development Co., Ltd.		191,217	354	55,069	138
Changzhou Jingrui Real Estate Development Co., Ltd.		155,389	680	195,394	1

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

6. Major amounts due from/to related parties (continued)

RMB'000

		30 June 2020 (unaudited)		31 December 2019	
		Gross carrying amount	Impairment of credit losses	Gross carrying amount	Impairment of credit losses
Trade receivables (continued)	<i>Note 1</i>				
Taiyuan City Jinyuan East Zone Comprehensive Pipeline Corridor Construction & Management Co., Ltd.		146,491	146	215,563	–
Chongqing Monorail Transit Engineering Co., Ltd.		127,215	189	69,037	110
Shaanxi Huangpu Highway Co., Ltd.		123,199	123	132,683	133
Shijiazhuang Jiatai Pipeline Corridor Operation Co., Ltd.		111,613	208	105,944	208
Jiangxi Wanshui Ecology Resource Development Co., Ltd.		94,934	95	17,846	18
Chengdu China Railway Huafu Real Estate Co., Ltd.		86,407	706	5,654	7
Qingdao Qingping Tiecheng Construction Engineering Co., Ltd.		78,238	391	2,087	160
Tianjin China Railway Guancheng Real Estate Co., Ltd.		77,530	152	246,821	311
Lanzhou Matan Pipeline Corridor Project Management Co., Ltd.		67,143	336	81,935	410
China Railway Construction Group Rongsheng Chengdu Tianfu New Area Investment Co., Ltd.		66,477	66	61,400	61
Fuzhou North Railway Station South Square Construction & Development Co., Ltd.		53,808	54	61,179	61
Tianjin China Railway Yuhua Real Estate Co., Ltd.		40,136	40	57,288	57
CRCC Gansu Zhangbian Highway Co., Ltd.		35,340	26	182,495	182
CRCC Financial Leasing Co., Ltd.		24,685	2,143	223,799	3,228
CITIC Railway Construction (Luoyang) Excavating Equipment Co., Ltd.		15,703	683	48,498	842
Hunan Maglev Transportation Development Co., Ltd.		14,408	72	44,402	289
CRCC (Shandong) Deshang Highway Co., Ltd.		10,518	6	36,408	39

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

6. Major amounts due from/to related parties (continued)

RMB'000

		30 June 2020 (unaudited)		31 December 2019	
		Gross carrying amount	Impairment of credit losses	Gross carrying amount	Impairment of credit losses
Trade receivables (continued)	<i>Note 1</i>				
Hangzhou Lin'an Changxi Investment and Construction Management Co., Ltd.		9,866	49	25,145	25
Gansu Zhuzhong Railway Co., Ltd.		6,696	3,606	6,679	3,606
Hubei Provincial Communications Investment Ziyun Railway Co., Ltd.		4,114	15	4,114	15
Xi'an China Railway Jingmao Real Estate Co., Ltd.		1,329	6	3,461	3
Chongqing Yurong Highway Co., Ltd.		1,287	1	2,243	2
Changde Yuanjiang Tunnel Co., Ltd.		-	-	83,519	84
Gansu Gonghanglv Longzhang Expressway Management Co., Ltd.		-	-	71,890	72
CRCC (Shandong) Gaodong Highway Co., Ltd.		-	-	53,547	54
Total		6,883,224	42,303	7,354,987	36,638
Loans and advances to related parties	<i>Note 3</i>				
China Railway Construction Corporation		2,500,000	62,500	2,800,000	70,000
Total		2,500,000	62,500	2,800,000	70,000
Other receivables					
Tianjin Wanhe Real Estate Co., Ltd.	<i>Note 2</i>	2,993,051	2,961	3,009,661	3,007
Beijing Xinda Real Estate Co., Ltd.	<i>Note 2</i>	1,915,055	3,413	1,540,329	1,540
Chengdu China Railway Huafu Real Estate Co., Ltd.	<i>Note 2</i>	1,887,120	1,887	2,528,986	2,529
CRCC Real Estate Co., Ltd.	<i>Note 2</i>	1,479,859	1,480	1,359,149	1,359
Ningbo Jinghai Investment Management Co., Ltd.	<i>Note 2</i>	1,295,847	1,711	1,250,378	1,250
Beijing Ruida Real Estate Co., Ltd.	<i>Note 2</i>	1,206,209	1,220	1,176,251	1,176
Guizhou Zhongguang Wenchuang City Real Estate Co., Ltd.	<i>Note 2</i>	1,150,214	1,143	-	-
Guangzhou Suiyun Real Estate Co., Ltd.	<i>Note 2</i>	1,106,433	1,081	1,081,433	1,081
Jinan Tiejing Urban and Rural Construction Co., Ltd.		970,970	970	-	-

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

6. Major amounts due from/to related parties (continued)

RMB'000

		30 June 2020 (unaudited)		31 December 2019	
		Gross carrying amount	Impairment of credit losses	Gross carrying amount	Impairment of credit losses
Other receivables (continued)					
Foshan City Shunde District Shunhao Real Estate Co., Ltd.	Note 2	897,426	930	871,498	871
CRCC (Shandong) Gaodong Highway Co., Ltd.		808,293	808	733,628	734
CRCC-Shandong Jinghu Highway Jile Co., Ltd.		776,665	777	740,253	740
Ningbo Jingwan Investment Management Co., Ltd.	Note 2	768,436	768	769,033	769
Guangzhou City Zengcheng District Shunxuan Real Estate Co., Ltd.	Note 2	653,337	882	881,787	882
Kunming Qiping Real Estate Co., Ltd.	Note 2	640,565	641	686,471	686
Shenyang Jiabai Real Estate Co., Ltd.	Note 2	556,174	556	–	–
Xixian New Area Xingchengrenju Real Estate Co., Ltd.	Note 2	555,745	556	661,084	661
Guangzhou Xintie Xinjian Investment Co., Ltd.	Note 2	501,977	1,336	1,962,977	1,963
Nanjing Jingrui Real Estate Investment Co., Ltd.	Note 2	454,214	454	982,724	983
Changzhou Jingrui Real Estate Development Co., Ltd.	Note 2	400,330	400	537,366	537
Hangzhou Jingjiang Real Estate Development Co., Ltd.	Note 2	398,567	399	756,140	756
Deqing Jingsheng Real Estate Development Co., Ltd.	Note 2	387,628	388	394,115	394
Guangzhou City Longguang Junshen Real Estate Co., Ltd.	Note 2	328,592	328	–	–
Beijing Jiehai Real Estate Co., Ltd.	Note 2	324,988	281	361,155	361
Fuzhou Haicheng Real Estate Co., Ltd.	Note 2	321,336	321	–	–
Guangzhou Huangpu District Metro Line 2 Construction & Investment Co., Ltd.		305,080	1,525	–	–
Beijing Liuzhuang Real Estate Co., Ltd.	Note 2	240,921	354	194,290	194
Qingyuan Maglev Transportation Co., Ltd.		240,329	240	240,329	240
CRCC Gansu Zhangbian Highway Co., Ltd.		233,935	279	381,000	381
Chongqing Jianlian New Real Estate Co., Ltd.	Note 2	220,140	220	220,161	220

