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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, 5581, 40686 and 40687)

ANNOUNCEMENT OF 2021 INTERIM RESULTS

The Board of the Company is pleased to announce the unaudited interim results of the Company and its subsidiaries for the six months ended 30 June 2021. This announcement, containing the full text of the 2021 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 announcement of the interim results. Printed version of the Company's 2021 Interim Report will be sent to H shareholders 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 2021.

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. WANG Jianping, person in charge of the Company, WANG Xiuming, CFO, and QIAO Guoying, 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 and approved by the Board.

Nil

- VI. 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.

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

No

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

No

- Value: IX. Whether more than half of the directors cannot guarantee the authenticity, accuracy and completeness of the interim report disclosed by the Company

No

- Value: X. Reminder of significant risks

The main risks the Company may encounter are internationalized operation risk, cash flow risk, investment risk, safety risk and cost risk. Please refer to "(I) Potential Risks" in "V. Other Disclosure" under "Section III Management Discussion and Analysis (Report of Directors)". Investors are reminded of such risks.

- Value: XI. Others

Applicable Not applicable

The 2021 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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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. Financial statements signed and sealed by the person incharge of the Company, chief financial officer and head of the accounting department (person in charge of accounting);
3. Original copies of all documents and announcements of the Company which had been disclosed to the public during the Reporting Period;
4. The Company's 2021 Interim Report published on the Main Board of the Stock Exchange of Hong Kong.

Section I Definitions

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

DEFINITIONS OF FREQUENTLY USED TERMS

“The Company, 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 or her 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
“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

Section I Definitions (continued)

“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 2021
“End of the Reporting Period”	30 June 2021
“Corresponding Period of Last Year”	The period from January to June 2020
“End of Last Year”	31 December 2020
“CRCHI”	China Railway Construction Heavy Industry Corporation Limited



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	WANG Jianping

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
Historical changes of the Company's registered address	N/A
Principal place of business	East, No. 40 Fuxing Road, Haidian District, Beijing
Postal code of principal place of business	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 for publishing the interim report	www.sse.com.cn 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 the PRC law	Name	Beijing Deheng Law Office
	Office address	12/F, Tower B, Focus Place, No. 19 Finance Street, Beijing
As to Hong Kong law	Name	Baker & McKenzie
	Office address	14/F, One Taikoo Place, 979 King's Road, Quarry Bay, Hong Kong

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	No. 188 Yanggao South Road, Pudong New Area, Shanghai
Share registrar of H shares of the Company	Name	Computershare Hong Kong Investor Services Limited
	Office address	Shops 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	Corresponding period of last year	Change as
	(from January to June)		compared to the corresponding period of last year (%)
Revenue	488,514,865	370,789,433	31.75
Net profit attributable to shareholders of the listed Company	12,307,363	9,316,253	32.11
Net profit deducting non-recurring profit or loss attributable to shareholders of the listed Company	11,267,473	8,586,677	31.22
Net cash flows from operating activities	-56,186,368	-48,078,512	N/A

Key accounting data	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	257,201,020	254,297,762	1.14
Total assets	1,335,538,926	1,242,792,799	7.46

(II) Key financial indicators

Key financial indicators	Reporting Period	Corresponding period of last year	Change as compared to the corresponding period of last year (%)
	(from January to June)		
Basic earnings per share (RMB per share)	0.79	0.62	27.42
Diluted earnings per share (RMB per share)	0.79	0.59	33.90
Basic earnings per share after deduction of non-recurring profit or loss (RMB per share)	0.72	0.56	28.57
Weighted average return on net assets (%)	5.63	4.81	Increased by 0.82 percentage point
Weighted average return on net assets after deduction of non-recurring profit or loss (%)	5.09	4.39	Increased by 0.70 percentage point

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

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

Applicable Not applicable

In calculation of the basic earnings per share, diluted earnings per share and the weighted average return on equity for the Reporting Period, RMB1,532,594,000 was deducted from other equity instrument holders' interests.

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	109,086
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)	479,946
Profit or loss from debt restructuring	127,720
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	133,759
Gains from disposal of long-term equity investment	4,092
Gains from the remeasurement of the remaining equity at fair value after the loss of control	142
Reversal of the provisions for impairment of receivables and contract assets subject to impairment test separately	256,979
Other non-operating income and expenses other than the above items	173,654
Effect of minority interests	-32,868
Impact on income tax	-212,620
Total	1,039,890

X. OTHERS

Applicable Not applicable

Section III Management Discussion and Analysis (Report of Directors)

I. DESCRIPTION OF THE COMPANY'S INDUSTRY AND MAIN BUSINESS DURING THE REPORTING PERIOD

CRCC's businesses cover a variety of construction, survey, design and consultation, manufacturing, real estate development, logistics and materials trading, investment, finance and other emerging industries, across 32 provinces (including Taiwan), autonomous regions, municipalities and Hong Kong and Macau Special Administrative Regions in China, as well as 135 countries in the world. The Company has developed from concentrating on construction operation to the refined industry chain of scientific research, planning, survey, design, construction, supervision and management, operation, maintenance, investment and financing, which has equipped itself with capability of providing one-stop-shop 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 adheres to innovation-driven development, intensive development and sustainable development, and adopts the mixed operation mode of multiple integrated operation modes with a combination of regional, brand, credit and synergetic operations.

(I) **Construction operations**

1. Business Overview

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

2. Operation model

The operation model of construction operations mainly adopts the construction contract model and the financing contract model.

3. Industry situation

During the 14th Five-Year Plan period, China actively implements the Belt and Road Initiative, as well as major strategies such as country with strong transportation network, new urbanization, rural revitalization, military-civilian integration and Beautiful China, to further promote regional strategies such as the coordinated development of Beijing-Tianjin-Hebei region, the development of the Yangtze River Economic Belt, the regional integrated development of the Yangtze River Delta, the construction of the Guangdong-Hong Kong-Macao Great Bay Area, the ecological protection and high-quality development of the Yellow River Basin, and the comprehensive deepening of reform and opening up in Hainan. In general, there is still some room for development in the five traditional markets of domestic railways, highways, housing construction, urban rail transits and municipal engineering where the project contracting business is located. Emerging markets such as ports, waterways, airports and electric power are expected to grow rapidly, and the new infrastructure market has broad development potential.

Section III Management Discussion and Analysis (Report of Directors) (continued)

(II) Survey, design and consultancy operations

1. Business Overview

Survey, design and consultancy operations of the Group mainly comprise 4 large design institutes with comprehensive Grade A qualifications for engineering design and design institutes of relevant project bureaus, and cover the civil engineering and infrastructure construction related to railway, urban rail transits, highways, municipal administration, industrial and civil buildings, magnetic levitation, water transport, hydropower and airport whilst keeping expanding into the emerging industries and areas, such as intelligent transport, modern tramcar, urban utility tunnel, urban underground space, ecological environment and environmental protection.

2. Operation model

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, to fully leverage its business advantages and to operate general design contracting projects and general engineering contracting projects.

3. Industry situation

During the “14th Five-year Plan” period, there is still room for development in the domestic markets where the survey, design and consultancy operations are located, including railway, highway, housing construction, urban rail, municipal engineering and water conservancy, hydropower and airport. Emerging markets, including countryside construction, utility tunnel, sponge city, environmental protection and pollution control, are expected to grow rapidly. With the continuous development of the engineering design industry and continuous advancement of qualification reform, the industry and regional barriers for survey, design and consultancy operations will be further broken, and the pricing mechanism of the industry will become more market-oriented, bringing greater development opportunities for business development.

(III) Manufacturing operations

1. Business Overview

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 cultivate three core businesses: equipment manufacturing, material production and precast concrete production. The business scope 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.

Section III Management Discussion and Analysis (Report of Directors) (continued)

2. Operation model

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 Group and 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, and fosters new growth engines.

3. Industry situation

During the “14th Five-year Plan” period, the domestic rail transit equipment market will continue to maintain growth trend, but the growth rate will slow down. With slower expansion of railway mileage, the growth momentum of road maintenance machinery market will become weakened; the excavator market will maintain growth in the future but the growth rate will slow down, and the railway system market tends to stabilize. With the continuous expansion of overseas business, the overseas rail transit equipment market will become a new growth point, among which North America, South Asia, Latin America and Southeast Asia will witness faster growth.

(IV) Real estate development operations

1. Business Overview

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 as the supplement.

2. Operation model

The Group adopts the business model of “giving priority to residential development supplemented by other industries” for real estate business, and strictly establish the position of “Houses are for Living in other than Speculation”. In terms of business development strategy, the Group adheres to the principles of “winning by high efficiency, winning by synergy, winning by excellence and winning by prudence” and continuously improves the development quality of real estate development business.

Section III Management Discussion and Analysis (Report of Directors) (continued)

3. Industry situation

Currently, the competition in the real estate market has gradually shifted towards “Quality is Top Priority”. It is more difficult for medium-sized real estate enterprises to achieve leapfrog development through simple scale expansion, and efforts should be made to improve the quality of development. During the “14th Five-year Plan” and in the coming period, urban development will focus on the improvement of supporting facilities and improvement of comprehensive quality. Urbanization will focus on urban renewal, improvement of urban functions, ecological restoration, preservation of historical culture, industry-city integration, improvement of living quality, etc., the TOD development model is expected to become an important trend in the future. The Fifth Plenary Session of the 19th CPC Central Committee proposed that the implementation of the national strategy of actively responding to the aging of the population and promoting the cooperative development of the aged care business and aged care industries, bringing greater rooms for health care real estate. The State attaches great importance to the construction of affordable rental housing, which will accelerate the improvement of the long-term rental housing policy, regulate the long-rent housing market and become an important supplement to real estate development.

(V) *Materials, logistics and other businesses*

1. Business Overview

The Group takes materials and logistics as important business to support its core business, provide coordinated services, reduce costs and improve efficiency. The Group possesses regional business outlets in important cities and logistics node cities, over 1.30 million sq.m of logistics sites and over 40,000 meters of special railway lines. The Group provided integrated supply chain service through improvement of an efficient IT-based logistics system, and regional and market-oriented service system.

2. Operation model

The Group formulates different development road maps and business models in accordance with the characteristics of the internal and external markets of the materials and logistics business. The internal market is the fundamental market for the development of materials and logistics business, which is not for profit-making purpose and adheres to the principle of “Maintaining Supply, Assuring Quality and Reducing Cost”, centralizes internal demand, and realizes volume-for-price swap to enhance the capability of obtaining quality resources and market competitiveness. The external market is an expanding market for the development of materials and logistics business, which adheres to the principles of “optimizing layout, clustering resources, exploring markets, enhancing profitability and promoting brand”, and strengthens upstream and downstream extension services to achieve value enhancement and gain value returns in the process of services.

Section III Management Discussion and Analysis (Report of Directors) (continued)

3. Industry situation

Logistics is an important link in the smooth circulation of the national economy and a basic, strategic industry that can drive the growth of national economy. The Fifth Plenary Session of the 19th CPC Central Committee proposed to build a modern logistics system. Relevant authorities issued suggestions on accelerating the development of cold chain logistics, ensuring food safety and promoting consumption upgrades, which will bring tremendous market space and potential to the development of modern logistics and cold chain logistics. Following the implementation of a series of policies such as the “Implementation Suggestions on Further Reduction of Logistics Costs Forwarded by the General Office of the State Council” (《關於進一步降低物流成本實施意見》), the Group will promote to further reduce the logistics industry’s costs of system, element, tax, information, intermodal transportation, and logistics industry, and the composite cost, and continuously improve total factor labor productivity, thus bringing substantial opportunities to the development of the industry.

II. ANALYSIS OF THE CORE COMPETITIVENESS DURING THE REPORTING PERIOD

Applicable Not applicable

(I) *Prominent advantages in technology*

The Company has established its industry leadership in fields of engineering design and construction for high-speed railways, plateau railways, alpine railways, expressways and urban rail transits. 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 filled the blank in China, overcame three technical difficulties recognized in the global TBM industry, namely “unstable support, untimely exploration and unsound support” and achieved “starting from scratch”, “striving for creation, improvement” for domestic TBM. The invention patent of “open tunnel excavator (ZL201610784961.5)” of CRCHI won the Golden Award for Outstanding Chinese Patented Invention. Large railway track maintenance machinery including narrow-gauge tamping machines and narrow-gauge ballasting machines have also achieved the international first-class 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.

Section III Management Discussion and Analysis (Report of Directors) (continued)

(II) Continuous industry-leading position

The Company is a comprehensive construction industrial group with the largest scale and strength in China and even in the world. The Company has ranked top 3 among the ENR global largest engineering contractors for many consecutive years, and ranked No. 42 among the world's top 500 companies in 2021 in the Fortune Magazine. The Company has an A+H share listing platform, sufficient bank credit, and the highest international rating for construction companies. The Company's business covers 32 provinces, autonomous regions, municipalities directly under the central government, Hong Kong and Macau Special Administrative Regions, including Taiwan, as well as 135 countries in the world.

(III) Fully complete industrial structure and layout

The Company has completed the comprehensive 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, investment and financing and other business. With full industry-chain service capabilities in railway, highway, urban rail transit, housing construction, municipal administration and other fields, the Company has preliminarily achieved a transformation from a traditional contractor to a contractor-based contractor with equal emphasis on investors, developers and operators, which is able to provide the "CRCC construction model" and "CRCC construction plan" with the whole process, whole cycle, personalization, customization and high quality for owners in different fields, different types and different demands.

(IV) Continuous optimization of organizational and management system

The Company combined the optimization of organization management structure with loss-generating enterprise governance, zombie company disposal, the disposal work of non-core business and non-advantageous business and quality and efficiency improvement and other tasks, and strictly controlled newly-established business entities, and vigorously reduced the number of subsidiaries with weak capability, 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 established rigid constraint on organization and staffing. The Company continued to adjust 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 Management Discussion and Analysis (Report of Directors) (continued)

(V) Long-term and stable customer base

Adhering to the management principle of “people-oriented, trustworthy and law-abiding, being in harmony with nature, building quality products”, the Company has been intensively cultivating in the domestic and overseas construction industry and relevant industries for decades. The Company has established the corporate value of “eternal integrity and innovation, equal emphasis on quality and integrity”, formed long-term and stable government relations, market resources and customer groups, and provided strong market support for the Company to expand its diversified business and export its “CRCC services” in more fields.

(VI) International well-known brand reputation

With a history of over 70 years, the Company has designed and constructed over 50% of the high-speed and normal-speed railways, over 40% of the urban rail transit lines and approximately 30% of the high-grade and above highways in China. The Company has formulated the construction standard of more than 50% for high-speed railway in China, constructed more than 1,000 overseas projects, broken the record of the highest contract value of a single project in China for multiple times, won a relatively high corporate reputation, and built two international well-known brands, namely CRCC and CCECC.

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

The Company has continued to inherit and carry forward the spirit of railway corps, carried out corporate culture and brand enhancement in an all-round way, built the basic outline of CRCC culture and brand system in the new era, and endowed CRCC culture with new connotation, consolidating stronger spiritual strength for the reform and development of the Company and building a more dazzling brand image.

Section III Management Discussion and Analysis (Report of Directors) (continued)

III. DISCUSSION AND ANALYSIS ON BUSINESS OPERATIONS

In the first half of 2021, facing the complicated and severe external situations, the Group upheld the leadership of the CPC Central Committee with Xi Jinping as the core, and adhered to the work direction of “seeking truth from facts, sticking to integrity and innovation for a long and stable journey” under the strong leadership of the SASAC in accordance with the work principle and deployment at the beginning of the year of “integrity, innovation, quality improvement and practical work”, in order to further sort out internal business relationship and optimize and adjust market arrangements, staying united and upward along with the trends, and the business scale has shown a developing momentum that make progress while ensuring stability.

In the first half of 2021, the value of newly-signed contracts of the Group amounted to RMB1,054.5548 billion, accounting for 38.56% of the annual plan and representing a year-on-year increase of 20.40%, among which, the value of newly-signed contracts of domestic business amounted to RMB974.7131 billion, accounting for 92.43% of the total value of newly-signed contracts, representing a year-on-year increase of 21.92%; and the value of newly-signed contracts for overseas business amounted to RMB79.8417 billion, accounting for 7.57% of the total value of newly-signed contracts, representing a year-on-year increase of 4.50%. As of 30 June 2021, the value of outstanding contracts for the Group amounted to RMB4,474.9819 billion, representing a year-on-year increase of 25.63%, of which, the value of outstanding domestic contracts amounted to RMB3,620.1681 billion, accounting for 80.90% of the total value of outstanding contracts; and the value of outstanding overseas contracts amounted to RMB854.8138 billion, accounting for 19.10% of the total value of outstanding contracts. The major indicators are as follows:

Unit: '00 million Currency: RMB

Business type	Value of newly-signed contracts			Value of outstanding contracts		
	Reporting Period	Corresponding	Year-on-year growth (%)	End of	Corresponding	Year-on-year growth (%)
		Period of Last year		Reporting Period	Period of Last year	
Construction operations	8,597.838	7,652.660	12.35	39,162.248	31,796.227	23.17
Survey, design and consultancy operations	165.835	144.918	14.43	287.731	197.817	45.45
Manufacturing operations	118.790	122.250	-2.83	486.064	413.533	17.54
Logistics and materials trading operations	863.471	440.209	96.15	2,727.512	2,165.463	25.96
Real estate development operations	686.720	319.761	114.76	2,063.017	1,002.474	105.79
Other businesses	112.894	78.716	43.42	23.247	43.705	-46.81
Total	10,545.548	8,758.514	20.40	44,749.819	35,619.219	25.63

Section III Management Discussion and Analysis (Report of Directors) (continued)

During the Reporting Period, the value of newly-signed contracts for construction operations amounted to RMB859.7838 billion, accounting for 81.53% of the total value of newly-signed contracts and representing a year-on-year increase of 12.35%, of which, the value of newly-signed contracts for railway construction amounted to RMB136.9301 billion, accounting for 15.93% of the value of newly-signed contracts in the construction operations segment and representing a year-on-year increase of 11.66%; the value of newly-signed contracts for road projects amounted to RMB96.2818 billion, accounting for 11.20% of the value of newly-signed contracts in the construction operations segment and representing a year-on-year decrease of 10.25%; the value of newly-signed contracts for housing construction amounted to RMB347.6877 billion, accounting for 40.44% of the value of newly-signed contracts in the construction operations segment and representing a year-on-year increase of 27.71%; the value of newly-signed contracts for urban rail transit amounted to RMB76.9487 billion, accounting for 8.95% of the value of newly-signed contracts in the construction operations segment and representing a year-on-year increase of 7.84%; the value of newly-signed contracts for municipal engineering amounted to RMB166.9320 billion, accounting for 19.42% of the value of newly-signed contract in the construction operations segment and representing a year-on-year increase of 11.64%; the value of newly-signed contracts for hydraulic and electric engineering amounted to RMB10.4843 billion, accounting for 1.22% of the value of newly-signed contracts in the construction operations segment and representing a year-on-year decrease of 35.01%; the value of newly-signed contracts for airport and terminal projects amounted to RMB5.5232 billion, accounting for 0.64% of the value of the newly-signed contracts in the construction operations segment and representing a year-on-year decrease of 20.54%. The reason for significant increase in the newly-signed contract amount of housing construction was that benefiting from implementation of relevant national policies and plans, further improvement in new urbanization development and reconstruction in old districts, as well as growing demands for market improvement. Besides, by focusing on urban development plan and industry demands research, and conformance to urban development new concepts and new trends, through intensive cultivation and careful management, the Group achieved a continuous growth on order. 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 operation segments of the Group amounted to RMB194.7710 billion, accounting for 18.47% of the total value of newly-signed contracts and representing a year-on-year increase of 76.13%. In particular, the value of newly-signed contracts for survey, design and consultancy operations amounted to RMB16.5835 billion, representing a year-on-year increase of 14.43%; the value of newly-signed contracts for manufacturing operations amounted to RMB11.8790 billion, representing a year-on-year decrease of 2.83%; the value of newly-signed contracts for logistics and materials trading operations amounted to RMB86.3471 billion, representing a year-on-year increase of 96.15%; and the value of newly-signed contracts for real estate development operations amounted to RMB68.6720 billion, representing a year-on-year increase of 114.76%. The main reason for significant increase in the newly-signed contract amount of real estate development operations was the low base and continuation of property transaction enthusiasm affected by the pandemic in the same period of last year. Meanwhile, the Group actively seized the opportunities of unleashing market demands and innovated marketing model, through strengthening online and offline marketing efforts and deepening marketing channels, which promoted the sales performance significantly. The main reason for significant increase in the newly-signed contract amount of logistics and materials trading operations was that through intensive market cultivation, improvement of supply chain service level around main business and enforcement of centralized purchasing, the Group achieved a rapid growth.

Section III Management Discussion and Analysis (Report of Directors) (continued)

Significant changes in the Company's operating conditions during the Reporting Period, as well as events that have a significant impact on the Company's operating conditions during the Reporting Period and are expected to have a significant impact in the future

Applicable Not applicable

IV. MAJOR OPERATIONAL PARTICULARS DURING THE REPORTING PERIOD

(I) Analysis of main businesses

1. Analysis of Changes in Financial Statements Related Subjects

Unit: '000 Currency: RMB

Subjects	Amount for the Reporting Period	Amount for the corresponding period of last year	Change (%)
Revenue	488,514,865	370,789,433	31.75
Cost of sales	447,425,437	337,027,720	32.76
Selling and distribution expenses	2,927,992	2,203,779	32.86
General and administrative expenses	9,719,424	8,140,710	19.39
Finance expenses	1,040,861	1,860,607	-44.06
Research and development expenses	8,598,485	6,696,047	28.41
Net cash flows generated from operational activities	-56,186,368	-48,078,512	N/A
Net cash flows generated from Investing activities	-28,536,473	-14,556,930	N/A
Net cash flows generated from financing activities	37,700,935	32,589,447	15.68

The change in revenue was mainly due to: the increase in engineering contracting, manufacturing operations and real estate business during the Reporting Period.

The change in cost of sales was mainly due to: the increase in the cost of sales of engineering contracting, manufacturing operations and real estate during the Reporting Period.

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

The change in general and administrative expenses was mainly due to: the increase in the operating scale during the Reporting Period.

The change in finance costs was mainly due to: the decrease in interest expenses during the Reporting Period.

The change in research and development expenses was mainly due to: the increase in investment of R&D activities during the Reporting Period.

Section III Management Discussion and Analysis (Report of Directors) (continued)

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

The change in net cash flows generated from investing activities was due to: the increase in cash paid for the external investment during the Reporting Period.