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

6. Major amounts due from/to related parties (continued)

RMB'000

		30 June 2020 (unaudited)		31 December 2019	
		Gross carrying amount	Impairment of credit losses	Gross carrying amount	Impairment of credit losses
Other receivables (continued)					
Fuzhou Xincheng Real Estate Co., Ltd.	Note 2	220,117	250	240,194	250
Ningxia CRCC Ningdong Bridge Investment & Development Co., Ltd.		219,310	49	24,546	49
Taiyuan City Jinyuan East Zone Comprehensive Pipeline Corridor Construction & Management Co., Ltd.		197,558	197	197,361	6,634
CRCC Financial Leasing Co., Ltd.		98,379	3,036	17,192	1,051
Chongqing Pinjinyue Real Estate Co., Ltd.	Note 2	84,155	84	123,305	123
Xinjiang Taqia Highway Project Management Co., Ltd.		56,000	280	56,000	280
Kunming Tiexin Construction Management Co., Ltd.		20,000	20	20,000	20
Chongqing Tiefsa Jianxin Highway Co., Ltd.		15,392	77	14,448	57
Tianjin China Railway Yuhua Real Estate Co., Ltd.		11,902	12	1,500	2
Chongqing Monorail Transit Engineering Co., Ltd.		6,479	6	6,469	6
Yangzhou Wantou Jade Characteristics Town Co., Ltd.		4,083	4	4,083	4
CRCC Investment Shandong Xiaoqinghe Development Co., Ltd.		3,966	–	315,000	315
Nanjing Daqiaobei Environmental Comprehensive Management Co., Ltd.		2,112	2	450,000	19,892
Yunnan Yulin Expressway Construction Co., Ltd.		726	1	263	–
Jiaxing Jingkai Real Estate Development Co., Ltd.	Note 2	47	–	28	–
CRCC (Guangzhou) North Railway Station Xincheng Investment Construction Co., Ltd.		15	–	15	1
China Railway Construction Real Estate Group Jinan 6th Continent Real Estate Co., Ltd.		14	–	1,048,535	1,048

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

6. Major amounts due from/to related parties (continued)

RMB'000

	30 June 2020 (unaudited)		31 December 2019	
	Gross carrying amount	Impairment of credit losses	Gross carrying amount	Impairment of credit losses
Other receivables (continued)				
CRCC Xinjiang Jingxin Expressway Co., Ltd.	-	-	736,749	737
CRCC-Tongguan Investment Co., Ltd.	-	-	565,680	566
Guangzhou Baorui Real Estate Co., Ltd. <i>Note 2</i>	-	-	58,732	59
CRCC Shaanxi Highway Co., Ltd.	-	-	44,825	45
Chengdu Tiecheng Real Estate Co., Ltd. <i>Note 2</i>	-	-	391	-
Guangzhou Huangpu Light Rail Line 1 Investment Construction Co., Ltd.	-	-	233	-
Total	24,959,691	32,327	27,245,747	54,453
Long-term receivables				
China Railway Construction Real Estate Group Suzhou Real Estate Co., Ltd. <i>Note 2</i>	2,761,069	5,621	2,783,665	5,171
Hengda Real Estate (Shenzhen) Co., Ltd. <i>Note 2</i>	2,735,919	2,736	2,545,528	2,546
Qingdao Blue Silicon Valley Intercity Rail Transit Co., Ltd.	480,000	2,461	480,000	-
Yuxi China Railway Infrastructure Construction Co., Ltd.	337,959	1,690	337,959	1,690
Inner Mongolia Dongyun Sports Investment Co., Ltd.	322,488	306	305,607	306
Changsha Yuchi River Area Development & Investment Co., Ltd.	284,574	235	235,124	235
Changzhou Jingrui Real Estate Development Co., Ltd. <i>Note 2</i>	100,873	101	134,417	-
Wuhan Qingfeng Construction & Investment Co., Ltd.	14,000	70	14,000	70
CRCC Real Estate Co., Ltd.	-	-	61,130	61
Total	7,036,882	13,220	6,897,430	10,079

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

6. Major amounts due from/to related parties (continued)

RMB'000

		30 June 2020 (unaudited)	31 December 2019
Bills payable	<i>Note 1</i>		
Wuhu China Railway Vossloh Cogifer Rail Co., Ltd.		1,000	14,658
PetroChina & CRCC Petroleum Marketing Co., Ltd.		–	21,038
Total		1,000	35,696
Trade payables	<i>Note 1</i>		
Changzhou China Railway Blue Flame Component Co., Ltd.		33,299	47,499
Wuhu China Railway Vossloh Cogifer Rail Co., Ltd.		9,707	2,990
PetroChina & CRCC Petroleum Marketing Co., Ltd.		2,222	2,559
CRCC Financial Leasing Co., Ltd.		1,448	1,448
Wuhan Lvyin Green Lawn Engineering Co., Ltd.		505	1,390
Ningbo Hangtong Prefabricated Components Engineering Co., Ltd.		310	19,271
Total		47,491	75,157

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

6. Major amounts due from/to related parties (continued)

RMB'000

		30 June 2020 (unaudited)	31 December 2019
Contract liabilities	<i>Note 4</i>		
Sichuan Jintou Project Investment Co., Ltd.		398,847	400,232
Kunming Metro Line 5 Construction & Operation Co., Ltd.		395,075	712,107
Hangzhou Xiashalu Tunnel Co., Ltd.		271,408	164,821
Gansu Jinhe Highway Project Management Co., Ltd.		166,461	–
Yangzhou Wantou Jade Characteristics Town Co., Ltd.		161,324	–
Shijiazhuang Jiasheng Pipeline Corridor Engineering Co., Ltd.		115,203	120,959
Changde Yuanjiang Tunnel Co., Ltd.		30,346	–
Chongqing Tiefsa Shuanghe Expressway Co., Ltd.		9,743	139,381
Nanjing Jiangbei New Area Guanglian Pipeline Corridor Construction Co., Ltd.		–	243,065
Wuhan Tongsui Construction & Investment Co., Ltd.		–	140,209
Chongqing Tiefsa Jianxin Highway Co., Ltd.		–	112,988
Huizhou CRCC Harbor & Channel Engineering Bureau Infrastructure Investment Co., Ltd.		–	9,531
CRCC Shaanxi Highway Co., Ltd.		–	3,680
Total		1,548,407	2,046,973