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

2. Performance of main businesses by segment and region

During the Reporting Period, the Group recorded an operating revenue of RMB488.5149 billion, representing a year-on-year increase of 31.75%. As of 30 June 2021, the Group had overseas operating business distributed in 135 countries all over the world as well as in Hong Kong, Macau and other regions, and had 1,058 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	Main Businesses by Segment			
			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 (%)
Construction operations	432,731,991	403,506,328	6.75	30.11	30.45	Decreased by 0.25 percentage point
Survey, design and consultancy operations	8,643,954	5,790,164	33.01	11.63	6.67	Increased by 3.11 percentage points
Manufacturing operations	10,007,388	7,533,179	24.72	35.72	34.16	Increased by 0.88 percentage point
Real estate development operations	11,896,212	9,773,222	17.85	33.97	42.98	Decreased by 5.18 percentage points
Logistics and materials trading and other businesses	53,105,504	47,955,026	9.70	56.63	62.09	Decreased by 3.04 percentage points
Inter-segment elimination	-27,870,184	-27,132,482	/	/	/	/
Total	488,514,865	447,425,437	8.41	31.75	32.76	Decreased by 0.70 percentage point

Section III Management Discussion and Analysis (Report of Directors) (continued)

By region	Main Businesses by Region			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 (%)
	Revenue	Cost of sales	Gross profit Margin (%)			
Mainland China	467,676,892	428,172,562	8.45	31.49	32.51	Decreased by 0.70 percentage point
Overseas	20,837,973	19,252,875	7.61	37.87	38.52	Decreased by 0.43 percentage point
Total	488,514,865	447,425,437	8.41	31.75	32.76	Decreased by 0.70 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	432,731,991	332,598,383	30.11
Cost of sales	403,506,328	309,329,825	30.45
Gross profit	29,225,663	23,268,558	25.60
Gross profit margin (%)	6.75	7.00	Decreased by 0.25 percentage point
Selling and distribution expenses	1,228,729	889,278	38.17
General and administrative expenses and research and development expenses	15,131,726	12,413,913	21.89
Total profit amount	9,618,434	6,608,412	45.55

The reason for the change of revenue of construction operations was mainly due to: the increase in the business of housing construction projects during the Reporting Period.

The reason for the change of cost of sales of construction operations was mainly due to: the increase in the cost of sales of housing construction projects during the Reporting Period.

Section III Management Discussion and Analysis (Report of Directors) (continued)

The reason for the change of selling and distribution expenses construction operations was mainly due to: the increase in the selling institutions and employees during the Reporting Period.

The reason for the change of total profit amount of construction operations was mainly due to: the increase in the gross profit during the Reporting Period.

(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	8,643,954	7,743,657	11.63
Cost of sales	5,790,164	5,427,918	6.67
Gross profit	2,853,790	2,315,739	23.23
Gross profit margin (%)	33.01	29.90	Increased by 3.11 percentage points
Selling and distribution expenses	417,527	350,959	18.97
General and administrative expenses and research and development expenses	873,002	761,329	14.67
Total profit amount	1,704,858	1,362,504	25.13

(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	10,007,388	7,373,310	35.72
Cost of sales	7,533,179	5,615,267	34.16
Gross profit	2,474,209	1,758,043	40.74
Gross profit margin (%)	24.72	23.84	Increased by 0.88 percentage point
Selling and distribution expenses	309,441	233,214	32.69
General and administrative expenses and research and development expenses	972,037	699,136	39.03
Total profit amount	1,186,626	925,477	28.22

The reason for the change of revenue of manufacturing operations was mainly due to: the increase in the sales of balance shield and railway equipment during the Reporting Period.

Section III Management Discussion and Analysis (Report of Directors) (continued)

The reason for the change of cost of sales of manufacturing operations was mainly due to: the increase in sales volume and carrying costs during the Reporting Period.

The reason for the change of gross profit of manufacturing operations was mainly due to: the increase in the revenue during the Reporting Period.

The reason for the change of selling and distribution expenses of manufacturing operations was mainly due to: the increase in the amount of the selling institutions and employees during the Reporting Period.

The reason for the change of general and administrative expenses and research and development expenses of manufacturing operations was mainly due to: the increase in input of research and development during the Reporting Period.

(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	11,896,212	8,880,059	33.97
Cost of sales	9,773,222	6,835,357	42.98
Gross profit	2,122,990	2,044,702	3.83
Gross profit margin (%)	17.85	23.03	Decreased by 5.18 percentage points
Selling and distribution expenses	534,784	374,006	42.99
General and administrative expenses and research and development expenses	525,063	326,823	60.66
Total profit amount	1,364,068	2,271,079	-39.94

The reason for the change of revenue of real estate development operations was mainly due to: the increase in the number of properties submitted to customers for inspection during the Reporting Period.

The reason for the change of cost of sales of real estate development operations was mainly due to: the increase in the business scale during the Reporting Period.

The reason for the change of selling and distribution expenses of real estate development operations was mainly due to: the increase in the sales services expenses during the Reporting Period.

The reason for the change of general and administrative expenses and research and development expenses of real estate development operation was mainly due to: the increase in the operating scale during the Reporting Period.

Section III Management Discussion and Analysis (Report of Directors) (continued)

The reason for the change of total profit amount of manufacturing operations was mainly due to: the decrease in the gross profit margin during the Reporting Period.

- (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	53,105,504	33,905,446	56.63
Cost of sales	47,955,026	29,584,812	62.09
Gross profit	5,150,478	4,320,634	19.21
Gross profit margin (%)	9.70	12.74	Decreased by 3.04 percentage points
Selling and distribution expenses	437,511	356,322	22.79
General and administrative expenses and research and development expenses	816,081	635,556	28.40
Total profit amount	3,479,558	2,492,076	39.62

The reason for the change of revenue of logistics and materials trading and other businesses was mainly due to: the increase in the sales volume of construction materials during the Reporting Period.

The reason for the change of cost of sales of logistics and materials trading and other businesses was mainly due to: the increase in the business scale during the Reporting Period.

The reason for the change of total profit amount of real estate development operations was mainly due to: the increase in gross profit during the Reporting Period.

3. Particulars of material changes in business type, profit composition or source of the Company during the period

Applicable Not applicable

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

Applicable Not applicable

Section III Management Discussion and Analysis (Report of Directors) (continued)

(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	139,704,895	10.46	187,997,046	15.13	-25.69	
Held-for-trading financial assets	1,835,635	0.14	587,022	0.05	212.70	Mainly due to the increase in investment during the Reporting Period.
Bills receivables	15,928,694	1.19	18,242,816	1.47	-12.69	
Receivables at FVTOCI	2,945,837	0.22	3,683,653	0.30	-20.03	
Trade receivables	164,457,320	12.31	125,696,204	10.11	30.84	Mainly due to the increase in business scale during the Reporting Period.
Advances to suppliers	28,690,938	2.15	24,316,491	1.96	17.99	
Other receivables	63,062,638	4.72	66,383,081	5.34	-5.00	
Inventories	263,842,872	19.76	232,358,730	18.70	13.55	
Contract assets	191,819,360	14.36	165,030,475	13.28	16.23	
Investment properties	7,471,609	0.56	7,254,240	0.58	3.00	
Other current assets	26,236,291	1.96	20,161,207	1.62	30.13	Mainly due to the increase in prepaid taxes and input tax to be deducted during the Reporting Period.
Long-term receivables	61,039,539	4.57	69,398,137	5.58	-12.04	
Long-term equity investments	83,734,438	6.27	70,621,039	5.68	18.57	
Other equity investment	10,759,263	0.81	10,510,397	0.85	2.37	
Other non-current financial assets	3,432,848	0.26	2,839,530	0.23	20.89	
Fixed assets	57,354,257	4.29	56,111,920	4.51	2.21	
Construction in process	7,488,852	0.56	7,552,112	0.61	-0.84	

Section III Management Discussion and Analysis (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
		(%)			(%)	
Right-of-use assets	5,610,206	0.42	5,292,332	0.43	6.01	
Intangible assets	80,087,127	6.00	70,372,417	5.66	13.80	
Goodwill	523,490	0.04	541,705	0.04	-3.36	
Other non-current assets	86,201,061	6.45	65,728,750	5.29	31.15	Mainly due to the increase in long-term contract assets during the Reporting Period.
Short-term loans	72,552,977	5.43	49,879,073	4.01	45.46	Mainly due to the replenishment of working capital during the Reporting Period.
Bills payables	91,977,141	6.89	84,290,956	6.78	9.12	
Trade payables	356,308,069	26.68	349,327,324	28.11	2.00	
Contract liabilities	140,811,644	10.54	131,058,617	10.55	7.44	
Employee benefits payable	10,918,493	0.82	11,973,312	0.96	-8.81	
Other payables	91,196,516	6.83	79,595,459	6.40	14.58	
Other current liabilities	21,459,555	1.61	21,592,243	1.74	-0.61	
Long-term loans	124,461,547	9.32	111,018,145	8.93	12.11	
Bonds payable	31,865,712	2.39	26,111,854	2.10	22.04	
Leasing liabilities	3,089,992	0.23	2,677,405	0.22	15.41	
Long-term payables	19,686,378	1.47	13,689,068	1.10	43.81	Mainly due to the increase in quality guarantee and special payables during the Reporting Period.

2. Overseas assets

Applicable Not applicable

(1) Assets scale

Including: overseas assets 62,142,280 (Unit: '000 Currency: RMB), accounting for 4.65% of the total assets.

Section III Management Discussion and Analysis (Report of Directors) (continued)

(2) *Explanation on overseas assets*

Applicable Not applicable

3. Restriction on assets as at the end of the Reporting Period

Applicable Not applicable

4. Other explanation

Applicable Not applicable

(IV) Liquidity and capital resources

1. Cash flow of the Group

Unit: '000 Currency: RMB

Item	Reporting Period	Corresponding period of last year	Change as compared to the corresponding period last year during the Reporting Period
Net cash flow generated from operating activities	-56,186,368	-48,078,512	-8,107,856
Net cash flow generated from investing activities	-28,536,473	-14,556,930	-13,979,543
Net cash flow generated from financing activities	37,700,935	32,589,447	5,111,488

During the Reporting Period, the net cash flows generated from operating activities of the Group were net cash outflow amounting to RMB56.1864 billion, representing an increase of RMB8.1079 billion in net cash outflow as compared with the corresponding period last year, mainly attributable to the increase in cash paid for the purchase of commodities and the receipt of labor services during the Reporting Period.

During the Reporting Period, the net cash flows generated from investing activities of the Group were net cash outflow amounting to RMB28.5365 billion, representing an increase of RMB13.9795 billion in cash outflow as compared to the corresponding period last year, mainly attributable to the cash paid for the external investment 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 RMB37.7009 billion, representing an increase of RMB5.1115 billion in cash inflow as compared with the corresponding period last year, mainly attributable to the increase in cash received from investment during the Reporting Period.

Section III Management Discussion and Analysis (Report of Directors) (continued)

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 RMB15.6504 billion, representing a year-on-year increase of RMB3.2822 billion or 26.54%.

Unit: '000 Currency: RMB

Item	Reporting Period	Corresponding period of last year
Construction operations	9,620,726	7,987,855
Survey, design and consultancy operations	58,729	23,782
Manufacturing operations	679,217	299,313
Real estate development operations	62,017	84,084
Other businesses	5,229,738	3,973,220
Total	15,650,427	12,368,254

3. Working capital

(1) Trade Receivables

Trade receivables of the Group increased from RMB125.6962 billion as at 31 December 2020 to RMB164.4573 billion as at 30 June 2021, representing an increase of RMB38.7611 billion. The Board of Directors 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 2021	31 December 2020
Within 1 year	139,033,631	102,570,270
1-2 years	18,876,952	16,542,230
2-3 years	6,580,798	6,122,823
Over 3 years	8,995,574	8,728,128
Subtotal	173,486,955	133,963,451
Less: Impairment of credit losses	9,029,635	8,267,247
Total	164,457,320	125,696,204

Section III Management Discussion and Analysis (Report of Directors) (continued)

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 2021	31 December 2020
Turnover days of trade receivables ^{Note 1}	57	51
Turnover days of trade payables ^{Note 2}	142	149

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 2020).

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 2020).

(2) Trade payables

Trade payables of the Group increased from RMB349.3273 billion as at 31 December 2020 to RMB356.3081 billion as at 30 June 2021, representing an increase of RMB6.9808 billion, mainly due to the expansion of business scale during the Reporting Period, resulting in the increase in accounts payable.

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 2021	31 December 2020
Within 1 year	347,728,233	340,777,759
1–2 years	5,543,182	6,038,420
2–3 years	2,013,853	1,499,873
Over 3 years	1,022,801	1,011,272
Total	356,308,069	349,327,324

Section III Management Discussion and Analysis (Report of Directors) (continued)

4. Advances to suppliers and other receivables

The advances to suppliers and other receivables of the Group increased from RMB90.6996 billion as at 31 December 2020 to RMB91.7536 billion as at 30 June 2021, representing an increase of RMB1.0540 billion or 1.16%.

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 RMB253.7323 billion, representing an increase of RMB18.6479 billion or 7.93% 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.

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 2021	31 December 2020
Pledged loans	1,205,053	1,762,489
Guaranteed loans	4,926,262	4,203,911
Credit loans	66,421,662	43,912,673
Total	72,552,977	49,879,073

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 2021	31 December 2020
Credit loans	11,470,302	8,849,570
Guaranteed loans	7,410,414	2,072,624
Mortgaged loans	4,300,611	2,418,711
Pledged loans	855,303	2,040,493
Total	24,036,630	15,381,398

Section III Management Discussion and Analysis (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 2021	31 December 2020
Pledged loans	51,939,473	46,322,599
Mortgaged loans	14,424,249	11,296,894
Guaranteed loans	10,608,064	14,096,548
Credit loans	47,489,761	39,302,104
Total	124,461,547	111,018,145

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 2021	31 December 2020
Bonds payable	31,865,712	26,111,854
Current portion of bonds payable	1,405,404	8,342,887
Total	33,271,116	34,454,741

As at the end of the Reporting Period and the end of last year, the Group's gearing ratio was 68% and 64%, 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 III Management Discussion and Analysis (Report of Directors) (continued)

(2) Commitments

As at the end of the Reporting Period, the commitments made by the Group amounted to RMB55.4092 billion, representing an increase of RMB14.1717 billion or 34.37% 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 2021	31 December 2020
Contracted but not provided for		
Capital commitments	726,390	1,184,137
Investment commitments	54,372,413	39,819,252
Other commitments	310,355	234,062
Total	55,409,158	41,237,451

(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 RMB153.5232 billion, representing an increase of RMB17.5804 billion or 12.93% as compared to the end of last year, which was mainly due to the increase in borrowings arising from mortgage of inventories and other non-current assets 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 2021	31 December 2020
Intangible assets	61,982,266	64,215,766
Inventories	57,871,576	36,791,724
Other non-current assets	16,445,876	7,526,905
Cash and bank balances	13,135,320	14,100,437
Long-term receivables	1,685,738	10,472,021
Trade receivables	1,189,695	1,167,023
Construction in progress	716,992	681,746
Bills receivable	482,000	926,823
Fixed assets	13,691	60,290
Total	153,523,154	135,942,735

Section III Management Discussion and Analysis (Report of Directors) (continued)

Please see “65. Assets with title restrictions” in Note V to the financial report of this report for details of mortgage and pledge.

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, HKD, Algerian Dinar, Qatar Riyal, Saudi Riyal and so on) held by the Group as at the end of the Reporting Period, please see “66. 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 carrying amount of long-term equity investment was RMB83.7836 billion, representing an increase of RMB13.1134 billion or 18.56%, 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

Section III Management Discussion and Analysis (Report of Directors) (continued)

(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	217,720	1,697,929	88,210	–
Equities of other listed companies	2,167,238	2,257,224	7,220	89,986
Trust products and others	1,805,720	1,897,245	37,245	–
Total	4,190,678	5,852,398	132,675	89,986

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	HK03969	China CRSC	131,950	25,000,000	59,700	3.52	5,879	Held-for-trading financial assets	Original issue stock
2	Stock	HK01258	CHINF Mining	64,863	36,363,000	116,658	6.87	49,996	Other non-current financial assets	Original issue stock
3	Stock	601618	MCC	59,265	10,600,000	15,969	0.94	3,889	Held-for-trading financial assets	Original issue stock
4	Stock	600028	SINOPEC	533	135,000	281	0.02	74	Other non-current financial assets	Original issue stock
5	Open-ended Fund	000652	Bosera-Yulong Hybrid	17,370	17,369,836	77,747	4.58	4,585	Held-for-trading financial assets	Subscription
6	Open-ended Fund	519606	Guotai Jimxin	3,908	3,908,303	11,150	0.66	805	Held-for-trading financial assets	Subscription
7	Money Fund	000620	E Funds Cash Money Market Fund	400,000	400,000,000	405,018	23.85	5,018	Held-for-trading financial assets	Subscription
8	Money Fund	000759	Ping An Caihubao Money	450,000	450,000,000	455,147	26.81	5,147	Held-for-trading financial assets	Subscription

Section III Management Discussion and Analysis (Report of Directors) (continued)

No.	Type of securities	Stock code	Abbreviated stock name	Amount of initial investment	Number of securities held at the end of the period <i>(share)</i>	Carrying value at the end of the period	Percentage over total securities investment at the end of the period <i>(%)</i>	Profit/loss during the Reporting Period	Presentation item	Source of shares
9	Money Fund	003465	Ping An Jin Guan Jia Money	250,000	250,000,000	252,807	14.89	2,807	Held-for-trading financial assets	Subscription
10	Money Fund	001909	Chuangjin Hexin Money A	300,000	300,000,000	303,452	17.86	3,452	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				/	/	/	/	6,558	/	/
Total				1,677,889	/	1,697,929	100.00	88,210	/	/

② Shareholdings in other listed companies

Unit: '000 Currency: RMB

Stock code	Abbreviated stock name	Initial investment cost	Opening percentage of shareholding <i>(%)</i>	Shareholding ratio at the end of the period <i>(%)</i>	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 Store	360	0.31	0.31	2,080	-	148	Investment in other equity instruments	Original issue stock
688009	CPSC	69,495	0.11	0.11	67,364	-	-2,013	Investment in other equity instruments	Original issue stock
HK03898	CRRCTimes Electric	9,800	0.90	0.90	243,286	-	62,076	Investment in other equity instruments	Original issue stock
000759	Zhongbai Holdings Group	1,058	0.14	0.14	5,040	-	-882	Investment in other equity instruments	Original issue stock
600657	Cinda Real Estate	236	-	-	8,393	-	-1,452	Investment in other equity instruments	Original issue stock
HK00887	Tysan Holdings	208,027	1.69	1.69	36,529	-	6,756	Investment in other equity instruments	Subscription

Section III Management Discussion and Analysis (Report of Directors) (continued)

Stock code	Abbreviated stock name	Initial investment cost	Opening percentage of shareholding (%)	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
000630	Tongling Nonferrous	500,000	1.71	1.71	490,975	7,220	27,076	Investment in other equity instruments	Subscription	
600322	Tianjin Realty Development	160	0.03	0.03	190	-	-44	Investment in other equity instruments	Original issue stock	
600809	Shanxi Fenjiu	708	0.05	0.05	179,200	-	29,084	Investment in other equity instruments	Original issue stock	
002159	Sante Cableways	3,000	0.99	0.99	13,104	-	-1,181	Investment in other equity instruments	Original issue stock	
601328	Bank of Communications	49,892	0.07	0.07	197,595	-	16,937	Investment in other equity instruments	Original issue stock	
600885	Hongfa	1,440	0.71	0.71	95,856	-	12,964	Investment in other equity instruments	Original issue stock	
600061	SDIC Capital	288,452	1.45	1.45	789,358	-	-56,593	Investment in other equity instruments	Original issue stock	
601211	Jun'an	7,604	0.10	0.10	127,277	-	-2,896	Investment in other equity instruments	Original issue stock	
601169	Bank of Beijing	2	-	-	977	-	6	Investment in other equity instruments	Original issue stock	
Total		1,120,234	/	/	2,257,224	7,220	89,986	/	/	

Section III Management Discussion and Analysis (Report of Directors) (continued)

③ Status of trust products held and others

Unit: '000 Currency: RMB

Name of object held	Amount of initial investment	Shareholding ratio (%)	Carrying value at the end of the period	Profit/loss during the Reporting Period	Changes in owner's equity during the Reporting Period		Source of shares
					Accounting	accounts	
Win-win Infrastructure FOF Phase I Private Equity Fund	383,180	/	383,180	-	-	Other non-current financial assets	Subscription
Railway Construction Win-Win Infrastructure Investment Private Equity Fund No. 8	180,000	/	180,000	-	-	Other non-current financial assets	Subscription
Railway Construction Government Enterprise Tianfu Private Equity Investment Fund	173,860	/	173,860	-	-	Other non-current financial assets	Subscription
Tianjin Railway Construction No. 1 Construction Investment Partnership (Limited Partnership)	130,464	/	130,464	9,168	-	Other non-current financial assets	Subscription
China Railway Construction Government Enterprise Private Equity Investment Fund Environmental Governance No.1	110,390	10.45	110,390	-	-	Other non-current financial assets	Subscription
COB Trust - Caidie No. 1 Property Trust Plan	100,797	2.93	100,797	-	-	Other non-current financial assets	Subscription
Xinzheng Yintong - Ziyang Airport Economic Zone Industrial New City PPP Private Equity Investment Fund	80,167	15.46	80,167	-	-	Other non-current financial assets	Subscription
Xinyu CRCC Guangrong Investment Partnership (Limited Partnership)	70,000	18.44	70,000	-	-	Other non-current financial assets	Subscription
Chongqing Pilot Expressway No. 7 Equity Investment Fund Partnership (Limited Partnership)	67,810	/	67,810	-	-	Other non-current financial assets	Subscription
CRCC-China PPP Fund Private Investment Fund No. 1 Highway Construction Fund	67,180	/	67,180	4,427	-	Other non-current financial assets	Subscription
China Railway Trade Receivables Asset-backed Scheme Phase 12	48,000	1.09	48,000	1,118	-	Trading financial assets	Initiation of the establishment
Haitong Securities - Nuo'an Capital Haizi Lake No. 1 Private Investment Fund	45,000	/	45,000	-	-	Other non-current financial assets	Subscription
CRCC Jicai Hong'ao Private Investment Fund	39,410	/	39,410	2,562	-	Other non-current financial assets	Subscription
China Railway Construction's accounts receivable series third phase asset-backed special plan	35,000	1.08	35,000	-	-	Trading financial assets	Initiation of the establishment
China Railway Construction Accounts Receivable Series 13th phase of asset-backed special plan	35,000	1.17	35,000	-	-	Other non-current financial assets	Initiation of the establishment
China Railway Construction's accounts receivable series 9th phase asset-backed special plan	34,000	1.10	34,000	843	-	Other non-current financial assets	Initiation of the establishment