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

6. Major amounts due from/to related parties (continued)

RMB'000

		30 June 2020 (unaudited)	31 December 2019
Other payables	<i>Note 1</i>		
China Railway Construction Corporation	<i>Note 5</i>	1,457,975	–
China Railway Construction Kunlun Yunnan Real Estate Co., Ltd.		920,552	361,422
Hangzhou Jingbin Real Estate Co., Ltd.		848,275	984,275
Shijiazhuang Runshi Ecological Protection Management Service Co., Ltd.		840,478	307,038
Chengdu Tiecheng Real Estate Co., Ltd.		693,794	41,308
CRCC Xinjiang Jingxin Expressway Co., Ltd.		625,658	260,528
China Railway Construction Real Estate Group Jinan 6th Continent Real Estate Co., Ltd.		576,475	–
Hangzhou Jingke Real Estate Co., Ltd.		574,260	687,990
CRCC Shaanxi Highway Co., Ltd.		523,964	285,680
CRCC Investment Shandong Xiaoqinghe Development Co., Ltd.		501,228	570,811
Wuweitongda Highway Construction Co., Ltd.		500,000	–
China Railway Construction Real Estate Group Ningbo Jingping Real Estate Co., Ltd.		415,401	451,051
Xi'an China Railway Jingmao Real Estate Co., Ltd.		354,409	204,532
Shanghai Hongjun Real Estate Co., Ltd.		305,144	380,350
CRCC Financial Leasing Co., Ltd.		287,921	102,018
Kunming Kunlun Shouzhi Real Estate Co., Ltd.		234,595	–
Guangzhou Hongxuan Real Estate Co., Ltd.		215,572	215,572
Hangzhou Jianshen Real Estate Co., Ltd.		210,000	240,000
Guangzhou Hongjia Real Estate Co., Ltd.		186,852	186,852
Dalian Wancheng Zhiguang Real Estate Co., Ltd.		169,838	169,905
Chongqing Tiefa Xiusong Highway Co., Ltd.		151,681	137,880

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

6. Major amounts due from/to related parties (continued)

RMB'000

		30 June 2020 (unaudited)	31 December 2019
Other payables (continued)	<i>Note 1</i>		
Nanjing Xincheng Guanghong Real Estate Co., Ltd.		136,800	136,800
Taiyuan Rongchuang Huifeng Real Estate Co., Ltd.		90,600	600
Chongqing Yonglu Expressway Co., Ltd.		67,519	17,035
Chongqing Tiefa Jianxin Highway Co., Ltd.		67,460	7,673
Chongqing Tiefa Shuanghe Expressway Co., Ltd.		61,147	25,400
Guangzhou Jingye Real Estate Co., Ltd.		59,589	59,589
CRCC (Shandong) Deshang Highway Co., Ltd.		54,532	96,398
Kunming Fuyi Highway Co., Ltd.		49,209	2,330
Hangzhou Beikong Jiandejiang Investment Co., Ltd.		42,004	9,703
Hangzhou Jingping Real Estate Co., Ltd.		19,951	93,451
Dalian Jingcheng Real Estate Co., Ltd.		13,365	13,365
CRCC-HC-CR15G Joint Venture		11,425	11,211
China Railway Construction Yudongnan (Chongqing) Expressway Co., Ltd.		4,686	13,452
CRCC JinLi Asset Management Co., Ltd. Management Co., Ltd.		1,329	10,706
Kunming Sanqing Highway Co., Ltd.		660	858
Guangzhou Huangpu Light Rail Line 1 Investment Construction Co., Ltd.		135	–
Guangzhou Xintie Xinjian Investment Co., Ltd.		–	770,555
CRCC Gansu Zhangbian Highway Co., Ltd.		–	66,606
Total		11,274,483	6,922,944

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

6. Major amounts due from/to related parties (continued)

RMB'000

	30 June 2020 (unaudited)	31 December 2019
Advances to suppliers		
CRCC Financial Leasing Co., Ltd.	13,105	37,766
Total	13,105	37,766
Due to customers		
	<i>Note 6</i>	
CRCC JinLi Asset Management Co., Ltd. Management Co., Ltd.	970,611	780,654
Jiayang Railway Construction Hexing Highway Investment Co., Ltd.	240,021	643,811
CRCC Shaanxi Meitai Expressway Co., Ltd.	236,196	214,350
Beijing Tongda Jingcheng Highway Co., Ltd.	187,496	264,055
China Railway Construction Corporation Guangzhou Xintie Xinjian Investment Co., Ltd.	59,779	180,001
Beijing Railway Construction Technology Magazine Co., Ltd.	11,774	1,726,348
Qingyuan Maglev Transportation Co., Ltd.	4,079	3,511
Ningbo Jingwan Investment Management Co., Ltd.	1,856	2,274
Beijing Xinda Real Estate Co., Ltd.	1,049	4,318
Beijing Xinda Real Estate Co., Ltd.	457	656
China Railway Construction Real Estate Group Suzhou Real Estate Co., Ltd.	86	86
Foshan City Shunde District Shunhao Real Estate Co., Ltd.	12	92
Deqing Jingsheng Real Estate Development Co., Ltd.	11	11
PetroChina & CRCC Petroleum Marketing Co., Ltd.	1	63
Hangzhou Jingping Real Estate Co., Ltd.	-	5
Total	1,713,428	3,820,235
Long-term loans (including current portion)		
	<i>Note 7</i>	
China Railway Construction Corporation	818,066	818,066
Total	818,066	818,066

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

6. Major amounts due from/to related parties (continued)

RMB'000

	30 June 2020 (unaudited)	31 December 2019
Lease liabilities (including current portion)		
CRCC Financial Leasing Co., Ltd.	2,761,195	3,177,632
China Railway Construction Corporation	63,633	62,144
Total	2,824,828	3,239,776
Long-term payables (including current portion)		
Tianjin Tiejian Hongtu Fengchuang Investment Partnership(Limited Partnership)	608,886	415,353
Guangde CRCC Blue Ocean Longxin Investment Center (Limited Partnership)	199,823	168,935
CRCC Financial Leasing Co., Ltd.	–	55,371
Total	808,709	639,659

Note 1: The amounts due from/to related parties were interest-free, unsecured, and had no fixed terms of repayment.