Section III Management Discussion and Analysis (Report of Directors) (continued)

Name of object held	Amount of initial investment	Shareholding ratio (%)	Carrying value at the end of the period	Profit/loss during the Reporting Period	Changes in owner's equity during the Reporting Period		Source of shares
					Accounting accounts		
China Railway Construction's accounts receivable series tenth phase asset-backed special plan	34,000	1.08	34,000	894	-	Other non-current financial assets	Initiation of the establishment
China Railway Construction's accounts receivable series 11th phase of asset-backed special plan	33,000	1.02	33,000	841	-	Trading financial assets	Initiation of the establishment
China Railway Construction's accounts receivable series 14th phase asset-backed special plan	32,000	1.11	32,000	-	-	Other non-current financial assets	Initiation of the establishment
China Railway Construction (Beijing) Property Management Co., Ltd. 2017 first phase of non-public directional issuance of asset-backed notes	30,000	3.13	30,000	2,704	-	Other non-current financial assets	Subscription
Ping An Securities- China Railway Construction's No.7 accounts receivable asset-backed special plan	28,000	1.07	28,000	-	-	Other non-current financial assets	Initiation of the establishment
China Railway Construction's Accounts Receivable Series 4th Phase Asset-backed Special Plan	26,000	1.06	26,000	662	-	Trading financial assets	Initiation of the establishment
China Railway Construction Accounts Receivable Series 8th Phase Asset-backed Special Plan	25,000	1.05	25,000	599	-	Trading financial assets	Initiation of the establishment
China Railway Construction's accounts receivable series 5th phase asset-backed special plan	20,000	1.12	20,000	496	-	Trading financial assets	Initiation of the establishment
China Railway Construction Kunlun Investment Group Co., Ltd. 2019 first phase of targeted asset-backed notes	15,250	0.75	15,250	-	-	Trading financial assets	Subscription
Special plan for accounts receivable assets backed by the 16th Bureau of China Railway	13,000	1.30	13,000	-	-	Other non-current financial assets	Subscription
China Railway Construction Private Equity Investment Fund Integrated Management Gallery No. 1 Fund	10,000	/	10,000	-	-	Other non-current financial assets	Subscription
Other	30,737	/	30,737	12,931	-	Trading financial assets Non-current financial assets	Subscription
Total	1,897,245	/	1,897,245	37,245	-	/	/

(VI) Disposal of significant assets and equity interest

Applicable Not applicable

Section III Management Discussion and Analysis (Report of Directors) (continued)

(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 2021			Principal operations	Industry
		Total assets	Net assets	Net profit		
China Civil Engineering Construction Corporation	3,000,000	30,709,796	7,841,702	468,968	Construction	Construction
China Railway 11th Bureau Group Co., Ltd.	6,162,382	60,619,805	14,085,471	601,191	Construction	Construction
China Railway 12th Bureau Group Co., Ltd.	5,060,677	53,488,468	11,179,325	538,754	Construction	Construction
China Railway Construction Bridge Engineering Bureau Group Co., Ltd.	3,200,000	49,750,222	8,114,541	167,787	Construction	Construction
China Railway 14th Bureau Group Co., Ltd.	3,110,000	66,850,141	11,595,147	550,269	Construction	Construction
China Railway 15th Bureau Group Co., Ltd.	3,000,000	38,772,156	3,887,891	239,208	Construction	Construction
China Railway 16th Bureau Group Co., Ltd.	3,000,000	64,801,134	7,209,380	125,481	Construction	Construction
China Railway 17th Bureau Group Co., Ltd.	3,021,226	54,109,590	7,901,196	158,006	Construction	Construction
China Railway 18th Bureau Group Co., Ltd.	3,000,000	48,462,012	8,249,016	528,535	Construction	Construction
China Railway 19th Bureau Group Co., Ltd.	5,080,000	52,610,678	7,945,881	57,982	Construction	Construction
China Railway 20th Bureau Group Co., Ltd.	3,130,000	46,045,309	6,913,835	220,898	Construction	Construction
China Railway 21st Bureau Group Co., Ltd.	2,038,000	39,206,890	5,596,171	105,149	Construction	Construction
China Railway 22nd Bureau Group Co., Ltd.	2,000,000	37,347,021	5,606,374	178,636	Construction	Construction
China Railway 23rd Bureau Group Co., Ltd.	2,000,000	32,022,993	5,677,694	143,505	Construction	Construction
China Railway 24th Bureau Group Co., Ltd.	2,000,000	30,358,463	4,238,461	208,326	Construction	Construction
China Railway 25th Bureau Group Co., Ltd.	2,000,000	21,259,500	3,192,612	84,845	Construction	Construction
China Railway Construction Group Co., Ltd.	3,502,971	95,093,116	12,912,568	538,640	Construction	Construction

Section III Management Discussion and Analysis (Report of Directors) (continued)

Name of Company	Registered capital	Major financial indicators as at 30 June 2021			Principal operations	Industry
		Total assets	Net assets	Net profit		
China Railway Urban Construction Group Co., Ltd.	2,000,000	28,749,037	4,763,172	441,437	Construction	Construction
China Railway Construction Electrification Bureau Group Co., Ltd.	3,800,000	28,719,910	10,658,137	813,509	Construction	Construction
CRCC Harbor and Channel Engineering Bureau Group Co., Ltd.	2,500,000	15,790,579	2,598,582	73,261	Construction	Construction
China Railway Construction International Group Co., Ltd.	3,000,000	9,797,394	3,420,447	-186,715	Construction	Construction
China Railway Construction Real Estate Group Co., Ltd.	7,000,000	196,697,426	28,354,499	531,648	Real estate development and operation	Real estate
China Railway First Survey and Design Institute Group Co., Ltd.	1,000,000	16,304,121	5,150,527	429,827	Survey and design	Consultancy
China Railway SIYUAN Survey and Design Group Co., Ltd.	1,000,000	25,966,369	10,820,703	1,038,353	Survey and design	Consultancy
China Railway Fifth Survey and Design Institute Group Co., Ltd.	155,000	6,883,770	1,940,714	166,911	Survey and design	Consultancy
China Railway Shanghai Design Institute Group Co., Ltd.	130,000	2,634,851	1,308,598	165,070	Survey and design	Consultancy
China Railway Material Group Co., Ltd.	3,000,000	33,513,130	4,013,048	446,003	Purchase and sales of goods and materials	Logistics and trade
China Railway Construction Heavy Industry Corporation Limited	5,140,720	23,455,109	12,830,042	915,130	Industrial manufacturing	Industry
CRCC High-tech Equipment Corporation Limited	1,519,884	7,986,420	5,523,899	19,755	Industrial manufacturing	Industry
China Railway Construction Investment Group Co., Ltd.	12,067,086	159,170,499	34,330,896	1,170,922	Project investment	Investment
CRCC Kunlun Investment Group Co., Ltd.	5,087,166	39,553,346	13,235,427	671,363	Project investment	Investment
CRCC Chongqing Investment Group Co., Ltd.	3,000,000	19,487,252	5,564,545	438,909	Project investment	Investment
CRCC Capital Holdings Group Co., Ltd.	9,000,000	41,309,590	8,136,764	465,913	Finance service	Finance
CRCC Finance Co., Ltd.	9,000,000	110,928,438	12,377,908	609,835	Finance service	Finance

During the Reporting Period, no subsidiary accounted for over 10% in the consolidated operating results of the Group.

2. Major companies in which the Group 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 Group invested have no significant effects on the assets, operation results and other financial indicators of the Company in the current and future years.

Section III Management Discussion and Analysis (Report of Directors) (continued)

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

Applicable Not applicable

Please see “3. Equity in structured entities not included in the scope of the consolidated financial statements” in Note VII to the financial report for the status of the structured entity controlled by the Company.

V. OTHER DISCLOSURE

(I) Potential risks

Applicable Not applicable

The Group is concerned about the internal and external exposure to risks, attaches great importance to the mechanism construction of collecting, evaluating, analysing, monitoring and applying risk information, committed to establishing a full-staff, comprehensive and full-process prevention and control system, and continues to spare no efforts in the risk prevention and control in important business, major areas and key links and positions. Through a comprehensive assessment of the internal and external risk levels in 2021, in-depth study and judgment of changes in the domestic and overseas situation, as well as comprehensive consideration of the impact of COVID-19 pandemic, the Group identifies the following risks as the significant risks it may be subject to: internationalized operation risks, cash flow risks, investment risks, safety risks and cost risks.

1. Internationalized operation risks

As the COVID-19 pandemic has not been effectively contained, the international 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. The Group expands its overseas businesses 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 Group does not have comprehensive and thorough risk analysis and adopt effective risk control, or if some countries and regions experience political instability, social unrest and severe pandemic, and involve in diplomatic and economic frictions or disputes with China. By comprehensive analysis, the Group determines that risk management related to internationalized operation will focus on geopolitical risk, economic risk, legal compliance risk, labour management risk and environment risk, comprehensively analyses the reasons of such risks and the possible impact on the Group, 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 III Management Discussion and Analysis (Report of Directors) (continued)

2. Cash flow risks

Affected by the overall economic situation and the COVID-19 pandemic, external funds have been tightened. With the development of the Group and the continuous expansion of business scale, accounts receivable and inventories occupy a constantly high proportion of funds, which has brought greater pressure on production and operations. In order to strengthen the prevention and control of cash flow risks, the Group controls the scale and quality of accounts receivable from the source, strictly controls bidding and contract signing process, and attaches great importance to the quality and benefit of newly-signed contracts. It strengthens the management of project pricing and fund allocation, and no over-allocation and over-payment are allowed. It makes good efforts in the daily management and control of accounts receivable, adheres to the bottom line of total control, decomposes tasks level by level, and makes detailed responsibility targets to effectively ensure the duly performance of responsibilities for clearing debts. The Group implements unified management on revenue and expenditure, strengthens centralized management and control of funds, rationally adjusts and allocates funds for use, effectively integrates resources, and increases cash reserves to ensure the security of the capital chain. The Group actively explores advanced wealth management methods to improve the efficiency of capital use, and formulates the Administrative Measures for the Supervision on Internal Control of Funds to further enhance the ability to prevent and defuse the risk of major capital losses by strengthening the management of the internal control of funds.

3. Investment risks

Investments business 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, 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 prevent and control investment risks, the Group makes greater efforts in national and local economic policy analysis, sticks to the guidance of strategic goals, adheres to the problem-orientated principle, and strictly controls investments in non-core businesses. The Group intensifies efforts in the research on key follow-up projects, 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 characteristics of different projects with an aim to prevent and control major investment risks from the source of the project and perform more scientific review and decision-making. At the same time, the Group strengthens project process management and control, discovers and deals with problems in a timely manner at the initial stage of risks, so as to avoid losses arising from risks.

Section III Management Discussion and Analysis (Report of Directors) (continued)

4. Safety risks

The Group always attaches great importance to production safety and regards production safety as the prerequisite and basis for all work. However, due to the characteristics of the industry and the complex working environment, high turnover of personnel, and long management chains, etc., currently the production safety is still complicated and severe, and there are still certain hidden dangers and weaknesses in production safety management. If the production safety responsibilities and safety supervision pressure are weakened level by level, terminal responsibilities are not implemented well, and even violations of regulations and rules as well as risky and reckless work occur, the Group is subject to risks. The Group strictly implements its responsibility for production safety, makes good efforts in the check of hidden hazards, conducts education and training on production safety, strengthens the safety management of subcontracting teams, and resolutely curbs the occurrence of major accidents. The Group establishes the system on safety risk identification and assessment, hierarchical management and control as well as warning reporting, improve security risk prevention and control mechanism, and clarify and implement risk management and reporting procedures. The Group organizes and carries out risk identification and evaluation to implement the confirmation of safety conditions, and strengthen risk pre-control and monitoring work. The Group improves the production safety emergency management system, and scientifically formulate emergency plans and on-site disposal plans to strengthen safety risk management and control.

5. Cost risks

The Group makes overall plans for cost management by solidly improving its ability to create profits throughout the entire process, effectively strengthening cost management for the entire industry, continuously strengthening the construction of engineering companies, and strictly controlling the “three expenses” expenditure. However, in case of the absence of necessary price adjustment mechanism in the face of rising prices of raw materials, machineries and labor, unscientific quota control in the production process and extensive cost management, the engineering (product) cost may not be effectively controlled to achieve the expected benefits, or even cause the risk of loss. The Group will further strengthen the construction of the cost management system, improve the cost management organization system, strengthen the construction of the cost management team, enhance the construction of equipment and materials procurement and management platform and labor subcontracting management platform, and improve the functions of the cost management information system. The Group will improve the price control system, make good efforts in the risk management and control of project cost pre-control, strengthen the management and control of project contracting contracts, labor services, machinery leasing, and material contracts, and effectively control the risks of rising labor costs and raw material prices. The Group will analyze, supervise and inspect the cost control situation, and strengthen cost supervision and assessment.

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 2021, which emphasized the improvement of the awareness of major risk management and control of all employees, listed the potential material risks, clarified the management and control strategy and work division, and optimized the KRI monitoring indicators. All departments and subordinate units of the Company’s headquarters closely tracked and monitored changes in related indicators, and took effective measures in a timely manner to ensure the full implementation of the risk management and control requirements. At the same time, all levels of units were required to formulate targeted risk response plans in accordance with their own risk assessment results, clarify the division of responsibilities, highlight the key points of management and control, set up early warning indicators, and perform well in risk monitoring and response.

Section III Management Discussion and Analysis (Report of Directors) (continued)

(II) **Other discloseable matter**

Applicable Not applicable

On 30 August 2021, upon the approval of the 65th meeting of the 4th session of the Board of Directors of the Company, the Company officially released the Resolution on “14th Five-Year” Development Strategy and Plan of the Company, and put forward the guiding ideology, basic principles and, overall development strategy for the development during the “14th Five-Year” period.

1. During the “14th Five-Year Plan” period, the guiding ideology of the Company’s development is: to hold high the great flag of socialism with Chinese characteristics, take Xi Jinping’s thoughts on socialism with Chinese characteristics in the new era as the guidance, thoroughly implement the spirits of 19th National Congress of the Party and the 2nd, 3rd, 4th and 5th plenary sessions of the 19th CPC Central Committee, fully implement the decisions and deployments of the Party Central Committee, the State Council and the work requirements of the SASAC of the State Council, scientifically grasp the new development stage, resolutely implement the new development concept, actively integrate into the new development pattern, adhere to the overall work of seeking progress while maintaining stability, and insist on focusing on main responsibilities and main business; through promoting high-quality development as the theme, deepening supply-side structural reforms as the main line, and taking reform and innovation as the fundamental driving force, to strengthen innovation drive, optimize the layout structure, improve the governance system, prevent major risks, improve the quality of Party building, accelerate the cultivation of a world-class comprehensive construction industry group, and make new and great contributions to the comprehensive construction of a modern socialist country.
2. During the “14th Five-Year Plan” period, the basic principles of the Company’s development are: to adhere to the overall leadership of the Party, implement the new development concept, establish a system concept, focus on high-quality development, and achieve shared development.

Section III Management Discussion and Analysis (Report of Directors) (continued)

3. During the “14th Five-Year Plan” period, the Company’s overall development strategy is: to develop into the most reliable world-class comprehensive construction industry group with the basis of construction, relevant diversification, value-leading and excellent quality.
- “Construction-based” is the foothold of development. We insist on taking the construction industry as the base for survival and foundation for success. We actively integrate into the new development pattern, seize the important strategic opportunities for the rapid development of the domestic and overseas construction industry, fully integrate into the joint construction of the “Belt and Road Initiative”, Beijing-Tianjin-Hebei synergic development, the development of the Yangtze River Economic Belt, the integrated development of the Yangtze River Delta, Guangdong, construction of the Greater Bay Area of Guangdong, Hong Kong and Macao, the ecological protection and high-quality development of the Yellow River Basin as well as the promotion of Hainan’s comprehensive deepening of reform and opening up and other major national strategies, make overall deployment of the domestic and overseas construction markets, and continuously improve the core competitiveness.
 - “Relevant diversification” is the focus of development. We persist in diversified development and create new industrial pattern. We scientifically grasp the new development stage, combine the goal requirements of building a socialist modern country in an all-round way and the people’s ever-increasing needs for a better life, and use our core advantages to take the initiative and seek breakthroughs on a larger scale, deeper level and in more fields. We actively expand the industrial fields related to the construction industry chain, coordinate with the development of the main business, and match with the resource endowment of the enterprise, accelerate the cultivation of emerging industries conforming to the national strategic direction, meet the future needs of the market with broad development prospects, and form a diversified industrial structure with clear positioning, reasonable layout, scientific functions and efficient coordination.
 - “Value-leading” is the key point of development. We adhere to the value orientation of “quality first, prioritizing efficiency”. We resolutely implement the development concept of “innovation, coordination, safety, sharing, and sustainability”, get rid of the extensive development concept emphasizing scale and neglecting benefits, take “whether it is beneficial to improve quality and whether it is beneficial to create benefits” as the main evaluation standard, follow the principles of value management, value creation, value exploring, value evaluation and value distribution, promote the transformation of development methods, optimization of industrial structure, transformation of growth momentum, and strive to start a new journey of high-quality development.
 - “Excellent quality” is the aim of development. We persist in building a “quality CRCC” in an all-round way based on essential attributes. We inherit and carry forward the “red gene” of the railway soldiers, create the “most politically-aware, most responsible and most dedicated with strongest sense of mission” central enterprise with excellent quality; serve the domestic and overseas markets and customers, and create an innovative, technological, management-based international construction group with excellent quality; give back to shareholders and the society, and build a public company with excellent quality with “excellent assets, outstanding performance, high-quality resources and advanced management”.

Section IV Corporate Governance

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	Resolutions at meeting
2020 Annual General Meeting	29 June 2021	The website of the Shanghai Stock Exchange (www.sse.com.cn) and the website of the Hong Kong Stock Exchange (www.hkex.com.hk)	30 June 2021	13 resolutions were considered and approved at the meeting, including the Resolution on the Work Report of the Board of Directors for 2020, Resolution on the Work Report of the Supervisory Committee for 2020, Resolution on the Financial Statements of the Company for 2020, Resolution on the Profits Distribution Plan of the Company for 2020, Resolution on the 2020 Annual Report of the Company, Resolution on the Determination of the Caps for Guarantees for Wholly-owned and Controlled Subsidiaries of the Company for 2021, Resolution on the Provision of Guarantees by China Railway Construction Real Estate for the Financing of Invested Companies, Resolution on the Payment of 2020 Audit Fee and the Appointment of External Auditors for 2021, Resolution on the Remuneration of Directors and Supervisors for 2020, Resolution on the Amendments to the Rules of Procedure for the Board of Directors of China Railway Construction Corporation Limited, Resolution on the Amendments to the Articles of Association of China Railway Construction Corporation Limited, Resolution on the Shareholders' Return Plan for the Next Three Years of 2021-2023 of the Company, and Resolution on the Grant of General Mandate to the Board of Directors to Issue Shares of the Company.

Request for convening of extraordinary general meeting by preference shareholders with recovered voting rights

Applicable Not applicable

Explanation on the General Meetings

Applicable Not applicable

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

Applicable Not applicable

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

Applicable Not applicable

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

During the Reporting Period, Mr. Liu Ruchen, an executive Director and member of the Party Committee of the Company, concurrently served as the general counsel and chief compliance officer of the Company since February 2021. Mr. Wang Huacheng, an independent non-executive Director, ceased to be an independent director of BOE Technology Group Co., Ltd. since May 2021. Mr. Cheng Wen, an independent non-executive Director, ceased to be an external director of China North Industries Group Corporation Limited since April 2021.

III. 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.

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

The proposed profit distribution plan or reserve-to-equity transfer plan for the half year

Whether to distribute profit or transfer reserves	No
Number of bonus shares for every 10 shares (share)	0
Amount of dividend for every 10 shares (tax inclusive)	0
Number of shares transferred for every 10 shares (share)	0
Explanation on profit distribution or reserve-to-equity plan	N/A

V. 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

VI. 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 2020 annual report.

VII. COMPLIANCE WITH CORPORATE GOVERNANCE CODE

During the Reporting Period, the Company strictly complied with 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.

Section V Environmental and Social Responsibility

1. 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

1. Administrative punishments due to environmental issues

Applicable Not applicable

During the Reporting Period, a total of 24 projects under construction by the Group were punished by relevant local authorities due to dust and noise caused by earthwork construction, with a total fine of approximately RMB860,000. Relevant entities of each project had paid the fine in full and conducted rectification and acceptance in a timely manner. The above-mentioned violations did not cause serious environmental pollution, heavy casualties or social impacts, and were not major violations of environmental protection laws and regulations, and the relevant penalties did not have a significant adverse impact on the Company's normal production and operation.

2. Disclosure of other environmental information by companies with reference to 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 the Air Pollution Prevention and Control Law of the People's Republic of China, and controls pollution from the source. 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 to strengthen the notion for green development, striving to become a "resource-saving and environmentally-friendly" enterprise and to promote the enterprise to achieve high-quality sustainable development and contributing to the construction of ecological civilization of the state. The major emissions of the Group in the course of business are CO₂ and non-hazardous construction wastes. The Group was listed in companies other than those classified as the key pollutant discharging units in China as it seldom produced hazardous wastes, oxynitride and oxysulfide due to the nature of the industry.

3. Reasons for non-disclosure of other environmental information

Applicable Not applicable

Section V Environmental and Social Responsibility (continued)

(III) Explanation of the subsequent progress of or changes in the disclosure of environmental information during the Reporting Period

Applicable Not applicable

(IV) Relevant information that contributes to ecology protection, pollution prevention, and fulfillment of environmental responsibility

Applicable Not applicable

CRCC emphasized the concept of green construction, striving to achieve high quality and sustainable development of the enterprise by “staying away from the red line, keeping the bottom line and creating highlights”. The Company formulated and issued the Measures for the Supervision and Administration of Energy Conservation and Eco-environmental Protection of China Railway Construction Corporation Limited that clarifies the annual indicators for ecology protection, pollution prevention and fulfillment of environmental responsibility. On top of that, CRCC requires each division of the entire system to put high emphasis on work on protecting environment, and proactively assume social responsibilities in the course of business, striving to become a “resource-saving and environmentally-friendly” enterprise.