Note 2: The amounts due from related parties were loans for cooperative development project from the Group's real estate development operation segments, with the interest rate agreed in the contracts.

Note 3: The amounts due from China Railway Construction Corporation were borrowings from CRCC Finance Company Limited.

Note 4: The amounts were mainly advances from related parties and were interest-free.

Note 5: The amounts were the Company's dividends payable to China Railway Construction Corporation, amounting to RMB1,457,975,000. The dividends payable to China Railway Construction Corporation have been paid after the balance sheet date. Further details are stated in Note V.44.

Note 6: The amounts due to the Group's related parties were deposits in CRCC Finance Company Limited.

Note 7: The amounts were appropriations from the Ministry of Finance to China Railway Construction Corporation and considered as the entrusted loans granted to the Group by China Railway Construction Corporation. The interest rate of such entrusted loans was determined by the Loan Prime Rate published by National Interbank Funding Center.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

XI. COMMITMENTS AND CONTINGENCIES

1. Commitments

RMB '000

	30 June 2020 (unaudited)	31 December 2019
Contracted, but not provided for:		
Capital commitments	373,202	248,917
Investment commitments	16,820,830	12,921,702
Other commitments	7,863,553	8,061,829
Total	25,057,585	21,232,448

2. Contingencies

The Group was involved in a number of legal proceedings and claims against it in the ordinary course of business. Provision has been made for the probable losses to the Group on those legal proceedings and claims when management can reasonably estimate the outcome of the legal proceedings and claims taking into account legal advices. No provision has been made for pending legal proceedings and claims when the outcome of the legal proceedings and claims cannot be reasonably estimated or management believes that the probability of loss is remote.

3. Guarantees

The Group had issued guarantees to banks in respect of the banking facilities granted to the following parties:

RMB '000

The Group	30 June 2020 (unaudited)	31 December 2019
Associates	2,971,420	3,119,131
Other entities	117,600	117,600
Total	3,089,020	3,236,731

The above guarantees exclude guarantees in respect of the banking facilities other than mortgages. As at 30 June 2020, the Group's guarantees (excluding guarantees in respect of the banking facilities other than mortgages) amounted to RMB3,089,020,000 (31 December 2019: RMB3,236,731,000), the guarantees in respect of mortgages amounted to RMB22,438,195,000 (31 December 2019: RMB17,712,148,000). So far, the guarantees rarely defaulted payments to the banks, thus the Group considered the risks related to the guarantees were low and the fair value was immaterial.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

XI. COMMITMENTS AND CONTINGENCIES (CONTINUED)

3. Guarantees (continued)

The above guarantees in respect of mortgages were granted to the purchasers of the Group's properties and secured by the mortgages.

The Company had issued guarantees to banks in respect of the banking facilities granted to the following parties:

RMB '000

The Company	30 June 2020 (unaudited)	31 December 2019
Subsidiaries	17,668,572	19,294,048
Associates	2,971,420	3,119,131
Other entities	117,600	117,600
Total	20,757,592	22,530,779

In addition, no interest-bearing bank and other loans of the Company were guaranteed by the subsidiaries of the Company as at 30 June 2020 (31 December 2019: Nil).

XII. EVENTS AFTER THE END OF THE REPORTING PERIOD

As at the date of this report being approved to issue, the Group did not have any significant events after the end of the reporting period that require disclosure.

XIII. OTHER SIGNIFICANT EVENTS

1. Segment reporting

Operating segments

For management purposes, the Group is organized into the following five operating segments based on their products and services:

- (1) The construction operations segment engages in the construction of infrastructure such as railways, highways, metropolitan railways and real estate projects;
- (2) The survey, design and consultancy operations segment engages in the provision of survey, design and consultancy services for civil engineering and infrastructure construction, such as railways, highways and urban rail transport, etc.;
- (3) The manufacturing operations segment engages in the research and development, production and sale of mechanical equipment, such as the large railway track maintenance machinery, tunnel boring machinery as well as the manufactures of track system, etc.;

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

XIII. OTHER SIGNIFICANT EVENTS (CONTINUED)

1. Segment reporting (continued)

Operating segments (continued)

- (4) The real estate development operations segment engages in the development, construction and sale of residential properties and commercial properties; and
- (5) The other business operations segment mainly comprises trade and logistics, finance and insurance and highway operation.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit or loss. The Group does not manage income tax based on operating segments and hence income tax has not been allocated to the operating segments.

RMB '000

	Construction operations	Survey, design and consultancy operations	Manufacturing operations	Real estate development operations	Other business operations	Eliminations and adjustments	Total
For the six months ended 30 June 2020: (unaudited)							
Revenue from external customers	329,059,487	7,737,003	6,442,716	8,880,059	18,670,168	-	370,789,433
Inter-segment sales	3,538,896	6,654	930,594	-	15,235,278	(19,711,422)	-
Total	332,598,383	7,743,657	7,373,310	8,880,059	33,905,446	(19,711,422)	370,789,433
Share of profits/(losses) of joint ventures and associates	39,857	(27,016)	108,134	872,889	16,267	-	1,010,131
Impairment of credit losses and impairment losses on assets	(1,277,419)	(4,868)	(59,551)	89	13,670	-	(1,328,079)
Depreciation and amortisation	7,576,845	128,779	333,684	28,996	192,847	-	8,261,151
Profit before tax	6,608,412	1,362,504	925,477	2,271,079	2,492,076	(227,152)	13,432,396
Other disclosures:							
Increase in non-current assets other than long-term equity investments	7,987,855	23,782	299,313	84,084	3,973,220	-	12,368,254
30 June 2020 (unaudited)							
Segment assets (Note 1)	790,543,123	21,291,715	36,275,792	244,229,081	294,775,431	(241,951,872)	1,145,163,270
Segment liabilities (Note 2)	604,875,535	8,347,933	20,714,483	213,698,170	267,148,426	(237,566,260)	877,218,287
Other disclosures:							
Long-term equity investments in joint ventures and associates	45,522,487	2,359,428	1,466,964	5,864,468	1,213,611	-	56,426,958

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

XIII. OTHER SIGNIFICANT EVENTS (CONTINUED)

1. Segment reporting (continued)

Operating segments (continued)