(V) Measures taken on the decline of carbon emission and their impacts

Applicable Not applicable

CRCC is committed to integrating the environmental management concept into the total factor and whole process of construction. In line with the principle of “decrease in inventories, control of increased amounts, offset of carbon negative”, CRCC assists the state in achieving the double carbon goal of China to peak carbon emissions by 2030 while achieving carbon neutrality by 2060. To reduce carbon dioxide emissions, the Group has taken major measures: firstly, enhancing organizational leadership and system construction; secondly, proactively adjusting the energy utilization structure to cut down the consumption of energy with high carbon dioxide content; thirdly, actively 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 develop technology innovation and promote the “four new” results of energy saving as well as reduce energy consumption; sixthly, strengthening the management of supplies of materials to improve the efficiency in the use of turnover materials, the recycling of resources, reduce the vacancy rate of equipment, and reduce energy consumption.

2. DETAILS OF CONSOLIDATING THE ACHIEVEMENTS OF POVERTY ALLEVIATION AND RURAL REVITALIZATION

Applicable Not applicable

CRCC conscientiously implements the decision of the CPC Central Committee and the State Council on all-round rural revitalization strategy, and the instructions of General Secretary Xi Jinping that “consistent policies prevent relapse into poverty and consolidate achievements”, adheres to the working principle that “the poverty-relief counties will not shake off poverty without responsibilities, policies, assistance, and supervision”, and ensures the effective connection between the achievements of poverty alleviation and rural revitalization.

The headquarters of the Company provided targeted poverty alleviation assistance to Wanquan District in Shangyi County, Zhangjiakou, Hebei Province, and Gande County in Guoluo State, Qinghai Province. The related subsidiaries provided assistance to Puge County in Liangshan Prefecture, Teke Village in Ganluo County, Tiantai Village in Guang’an City, Tongxin Village, Pingwu County in Mianyang City, Sichuan Province, Shahukou Village in Youyu County, Dianping Village and Qingxiang Village in Fenxi County, Shanxi Province, Yuanzhou District in Guyuan City, Ningxia Autonomous Region, Fulin Villiage in Poyang County, Jiangxi Province, Linxia City, Gansu Province, Guozhuang Village, Liugou Village, Hancha Village in Huining County, Lama Village in Minxian County, Balang Village, Laiyuan County, Hebei Province, Wutai Village in Ningshan County, Shaanxi Province, Beiguan Village in Longxian County, Shaanxi Province, Jinmi village in Zhashui County, Shaanxi Province, Wenhe Villiage in Dahua County, Guangxi Province, Yinmenghu Village in Danjiangkou City, Hubei Province, Daimaopo Village in Mayang County, Shibitang Village in Jianghua Yao Ethnicity Autonomous Township and Qiaotou Village and Chaling County in Xiaowei Zhuang Ethnicity Township, Hunan Province, Jinzhai Country, Anhui Province, and Maduo County in Guoluo Prefecture, Qinghai Province.

(I) Major work

In the first half of 2021, CRCC invested RMB7.73 million as assistance funds, among which RMB5.33 million was invested without compensation and RMB2.4 million was invested with compensation. CRCC purchased RMB6.047 million of agricultural products from poverty-stricken areas, helped sell RMB2.145 million of agricultural products in poverty alleviation areas, and invested RMB0.297 million in consolidating the achievement of “no worry about food and clothing and access to compulsory education, basic medical services, and safe housing”, and helped build one rural revitalization demonstration point.

Section V Environmental and Social Responsibility (continued)

1. Organizing the leaders. Firstly, improving the mechanism and strengthening the responsibilities. According to the specific requirements of the new stage of rural revitalization, in the first half of 2021, the Company adjusted the leading group for poverty alleviation and development to the leading group for rural revitalization. A working mechanism of “unified management and graded responsibility” has been formed for the overall planning and decision-making of the leading group, the linkage and operation of offices under the leading group, the support and cooperation of relevant departments and the assumption of tasks by titular cadres, in order to promote from top level to primary level of the Company, coordinate well from the front to back and root in the Company. Secondly, formulating annual plan to ensure orderly progress of poverty alleviation work. Thirdly, going deep into reality and implementing policies. The leading group supervised and guided the targeted poverty alleviation counties to implement the decision and arrangement of the CPC Central Committee and put forward pertinent suggestions. During the on-site investigation, the leading group deeply understood all links of agricultural product procurement, conducted analysis and judgement, and made dynamic adjustment to the promotion of the scientific development of local production, processing and sales links of agricultural products.
2. Selecting and assigning cadres. CRCC selected the best cadres, strengthened assessment, expressed care to the cadres, and stimulated the enthusiasm of assistance cadres. In the first half of 2021, the rotation of temporary cadres for the rural revitalization of the headquarters of the Company has been completed. In the case that the original two titular cadres applied for continuing to assist at the frontline, four new experienced cadres with strong political awareness were selected and assigned to the frontline of assistance. Each unit selected and assigned 26 village cadres and multiple assistance teams to poverty-stricken areas.

Section V Environmental and Social Responsibility (continued)

3. “Five Revitalizations”. The first is to boost industrial revitalization. CRCC introduced poverty alleviation projects for the targeted poverty alleviation counties to help rural characteristic industries grow and expand, promote the integrated development of primary, secondary and tertiary industries, and help poverty-stricken people stabilize their jobs. In the first half of 2021, CRCC introduced 5 poverty alleviation projects, supported 10 leading enterprises, supported 4 rural cooperatives and helped establish 8 assistance workshops, and helped 228 out-of-poverty people transfer employment. The second is to boost talent revitalization. In the first half of 2021, 85 grassroots cadres at county, township and village levels, 25 rural revitalization leaders and 194 professional and technical talents were trained. The third is to boost cultural revitalization. In the first half of 2021, RMB4.1 million was invested in cultural revitalization and donated to the construction of county-level libraries, art galleries and multi-functional studios to help strengthen the ideological and moral construction and public cultural construction in rural areas. CRCC satisfied the multi-level and diversified cultural needs of the public and promoted the implementation of cultural assistance. The fourth is to boost ecological revitalization. CRCC actively leveraged the advantages of construction enterprises to help improve the living environment and rural living facilities in rural areas, so as to create a beautiful countryside. Starting from the perspective of “Internet + targeted assistance + upward mobility of agricultural products”, CRCC installed office facilities and opened an online network for Wutai Village, Ningshan County, Shaanxi Province to build a link between the village and the outside world and improve the living environment of villagers. CRCC set up courtesy shops, built bridges for people’s convenience, flood control channels, drinking water projects, lighting projects and other facilities, renovated kitchens, toilets and other facilities, decorated resettlement housing in centralized resettlement sites. CRCC improved rural infrastructure functions by constructing sewage treatment project for Sanlizhuang Village, Zhangjiakou City, Hebei Province, and laying a sewage pipe network of 14,469 meters, to raise farmers’ environmental protection awareness and improve quality of life. CRCC improved the seasonal water shortage and drinking difficulties of people by replacing tap water pipelines and road surface restoration project in Sunjiaxiaozhuang Village, Zhangjiakou City, Hebei Province, with 4,000 meters of tap water pipelines, 10 valve wells and 2,000 meters of road surface restored. The fifth is to support the revitalization of organizations. CRCC guided targeted counties to strengthen Party building and promote rural revitalization, deepened pair-by-pair construction of Party branches, and facilitated the construction of grass-roots Party organizations and Party members. In the first half of 2021, 18 Party branches and 11 poverty alleviation villages were established through the pairing-up.

Section V Environmental and Social Responsibility (continued)

4. Work innovation. Firstly, the Group adhered to the consolidation of the achievements of “no worry about food and clothing and have access to compulsory education, basic medical services, and safe housing” to help improve infrastructure conditions and improve public service levels. In Sanlizhuang Village, Wanquan District, Hebei Province, CRCC purchased “Rural Revitalization Insurance” for 4,069 villagers with an accumulated maximum coverage of RMB4.25 million, including the amount of compensation for resettlement, rescue and rehabilitation of residents after COVID-19 and subsidies for guarantee of basic living difficulties and medical expense for the people in need, which effectively solved various uncertain risks faced in the process of promoting rural vitalization and helped secure the results of rural vitalization. In Sanlizhuang Village, Wanquan District, Hebei Province, CRCC carried out a safe village construction activity with local China Mobile, distributed and installed cameras free of charge, and actively promoted public order and civilized behavior in public areas. Secondly, CRCC gave full play to its own advantages, innovated assistance measures, and promoted the improvement of various policies and measures of the industry. In Bazhong City, the core area of Sichuan-Shaanxi old revolutionary zone, and Panzhihua City, the hinterland of south Sichuan, CRCC, based on the development demands of the local government, coordinated the establishment of special classes for enterprise internal design consultation and investment units, etc., to provide “CRCC plan” from a full industry chain perspective. CRCC explored the “expressway + photovoltaic” model, expected to integrate photovoltaic power generation technology with expressway system to feed back the construction of transportation infrastructure with the power generation income. In Jinzhai County, Anhui Province, CRCC gave full play to the advantage of “Beidou big data + R&D”, actively invested in the doctoral team, and integrated the emerging technologies such as Beidou big data and bamboo twining with the needs of rural revitalization. Thirdly, CRCC deepened consumption assistance to effectively solve urgent problems. RMB6.047 million of agricultural products were purchased from poverty alleviation areas. Fourthly, CRCC established a long-lasting assistance mechanism, summed up and publicized typical experience, mobilized the participation of social forces, and consolidated and improved the effectiveness of assistance. In Wanquan District, Zhangjiakou City, Hebei Province, CRCC actively liaised with the labor authorities and recruitment enterprises, released employment and employment recruitment information in a timely manner, and provided training before employment for the registered people in need with the ability and willingness to work, to prevent employment from returning to poverty and achieve stable income growth. Up to now, more than 70 local employees have been provided with jobs.

Section V Environmental and Social Responsibility (continued)

(II) Follow-up assistance plan

1. Strengthening the implementation of poverty alleviation responsibility and ensuring the effective connection between poverty alleviation achievements and rural revitalization. CRCC actively explored new ideas, new models and new measures for assistance work, actively participated in the construction of rural revitalization projects, raised funds for the development of targeted assisted counties and introduced assisted enterprises to cultivate leaders in entrepreneurship and wealth management and skilled professionals. CRCC vigorously promoted industrial assistance, carried out in-depth support for consumption, employment assistance and infrastructure assistance, and helped consolidate the achievements of “no worry about food and clothing and access to compulsory education, basic medical services, and safe housing”, making a contribution to the overall promotion of the rural vitalization strategy.
2. Summarizing and publicizing typical experience, mobilizing the participation of social forces to consolidate and improve the effectiveness of assistance. CRCC actively made use of media platforms, such as websites, WeChat and newspapers, deeply publicized the spirit of the important instructions of General Secretary Xi Jinping on the rural revitalization strategy, publicized the strategic deployment of the CPC Central Committee, the State Council and the SASAC of the State Council, publicized the typical experience and inspiration of the enterprises in the assistance work, mobilized the participation of social forces to create a favorable atmosphere for comprehensively and deeply promoting rural revitalization.
3. Strengthening cooperation and coordination to achieve win-win development. CRCC made the organic combination between the consolidation of poverty alleviation achievements and promotion of rural revitalization strategy with “High-Quality CRCC”, actively explored multi-dimensional cooperation with local governments and local enterprises to achieve complementary advantages, resource sharing and win-win cooperation and received strong synergy for boosting the high-quality development of CRCC.

Section VI Significant Events

I. 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

Undertaking background	Undertaking Category	Undertaken by	Undertaking Contents	Time and term of undertakings	Is there a term for fulfillment	Is there strict fulfillment in a timely manner	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
Undertaking related to the share reform Undertaking in acquisition report or report on changes in equity Undertaking associated with major asset reorganization Undertaking associated with IPO Undertaking 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 VI Significant Events (continued)

Undertaking background	Undertaking Category	Undertaken by	Undertaking Contents	Time and term of undertakings	Is there a term for fulfillment	Is there strict fulfillment in a timely manner	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
Undertaking associated with share incentive Other Undertaking 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		
Other Undertaking	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		

Section VI Significant Events (continued)

Undertaking background	Undertaking Category	Undertaken by	Undertaking Contents	Time and term of undertakings	Is there a term for fulfillment	Is there strict fulfillment in a timely manner	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
	Shares subject to restriction of sales	China Railway Construction Corporation	For undertakings on the spin-off and listing of the restricted sales of shares 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创板上市的預案(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 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创板上市招股說明書》) released on the website of Shanghai Stock Exchange (www.sse.com.cn) by CRCHI on 16 June 2021.	Within 36 months from the listing of CRCHI	Yes	Yes		

Section VI Significant Events (continued)

Undertaking background	Undertaking Category	Undertaken by	Undertaking Contents	Time and term of undertakings	Is there a term for fulfillment	Is there strict fulfillment in a timely manner	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
	Others	The Company	For undertakings on the spin-off and listing of the restricted sales of shares of CRCHI and stabilizing the stock price, 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 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》) released on the website of Shanghai Stock Exchange (www.sse.com.cn) by CRCHI on 16 June 2021.	Within 36 months from the listing of CRCHI	Yes	Yes		
	Others	The Company	For undertakings on the spin-off and listing of the purpose of intention and reduction of shareholding of shares after the end of the shares Lock-Up Period of CRCHI, please find more details in the Prospectus for Initial Public Offering and Listing on the Science and Technology Innovation Board 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》) released on the website of Shanghai Stock Exchange (www.sse.com.cn) by CRCHI on 16 June 2021.	Within 2 years from the end of Lock-Up Period	Yes	Yes		

Section VI Significant Events (continued)

Undertaking background	Undertaking Category	Undertaken by	Undertaking Contents	Time and term of undertakings	Is there a term for fulfillment	Is there strict fulfillment in a timely manner	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
	Others	China Railway Construction Corporation	For undertakings on the authenticity, accuracy and completeness of spin-off and listing of the restricted sales of shares of CRCHI, undertakings on no fraudulent issuance of shares buyback, undertakings on no misrepresentations or misleading statements contained in, or material omissions in the Prospectus, Letter of Undertaking to Make up for Diluted Immediate Returns, Letter of Undertaking to Reduce and Regulate Related Party Transactions, undertakings on binding measures in the event of not observing undertakings, the Letter of Undertaking to Avoid Horizontal Competition 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创板上市的預案(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 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创板上市招股說明書》) released on the website of Shanghai Stock Exchange (www.sse.com.cn) by CRCHI on 16 June 2021.	Long-term	No	Yes		

Section VI Significant Events (continued)

Undertaking background	Undertaking Category	Undertaken by	Undertaking Contents	Time and term of undertakings	Is there a term for fulfillment	Is there strict fulfillment in a timely manner	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
	Others	The Company	For undertakings on the authenticity, accuracy and completeness of spin-off and listing of the restricted sales of shares of CRCHI, the undertakings on reduction of shareholding of shares, no fraudulent issuance of shares buyback, there are no misrepresentations or misleading statements contained in, or material omissions in the Prospectus, Letter of Undertaking to Make up for Diluted Immediate Returns, Letter of Undertaking to Reduce and Regulate Related Party Transactions, undertakings on binding measures in the event of not observing undertakings, the Letter of Undertaking to Avoid Horizontal Competition, 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创板上市的預案(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 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创板上市招股說明書》) released on the website of Shanghai Stock Exchange (www.sse.com.cn) by CRCHI on 16 June 2021	Long-term	No	Yes		

Section VI Significant Events (continued)

Undertaking background	Undertaking Category	Undertaken by	Undertaking Contents	Time and term of undertakings	Is there a term for fulfillment	Is there strict fulfillment in a timely manner	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
	Others	Directors, supervisors and senior management	For undertakings on the authenticity, accuracy and completeness of spin-off and listing of the restricted sales of shares 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创板上市的預案(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	Long-term	No	Yes		

II. THE CONTROLLING SHAREHOLDER OF THE COMPANY OR ITS ASSOCIATES HAS MISAPPROPRIATED THE COMPANY'S FUNDS FOR PURPOSES OTHER THAN FOR BUSINESS DURING THE REPORTING PERIOD

Applicable Not applicable

III. NON-COMPLIED GUARANTEES

Applicable Not applicable

IV. INFORMATION IN RELATION TO THE AUDITING IN THE INTERIM REPORT

Applicable Not applicable

V. INFORMATION IN RELATION TO THE REVIEW ON THE INTERIM REPORT BY THE AUDIT AND RISK MANAGEMENT COMMITTEE.

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 2021, 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.

VI. CHANGES AND HANDLING ON MATTERS RELATED TO NON-STANDARD AUDIT OPINIONS OF LAST YEAR'S ANNUAL REPORT

Applicable Not applicable

VII. EVENTS REGARDING BANKRUPTCY AND RESTRUCTURING

Applicable Not applicable

VIII. 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

IX. PUNISHMENTS AND RECTIFICATIONS INVOLVED BY THE LISTED COMPANY, ITS DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT, CONTROLLING SHAREHOLDERS, ACTUAL CONTROLLER SUSPECTED OF VIOLATING LAWS AND REGULATIONS

Applicable Not applicable

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

Applicable Not applicable

XI. 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 Resolution on Renewal of the Property Leasing Framework Agreement and the Proposed Caps for 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 resolution has been approved by independent non-executive directors. During the Board review process, independent non-executive directors also gave independent opinions in favor of the resolution. The 31st meeting of the fourth session the Board of the Company was held on 18 December 2019. At the meeting, the Resolution on Renewal of the Property Leasing Framework Agreement and the Proposed Caps for 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 resolution has been approved by independent non-executive directors. During the Board review process, independent non-executive directors also gave independent opinions in favor of the resolution.

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).

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. 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 billion. Before submission to the Board of the Company for review, the resolution has been approved by independent non-executive directors; in the review process by the Board, independent non-executive directors also gave independent opinions for approving the resolution.

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).

Section VI Significant Events (continued)

Summary of the events

Documents for inspection

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 resolution has been approved by independent non-executive directors; in the review process by the Board, independent non-executive directors also gave independent opinions for approving the resolution. 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 resolution has been approved by independent non-executive directors; in the review process by the Board, independent non-executive directors also gave independent opinions for approving the resolution.

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).

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 to 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 resolution has been approved by independent non-executive directors; in the review process by the Board, independent non-executive directors also gave independent opinions for approving the resolution.

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:

Section VI Significant Events (continued)

- (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	-	432,954	0.10	Cash	-	-
Controlling Shareholder and associates	Property leasing expense	Property leasing	Agreement pricing	-	17,084	0.004	Cash	-	-

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

Unit: '000 Currency: RMB

Nature of transaction	Project	Annual cap for 2021	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	332,649
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	933,572

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

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

Section VI Significant Events (continued)

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 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

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 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 VI Significant Events (continued)

(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

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 balance
China Railway Construction Corporation ^{Note 1}	Controlling Shareholder	2,820,000	180,000	3,000,000	843,066	217,080	1,060,146
China Railway Construction Corporation ^{Note 2}	Controlling Shareholder	-	-	-	139,055	-3,850	135,205
China Railway Jinli Assets Management Co., Ltd. ^{Note 2}	Wholly-owned subsidiary of the Controlling Shareholder	-	-	-	852,746	-117,673	735,073
Beijing Tongda Jingcheng Highway Co., Ltd. ^{Note 2}	Controlled subsidiary of the Controlling Shareholder	-	-	-	178,942	-119,413	59,529
Total		2,820,000	180,000	3,000,000	2,013,809	-23,856	1,989,953

During the Reporting Period, the amount of funds provided to the Controlling Shareholder and its subsidiaries by the Company 180,000

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.

Undertaking relating to claims and liabilities between related parties

Nil

Section VI Significant Events (continued)

Impact of such claims and liabilities between related parties on the Company's operating result and financial position No significant impact

Note 1: The funds provided by the listed company to the related parties is the principal of the loan provided from CRCCFC to the Controlling Shareholder. The funds 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 rates of such entrusted loans are determined based on the loan prime rate (LPR) promulgated by the National Interbank Funding Center.

Note 2: The amount mainly includes deposits of the Controlling Shareholder of the Company and its subsidiaries stored in CRCCFC, a subsidiary of the Group.

3. Events not disclosed in temporary announcements

Applicable Not applicable

(V) The financial businesses between the Company and the related financial company, the Company's holding financial company and the related party.