RMB '000

	Construction operations	Survey, design and consultancy operations	Manufacturing operations	Real estate development operations	Other business operations	Eliminations and adjustments	Total
For the six months ended							
30 June 2019: (unaudited)							
Revenue from external customers	308,187,762	7,675,647	7,825,738	9,834,548	19,411,184	-	352,934,879
Inter-segment sales	2,780,743	8,781	1,161,571	-	14,990,417	(18,941,512)	-
Total	310,968,505	7,684,428	8,987,309	9,834,548	34,401,601	(18,941,512)	352,934,879
Share of profits/(losses) of joint ventures and associates	52,878	(21,969)	101,298	835,839	14,295	-	982,341
Impairment of credit losses and impairment losses on assets	(1,328,123)	(4,597)	(21,049)	32,500	8,489	-	(1,312,780)
Depreciation and amortisation	7,833,644	130,060	264,157	10,613	194,110	-	8,432,584
Profit before tax	5,547,302	1,398,095	1,162,553	2,453,332	2,306,167	42,438	12,909,887
Other disclosures:							
Increase in non-current assets other than long-term equity investments	7,960,809	95,782	419,403	18,233	3,933,600	-	12,427,827
31 December 2019							
Segment assets (Note 1)	736,429,418	21,561,806	35,075,481	196,510,375	323,441,841	(231,779,708)	1,081,239,213
Segment liabilities (Note 2)	578,313,453	9,005,074	19,512,820	161,843,928	276,682,581	(226,140,217)	819,217,639
Other disclosures:							
Long-term equity investments in joint ventures and associates	40,565,019	1,436,692	1,353,113	5,062,294	1,227,516	-	49,644,634

Note 1: Segment assets do not include deferred tax assets of RMB6,363,675,000 (31 December 2019: RMB5,624,947,000), as the Group does not manage these assets based on operating segments. In addition, inter-segment receivables of RMB248,315,547,000 (31 December 2019: RMB237,404,655,000) are eliminated on consolidation.

Note 2: Segment liabilities do not include deferred tax liabilities of RMB1,331,265,000 (31 December 2019: RMB507,813,000) and corporate income tax payable of RMB2,079,383,000 (31 December 2019: RMB2,352,430,000) as the Group does not manage these liabilities based on operating segments. In addition, inter-segment payables of RMB240,976,908,000 (31 December 2019: RMB229,000,460,000) are eliminated on consolidation.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

XIII. OTHER SIGNIFICANT EVENTS (CONTINUED)

1. Segment reporting (continued)

Group information

Geographical information

Revenue from external customers

RMB '000

	For the six months ended 30 June 2020 (unaudited)	For the six months ended 30 June 2019 (unaudited)
Mainland China	355,675,358	337,125,210
Outside Mainland China	15,114,075	15,809,669
Total	370,789,433	352,934,879

Total non-current assets (Note)

RMB '000

	30 June 2020 (unaudited)	31 December 2019
Mainland China	183,077,704	170,211,442
Outside Mainland China	9,357,237	7,278,087
Total	192,434,941	177,489,529

In the geographical information above, revenue from external customers is based on the locations of the customers. Non-current asset information above is based on the locations of the non-current assets.

Note: Non-current assets consisted of investment properties, fixed assets, construction in progress, right-of-use assets, intangible assets, development expenditure, long-term prepaid expenses and investments in joint ventures and associates.

Information about major customers

The Group did not derive more than 10% of its total revenue from any single customer for the six months ended 30 June 2020 (for the six months ended 30 June 2019: nil).

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

XIII. OTHER SIGNIFICANT EVENTS (CONTINUED)

2. Other financial information

(i) Pension scheme contributions

RMB '000

Item	For the six months ended 30 June 2020 (unaudited)	For the six months ended 30 June 2019 (unaudited)
Pension scheme contributions (defined contribution plans)	2,213,600	2,908,082
Pension scheme costs (defined benefit plans)	2,539	6,400

As at 30 June 2020, there were no forfeited contributions available to reduce the Group's contributions to its pension scheme in the next year (31 December 2019: Nil).

(ii) Directors' and supervisors' remuneration

RMB '000

Item	For the six months ended 30 June 2020 (unaudited)	For the six months ended 30 June 2019 (unaudited)
Directors' and supervisors' remuneration	2,167	2,177

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

XIV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS

1. Trade receivables

An aging analysis of trade receivables is listed as follows:

RMB '000

Aging	30 June 2020 (unaudited)	31 December 2019
Within 1 year	2,290,953	4,222,844
1 to 2 years	707,611	744,711
2 to 3 years	495,732	282,233
Over 3 years	114,344	71,878
Subtotal	3,608,640	5,321,666
Less: Impairment of credit losses	160,403	133,775
Total	3,448,237	5,187,891

Trade receivables and impairment of credit losses by category are listed as follows:

RMB '000

Category	30 June 2020 (unaudited)				Carrying amount
	Gross carrying amount		Impairment of credit losses		
	Amount	Percentage %	Amount	Percentage %	
Impairment of credit losses assessed by credit risk portfolio	3,608,640	100.00	160,403	4.44	3,448,237
Total	3,608,640	100.00	160,403	4.44	3,448,237

RMB '000

Category	31 December 2019				Carrying amount
	Gross carrying amount		Impairment of credit losses		
	Amount	Percentage %	Amount	Percentage %	
Impairment of credit losses assessed by credit risk portfolio	5,321,666	100.00	133,775	2.51	5,187,891
Total	5,321,666	100.00	133,775	2.51	5,187,891

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

XIV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

1. Trade receivables (continued)

As at 30 June 2020, trade receivables whose impairment of credit losses were assessed by credit risk portfolio are listed as follows:

RMB '000

Aging	30 June 2020 (unaudited)			
	Gross carrying amount		Impairment of credit losses	
	Amount	Percentage %	Amount	Percentage %
Within 1 year	2,290,953	63.48	9,744	0.43
1 to 2 years	707,611	19.61	32,841	4.64
2 to 3 years	495,732	13.74	66,197	13.35
Over 3 years	114,344	3.17	51,621	45.15
Total	3,608,640	100.00	160,403	4.44

As at 30 June 2020, trade receivables from the five largest customers are listed as follows (unaudited):