Applicable Not applicable

1. Deposit service

Applicable Not applicable

Unit: '000 Currency: RMB

Related party	Related party relationship	The maximum		Opening balance	Accrual this period	Ending balance
		daily deposit limit	Interest rate on deposit			
China Railway Construction Corporation	Controlling Shareholder			139,055	-3,850	135,205
China Railway Jinli Assets Management Co., Ltd.	Wholly-owned subsidiary of the Controlling Shareholder	30,000,000	0.5%-2.10%	852,746	-117,673	735,073
Beijing Tongda Jingcheng Highway Co., Ltd.	Controlled subsidiary of the Controlling Shareholder			178,942	-119,413	59,529
Total	/	/	/	1,170,743	-240,936	929,807

Section VI Significant Events (continued)

2. Loan services

Applicable Not applicable

Unit: '000 Currency: RMB

Related party	Related party relationship	Loan facility	Interest rate on loan	Opening balance	Accrual this period	Ending balance
China Railway Construction Corporation	Controlling Shareholder	4,500,000	3.4%-3.48%	2,820,000	180,000	3,000,000
Total	/	/	/	2,820,000	180,000	3,000,000

3. Facilities businesses and other financial businesses

Applicable Not applicable

Unit: '000 Currency: RMB

Related party	Related party relationship	Business type	Total amount	Actual amount
China Railway Construction Corporation	Controlling Shareholder	Entrusted loan fee	100,000	47

4. Other explanation

Applicable Not applicable

(VI) Other material related-party transactions

Applicable Not applicable

(VII) Other

Applicable Not applicable

Section VI Significant Events (continued)

XII. MATERIAL CONTRACTS AND PERFORMANCE

(I) Trusteeship, contracting and leasing matters

Applicable Not applicable

(II) Major guarantees performed and outstanding during the Reporting Period

Applicable Not applicable

Unit: '000 Currency: RMB

Guarantor	Relationship with the listed company		Guarantees (Other than guarantees for subsidiaries)										Counter guaranteed or not	Guarantee by related party	Related relationship	
			Guarantee amount	Date of guarantee occurrence (date of signing the agreement)		Guarantee starting date	Guarantee due date	Guarantee type	Principal debt	Guarantee object (if any)	Performance					
				Guarantee amount	signing the agreement						Guarantee starting date	Guarantee due date				Guarantee type
The Company	Within the Company	Chuantie (Luzhou) Tielu Co., Ltd.	36,120	28 December 2006	28 December 2006	28 December 2026	General Guarantee	Normal	No	No	No	No	No	No	No	
The Company	Within the Company	Chuantie (Luzhou) Tielu Co., Ltd.	35,952	16 April 2008	16 April 2008	16 April 2028	General Guarantee	Normal	No	No	No	No	No	No	No	
The Company	Within the Company	CRCC-Tongguan Investment Co., Ltd.	975,507	17 March 2014	17 March 2014	30 December 2023	General Guarantee	Normal	No	No	No	No	No	Yes	Associate	
The Company	Within the Company	CRCC-Tongguan Investment Co., Ltd.	99,641	20 May 2015	20 May 2015	20 November 2023	General Guarantee	Normal	No	No	No	No	No	Yes	Associate	
The Company	Within the Company	ECUACORRIENTE S.A.	149,965	22 June 2020	10 August 2020	9 July 2025	Joint Responsibility Guarantee	Normal	No	No	No	Yes	No	No		
China Railway 23rd Bureau Group Co., Ltd.	Wholly-owned subsidiary	Chengdu Urban Investment & Construction Technology Co., Ltd.	263	28 April 2018	28 April 2018	26 February 2023	Joint Responsibility Guarantee	Normal	No	No	No	Yes	Yes	Associate		
China Railway Construction Investment Group Co., Ltd.	Controlling subsidiary	CRCC-Tongguan Investment Co., Ltd.	571,719	13 June 2019	13 June 2019	13 June 2024	Joint Responsibility Guarantee	Normal	No	No	No	Yes	Yes	Associate		
China Railway 20th Bureau Group Co., Ltd.	Wholly-owned subsidiary	Guizhou Wengma Railway Co., Ltd.	652,823	31 March 2016	31 March 2016	31 March 2039	Joint Responsibility Guarantee	Normal	No	No	No	No	Yes	Associate		
China Railway 16th Bureau Group Co., Ltd.	Wholly-owned subsidiary	Oriental Anzhen (Beijing) Hospital Management Co., Ltd.	23,410	24 May 2021	25 May 2021	14 December 2039	Joint Responsibility Guarantee	Normal	No	No	No	No	No	No		
China Civil Engineering Group Co., Ltd.	Wholly-owned subsidiary	Jiangxi Copper Corporation Limited	0	31 May 2021	-	-	Joint Responsibility Guarantee	Normal	No	No	No	No	No	No		
CRCC International Investment Co., Ltd.	Controlling subsidiary	Jiangxi Copper Corporation Limited	0	31 May 2021	-	-	Joint Responsibility Guarantee	Normal	No	No	No	No	No	No		

Total amount of guarantees for the Reporting Period (exclusive of the guarantees for subsidiaries)

-247,305

Section VI Significant Events (continued)

Ending balance of guarantees for the Reporting Period (A) (exclusive of the guarantees for subsidiaries)	2,545,400
Guarantees for subsidiaries by the Company	
Total amount of guarantees for subsidiaries for the Reporting Period	3,597,552
Ending balance of guarantees for subsidiaries for the Reporting Period (B)	20,963,249
Total guarantees by the Company (inclusive of such guarantees to its subsidiaries)	
Total guarantees (A+B)	23,508,649
The proportion of total guarantees in net assets of the Company (%)	7.22
Among which:	
The amount of guarantees for the Company's shareholders, actual controller and their related parties (C)	-
Debt guarantees directly or indirectly to guaranteed objects with the gearing ratio higher than 70% (D)	21,035,321
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)	21,035,321
Explanation on the potential joint liability arising from the immature guarantees	

Section VI Significant Events (continued)

Explanation on the guarantees

On 29 to 30 March 2021, the 57th meeting of the fourth session of the board of directors of the Company reviewed and approved the motion on counter-guarantee for project financing of Bakuta Tungsten Mine by China Railway Construction International Investment Co., Ltd., China Civil Engineering Construction Co., Ltd., and agreed its subsidiary China Railway Construction International Investment Co., Ltd., China Civil Engineering Construction Co., Ltd. to act as the main body of guarantee to provide counter-guarantee to Jiangxi Copper Group Co., Ltd. according to the proportion of equity for the Jiaxin International Bakuta Tungsten Mine project. In May 2021, China Railway Construction International Investment Co., Ltd., China Civil Engineering Construction Co., Ltd. and Jiangxi Copper Group Co., Ltd. signed a counter-guarantee contract. As of 30 June, 2021, the actual effective balance of the guarantee is 0.

As of the end of the Reporting Period, the total amount of external guarantees provided by the Company to its wholly-owned and controlled subsidiaries amounted to RMB20,963.2 million. Except for guarantees provided for wholly-owned and controlled subsidiaries, the balance of other guarantees of the Company totalled RMB2,545 million, and the Company had no overdue guarantees.

The external guarantees provided by the Company have stringently fulfilled its decision-making procedures and information disclosure obligations in accordance with the relevant normative documents and the corporate governance system, and there is no breach of the provision of guarantee.

Section VI 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 Company	Term of performance
1	January 2021	C1 Section of General Contract for Resettlement Housing (Including Ancillary Facilities) and Supporting Branch for Municipal Infrastructure Construction Project in Rongxi Area	30.16	A consortium comprising China Railway 12th Bureau Construction and Installation Engineering Co., Ltd., and China Railway 15th Bureau Group Co., Ltd.	546 calendar days
2	February 2021	D.004.2-TA01 Section of General Contract for Construction of Phase II Project of Nanjing Metro Line 4	32.54	A consortium comprising China Railway Construction Corporation Limited, China Railway 11th Bureau Group Co., Ltd., China Railway 14th Bureau Group TBM Engineering Co., Ltd, China Railway Construction Bridge Engineering Bureau Group Co., Ltd., China Railway 18th Bureau Group Co., Ltd., China Railway Construction Group Co., Ltd., and Electrification Engineering Co., Ltd. of China Railway 14th Bureau Group	1,826 calendar days
3	February 2021	Old Town Renovation Project (Urban Renewal) in Chanhe Huizu District	71.27	A consortium comprising China Railway Construction Investment Group Co., Ltd., China Railway 12th Bureau Group Co., Ltd., China Railway Construction Bridge Engineering Bureau Group Co., Ltd., China Railway Fifth Survey and Design Institute Group Co., Ltd., and CRCC Suzhou Design and Research Institute Co., Ltd.	4.5 years

Section VI Significant Events (continued)

No.	Date of contract	Name of project	Contract amount	Contracting party of the Company	Term of performance
4	February 2021 ^{Note1}	Ecological Quality Improvement Project of Taihu in Taizhou City	145.21	A consortium comprising China Railway Construction Investment Group Co., Ltd., CRCC Southern Construction and Investment Co., Ltd., China Railway Construction Bridge Engineering Bureau Group Co., Ltd., China Railway 16th Bureau Group Co., Ltd., China Railway 20th Bureau Group Co., Ltd., China Railway Construction Electrification Bureau Group Co., Ltd., China Railway Fifth Survey and Design Institute Group Co., Ltd., and CRCC Suzhou Design and Research Institute Co., Ltd.	3,650 calendar days
5	March 2021 ^{Note1}	Development Project in Jiangzhou Bay Area, Chongqing City	142.80	A consortium comprising China Railway Construction Investment Group Co., Ltd., China Capital Management Co., Ltd., CRCC Southern Construction and Investment Co., Ltd., China Railway 17th Bureau Group Co., Ltd., China Railway 22nd Bureau Group Co., Ltd., China Railway 23rd Bureau Group Co., Ltd., China Railway Construction Electrification Bureau Group Co., Ltd., China Railway First Survey and Design Institute Group Co., Ltd., and CRCC Suzhou Design and Research Institute Co., Ltd.	11 years
6	March 2021	Comprehensive Development Project in Beihe Area, Tianfu Water City Industrial Function Zone, Chengdu City	107.63	A consortium comprising China Railway Construction Investment Group Co., Ltd., China Railway Fifth Survey and Design Institute Group Co., Ltd., China Railway Construction Electrification Bureau Group Co., Ltd., China Railway 17th Bureau Group Co., Ltd., CRCC Southern Construction and Investment Co., Ltd., China Railway 25th Bureau Group Co., Ltd., China Railway 19th Bureau Group Co., Ltd., and CRCC Suzhou Design and Research Institute Co., Ltd.	9 years
7	March 2021	CZSCZQ-4 Section of the Pre-Construction Work of Two Sub-sections of Ya'an – Linzhi Section of the Newly-built Sichuan – Tibet Railway	67.96	China Railway 11th Bureau Group Co., Ltd	115 months

Section VI Significant Events (continued)

No.	Date of contract	Name of project	Contract amount	Contracting party of the Company	Term of performance
8	March 2021	CZSCZQ-5 Section of the Pre-Construction Work of Two Sub-sections of Ya'an – Linzhi Section of the Newly-built Sichuan – Tibet Railway	111.70	China Railway 12th Bureau Group Co., Ltd.	115 months
9	April 2021 ^{Note 1}	Follow-up ABO Project for Reconstruction of Three Urban Villages in Lianchi District, Baoding City	110.79	A consortium comprising China Railway Construction Investment Group Co., Ltd., China Railway 16th Bureau Group Co., Ltd., China Railway 20th Bureau Group Co., Ltd., China Railway Construction Electrification Bureau Group Co., Ltd., CRCC Southern Construction and Investment Co., Ltd., China Railway Fifth Survey and Design Institute Group Co., Ltd., and CRCC Suzhou Design and Research Institute Co., Ltd.	10 years
10	April 2021	Comprehensive Development Project Of Taohuashan Area, Hi-tech District, Suining City	50.24	A consortium comprising China Railway 18th Bureau Group Co., Ltd., and China Railway Fifth Survey and Design Institute Group Co., Ltd.	5 years
11	April 2021	General Contract for Construction of Phase I Project of Jinan Rail Transit Line 4	195.33	A consortium comprising CRCC Yellow River Investment & Construction Co., Ltd., China Railway 11th Bureau Group Co., Ltd., China Railway 12th Bureau Group Co., Ltd., CRCC Bridge Engineering 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., China Railway 17th Bureau Group Co., Ltd., China Railway 18th Bureau Group Co., Ltd., China Railway 19th Bureau Group Co., Ltd., China Railway 20th Bureau Group Co., Ltd., China Railway 21st Bureau Group Co., Ltd., China Railway 22nd Bureau Group Co., Ltd., China Railway 23rd Bureau Group Co., Ltd., China Railway 24th Bureau Group Co., Ltd., China Railway Construction Electrification Bureau Group Co., Ltd., China Railway Construction Group Co., Ltd., China Railway Urban Construction Group Co., Ltd., China Railway 14th Bureau Group Electrification Engineering Co., Ltd., China Railway Construction Electrification Bureau Group 1st Engineering Co., Ltd.	1,970 calendar days

Section VI Significant Events (continued)

No.	Date of contract	Name of project	Contract amount	Contracting party of the Company	Term of performance
12	April 2021	General Contract and Operation and Maintenance Service for Yuzhu Tunnel Construction (3 years)	32.91	A consortium comprising China Railway 18th Bureau Group Co., Ltd., and China Railway 18th Bureau Group South Engineering Co., Ltd	1,451 calendar days
13	April 2021	Comprehensive Improvement Project in the Core Area of High Speed Rail New District in Liaocheng City (Phase I Eastern District)	39.30	A consortium comprising China Railway 24th Bureau Group Co., Ltd., and China Railway Fifth Survey and Design Institute Group Co., Ltd.	1,825 calendar days
14	April 2021 ^{Note 1}	Cooperative Unit of Comprehensive Construction Development Project of Fangxia Street Area, Laiwu District, Jinan City	32.59	A consortium comprising China Railway 14th Bureau Group Co., Ltd.	1,095 calendar days
15	May 2021 ^{Note 1}	Comprehensive Development Project of Central Business District in Weifang City	81.87	A consortium comprising China Railway Construction Investment Group Co., Ltd. (the lead tender of the Consortium), CRCC Southern Construction and Investment Co., Ltd., China Railway 22nd Bureau Group Co., Ltd., China Railway 25th Bureau Group Co., Ltd., China Railway Construction Electrification Bureau Group Co., Ltd., China Railway Fifth Survey and Design Institute Group Co., Ltd., and CRCC Suzhou Design and Research Institute Co., Ltd.	8 years
16	May 2021	Construction of Jiluo Road North Extension Tunnel Crossing Yellow River	33.13	China Railway 14th Bureau Group Co., Ltd.	1,170 calendar days
17	May 2021	General Contract for Construction of Phase I Project of Chongqing Rail Transit Line 24	67.04	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 18th Bureau Group Co., Ltd., China Railway 20th Bureau Group Co., Ltd., China Railway 22nd Bureau Group Co., Ltd., China Railway 23rd Bureau Group Co., Ltd., and China Railway 25th Bureau Group Co., Ltd.	1,460 calendar days

Section VI Significant Events (continued)

No.	Date of contract	Name of project	Contract amount	Contracting party of the Company	Term of performance
18	May 2021	Development and Construction Project of Old Town Reconstruction (Shizikou Area) in Changshan County	45.28	A consortium comprising CRCC East Investment & Construction Co., Ltd., CRCC Huadong Construction & Development Co., Ltd., China Railway Urban Construction Group Co., Ltd., and China Railway Fifth Survey and Design Institute Group Co., Ltd.	7 years
19	May 2021	Jiangxi-Guangdong Industrial Cooperation Zone (Nankang Area) Project in Ganzhou City	105.76	A consortium comprising China Railway Construction Investment Group Co., Ltd., China Railway 16th Bureau Group Co., Ltd., China Railway 24th Bureau Group Co., Ltd., China Railway Construction Electrification Bureau Group Co., Ltd., China Railway First Survey and Design Institute Group Co., Ltd., and Zhejiang Jianke Architectural Co., Ltd.	10 years
20	May 2021 ^{Note 1}	New Urbanization Construction Project in Yibin Economic Development Zone (Demonstration Zone), Luoyang City	145.78	A consortium comprising China Railway 15th Bureau Group Co., Ltd., China Railway Construction Zhongyuan investment and Construction Co., Ltd., CRCC Investment Funds Management Co., Ltd., China Railway 17th Bureau Group Co., Ltd., China Railway 20th Bureau Group Co., Ltd., China Railway Fifth Survey and Design Institute Group Co., Ltd., China Railway 15th Bureau Group Urban Construction Engineering Co., Ltd.	8 years
21	June 2021 ^{Note 1}	Beijing-Tianjin Intercity Comprehensive Development Project in Beichen District	104.86	A consortium comprising China Railway 18th Bureau Group Co., Ltd.	5 years
22	June 2021	Section I of EPC Project of Science and Technology Innovation Park of Zhongyuan Science and Technology Town and Talents Business Incubator: EPC Project of Science and Technology Innovation Park of Zhongyuan Science and Technology Town	35.77	China Railway Construction Group Co., Ltd.	730 calendar days
23	June 2021	Section XSZQ-1 of the Pre-Construction Work of the Initial Phase of the Newly-built Xi'an - Shiyao High-speed Railway	32.21	China Railway 11th Bureau Group Co., Ltd	1,643 calendar days

Section VI Significant Events (continued)

No.	Date of contract	Name of project	Contract amount	Contracting party of the Company	Term of performance
24	June 2021	Station-city Complex Project of Perennial Hangzhou West Railway Station Hub South Division	78.91	China Railway Construction Group Co., Ltd.	1,990 calendar days
25	June 2021 ^{Note1}	Park City Longquan Mountain Ecological Protection and Restoration and National Reserve Forest Project in Chengdu City	125.01	A consortium comprising CRCC Kunlun Investment Group Co., Ltd., China Railway 23rd Bureau Group Co., Ltd., China Railway 15th Bureau Group Co., Ltd., CRCC Ecological Environment Co., Ltd., CRCC Investment Fund Management Co., Ltd.	Construction period 8 years, operation period 22 years
26	July 2021 ^{Note2}	Section SBLN-TJ-2 of the Newly-built Shenyang – Baihe High-speed Railway	35.89	A consortium comprising China Railway 17th Bureau Group Co., Ltd., China Railway 17th Bureau Group Electrification Engineering Co., Ltd.	1,542 calendar days

Note 1: The time listed was the bid-winning time of the project and the agreement had not been signed by the end of the Reporting Period.

Note 2: Such projects are the bid-winning projects during the Reporting Period and had been signed by the disclosure date of this report.



Section VI Significant Events (continued)

2. Overseas operation contracts

Unit: '00 million Currency: RMB

No.	Date of contract	Name of project	Contract amount	Contracting party of the Company	Term of performance
1	January 2021	Designing and Building an Electrified Standard Gauge Railway (SGR) Line from Mwanza to Isaka (249 Kilometers Main Line and 92 Kilometers Siding/ Passing Loops) on an Alignment Parallel to the Existing Meter Gauge Railway in Tanzania	85.81	A consortium comprising China Civil Engineering Construction Corporation, China Railway Construction Corporation Limited	3 years
2	March 2021	Franchising Contract for Construction, Maintenance, Protection and Development of Talca-Chillán Section of Chile Highway No. 5	79.19	A consortium comprising China Railway Construction Corporation Limited	32 years

XIII. EXPLANATION ON OTHER SIGNIFICANT EVENTS

Applicable Not applicable

(I) *The spin-off and listing for a subsidiary*

During the Reporting Period, the application submitted by CRCHI, a controlled subsidiary of the Company, for the initial public offering of its shares and listing on the Science and Technology Innovation Board was reviewed by the Listing Committee of the Science and Technology Innovation Board of the Shanghai Stock Exchange on 7 January 2021 and obtained registration approval from the China Securities Regulatory Commission on 18 May 2021. On 22 June 2021, CRCHI was listed on the Science and Technology Innovation Board of the Shanghai Stock Exchange (stock code 688425). On 21 July 2021, after exercising an over-allotment option, the total share capital of CRCHI was 5.333 billion shares.

After the initial public offering of shares and listing of CRCHI, the Company directly holds 3,836,262,300 shares of CRCHI, accounting for 71.93% of the total share capital of CRCHI after the issuance, and indirectly holds 19,277,700 shares of CRCHI through China Civil Engineering Construction Corporation, a wholly-owned subsidiary of the Company, accounting for 0.36% of the total share capital of CRCHI after the issuance. The Company remains the controlling shareholder of CRCHI, has control over it and it will consolidate its financial statements. The listing of CRCHI will not have material impact on the Company's current results and financial condition of the Company.

Section VI Significant Events (continued)

(II) Compared with the previous accounting period, the circumstances, reasons and their impacts of changes in accounting policies, accounting estimates and audit method

The Group adopted the Interpretation of Accounting Standards for Business Enterprises No. 14 (hereinafter referred to as “Interpretation No. 14”) issued by the Ministry of Finance in 2021 since 1 January 2021.

Interpretation No. 14 defines PPP project contracts, which shall be complied with the conditions of “dual characteristics” and “dual control”. Interpretation No. 14 clarifies the relevant accounting treatment of the social capital parties, especially the conditions for recognition of receivables and intangible assets under PPP project contracts and the accounting treatment requirements for mixed mode under PPP project contracts, as well as the explicit disclosure requirements. In addition, the accounting treatment of the borrowing costs during the construction of PPP project assets has been clarified.

For the PPP project contracts implemented before the implementation day but not yet completed, the Group makes retrospective adjustments if no accounting treatment has been made in accordance with Interpretation No. 14. The cumulative impact is adjusted to the retained earnings at the beginning of the period and other related items amounts in the financial statements, and no adjustment is made to the information for the comparable period.

The changes in accounting policies have no material impact on the financial position, operating results, cash flows and future operating results of the Group. Please see “34. Changes in significant accounting policies” in Note III to the financial report of this report for details of the impact of changes in accounting policies of the Group.

XIV. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

(I) Changes in Senior Management of the Company

On 30 August 2021, the 65th meeting of the fourth session of the board of directors of the Company reviewed and approved the “proposed appointment of Zhao Dianlong as the vice president of the Company” to appoint Mr. Zhao Dianlong as vice president of the Company, with a term of office from the date of approval by the Board until the expiry of the fourth session of the Board, which is the same as that of the existing senior management.

Section VII Changes in 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 changes 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 securities 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 2021, the share capital structure of the Company is set out as follows:

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

Section VII Changes in Shares and Particulars of Shareholders (continued)

(II) Total number of shareholders

As at 30 June 2021, the total number of shareholders of the Company was 315,026, of which 300,183 were holders of A shares and 14,843 were holders of H shares.

Total number of ordinary shareholders as at the end of the Reporting Period (<i>holder</i>)	315,026
Total number of shareholders of preference shares with restored voting rights as at the end of the Reporting Period (<i>holder</i>)	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 at the end of the period	Percentage (%)	Number of shares held subject to trading moratorium	Pledged or frozen Condition of shares	Number	Nature of shareholder
China Railway Construction Corporation	0	6,942,736,590	51.13	0	Nil	0	State-owned
HKSCC NOMINEES LIMITED	-892,000	2,060,865,506	15.18	0	Unknown		Overseas legal person
China Securities Finance Corporation Limited	-84,010,098	323,087,956	2.38	0	Nil	0	Other
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

Section VII Changes in Shares and Particulars of Shareholders (continued)

Name of shareholder (full name)	Change of Shareholding during the Reporting Period	Number of shares held as at the end of the period	Percentage (%)	Number of shares held subject to trading moratorium	Pledged or frozen		Nature of shareholder
					Condition of shares	Number	
Harvest Fund – Agricultural Bank of China – Harvest CSI Financial Assets Management Scheme	0	81,847,500	0.60	0	Nil	0	Other
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 VII Changes in 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	2,060,865,506	Overseas listed foreign share	2,060,865,506
China Securities Finance Corporation Limited	323,087,956	RMB ordinary share	323,087,956
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 VII Changes in Shares and Particulars of Shareholders (continued)

Name of shareholder	Number of tradable shares held not subject to trading moratorium	Class and number of share	
		Class	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 repurchase of special accounts among the top ten shareholders		N/A	
Explanation of the above-mentioned shareholders' entrusting voting rights, entrusted voting rights, and waiver of voting rights		N/A	
Explanations on the connected relationship or concerted action among the above shareholders	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		N/A	

Note: The H shares held by HKSCC Nominees Limited were held for and on behalf of several clients. As at the end of the Reporting Period, HKSCC Nominees Limited held 2,060,865,506 shares of the Company. However, details regarding whether the shares were pledged or frozen were unknown.