RMB '000

Due from	Relationship with the Company	Amount	Aging	Percentage of total trade receivables (%)
Company 1	Third party	531,479	Within 2 years	14.73
Company 2	Joint venture	499,268	Within 1 year	13.84
Company 3	Joint venture	462,012	Within 1 year	12.80
Company 4	Third party	402,936	Within 3 years	11.17
Company 5	Third party	336,153	Within 3 years	9.32
Total	—	2,231,848	—	61.86

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

XIV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

1. Trade receivables (continued)

As at 31 December 2019, trade receivables from the five largest customers are listed as follows:

RMB '000

Due from	Relationship with the Company	Amount	Aging	Percentage of total trade receivables (%)
Company 1	Joint venture	1,349,962	Within 1 year	25.37
Company 2	Third party	802,093	Within 2 years	15.07
Company 3	Joint venture	439,923	Within 1 year	8.27
Company 4	Third party	412,723	Within 1 year	7.76
Company 5	Third party	374,618	Within 1 year	7.04
Total	—	3,379,319	—	63.51

As at 30 June 2020 and 31 December 2019, no amount due from shareholders that held 5% or more of the Company's voting rights or other related parties was included in the aforesaid balance of trade receivables.

2. Other receivables

An aging analysis of other receivables is listed as follows:

RMB '000

Aging	30 June 2020 (unaudited)	31 December 2019
Within 1 year	22,087,146	23,522,815
1 to 2 years	417,150	1,001,822
2 to 3 years	1,258,071	1,013,222
Over 3 years	176,147	235,095
Subtotal	23,938,514	25,772,954
Less: Impairment of credit losses	5,598	5,809
Total	23,932,916	25,767,145

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

XIV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

2. Other receivables (continued)

Details of impairment of credit losses are listed as follows:

(1) As at 30 June 2020, the Company did not have other receivables at phase II.

(2) As at 30 June 2020, the Company did not have other receivables at phase III.

For the six months ended 30 June 2020, no impairment of credit losses of other receivables has been written off. (For the six months ended 30 June 2019: Nil)

As at 30 June 2020, other receivables from the five largest customers are listed as follows (unaudited):

RMB '000

Due from	Relationship with the Company	Amount	Aging	Percentage of total other receivables (%)
Company 1	Subsidiary	9,900,000	Within 1 year	41.36
Company 2	Subsidiary	5,097,404	Within 3 years	21.29
Company 3	Subsidiary	2,256,104	Within 1 year	9.42
Company 4	Subsidiary	1,091,846	Within 3 years	4.56
Company 5	Subsidiary	798,917	Within 1 year	3.34
Total	—	19,144,271	—	79.97

As at 31 December 2019, other receivables from the five largest customers are listed as follows:

RMB '000

Due from	Relationship with the Company	Amount	Aging	Percentage of total other receivables (%)
Company 1	Subsidiary	9,900,000	Within 1 year	38.41
Company 2	Subsidiary	4,547,771	Within 3 years	17.65
Company 3	Subsidiary	2,941,427	Within 2 years	11.41
Company 4	Subsidiary	1,854,109	Within 1 year	7.19
Company 5	Subsidiary	1,731,001	Within 1 year	6.72
Total	—	20,974,308	—	81.38

As at 30 June 2020 and 31 December 2019, no amount due from shareholders that held 5% or more of the Company's voting rights was included in the aforesaid balance of other receivables.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

XIV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

3. Long-term equity investments

RMB '000

Item	30 June 2020 (unaudited)	31 December 2019
Equity investment accounting for cost method – Subsidiaries (i)	98,144,338	96,644,338
Total	98,144,338	96,644,338

Note: All the long-term equity investments are investments in unlisted companies, except for CRCC High-tech Equipment Corporation Limited.

(i) Subsidiaries

RMB '000

Investee	31 December 2019 Carrying amount	Changes for the period		30 June 2020 Carrying amount (unaudited)	Percentage of the investee's registered capital directly attributable to the Company as at 30 June 2020 (unaudited) (%)	Category
		Transfer to/ Increase in investment	Decrease in investment			
China Civil Engineering Construction Corporation	2,946,507	–	–	2,946,507	100.00	Co., Ltd.
China Railway 11th Bureau Group Co., Ltd.	1,893,912	–	–	1,893,912	81.62	Co., Ltd.
China Railway 12th Bureau Group Co., Ltd.	1,957,277	–	–	1,957,277	100.00	Co., Ltd.
China Railway Construction Bridge Engineering Bureau Group Co., Ltd.	2,660,480	–	–	2,660,480	100.00	Co., Ltd.
China Railway 14th Bureau Group Co., Ltd.	2,130,105	–	–	2,130,105	100.00	Co., Ltd.
China Railway 15th Bureau Group Co., Ltd.	1,585,152	–	–	1,585,152	100.00	Co., Ltd.
China Railway 16th Bureau Group Co., Ltd.	1,482,412	–	–	1,482,412	100.00	Co., Ltd.
China Railway 17th Bureau Group Co., Ltd.	1,735,340	–	–	1,735,340	100.00	Co., Ltd.
China Railway 18th Bureau Group Co., Ltd.	1,103,234	–	–	1,103,234	100.00	Co., Ltd.
China Railway 19th Bureau Group Co., Ltd.	3,954,638	–	–	3,954,638	100.00	Co., Ltd.
China Railway 20th Bureau Group Co., Ltd.	1,615,144	–	–	1,615,144	100.00	Co., Ltd.
China Railway 21st Bureau Group Co., Ltd.	1,557,251	–	–	1,557,251	100.00	Co., Ltd.
China Railway 22nd Bureau Group Co., Ltd.	1,295,286	–	–	1,295,286	100.00	Co., Ltd.
China Railway 23rd Bureau Group Co., Ltd.	1,545,004	–	–	1,545,004	100.00	Co., Ltd.
China Railway 24th Bureau Group Co., Ltd.	1,346,917	–	–	1,346,917	100.00	Co., Ltd.
China Railway 25th Bureau Group Co., Ltd.	1,348,597	–	–	1,348,597	100.00	Co., Ltd.
China Railway Construction Group Co., Ltd.	2,868,346	–	–	2,868,346	85.64	Co., Ltd.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

XIV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

3. Long-term equity investments (continued)

(i) Subsidiaries (continued)

RMB'000

Investee	31 December 2019 Carrying amount	Changes for the period		30 June 2020 Carrying amount (unaudited)	Percentage of the investee's registered capital directly attributable to the Company as at 30 June 2020 (unaudited) (%)	Category
		Transfer to/ Increase in investment	Decrease in investment			
China Railway Construction Electrification Bureau Group Co., Ltd.	1,105,530	-	-	1,105,530	100.00	Co., Ltd.
China Railway Construction Real Estate Group Co., Ltd.	7,233,191	-	-	7,233,191	100.00	Co., Ltd.
China Railway First Survey and Design Institute Group Co., Ltd.	623,730	-	-	623,730	100.00	Co., Ltd.
China Railway SIYUAN Survey and Design Group Co., Ltd.	1,035,309	-	-	1,035,309	100.00	Co., Ltd.
China Railway Fifth Survey and Design Institute Group Co., Ltd.	318,196	-	-	318,196	100.00	Co., Ltd.
China Railway Shanghai Design Institute Group Co., Ltd.	267,624	-	-	267,624	100.00	Co., Ltd.
China Railway Material Group Co., Ltd.	3,314,805	-	-	3,314,805	100.00	Co., Ltd.
CRCC High-tech Equipment Corporation Limited	1,714,797	-	-	1,714,797	63.70	Corporation
China Railway Construction Heavy Industry Corporation Limited	4,028,004	-	-	4,028,004	99.50	Corporation
Chenghe Insurance Brokers Company Limited (Note 1)	113,290	-	113,290	-	-	Co., Ltd.
China Railway Construction (Beijing) Business Management Co., Ltd.	28,313	-	-	28,313	100.00	Co., Ltd.
China Railway Construction Investment Group Co., Ltd.	10,538,793	-	-	10,538,793	87.34	Co., Ltd.
CRCC Harbor and Channel Engineering Bureau Group Co., Ltd.	1,385,891	-	-	1,385,891	100.00	Co., Ltd.
CRCC Finance Company Limited	8,460,000	-	-	8,460,000	94.00	Co., Ltd.
China Railway Construction Corporation (International) Limited	3,000,102	-	-	3,000,102	100.00	Co., Ltd.
China Railway Construction Asset Management Co., Ltd. (Note 1)	1,285,686	-	1,285,686	-	-	Co., Ltd.
China Railway Urban Construction Group Co., Ltd.	2,000,000	-	-	2,000,000	100.00	Co., Ltd.
Beijing CRCC Tianrui Machinery Equipment Co., Ltd.	2,000,000	-	-	2,000,000	98.04	Co., Ltd.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

XIV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

3. Long-term equity investments (continued)

(i) Subsidiaries (continued)

RMB'000

Investee	31 December 2019 Carrying amount	Changes for the period		30 June 2020 Carrying amount (unaudited)	Percentage of the investee's registered capital directly attributable to the Company as at 30 June 2020 (unaudited) (%)	Category
		Transfer to/ Increase in investment	Decrease in investment			
CRCC Kunlun Investment Group Co., Ltd.	3,600,000	-	-	3,600,000	70.77	Co., Ltd.
CRCC Huabei Investment & Development Co., Ltd.	1,000,000	-	-	1,000,000	100.00	Co., Ltd.
CRCC Southern Construction and Investment Co., Ltd.	1,300,000	-	-	1,300,000	100.00	Co., Ltd.
CRCC Chongqing Investment Group Co., Ltd.	3,000,000	-	-	3,000,000	100.00	Co., Ltd.
China Railway Maglev Transportation Investment Construction Co., Ltd.	500,000	-	-	500,000	50.00	Co., Ltd.
China Railway Construction South China Construction Co., Ltd.	1,000,000	-	-	1,000,000	100.00	Co., Ltd.
China Railway Construction Northwest Investment & Construction Co., Ltd.	1,000,000	-	-	1,000,000	100.00	Co., Ltd.
CRCC Urban Investment & Construction Co., Ltd.	1,000,000	-	-	1,000,000	100.00	Co., Ltd.
CRCC Cyber Informational Technology Co., Ltd.	101,161	-	-	101,161	100.00	Co., Ltd.
CRCC East Investment & Construction Co., Ltd.	1,000,000	1,000,000	-	2,000,000	100.00	Co., Ltd.
CRCC International Investment Co., Ltd.	500,000	-	-	500,000	50.00	Co., Ltd.
CRCC Development Group Co., Ltd.	600,000	-	-	600,000	100.00	Co., Ltd.
CRCC Capital Holdings Group Co., Ltd. (Note 1)	-	1,633,290	-	1,633,290	100.00	Co., Ltd.
CRCC North Investment & Construction Co., Ltd.	20,000	-	-	20,000	100.00	Co., Ltd.
CRCC Yellow River Investment & Construction Co., Ltd.	310,000	500,000	-	810,000	100.00	Co., Ltd.
CRCC Investment Funds Management Co., Ltd. (Note 1)	234,314	-	234,314	-	-	Co., Ltd.
Total	96,644,338	3,133,290	1,633,290	98,144,338	-	-

Note 1: In 2020, the Company used its shares in China Railway Construction Asset Management Co., Ltd. Chenghe Insurance Brokers Company Limited and CRCC Investment Funds Management Co., Ltd. and cash capital increase to reform and establish CRCC Capital Holdings Group Co., Ltd.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

XIV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

4. Other payables

Other payables are disclosed by category:

RMB '000

Item	30 June 2020 (unaudited)	31 December 2019
Payables for advances	21,919,288	21,978,284
Dividends payable	3,604,207	414,915
Guarantees and deposits	83,656	85,846
Others	449,791	881,493
Total	26,056,942	23,360,538

5. Long-term loans

RMB '000

Item	30 June 2020 (unaudited)	31 December 2019
Credit loans	4,482,198	3,415,448
Total	4,482,198	3,415,448

The maturity profile of the long-term loans as at the balance sheet date is listed as follows:

RMB '000

Item	30 June 2020 (unaudited)	31 December 2019
Within one year or paid on demand	3,879,194	3,872,457
In the second year (inclusive)	2,186,000	1,088,946
In the third year (inclusive)	636,198	623,502
Over three years	1,660,000	1,703,000
Total	8,361,392	7,287,905

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

XIV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

6. Revenue and cost of sales

Revenue is presented as follows:

RMB '000

Item	For the six months ended 30 June 2020 (unaudited)	For the six months ended 30 June 2019 (unaudited)
Revenue from principal operations	4,967,121	6,045,142
Other operating revenue	11,277	39,781
Total	4,978,398	6,084,923

Operating cost is presented as follows:

RMB '000

Item	For the six months ended 30 June 2020 (unaudited)	For the six months ended 30 June 2019 (unaudited)
Operating cost	4,884,392	6,015,087

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

XIV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

7. Finance costs

RMB '000

Item	For the six months ended 30 June 2020 (unaudited)	For the six months ended 30 June 2019 (unaudited)
Interest expenses	847,824	1,090,564
Less: Interest income	2,011,569	1,313,508
Exchange losses/(gains)	158,457	(7,686)
Bank charges and others	7,538	7,763
Total	(997,750)	(222,867)

8. Investment income

RMB '000

Item	For the six months ended 30 June 2020 (unaudited)	For the six months ended 30 June 2019 (unaudited)
Share of net profits of the joint ventures	–	2,217
Investment income received from long-term equity investments under cost method	10,665,946	8,882,335
Total	10,665,946	8,884,552

For the six months ended 30 June 2020, the investment income mentioned above was composed of investment income of RMB38,729,000 (For the six months ended 30 June 2019: RMB48,411,000) from listed companies and RMB10,627,217,000 from unlisted companies (For the six months ended 30 June 2019: RMB8,836,141,000).