Number of shares held by 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 VII Changes in Shares and Particulars of Shareholders (continued)

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

So far as the directors of the Company are aware, as at 30 June 2021, 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 required to be recorded in the register referred therein under Section 336 of Part XV of the SFO were as follows:

Name of substantial shareholder	Class of share	Capacity	Number of shares interested <i>(share)</i>	Percentage of issued share capital of the relevant class of shares <i>(%)</i>	Percentage of total issued share capital <i>(%)</i>
China Railway Construction Corporation	A Share	Beneficial owner	6,942,736,590	60.35	51.13

III. DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

(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

Section VII Changes in Shares and Particulars of Shareholders (continued)

(III) Other explanation

Applicable Not applicable

1. 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.

IV. CHANGES IN THE CONTROLLING SHAREHOLDER OR ACTUAL CONTROLLER

Applicable Not applicable

Section VIII Particulars of Preference Shares

Applicable Not applicable



Section IX Particulars of Corporate Bonds

I. CORPORATE BONDS, CORPORATE BONDS AND NON-FINANCIAL CORPORATE DEBT FINANCING INSTRUMENTS

Applicable Not applicable

(I) Corporate bonds

Applicable Not applicable

(II) Corporate bonds

Applicable Not applicable

1. Basic Information of Corporate Bonds

Unit: Thousand Currency: RMB

Bond	Short name	Code	Date of issuance	Value date	Maturity date	Balance of the bond	Interest rate (%)	Method of principal repayment and interest payment	Exchange platform	Investor suitability arrangements (if any)	Trading mechanism	Whether there is a risk of terminating the listing transaction
China Railway Construction Corporation Limited-the issuance of the 2019 renewable corporate bonds to qualified investors (type 1 of first tranche)	19 CRCC Y1	155868	28 October 2019	29 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	Qualified investors	Auction, quote, inquiry and agreement transaction	No

Section IX Particulars of Corporate Bonds (continued)

Bond	Short name	Code	Date of issuance	Value date	Maturity date	Balance of the bond	Interest rate (%)	Method of principal repayment and interest payment	Exchange platform	Investor suitability arrangements (if any)	Trading mechanism	Whether there is a risk of terminating the listing transaction
China Railway Construction Corporation Limited-the issuance of the 2019 renewable corporate bonds to qualified investors (type 2 of first tranche)	19 CRCC Y2	155869	28 October 2019	29 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	Qualified investors	Auction, quote, inquiry and agreement transaction	No

Section IX Particulars of Corporate Bonds (continued)

Bond	Short name	Code	Date of issuance	Value date	Maturity date	Balance of the bond	Interest rate (%)	Method of principal repayment and interest payment	Exchange platform	Investor suitability arrangements (if any)	Trading mechanism	Whether there is a risk of terminating the listing transaction
China Railway Construction Corporation Limited-the issuance of the 2019 renewable corporate bonds to qualified investors (type 1 of second tranche)	19 CRCC Y3	155855	15 November 2019	18 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	Qualified investors	Auction, quote, inquiry and agreement transaction	No

Section IX Particulars of Corporate Bonds (continued)

Bond	Short name	Code	Date of issuance	Value date	Maturity date	Balance of the bond	Interest rate (%)	Method of principal repayment and interest payment	Exchange platform	Investor suitability arrangements (if any)	Trading mechanism	Whether there is a risk of terminating the listing transaction
China Railway Construction Corporation Limited-the issuance of the 2019 renewable corporate bonds to qualified investors (type 2 of second tranche)	19 CRCC Y4	155856	15 November 2019	18 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	Qualified investors	Auction, quote, inquiry and agreement transaction	No

Section IX Particulars of Corporate Bonds (continued)

Bond	Short name	Code	Date of issuance	Value date	Maturity date	Balance of the bond	Interest rate (%)	Method of principal repayment and interest payment	Exchange platform	Investor suitability arrangements (if any)	Trading mechanism	Whether there is a risk of terminating the listing transaction
China Railway Construction Corporation Limited-the issuance of the 2019 renewable corporate bonds to qualified investors (type 1 of third tranche)	19 CRCC Y5	163969	16 December 2019	17 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	Qualified investors	Auction, quote, inquiry and agreement transaction	No

Section IX Particulars of Corporate Bonds (continued)

Bond	Short name	Code	Date of issuance	Value date	Maturity date	Balance of the bond	Interest rate (%)	Method of principal repayment and interest payment	Exchange platform	Investor suitability arrangements (if any)	Trading mechanism	Whether there is a risk of terminating the listing transaction
China Railway Construction Corporation Limited-the issuance of the 2019 renewable corporate bonds to qualified investors (type 2 of third tranche)	19 CRCC Y6	163970	16 December 2019	17 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	Qualified investors	Auction, quote, inquiry and agreement transaction	No

Section IX Particulars of Corporate Bonds (continued)

Bond	Short name	Code	Date of issuance	Value date	Maturity date	Balance of the bond	Interest rate (%)	Method of principal repayment and interest payment	Exchange platform	Investor suitability arrangements (if any)	Trading mechanism	Whether there is a risk of terminating the listing transaction
China Railway Construction Corporation Limited-the issuance of the 2020 renewable corporate bonds to qualified investors (type 1 of first tranche)	20 CRCC Y1	175209	24 September 2020	25 September 2020	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.	2,198,759	4.43	Bond interest will be paid once a year if the Company does not exercise the option of deferred interest payment	Shanghai Stock Exchange	Qualified investors	Auction, quote, inquiry and agreement transaction	No

Section IX Particulars of Corporate Bonds (continued)

Bond	Short name	Code	Date of issuance	Value date	Maturity date	Balance of the bond	Interest rate (%)	Method of principal repayment and interest payment	Exchange platform	Investor suitability arrangements (if any)	Trading mechanism	Whether there is a risk of terminating the listing transaction
China Railway Construction Corporation Limited-the issuance of the 2020 renewable corporate bonds to qualified investors (type 1 of second tranche)	20 CRCC Y3	175547	14 December 2020	15 December 2020	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.	2,498,645	4.37	Bond interest will be paid once a year if the Company does not exercise the option of deferred interest payment	Shanghai Stock Exchange	Qualified investors	Auction, quote, inquiry and agreement transaction	No

Section IX Particulars of Corporate Bonds (continued)

Bond	Short name	Code	Date of issuance	Value date	Maturity date	Balance of the bond	Interest rate (%)	Method of principal repayment and interest payment	Exchange platform	Investor suitability arrangements (if any)	Trading mechanism	Whether there is a risk of terminating the listing transaction
China Railway Construction Corporation Limited-the issuance of the 2021 renewable corporate bonds to qualified investors (type 1 of first tranche)	21 CRCC Y1	188252	17 June 2021	18 June 2021	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.	1,799,082	3.73	Bond interest will be paid once a year if the Company does not exercise the option of deferred interest payment	Shanghai Stock Exchange	Qualified investors	Auction, quote, inquiry and agreement transaction	No

Section IX Particulars of Corporate Bonds (continued)

Bond	Short name	Code	Date of issuance	Value date	Maturity date	Balance of the bond	Interest rate (%)	Method of principal repayment and interest payment	Exchange platform	Investor suitability arrangements (if any)	Trading mechanism	Whether there is a risk of terminating the listing transaction
China Railway Construction Corporation Limited-the issuance of the 2021 renewable corporate bonds to qualified investors (type 2 of first tranche)	21 CRCC Y2	188253	17 June 2021	18 June 2021	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.	1,299,337	4.00	Bond interest will be paid once a year if the Company does not exercise the option of deferred interest payment	Shanghai Stock Exchange	Qualified investors	Auction, quote, inquiry and agreement transaction	No

Company's response to the risk of termination of listing and trading of bonds

Applicable Not applicable

Overdue bonds

Applicable Not applicable

Explanations on overdue debts

Applicable Not applicable

Section IX Particulars of Corporate Bonds (continued)

2. Triggering and implementation of issuers' or investors' option terms and investors' protection terms

Applicable Not applicable

3. Adjustment of credit rating results

Applicable Not applicable

4. Implementation and changes in the status of guarantees, debt service plans and other debt service guarantees and their impact during the Reporting Period

Applicable Not applicable

5. Other explanations on corporate bonds

Applicable Not applicable

During the Reporting Period, the Company's renewable corporate bonds did not exercise renewal options, interest rate jumps, deferred interest and mandatory interest payments. The issuance of renewable corporate bonds by the Company complies with the definition and classification conditions of equity instruments in the relevant accounting standards, and shall be included in other equity instruments for accounting.

Section IX Particulars of Corporate Bonds (continued)

(III) Non-financial corporate debt financing instruments in the inter-bank bond market

Applicable Not applicable

1. Non-financial corporate debt financing instruments

Unit: Thousand Currency: RMB

Bond	Short name	Code	Date of issuance	Value date	Maturity date	Balance of the bond	Interest rate (%)	Method of principal repayment and interest payment	Exchange platform	Investor suitability arrangements (if any)	Trading mechanism	Whether there is a risk of terminating the listing transaction
China Railway Construction Corporation Limited – First issue of medium-term notes in 2019	19 CRRC MTN001	101901285	20 September 2019	23 September 2019	It shall exist for a long term before the issuer redeems in accordance with the terms of issue, and shall expire when the issuer redeems in accordance with the terms of issue.	2,991,365	4.13	Bond interest will be paid once a year if the Company does not exercise the option of deferred interest payment	Inter-bank bond market	Domestic qualified institutional investors	Auction, quote, inquiry and agreement transaction	No

Section IX Particulars of Corporate Bonds (continued)

Bond	Short name	Code	Date of issuance	Value date	Maturity date	Balance of the bond	Interest rate (%)	Method of principal repayment and interest payment	Exchange platform	Investor suitability (if any)	Trading mechanism	Whether there is a risk of terminating the listing transaction
China Railway Construction Corporation Limited – Second issue of medium-term notes in 2019 (variety I)	19 CRRC MTN002A	101901636	28 November 2019	29 November 2019	It shall exist for a long term before the issuer redeems in accordance with the terms of issue, and shall expire when the issuer redeems in accordance with the terms of issue.	1,495,643	3.98	Bond interest will be paid once a year if the Company does not exercise the option of deferred interest payment	NAFMII	Domestic qualified institutional investors	Auction, quote, inquiry and agreement transaction	No
China Railway Construction Corporation Limited – Second issue of medium-term notes in 2019 (variety II)	19 CRCC MTN002B	101901637	28 November 2019	29 November 2019	It shall exist for a long term before the issuer redeems in accordance with the terms of issue, and shall expire when the issuer redeems in accordance with the terms of issue.	1,495,643	4.35	Bond interest will be paid once a year if the Company does not exercise the option of deferred interest payment	NAFMII	Domestic qualified institutional investors	Auction, quote, inquiry and agreement transaction	No

Section IX Particulars of Corporate Bonds (continued)

Bond	Short name	Code	Date of issuance	Value date	Maturity date	Balance of the bond	Interest rate (%)	Method of principal repayment and interest payment	Exchange platform	Investor suitability arrangements (if any)	Trading mechanism	Whether there is a risk of terminating the listing transaction
China Railway Construction Corporation Limited – First issue of medium-term notes in 2020	20 CRCC MTN001	102001987	23 October 2020	26 October 2020	It shall exist for a long term before the issuer redeems in accordance with the terms of issue, and shall expire when the issuer redeems in accordance with the terms of issue.	2,991,242	4.42	Bond interest will be paid once a year if the Company does not exercise the option of deferred interest payment	NAFMII	Domestic qualified institutional investors	Auction, quote, inquiry and agreement transaction	No

Company's response to the risk of termination of listing and trading of bonds

Applicable Not applicable

Overdue bonds

Applicable Not applicable

Explanations on overdue debts

Applicable Not applicable

2. Triggering and implementation of issuers' or investors' option terms and investor protection terms

Applicable Not applicable

3. Adjustment of credit rating results

Applicable Not applicable

Section IX Particulars of Corporate Bonds (continued)

4. Implementation and changes in the status of guarantees, debt service plans and other debt service guarantees and their impact during the Reporting Period

Applicable Not applicable

5. Other explanations on non-financial corporate debt financing instruments

Applicable Not applicable

During the Reporting Period, the Company's Perpetual Medium-term Notes did not exercise renewal options, interest rate jumps, deferred interest and mandatory interest payments. The issuance of Perpetual Medium-term Notes by the Company complies with the definition and classification conditions of equity instruments in the relevant accounting standards, and shall be included in other equity instruments for accounting.

(IV) The loss within the scope of consolidated statements of the Company during the Reporting Period exceeds 10% of its net assets at the end of the previous year

Applicable Not applicable

(V) Key accounting data and financial indicators

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 for change
Liquidity ratio	1.11	1.12	-0.89	
Quick ratio	0.56	0.60	-6.67	
Gearing ratio (%)	75.61	74.76	Increased by 0.85%	

Section IX Particulars of Corporate Bonds (continued)

	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 for change
Net profit deducting non-recurring profit or loss	11,267,473	8,586,677	31.22	Mainly due to business expansion and profit growth during the Reporting Period.
Total debt ratio of EBITDA	2.82%	2.65%	Increased by 0.17 percentage point	
Interest coverage ratio	3.66	3.00	22.00	
Cash flow interest coverage	-9.04	-7.41	22.02	
Interest coverage multiples EBITDA	5.43	4.51	20.40	
Loan repayment ratio (%)	100.00	100.00	-	
Interest repayment ratio (%)	100.00	100.00	-	

II. CONVERTIBLE BONDS OF THE COMPANY

Applicable Not applicable

(I) *Issuance of 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 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, and 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). The bond expired on 29 January 2021, and was fully redeemed by the Company. After the redemption, the balance of the bonds is zero.

Section IX Particulars of Corporate Bonds (continued)

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

The US \$500 million H-share convertible bonds issued by the Company on January 29, 2016 are held by the trustee the Hong Kong and Shanghai Banking Corporation Limited without guarantee. According to the relevant regulations of H-share convertible bonds, the information of holders of bond only exists in the clearing system, and the trustee cannot disclose customer information to any third party without customer authorization.

(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	changes
US Dollar H Share Convertible Bonds	3,262,450	-	3,262,450	-	-

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

Applicable Not applicable

(V) Previous adjustments to conversion price

Applicable Not applicable

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

The US\$ H Share Convertible Bonds of an amount of US\$500,000,000 issued by the Company on 29 January 2016 expired on 29 January 2021, and was fully redeemed by the Company. After the redemption, the balance of the bonds is zero.

(VII) Other description of convertible bonds

Applicable Not applicable

Section X Financial Report

REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS

De Shi Bao (Yue) Zi (21)No. R00064

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 2021, 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 2021, and operating performance and cash flows for the six months ended 30 June 2021.

Deloitte Touche Tohmatsu CPA LLP
Shanghai China

Chinese Certified Public Accountant: **Ma Yanmei**

Chinese Certified Public Accountant: **Yin Lili**

30 August 2021

This Report on Review of Interim Financial Statements and the accompanying financial statements are English translations of the Report on Review of 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 results of operations and cash flows in accordance with accounting principles and practices generally accepted in other countries and jurisdictions. In case the English version does not conform to the Chinese version, the Chinese version prevails.

Consolidated Statement of Financial Position

As at 30 June 2021

RMB '000

ASSETS	Note V	30 June 2021 (unaudited)	31 December 2020
Current assets			
Cash and bank balances	1	139,704,895	187,997,046
Held-for-trading financial assets	2	1,835,635	587,022
Bills receivable	3	15,928,694	18,242,816
Receivables at FVTOCI	4	2,945,837	3,683,653
Trade receivables	5	164,457,320	125,696,204
Advances to suppliers	6	28,690,938	24,316,491
Other receivables	7	63,062,638	66,383,081
Inventories	8	263,842,872	232,358,730
Contract assets	9	191,819,360	165,030,475
Current portion of non-current assets	12, 24	15,154,946	16,311,081
Other current assets	10	26,236,291	20,161,207
Total current assets		913,679,426	860,767,806
Non-current assets			
Loans and advances to customers	11	2,994,465	2,772,645
Long-term receivables	12	61,039,539	69,398,137
Long-term equity investments	13	83,734,438	70,621,039
Debt investments	14	6,736,645	5,074,312
Other debt investments		1,003,109	1,003,745
Other non-current financial assets	15	3,432,848	2,839,530
Other equity instrument investments	16	10,759,263	10,510,397
Investment properties	17	7,471,609	7,254,240
Fixed assets	18	57,354,257	56,111,920
Construction in progress	19	7,488,852	7,552,112
Right-of-use assets	20	5,610,206	5,292,332
Intangible assets	21	80,087,127	70,372,417
Development expenditure		17,561	28,612
Goodwill	22	523,490	541,705
Long-term prepayments		585,237	499,927
Deferred tax assets	23	6,819,793	6,423,173
Other non-current assets	24	86,201,061	65,728,750
Total non-current assets		421,859,500	382,024,993
TOTAL ASSETS		1,335,538,926	1,242,792,799

The accompanying notes form part of the financial statements.

The financial statements from page 106 to page 346 have been signed by:

Chairman of the Company:
Wang, Jianping

CFO:
Wang, Xiuming

Head of the Finance Department:
Qiao, Guoying

Consolidated Statement of Financial Position (continued)

As at 30 June 2021

RMB '000

LIABILITIES AND SHAREHOLDERS' EQUITY	Note V	30 June 2021 (unaudited)	31 December 2020
Current liabilities			
Short-term loans	25	72,552,977	49,879,073
Due to customers	26	1,384,941	4,815,608
Bills payable	27	91,977,141	84,290,956
Trade payables	28	356,308,069	349,327,324
Advances from customers		174,416	126,257
Contract liabilities	29	140,811,644	131,058,617
Employee benefits payable	30	10,918,493	11,973,312
Taxes payable	31	5,983,967	8,392,379
Other payables	32	91,196,516	79,595,459
Current portion of non-current liabilities	33	31,086,999	28,573,343
Other current liabilities	34	21,459,555	21,592,243
Total current liabilities		823,854,718	769,624,571
Non-current liabilities			
Long-term loans	35	124,461,547	111,018,145
Bonds payable	36	31,865,712	26,111,854
Lease liabilities	37	3,089,992	2,677,405
Long-term payables	38	19,686,378	13,689,068
Long-term employee benefits payable		154,361	151,359
Provisions		666,520	590,932
Deferred income	39	4,492,895	3,786,970
Deferred tax liabilities	23	1,313,247	1,378,201
Other non-current liabilities		216,952	125,204
Total non-current liabilities		185,947,604	159,529,138
Total liabilities		1,009,802,322	929,153,709
Shareholders' equity			
Share capital	40	13,579,542	13,579,542
Other equity instruments	41	63,064,133	68,258,403
Capital reserve	42	44,805,825	44,158,849
Other comprehensive income	43	(1,493,184)	(1,292,262)
Special reserve	44	-	-
Surplus reserve	45	6,139,569	6,139,569
Retained earnings	46	131,105,135	123,453,661
Total equity attributable to owners of the Company		257,201,020	254,297,762
Non-controlling interests		68,535,584	59,341,328
Total shareholders' equity		325,736,604	313,639,090
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		1,335,538,926	1,242,792,799

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2021

RMB '000

ITEM	Note V	For the six months ended 30 June 2021 (unaudited)	For the six months ended 30 June 2020 (unaudited)
Revenue	47	488,514,865	370,789,433
Less: Cost of sales	47	447,425,437	337,027,720
Taxes and surcharges	48	1,458,111	1,250,826
Selling and distribution expenses	49	2,927,992	2,203,779
General and administrative expenses	50	9,719,424	8,140,710
Research and development expenses	51	8,598,485	6,696,047
Finance costs	52	1,040,861	1,860,607
Including: Interest expenses		2,300,143	2,918,463
Interest income		1,986,568	1,819,022
Add: Other income	55	666,659	248,195
Investment income (losses)	56	(15,697)	364,348
Including: Share of profits of associates and joint ventures		757,329	1,010,131
Losses from derecognition of financial assets measured at amortised cost		(1,056,860)	(756,314)
Gains on fair value changes	57	12,448	215,383
Impairment losses on assets	53	(405,992)	(781,979)
Impairment of credit losses	54	(1,037,345)	(546,100)
Gains on disposal of assets		109,086	202,462
Operating profit		16,673,714	13,312,053
Add: Non-operating income	58	500,929	377,588
Less: Non-operating expenses	59	281,763	257,245
Profit before tax		16,892,880	13,432,396
Less: Income tax expenses	61	2,794,325	2,545,375
Net profit		14,098,555	10,887,021
Classified by the continuity of operation			
Net profit from continuing operations		14,098,555	10,887,021
Net profit from discontinued operations		-	-
Classified by the ownership			
Net profit attributable to owners of the Company		12,307,363	9,316,253
Net profit attributable to non-controlling interests		1,791,192	1,570,768

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

For the six months ended 30 June 2021

ITEM	Note V	For the six months ended 30 June 2021 (unaudited)	For the six months ended 30 June 2020 (unaudited)
Other comprehensive income/(expense), net of tax	43	(154,423)	(532,546)
Other comprehensive income/(expense) attributable to owners of the Company, net of tax		(200,922)	(510,606)
Other comprehensive income/(expense) not to be reclassified to profit or loss			
Re-measurement of defined benefit, net of tax		(10)	(28)
Changes in fair value of other equity instrument investments		52,699	(238,077)
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		(26,443)	(76,770)
Changes in fair value of other debt investments		(717)	3,028
Exchange differences on translation of foreign operations		(228,249)	(199,245)
Others		1,798	486
Other comprehensive income/(expense) attributable to non-controlling interests, net of tax		46,499	(21,940)
Total comprehensive income		13,944,132	10,354,475
Including:			
Total comprehensive income attributable to owners of the Company		12,106,441	8,805,647
Total comprehensive income attributable to non-controlling interests		1,837,691	1,548,828
Earnings per share:			
Basic earnings per share (RMB/share)	62	0.79	0.62
Diluted earnings per share (RMB/share)	62	0.79	0.59

Consolidated Statement of Cash Flows

For the six months ended 30 June 2021

RMB '000

ITEM	Note V	For the six months ended 30 June 2021 (unaudited)	For the six months ended 30 June 2020 (unaudited)
1. CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from the sale of goods or rendering of services		479,697,351	346,718,497
Refunds of tax		240,512	131,236
Net decrease in loans and advances to customers		–	300,000
Net decrease in balances with the central bank		1,230,526	1,234,415
Cash received from other operating activities	63(1)	9,507,377	6,071,292
Subtotal of cash inflows from operating activities		490,675,766	354,455,440
Cash paid for goods and services		485,523,335	351,781,649
Net increase in loans and advances to customers		230,000	–
Net decrease in due to customers and due to banks		3,430,667	2,106,807
Cash paid to and on behalf of employees		37,158,112	30,813,497
Cash paid for all taxes		14,731,584	12,276,990
Cash paid for other operating activities	63(2)	5,788,436	5,555,009
Subtotal of cash outflows from operating activities		546,862,134	402,533,952
Net cash flows used in operating activities	64(1)	(56,186,368)	(48,078,512)
2. CASH FLOWS FROM INVESTING ACTIVITIES			
Cash received from disposal of investments		1,051,975	2,321,172
Cash received from investment income		688,840	172,770
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		924,037	874,616
Net decrease in cash and bank balances with title restrictions		–	997,915
Cash received from other investing activities		147,814	960,597
Subtotal of cash inflows from investing activities		2,812,666	5,327,070
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		14,855,097	12,193,934
Cash paid for acquisition of investments		16,184,086	7,342,829
Net increase in cash and bank balances with title restrictions		83,020	–
Cash paid for other investing activities		226,936	347,237
Subtotal of cash outflows from investing activities		31,349,139	19,884,000
Net cash flows used in investing activities		(28,536,473)	(14,556,930)

Consolidated Statement of Cash Flows (continued)

For the six months ended 30 June 2021

ITEM	Note V	For the six months ended 30 June 2021 (unaudited)	For the six months ended 30 June 2020 (unaudited)
3. CASH FLOWS FROM FINANCING ACTIVITIES			
Cash received as capital contributions		12,821,852	3,387,843
Including: Cash received from non-controlling shareholders of subsidiaries		9,723,433	3,387,843
Cash received from issuing bonds		9,292,967	9,183,176
Cash received from borrowings		97,577,381	104,114,055
Cash received from other financing activities		–	3,500,000
Subtotal of cash inflows from financing activities		119,692,200	120,185,074
Cash repayments for borrowings		64,346,009	73,930,296
Cash paid for distribution of dividends or profits and for interest expenses		8,166,312	7,573,563
Including: Cash paid to non-controlling shareholders for distribution of dividends by subsidiaries		1,689,006	1,449,765
Cash paid for other financing activities	63(3)	9,478,944	6,091,768
Subtotal of cash outflows from financing activities		81,991,265	87,595,627
Net cash flows generated from financing activities		37,700,935	32,589,447
4. EFFECT OF CHANGES IN EXCHANGE RATES ON CASH AND CASH EQUIVALENTS		(122,739)	161,833
5. NET DECREASE IN CASH AND CASH EQUIVALENTS		(47,144,645)	(29,884,162)
Add: Cash and cash equivalents at beginning of the period	64(2)	167,669,496	140,293,616
6. CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	64(2)	120,524,851	110,409,454

Consolidated Statement of Changes in Equity

For the six months ended 30 June 2021

RMB '000

ITEM	For the six months ended 30 June 2021 (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 2021	13,579,542	68,258,403	44,158,849	(1,292,262)	-	6,139,569	123,453,661	254,297,762	59,341,328	313,639,090
II. Increase/(decrease) during the period	-	(5,194,270)	646,976	(200,922)	-	-	7,651,474	2,903,258	9,194,256	12,097,514
(I) Total comprehensive income	-	-	-	(200,922)	-	-	12,307,363	12,106,441	1,837,691	13,944,132
(II) Capital contributions and withdrawals by shareholders	-	(5,194,270)	646,976	-	-	-	-	(4,547,294)	9,078,517	4,531,223
1. Capital contributions and withdrawals by shareholders (Note V.42)	-	-	643,259	-	-	-	-	643,259	9,079,499	9,722,758
2. Capital contributions and withdrawals by holders of other equity instruments (Note V.41)	-	(5,194,270)	(7,311)	-	-	-	-	(5,201,581)	-	(5,201,581)
3. Equity transactions with non-controlling shareholders (Note V.42)	-	-	1,657	-	-	-	-	1,657	(982)	675
4. Others	-	-	9,371	-	-	-	-	9,371	-	9,371
(III) Profit distribution	-	-	-	-	-	-	(4,655,889)	(4,655,889)	(1,721,952)	(6,377,841)
1. Distribution to shareholders (Note V.46)	-	-	-	-	-	-	(4,655,889)	(4,655,889)	(1,721,952)	(6,377,841)
(IV) Special reserve (Note V.44)	-	-	-	-	-	-	-	-	-	-
1. Appropriated in current period	-	-	-	-	7,089,476	-	-	7,089,476	-	7,089,476
2. Used in current period	-	-	-	-	(7,089,476)	-	-	(7,089,476)	-	(7,089,476)
III. As at 30 June 2021	13,579,542	63,064,133	44,805,825	(1,493,184)	-	6,139,569	131,105,135	257,201,020	68,535,584	325,736,604

Consolidated Statement of Changes in Equity (continued)

For the six months ended 30 June 2021

RMB '000

ITEM	For the six months ended 30 June 2020 (unaudited)										
	Equity attributable to owners of the Company								Subtotal	Non-controlling interests	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	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. 42)	-	(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. 46)	-	-	-	-	-	-	(3,815,850)	(3,815,850)	(1,185,212)	(5,001,062)	
(IV) Special reserve (Note V. 44)	-	-	-	-	-	-	-	-	-	-	
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)	
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	

The Company's Statement of Financial Position

As at 30 June 2021

RMB '000

ASSETS	Note XIV	30 June 2021 (unaudited)	31 December 2020
Current assets			
Cash and bank balances		18,119,134	30,836,880
Held-for-trading financial assets		88,898	83,507
Trade receivables	1	4,008,605	4,612,950
Advances to suppliers		603,398	168,857
Other receivables	2	25,315,541	18,417,241
Inventories		2,124	1,293
Contract assets		1,833,473	1,592,534
Current portion of non-current assets		658,959	7,171,490
Other current assets		140,569	173,663
Total current assets		50,770,701	63,058,415
Non-current assets			
Long-term receivables		47,340,640	36,883,640
Long-term equity investments	3	102,473,521	102,169,338
Other equity instrument investments		318,340	312,650
Fixed assets		36,577	39,531
Construction in progress		62,134	48,427
Right-of-use assets		17,000	34,292
Intangible assets		73,911	71,440
Long-term prepayments		2,233	1,028
Deferred tax assets		345	345
Other non-current assets		2,309,848	2,759,277
Total non-current assets		152,634,549	142,319,968
TOTAL ASSETS		203,405,250	205,378,383

The Company's Statement of Financial Position (continued)

As at 30 June 2021

RMB '000

LIABILITIES AND SHAREHOLDERS' EQUITY	Note XIV	30 June 2021 (unaudited)	31 December 2020
Current liabilities			
Trade payables		6,947,215	8,346,413
Contract liabilities		984,261	581,359
Employee benefits payable		112,810	90,818
Taxes payable		226,816	113,785
Other payables	4	25,670,289	22,109,546
Current portion of non-current liabilities		2,324,994	6,023,106
Other current liabilities		374,972	454,682
Total current liabilities		36,641,357	37,719,709
Non-current liabilities			
Long-term loans	5	2,806,146	2,632,066
Lease liabilities		1,085	1,816
Long-term payables		2,020,784	2,020,885
Long-term employee benefits payable		11,380	11,380
Deferred tax liabilities		43,930	187,805
Deferred income		141	141
Total non-current liabilities		4,883,466	4,854,093
Total liabilities		41,524,823	42,573,802
Shareholders' equity			
Share capital	Note V. 40	13,579,542	13,579,542
Capital reserve		46,886,474	46,893,785
Other comprehensive income		73,061	68,794
Other equity instruments	Note V. 41	63,064,133	68,258,403
Special reserve		–	–
Surplus reserve	Note V. 45	6,139,569	6,139,569
Retained earnings		32,137,648	27,864,488
Total shareholders' equity		161,880,427	162,804,581
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		203,405,250	205,378,383

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

For the six months ended 30 June 2021

RMB '000

ITEM	Note XIV	For the six months ended 30 June 2021 (unaudited)	For the six months ended 30 June 2020 (unaudited)
Revenue	6	5,974,061	4,978,398
Less: Cost of sales	6	5,788,387	4,884,392
Taxes and surcharges		1,891	3,737
Selling and distribution expenses		18,277	8,746
General and administrative expenses		229,825	175,963
Finance costs	7	(1,205,767)	(997,750)
Including: Interest expenses		283,733	847,824
Interest income		1,406,638	2,011,569
Add: Other income		1,175	4,889
Investment income	8	7,853,746	10,665,946
Gains on fair value changes		5,391	242,162
Impairment of credit gains (losses)		3,375	(30,800)
Impairment gains (losses) on assets		1,199	(136)
Operating profit		9,006,334	11,785,371
Add: Non-operating income		23,218	2,029
Less: Non-operating expenses		449	686
Profit before tax		9,029,103	11,786,714
Less: Income tax expenses		100,054	60,614
Net profit		8,929,049	11,726,100
Classified by the continuity of operation			
Net profit from continuing operations		8,929,049	11,726,100
Net profit from discontinued operations		-	-
Other comprehensive income/(expense), net of tax		4,267	(23,317)
Other comprehensive income/(expense) not to be reclassified to profit or loss			
Changes in fair value of other equity instrument investments		4,267	(23,317)
Total comprehensive income		8,933,316	11,702,783

The Company's Statement of Cash Flows

For the six months ended 30 June 2021

RMB '000

ITEM	Note XIV	For the six months ended 30 June 2021 (unaudited)	For the six months ended 30 June 2020 (unaudited)
1. CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from the sale of goods or rendering of services		7,604,518	6,586,075
Cash received from other operating activities		7,350,054	8,847,686
Subtotal of cash inflows from operating activities		14,954,572	15,433,761
Cash paid for goods and services		8,444,267	6,436,786
Cash paid to and on behalf of employees		160,803	115,148
Cash paid for all taxes		26,122	24,659
Cash paid for other operating activities		21,877,831	5,613,814
Subtotal of cash outflows from operating activities		30,509,023	12,190,407
Net cash flows generated from/(used in) operating activities	9(1)	(15,554,451)	3,243,354
2. CASH FLOWS FROM INVESTING ACTIVITIES			
Cash received from investment income		12,461,711	8,614,410
Net decrease in cash and bank balances with title restrictions		2,817	69,579
Subtotal of cash inflows from investing activities		12,464,528	8,683,989
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		26,009	27,595
Cash paid for acquisition of investments		304,183	1,500,000
Subtotal of cash outflows from investing activities		330,192	1,527,595
Net cash flows generated from investing activities		12,134,336	7,156,394

The Company's Statement of Cash Flows (continued)

For the six months ended 30 June 2021

ITEM	<i>Note XIV</i>	For the six months ended 30 June 2021 (unaudited)	For the six months ended 30 June 2020 (unaudited)
3. CASH FLOWS FROM FINANCING ACTIVITIES			
Cash received as capital contributions		3,098,419	–
Cash received from borrowings		200,000	1,100,000
Subtotal of cash inflows from financing activities		3,298,419	1,100,000
Cash repayments for borrowings		3,288,166	10,201,001
Cash paid for distribution of dividends or profits and for interest expenses		968,244	1,358,620
Cash paid for other financing activities		8,300,507	632
Subtotal of cash outflows from financing activities		12,556,917	11,560,253
Net cash flows used in financing activities		(9,258,498)	(10,460,253)
4. EFFECT OF CHANGES IN EXCHANGE RATES ON CASH AND CASH EQUIVALENTS		(36,315)	36,419
5. NET DECREASE IN CASH AND CASH EQUIVALENTS		(12,714,928)	(24,086)
Add: Cash and cash equivalents at beginning of the period	9(2)	29,808,391	15,221,695
6. CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	9(2)	17,093,463	15,197,609

The Company's Statement of Changes in Equity

For the six months ended 30 June 2021

RMB '000

ITEM	For the six months ended 30 June 2021 (unaudited)							
	Share capital	Other equity instruments	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Total equity
I. As at 1 January 2021	13,579,542	68,258,403	46,893,785	68,794	-	6,139,569	27,864,488	162,804,581
II. Increase/(decrease) during the period	-	(5,194,270)	(7,311)	4,267	-	-	4,273,160	(924,154)
(I) Total comprehensive income	-	-	-	4,267	-	-	8,929,049	8,933,316
(II) Capital contributions and withdrawals by shareholders	-	(5,194,270)	(7,311)	-	-	-	-	(5,201,581)
1. Capital contributions and withdrawals by other equity instrument holders (Note V. 41)	-	(5,194,270)	(7,311)	-	-	-	-	(5,201,581)
(III) Profit distribution	-	-	-	-	-	-	(4,655,889)	(4,655,889)
1. Distribution to shareholders (Note V. 46)	-	-	-	-	-	-	(4,655,889)	(4,655,889)
(IV) Special reserve (Note V. 44)	-	-	-	-	-	-	-	-
1. Appropriated in current period	-	-	-	-	96,708	-	-	96,708
2. Used in current period	-	-	-	-	(96,708)	-	-	(96,708)
III. As at 30 June 2021	13,579,542	63,064,133	46,886,474	73,061	-	6,139,569	32,137,648	161,880,427

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

For the six months ended 30 June 2021

RMB '000

ITEM	For the six months ended 30 June 2020 (unaudited)							
	Share capital	Other equity instruments	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Total equity
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. 42)	-	(18,336)	18,336	-	-	-	-	-
(III) Profit distribution	-	-	-	-	-	-	(3,815,850)	(3,815,850)
1. Distribution to shareholders (Note V. 46)	-	-	-	-	-	-	(3,815,850)	(3,815,850)
(IV) Special reserve (Note V. 44)	-	-	-	-	-	-	-	-
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

Notes to the Financial Statements

For the six months ended 30 June 2021

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 30 August 2021.

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 year.

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 of the People’s Republic of China (“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 (“CSRC”), 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 *China Accounting Standards*, taking into account the disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited 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.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

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 2021 and the consolidated and the Company's financial performance, the consolidated and the Company's changes in equity and cash flows for the six months ended 30 June 2021 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 2021.

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.

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.

If either the fair values of identifiable assets, liabilities and contingent liabilities acquired in a combination or the cost of business combination can be determined only provisionally by the end of the period in which the business combination was effected, the acquirer recognises and measures the combination using those provisional values. Any adjustments to those provisional values within twelve months after the acquisition date are treated as if they had been recognised and measured on the acquisition date.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

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 2021

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 the aggregate of the consideration received on disposal and the fair value of any retained interest and 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.

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights related to administrative tasks only. The relevant activities of a structured entity are directed by means of contractual agreements. When the Group acts as an asset manager in a structured entity, the Group is required to determine whether it is exercising decision-making rights as a principal or an agent in the structured entities. If the Group (as an asset manager) is only acting as an agent, it exercises decision-making rights on behalf of the principal (other investors of the structured entities), and does not control the structured entities. If the Group (as an asset manager) is exercising decision-making rights on its own behalf, it is the principal and controls the structured entities.

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: its assets held individually and its share of assets held jointly; its liabilities assumed individually and its share of liabilities assumed jointly; its revenue from the sale of its share of the output arising from the joint operation; its share of the revenue from the sale of the output by the joint operation; and 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.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

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.

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 equals the translated undistributed profit of the previous year; the undistributed profit at the end of the year 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 2021

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 the financial assets that are purchased and sold under regular ways, the assets to be acquired and the liabilities to be assumed are recognised on the trade days, and the assets sold are derecognised on the trade days.

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.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

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 due within one year that are presented under non-current assets due within one year and debt investments due within one year that are presented under non-current assets due within one year.

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 and at fair value through other comprehensive income 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.

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 (non-current assets due within one year and are present as Current portion of non-current assets) and receivables at FVTOCI in financial statements.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

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) (continued)

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.

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.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. *Financial instruments (continued)*

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.

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.

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 (continued)

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.

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.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

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

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.

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.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. Financial instruments (continued)

9.2 Impairment of financial assets (continued)

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.

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.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. Financial instruments (continued)

9.3 Transfer of financial assets (continued)

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 received as a liability.

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.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. Financial instruments (continued)

9.4 Classification and measurement of financial liabilities (continued)

9.4.2 Other financial liabilities (continued)

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.

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, dividends paid do not affect total amount of shareholders' equity.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. Financial instruments (continued)

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.

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 a 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.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. *Financial instruments (continued)*

9.8 **Convertible bonds (continued)**

Convertible bonds are initially recognised at fair value at the issue date. If the convertible bonds include 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.

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 realize 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.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

10. Inventories (continued)

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.

At each balance sheet date, inventories shall be measured at the lower of cost and net realizable value. If the cost is in excess of net realizable value, provision for inventories is recognised in the statement of profit or loss. When the circumstances that previously caused inventories to be written down below cost no longer exist and the net realizable 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 realizable 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 2021

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. Unrealized 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, unrealized 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 recognizing 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 recognizing 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 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 purposes. 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.

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.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

12. *Investment properties (continued)*

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 2021

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 2021

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;
- (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.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

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. See Note III. 32.

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 realized at the commencement of operations.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

16. *Intangible assets (continued)*

16.3 Software licenses

The software licenses are recorded at the price actually paid upon acquisition and are amortised equally over the estimated useful life of one to ten 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: the technical feasibility of completing the intangible asset so that it will be available for use or sale; the intention to complete the intangible asset and use or sell it; 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; the availability of adequate technical, financial and other resources to complete the development and the ability to use or sell the intangible asset; and 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.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

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;
- (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 brokerage 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 2021

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.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

19. Revenue (continued)

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 2021

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 2021

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 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 2021

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 realized 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 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 2021

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 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 re-measures 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 2021

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 2021

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 re-measurement 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 2021

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.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

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 renewable corporate bonds 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 renewable corporate bonds 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 2021

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 categorized 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 securitization*

The Group has securitized 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 securitization 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.

The Group securitized a portion of the retention receivables by selling and transferring the retention receivables to a special-purpose entity. The above accounting policy for securitized financial assets is applied by reference to the condition that the performance obligations relating to the construction of the project have been completed and the contractor has undertaken to complete the performance obligations relating to the liability for defects.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

32. 'Public Private Partnership' project contracts

The contract between a private party and the public party on a public private partnership project (hereinafter referred to as 'PPP project') simultaneously meets the following characteristics (hereinafter referred to as 'dual characteristic'): (1) The private party, on behalf of the public party, should provide public goods and services on the PPP project asset during the operation period, agreed in the contract. (2) The private party will be compensated for the public goods and services it provides during the operation period. A PPP project contract simultaneously meets the following controls (hereinafter referred to as 'dual control'): (1) The public party controls the types, objects and prices of public goods and services that the private party should provide on the PPP project asset. (2) When the PPP project contract expires, the public party controls the significant residual rights and interests of the PPP project asset through ownership, usufruct or other forms.

As a 'private party', the Group enters into PPP project contracts with the government. The Group provides construction services (including construction and renovation and expansion, similarly hereinafter) or contracting to other parties, etc. The Group determines whether it is a principal or an agent in accordance with ASBE No. 14 – Revenue to make relevant accounting treatment and recognizes contract assets.

If the Group provides multiple services (such as provision of both construction services for PPP project assets and operation and maintenance services after the construction of assets is completed) in accordance with the PPP project contract, it shall identify the single performance obligation included in the contract and allocate the transaction price to each performance obligation in accordance with the proportion of the stand-alone selling price of each performance obligation in accordance with ASBE No. 14 – Revenue.

During the operation period of the project, if the Group has the right to receive variable cash flow from the party which obtains the public goods and services, the Group presents the consideration for the PPP project assets or the amount of revenue recognized in respect of the construction project as the value of concession rights in intangible assets of Balance Sheet when the PPP project assets are ready for intended use.

During the operation of the project, if the Group has the right to receive a determinable amount of cash flow (or other financial assets), the Group can recognize the amount as a receivable when it has the right to receive such cash flow (such right only depends on the passage of time) in accordance with the PPP project contract. The Group recognizes the difference between the consideration for the PPP project assets or the amount of revenue recognized in respect of the construction project and the determinable amount of cash flow (or other financial assets) that the Group has the right to receive as an intangible asset when the PPP project assets are ready for intended use.

For the part of intangible assets recognised by the Group based on the consideration of PPP project assets or the amount of revenue recognized in respect of the construction project, the contract assets recognised during the construction period should be presented in concession rights under intangible assets. Other contract assets recognised during the construction period should be presented in contract assets or other non-current assets, based on whether due within one year.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

33. 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.

At the balance sheet date, accounting estimates 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, 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.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

33. Significant accounting judgments and estimates (continued)

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.

Impairment of properties under development and completed properties held for sale

The Group has to evaluate the net realizable values for properties under development and completed properties held for sale at each balance sheet date. When the net realizable 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 realizable 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 realizable 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.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

33. Significant accounting judgments and estimates (continued)

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.

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 Group's 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 realization 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 re-estimate 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.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

33. 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.

34. Changes in significant accounting policies

The Group implemented the Accounting Standards for Business Enterprises Interpretation No. 14 (“Interpretation No. 14”) issued by the Ministry of Finance in 2021 since 1 January 2021.

The impact of Interpretation No.14 on the Group

Interpretation No.14 defines PPP contract, including the “dual characteristics” and “dual controls” of a PPP contract and the accounting treatment approaches used by private parties. Interpretation No.14 especially clarifies the conditions for the recognition of receivables and intangible assets under PPP project contracts, as well as the accounting treatment under mixed models of PPP project contracts (involving both financial assets and intangible assets), and clarifies disclosure requirements. When a private party undertakes construction contracts or contracting to other parties, Interpretation No. 14 clarifies the private party should subject to ASBE No. 14 – Revenue for accounting treatment. Also, Interpretation No. 14 clarifies the accounting treatment of borrowing costs in the construction of a PPP project. Further details are stated in Note III. 32.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

34. Changes in significant accounting policies (continued)

The impact of Interpretation No. 14 on the Group (continued)

Interpretation No. 14 clarifies that, for uncompleted PPP project contracts executed before 1 January 2021 and not accounted for in accordance with Interpretation No. 14, the Group should make retrospective adjustments to such contracts, adjusting the opening retained earnings and other relevant items in the financial statements, with no impact on comparative information.