As at 30 June 2020, the remittance of the Company's investment income was not subject to significant restriction.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2020

XIV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

9. Supplementary information to the statement of cash flows

(1) Supplementary information to the statement of cash flows

RMB '000

Item	For the six months ended 30 June 2020 (unaudited)	For the six months ended 30 June 2019 (unaudited)
Reconciliation of net profit to cash flows from operating activities:		
Net profit	11,726,100	9,197,248
Plus: Impairment of credit losses	30,936	27,279
Depreciation of fixed assets	6,653	5,574
Amortisation of intangible assets	3,320	2,059
Amortisation of long-term prepayments	–	552
Depreciation of right-of-use assets	15,755	15,125
Losses on retirement of fixed assets	646	87
Gains from changes in fair value	(242,162)	(331,292)
Finance costs	1,006,281	1,063,233
Investment income	(10,665,946)	(8,884,552)
Increase in deferred tax liabilities	60,540	82,823
Increase in contract assets	(900,831)	(542,441)
Decrease in operating receivables	4,230,076	3,226,219
(Decrease)/ increase in operating payables	(2,028,014)	6,147,489
Net cash flows generated from operating activities	3,243,354	10,009,403

(2) Cash and cash equivalents

RMB '000

Item	30 June 2020 (unaudited)	31 December 2019
Cash	15,197,609	15,221,695
Including: Cash on hand	88	11
Cash with banks/financial institutions without restrictions	15,197,521	15,221,684
Closing balance of cash and cash equivalents	15,197,609	15,221,695

Supplementary Information

For the six months ended 30 June 2020

XV. SUPPLEMENTARY INFORMATION

1. Summary of non-recurring profit or loss

RMB '000

Item	For the six months ended 30 June 2020 (unaudited)	For the six months ended 30 June 2019 (unaudited)
Gains from disposal of non-current assets	202,462	56,886
Gains from disposal of long-term equity investments	432	–
Government grants recognised through profit or loss (other than government grants which are closely related to the Company's normal business operations, which comply with national policies and can be enjoyed continuously based on a fixed amount or a fixed quantity)	169,970	208,535
Net gains from debt restructuring	53,147	53,715
Investment income from holding and disposal of the held-for-trading financial assets	27,884	52,110
Investment income from holding the other equity instrument investments	89,497	125,312
Gains on fair value changes	215,383	311,343
Reversal of impairment of receivables	129,238	120,590
Other non-operating income and expenses other than the above items	33,378	20,979
Impact on income tax	(174,599)	(190,736)
Impact on non-controlling interests (after tax)	(17,216)	(1,475)
Non-recurring profit or loss	729,576	757,259

Government grants recognised in profit or loss but not included in non-recurring profit or loss items for being closely related to normal operating activities and continuously granted following the national policies and certain quota are as follows:

RMB '000

Item	For the six months ended 30 June 2020 (unaudited)	For the six months ended 30 June 2019 (unaudited)	Reason for being recognised in recurring profit or loss
Special equipment appropriation from the Ministry of Finance	–	3,423	Related to normal operating activities

Supplementary Information (continued)

For the six months ended 30 June 2020

XV. SUPPLEMENTARY INFORMATION (CONTINUED)

2. Return on net assets and earnings per share ("EPS")

For the six months ended 30 June 2020 (unaudited):

	Weighted average return on net assets (%)	EPS (RMB) Basic	Diluted
Net profit attributable to the Company's ordinary shareholders	4.81	0.62	0.59
Net profit attributable to the Company's ordinary shareholders after deducting non- recurring profit or loss	4.39	0.56	0.54

For the six months ended 30 June 2019 (unaudited):

	Weighted average return on net assets (%)	EPS (RMB) Basic	Diluted
Net profit attributable to the Company's ordinary shareholders	5.71	0.65	0.61
Net profit attributable to the Company's ordinary shareholders after deducting non- recurring profit or loss	5.22	0.59	0.55

The Company issued a Convertible Bond at USD500 million on 29 January 2016 and issued a Convertible Bond at RMB0.155 billion on 21 December 2016. The Group has considered the impact result from the conversion of those issued convertible bonds.

The above weighted average return on equity and earnings per share are calculated in accordance with *Information Disclosure by Companies Offering Securities to the Public No.9- Calculation and Disclosure of Return on Equity and Earnings Per Share* (Revised in 2010).

Section XI Documents for Inspection

DOCUMENTS FOR INSPECTION

The following documents are kept at the headquarters of the Company in Beijing and available for inspection by regulatory authorities and shareholders in accordance with laws, regulations or the Articles and Association:

1. Full text of the interim report signed by the person in-charge of the Company;
2. Full text of the financial report signed and sealed by the person in-charge of the Company, chief financial officer and head of the accounting department;
3. Original copies of all documents and announcements of the Company which had been disclosed to the public on the newspapers designated by CSRC and the website of Shanghai Stock Exchange during the Reporting Period;
4. Articles of Association

Chairman: ZHUANG Shangbiao

Submission Date Approved By the Board: 28 August 2020

REVISION INFORMATION

Applicable Not applicable

**The Board of Directors of
China Railway Construction Corporation Limited**

Beijing, the PRC
28 August 2020

As at the date of this announcement, the Board comprises Mr. ZHUANG Shangbiao (President and Executive Director), Mr. CHEN Dayang (Executive Director), Mr. LIU Ruchen (Executive Director), Mr. WANG Huacheng (Independent Non-executive Director), Mr. Patrick SUN (Independent Non-executive Director), Mr. CHENG Wen (Independent Non-executive Director) and Ms. Amanda Xiao Qiang LU (Independent Non-executive Director).