The impact of the adoption of Interpretation No. 14 on relevant balance sheet items of the Group as at 1 January 2021 is as follows:

Item	31 December 2020	Impact of adoption of Interpretation No. 14	1 January 2021
Current assets:			
Trade receivables (Note 2)	125,696,204	114,524	125,810,728
Contract assets (Note 1)	165,030,475	306,888	165,337,363
Current portion of non-current assets (Note 1&2)	16,311,081	(421,412)	15,889,669
Total current assets	860,767,806	-	860,767,806
Non-current assets:			
Long-term receivables (Note 1)	74,472,408	(15,974,790)	58,497,618
Other non-current assets (Note 1)	65,728,750	15,974,790	81,703,540
Total non-current assets	382,024,993	-	382,024,993
TOTAL ASSETS	1,242,792,799	-	1,242,792,799
Total liabilities	929,153,709	-	929,153,709
Shareholders' equity			
Total shareholders' equity	313,639,090	-	313,639,090
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	1,242,792,799	-	1,242,792,799

Note 1: As at 1 January 2021, for any PPP project contract under which the Group has not yet satisfied the condition that the right to receive consideration only depends on the passage of time, the Group reclassifies long-term receivables recognised to contract assets, presented in 'Contract assets' or 'Other non-current assets' in the financial statements, based on whether due within one year.

Note 2: As at 1 January 2021, in accordance with Interpretation No. 14, the Group reclassifies current portion of non-current assets to trade receivables.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

IV. TAXATION

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), with respect to research and development (R&D) expenses of the Company and its subsidiaries that complies with the above provisions, an extra 75% of the actual amount of expenses is deductible before tax.

IV. TAXATION (CONTINUED)

2. Tax preferential (continued)

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

Pursuant to the provisions of the Announcement on Further Improving the Policies Regarding Weighted Pre-tax Deduction of Research and Development Expenses (Announcement No. 13 [2021] of the Ministry of Finance and the State Taxation Administration), with respect to the calculation of taxable income by the Company and its subsidiaries from 1 January 2021, an extra 100% of the amount of R&D expenses that comply with the above provisions and actually incurred is deductible before tax.

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.”

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

IV. TAXATION (CONTINUED)

2. Tax preferential (continued)

Tax preferential for the Western Region Development (continued)

At present, the Catalogue of Encouraged Industries in the Western Region has been approved by the State Council and has been implemented since 1 October 2014. Certain subsidiaries of the Company, 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 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. (中鐵二十局集團第二工程有限公司), 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 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 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 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

IV. TAXATION (CONTINUED)

2. Tax preferential (continued)

Tax preferential for the Western Region Development (continued)

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. (中鐵建重慶軌道環線建設有限公司), 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), Lanzhou Railway Survey and Design Institute Co., Ltd. (蘭州鐵道設計院有限公司), 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. (中鐵建崑崙地鐵投資建設管理有限公司), CRCC Kunlun Investment Co., Ltd. (中國鐵建崑崙投資集團有限公司), 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 Yunnan Investment Co., Ltd. (中鐵建雲南投資有限公司), CRCC Kunlun Tianfu Greenway Chengdu Co., Ltd. (中鐵建崑崙天府綠道成都有限公司), Chengdu CRCC Kunlun Rail Engineering Co., Ltd. (成都中鐵建崑崙軌道工程有限公司), 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), China Railway Construction (Yinchuan) City Development Co., Ltd. (中鐵建(銀川)城市發展有限公司), China Railway Material Group Yunnan Co., Ltd. (中鐵物資集團雲南有限公司), and Chongqing Jinlu Traffic Engineering Co., Ltd. (重慶金路交通工程有限責任公司), 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", and are applicable to preferential income tax rate of 15% for the Western Region Development in 2020. While the above enterprises are expected to meet requirements of "enterprises located in the Western Region, whose principal businesses are encouraged industries, and the income of which accounts for more than 60% of the total income of such enterprises" in 2021, they will continue to enjoy the preferential income tax rate of 15% during the period.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

IV. TAXATION (CONTINUED)

2. Tax preferential (continued)

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) China Railway 11th Bureau Group Co., Ltd. (中鐵十一局集團有限公司) and its subsidiary China Railway 11th Bureau Group 6th Engineering Co., Ltd. (中鐵十一局集團第六工程有限公司) have 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 2020, and are entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2020 to 31 December 2022; (2) 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公司), China Railway 11th Bureau Group 2nd Engineering Co., Ltd. (中鐵十一局集團第二工程有限公司), China Railway 11th Bureau Group 3rd Engineering Co., Ltd. (中鐵十一局集團第三工程有限公司), China Railway 11th Bureau Group 4th Engineering Co., Ltd. (中鐵十一局集團第四工程有限公司) 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 to 31 December 2021; (3) its subsidiary China Railway 11th Bureau Group Bridge Engineering Co., Ltd. (中鐵十一局集團橋樑有限公司) 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 to 31 December 2021;

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 to 31 December 2021; (2) its subsidiary China Railway 12th Bureau Construction and Installation Engineering Co., Ltd. (中鐵十二局集團建築安裝工程有限公司) has been recognised as a High-tech Enterprise by Shanxi Provincial Science and Technology Department, Shanxi Provincial Department of Finance, and Shanxi Provincial Tax Service, State Taxation Administration since 2020, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2020 to 31 December 2022.

IV. TAXATION (CONTINUED)

2. Tax preferential (continued)

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

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 Municipal Science and Technology Bureau, 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 to 31 December 2021; (2) its subsidiary China Railway Construction Bridge Engineering Bureau Group 2nd Engineering Co., Ltd. (中國鐵建大橋工程局集團第二工程有限公司) has been recognised as a High-tech Enterprise by Shenzhen Science and Technology Bureau, Shenzhen Municipal Bureau of Finance, and Shenzhen Tax Service, State Taxation Administration since 2020, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2020 to 31 December 2022; (3) its subsidiary China Railway Construction Bridge Engineering Bureau Group 4th Engineering Co., Ltd. (中國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 Heilongjiang Provincial Science and Technology Department, Heilongjiang Provincial Department of Finance, and Heilongjiang 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 to 31 December 2021; (4) its subsidiary China Railway Construction Bridge Engineering Bureau Group 6th Engineering Co., Ltd. (中鐵建大橋工程局集團第六工程有限公司) has been recognised as a High-tech Enterprise by Jilin Provincial Science and Technology Bureau, Jilin Province Bureau of Finance, and Jilin Provincial Tax Service, State Taxation Administration since 2020, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2020 to 31 December 2022; (5) its subsidiary China Railway Bridge Engineering Group Electrification Engineering Co., Ltd. (中鐵建大橋工程局集團電氣化工程有限公司) has been recognised as a High-tech Enterprise by Tianjin Municipal Science and Technology Bureau, Tianjin Finance Bureau, and Tianjin Municipal Tax Service, State Taxation Administration since 2020, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2020 to 31 December 2022; (6) its subsidiary China Railway Jinqiao Engineering Testing Co., Ltd. (中鐵津橋工程檢測有限公司) has been recognised as a High-tech Enterprise by Jilin Provincial Science and Technology Bureau, Jilin Province Bureau of Finance, and Jilin 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 to 31 December 2021; (7) its subsidiary China Railway Zhuzhou Bridge Co., Ltd. (中鐵株洲橋樑有限公司) 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 2020, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2020 to 31 December 2022.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

IV. TAXATION (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 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 Provincial Department of Finance, 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 to 31 December 2021; and (2) its subsidiaries China Railway 14th Bureau Group Tunnel Engineering Co., Ltd. (中鐵十四局集團隧道工程有限公司), China Railway 14th Bureau Group Construction Technology Co. Ltd. (中鐵十四局集團建築科技有限公司) and Shandong Civil Air Defense Architectural Design Institute Co., Ltd. (山東省人民防空建築設計院有限責任公司) have been recognised as a High-tech Enterprise by Department of Science & Technology of Shandong Province, Shandong Provincial Department of Finance, and Shandong Provincial Tax Service, State Taxation Administration since 2020, and are entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2020 to 31 December 2022.

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 1st Engineering Co., Ltd. (中鐵十五局集團第一工程有限公司) has been recognised as a High-tech Enterprise by Science & Technology Department of Shannxi Province, Shannxi Provincial Finance Department, and Shannxi 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 to 31 December 2021; (2) 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 to 31 December 2021.

IV. TAXATION (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) its subsidiary China Railway 16th Bureau Group 3rd Engineering Co., Ltd. (中鐵十六局集團第三工程有限公司) has been recognised as a High-tech Enterprise by Zhejiang Provincial Science and Technology Bureau, Zhejiang Provincial Department of Finance, and Zhejiang Provincial Tax Service, State Taxation Administration since 2020, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2020 to 31 December 2022; (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 to 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, Hebei Provincial Department of Finance, 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 to 31 December 2021; (4) its subsidiaries including China Railway 16th Bureau Group City Construction Development Co., Ltd. (中鐵十六局集團城市建設發展有限公司) and China Railway 16th Bureau Group Road & Bridge Engineering Co., Ltd. (中鐵十六局集團路橋工程有限公司) has been recognised as High-tech Enterprises by Beijing Municipal Science and Technology Commission, Beijing Finance Bureau, and Beijing Municipal Tax Service, State Taxation Administration since 2020, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2020 to 31 December 2022.

China Railway 17th Bureau Group Co., Ltd. (中鐵十七局集團有限公司): (1) 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 to 31 December 2021; (2) its subsidiary China Railway 17th Bureau 3rd Engineering Co., Ltd. (中鐵十七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, Hebei Provincial Department of Finance, and Hebei Provincial Tax Service, State Taxation Administration since 2020, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2020 to 31 December 2022; (3) its subsidiary China Railway 17th Bureau 5th Engineering Co., Ltd. (中鐵十七局集團第五工程有限公司) has been recognised as a High-tech Enterprise by Shanxi Provincial Science and Technology Department, Shanxi Provincial Department of Finance, and Shanxi Provincial Tax Service, State Taxation Administration since 2020, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2020 to 31 December 2022; (4) its subsidiaries including 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 Group 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 Shanxi Provincial Science and Technology Department, Shanxi Provincial Department of Finance, and Shanxi 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 to 31 December 2021.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

IV. TAXATION (CONTINUED)

2. Tax preferential (continued)

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

China Railway 18th Bureau Group Co., Ltd. (中鐵十八局集團有限公司): (1) its subsidiaries China Railway 18th Bureau Group 1st Engineering Co., Ltd. (中鐵十八局集團第一工程有限公司) and China Railway 18th Bureau Group 2nd Engineering Co., Ltd. (中鐵十八局集團第二工程有限公司) have been recognised as High-tech Enterprises by Hebei Provincial Department of Science and Technology, Hebei Provincial Department of Finance, and Hebei Provincial Tax Service, State Taxation Administration since 2020, and are entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2020 to 31 December 2022; (2) its subsidiary China Railway 18th Bureau Group 5th Engineering Co., Ltd. (中鐵十八局集團第五工程有限公司) has been recognised as a High-tech Enterprise by Tianjin Municipal Science and Technology Bureau, Tianjin Finance Bureau, and Tianjin Municipal Tax Service, State Taxation Administration since 2020, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2020 to 31 December 2022; and (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 Municipal Science and Technology Bureau, 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 to 31 December 2021.

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 1st Engineering Co., Ltd. (中鐵十九局集團有限公司第一工程有限公司) and China Railway 19th Bureau Group 2nd Engineering Co., Ltd. (中鐵十九局集團有限公司第二工程有限公司) have been recognised as High-tech Enterprises by Department of Science & Technology of Liaoning Province, Liaoning Province Finance Department, and Liaoning Provincial Tax Service, State Taxation Administration since 2020, and are entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2020 to 31 December 2022; (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 to 31 December 2021; (3) its subsidiary China Railway 19th Bureau Group 6th Engineering Co., Ltd. (中鐵十九局集團有限公司第六工程有限公司) has been recognised as High-tech Enterprises by Department of Science & Technology of Jiangsu Province, Department of Finance of Jiangsu Province, and Jiangsu Provincial Tax Service, State Taxation Administration since 2020, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2020 to 31 December 2022; (4) its subsidiary China Railway 19th Bureau Group Corporation Electric Engineering Co., Ltd. (中鐵十九局集團電務工程有限公司) 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 2020, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2020 to 31 December 2022; and (5) its subsidiary China Railway 19th Bureau Group Guangzhou Engineering Co., Ltd. (中鐵十九局集團廣州工程有限公司) 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 2020, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2020 to 31 December 2022.

IV. TAXATION (CONTINUED)

2. Tax preferential (continued)

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

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 3rd Engineering Co., Ltd. (中鐵二十局集團第三工程有限公司) has been recognised as a High-tech Enterprise by Chongqing Science and Technology Bureau, Chongqing Municipal Bureau of Finance, and Chongqing Tax Service, State Taxation Administration since 2019, and is entitled to enjoy the preferential income tax rate at 15% from 1 January 2019 to 31 December 2021; (2) 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 to 31 December 2021; (3) its subsidiary China Railway Guizhou Engineering Co., Ltd. (中鐵貴州工程有限公司) has been recognised as a High-tech Enterprise by Guizhou Provincial Department of Science and Technology, Guizhou Provincial Department of Finance, and Guizhou 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 to 31 December 2021; and (4) its subsidiary China Railway 20th Bureau Group 6th Engineering Co., Ltd. (中鐵二十局集團第六工程有限公司) has been recognised as a High-tech Enterprise by Shaanxi Provincial Department of Science and Technology, Shaanxi Provincial Department of Finance, and Shaanxi 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 to 31 December 2021.

China Railway 21st Bureau Group Co., Ltd. (中鐵二十一局集團有限公司): 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 to 31 December 2021.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

IV. TAXATION (CONTINUED)

2. Tax preferential (continued)

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

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. (中鐵二十二局集團有限公司) 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 to 31 December 2021; (2) its subsidiary China Railway 22nd Bureau Group 1st Engineering Co., Ltd. (中鐵二十二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 Heilongjiang Province, Heilongjiang Province Finance Bureau, and Heilongjiang Provincial Tax Service, State Taxation Administration since 2020, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2020 to 31 December 2022; (3) 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 Municipal Science and Technology Bureau, 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 to 31 December 2021; and (4) its subsidiary China Railway 22nd Bureau Group Electrification Engineering Co., Ltd. (中鐵二十二局集團電氣化工程有限公司) 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 2020, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2020 to 31 December 2022.

China Railway 23rd Bureau Group Co., Ltd. (中鐵二十三局集團有限公司): its subsidiary China Railway 23rd Bureau Group Rail Transit Engineering Co., Ltd. (中鐵二十三局集團軌道交通工程有限公司) has been recognised as a High-tech Enterprise by Shanghai Municipal Science & Technology Commission, Shanghai Finance Bureau, and Shanghai Municipal Tax Service, State Taxation Administration since 2020, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2020 to 31 December 2022.

China Railway 24th Bureau Group Co., Ltd. (中鐵二十四局集團有限公司) has been recognised as a High-tech Enterprise by Shanghai Municipal Science & Technology Commission, Shanghai Finance Bureau, and Shanghai Municipal Tax Service, State Taxation Administration since 2020, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2020 to 31 December 2022.

IV. TAXATION (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) 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 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 to 31 December 2021; (2) 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 a High-tech Enterprise by Department of Science and Technology of Guangxi Zhuang Autonomous Region, Department of Finance of Guangxi Zhuang Autonomous Region, and Guangxi Zhuang Autonomous Region Tax Service, State Taxation Administration since 2019, and is entitled to enjoy the preferential income tax rate at 15% from 1 January 2019 to 31 December 2021; (3) its subsidiaries including 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 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 to 31 December 2021; and (4) its subsidiary Liuzhou Railway Engineering Quality Testing Center Co., Ltd. (柳州鐵路工程質量檢測中心有限公司) has been recognised as a High-tech Enterprise by Department of Science and Technology of Guangxi Zhuang Autonomous Region, Department of Finance of Guangxi Zhuang Autonomous Region, and Guangxi Zhuang Autonomous Region Tax Service, State Taxation Administration since 2020, and is entitled to enjoy the preferential income tax rate at 15% from 1 January 2020 to 31 December 2022;

China Railway Construction Group Co., Ltd. (中鐵建設集團有限公司): (1) China Railway Construction Group Co., Ltd. (中鐵建設集團有限公司) 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 2020, and are entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2020 to 31 December 2022; (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 to 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 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 to 31 December 2021; (4) its subsidiary China Railway Construction Group Central-south China Construction Co., Ltd. (中鐵建設集團中南建設有限公司) has been recognised as a High-tech Enterprise by Hubei Provincial Science and

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

IV. TAXATION (CONTINUED)

2. Tax preferential (continued)

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

Technology Department, Hubei Provincial Department of Finance, and Hubei Provincial Tax Service, State Taxation Administration since 2020, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2020 to 31 December 2022; and (5) its subsidiary China Railway Construction Group North China Engineering Co., Ltd. (中鐵建設集團華北工程有限公司) has been recognised as a High-tech Enterprise by Tianjin Science and Technology Bureau, Tianjin Municipal Bureau of Finance, and Tianjin Tax Service, State Taxation Administration since 2020, and are entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2020 to 31 December 2022.

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 to 31 December 2021; (2) its subsidiaries China Railway Construction Electrification Bureau Group 2nd Engineering Co., Ltd. (中鐵建電氣化局集團第二工程有限公司) and China Railway Construction Electrification Bureau Group North Engineering Co., Ltd. (中國鐵建電氣化局集團北方工程有限公司) have been recognised as a High-tech Enterprise by the Shanxi Science and Technology Department, Department of Finance of Shanxi Province, and Shanxi Provincial Tax Service, State Taxation Administration since 2020, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2020 to 31 December 2022; (3) 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, Hebei Provincial Department of Finance, 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 to 31 December 2021; (4) its subsidiary China Railway Construction Electrification Bureau Group 4th Engineering Co., Ltd. (中鐵建電氣化局集團第四工程有限公司) 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 2020, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2020 to 31 December 2022; (5) 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; and (6) its subsidiary China Railway Construction Electrification Bureau Group Kang Yuan New Material Co., Ltd. (中鐵建電氣化局集團康遠新材料有限公司) has been recognised as a High-tech Enterprise by Department of Science & Technology of Jiangsu Province, Department of Finance of Jiangsu Province, and Jiangsu Provincial Tax Service, State Taxation Administration since 2020, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2020 to 31 December 2022.

IV. TAXATION (CONTINUED)

2. Tax preferential (continued)

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

CRCC Harbour and Channel Engineering Bureau Group Co., Ltd. (中國鐵建港航局集團有限公司) 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 2020, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2020 to 31 December 2022.

China Railway Urban Construction Group Co., Ltd. (中鐵城建集團有限公司): (1) its subsidiary Beijing Engineering Company Limited of China Railway Urban Construction Group (中鐵城建北京工程有限公司) 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 2020, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2020 to 31 December 2022; and (2) its subsidiary China Railway Urban Construction Group Nanchang Construction Co., Ltd. (中鐵城建集團南昌建設有限公司) 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 2020, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2020 to 31 December 2022.

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) China Railway SIYUAN Survey and Design Group Co., Ltd. (中鐵第四勘察設計院集團有限公司) and its subsidiary Railway SIYUAN (Hubei) Engineering Supervision Consulting Co., Ltd. (鐵四院(湖北)工程監理諮詢有限公司) 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 2020 and are entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2020 to 31 December 2022; (2) 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 to 31 December 2021; (3) its subsidiary Guangzhou Holding Company of The China Railway SIYUAN Survey and Design Group Co., Ltd. (中鐵四院集團廣州設計院有限公司) 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 2020, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2020 to 31 December 2022; and (4) its subsidiary Haixia (Fujian) Transportation Engineering Design Co., Ltd. (海峽(福建)交通工程設計有限公司) has been recognised as High-tech Enterprises by Department of Science & Technology of Fujian Province, Department of Finance of Fujian Province, and Fujian Provincial Tax Service, State Taxation Administration since 2020, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2020 to 31 December 2022.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

IV. TAXATION (CONTINUED)

2. Tax preferential (continued)

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

China Railway Fifth Survey and Design Institute Group Co., Ltd. (中鐵第五勘察設計院集團有限公司): China Railway Fifth Survey and Design Institute Group Co., Ltd. (中鐵第五勘察設計院集團有限公司) and its subsidiaries including Beijing Railway Fifth Group Engineering Machinery Co., Ltd. (北京鐵五院工程機械有限公司), Beijing China Railway Construction North Road & Bridge Engineering Co., Ltd. (北京中鐵建北方路橋工程有限公司), Beijing Tiejian Construction Supervision Co., Ltd. (北京鐵研建設監理有限責任公司), Quzhou Communication Design Co., Ltd. (衢州市交通設計有限公司), Beijing China Railway Ecological Environment Design Institute Co., Ltd. (北京中鐵生態環境設計院有限公司) and Beijing Tiecheng GIGNA Engineering Testing Co., Ltd. (北京鐵城檢測認證有限公司) 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 2020, and are entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2020 to 31 December 2022.

China Railway Construction Heavy Industry Corporation Limited (中國鐵建重工集團股份有限公司): China Railway Construction Heavy Industry Corporation Limited (中國鐵建重工集團股份有限公司) and its subsidiary Zhuzhou China Railway Electric Materials Co., Ltd. (株洲中鐵電氣物資有限公司) have been recognised as a High-tech Enterprises by China Hunan Provincial Science & Technology Department, Hunan Provincial Department of Finance, and Hunan Provincial Tax Service, State Taxation Administration since 2020, and are entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2020 to 31 December 2022.

China Civil Engineering Construction Corporation (中國土木工程集團有限公司): its subsidiary China Railway CCECC Fuzhou Survey & Design Institute Co., Ltd. (中土集團福州勘察設計研究院有限公司) has been recognised as a High-tech Enterprise by Fujian Provincial Department of Science and Technology, Fujian Provincial Department of Finance, and Fujian Provincial Tax Service, State Taxation Administration since 2020, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2020 to 31 December 2022.

China Railway Maglev Transportation Investment Construction Co., Ltd. (中鐵磁浮交通投資建設有限公司): China Railway Maglev Transportation Investment Construction Co., Ltd. (中鐵磁浮交通投資建設有限公司) 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 2020, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2020 to 31 December 2022.

CRCC Development Group Co., Ltd. (中鐵建發展集團有限公司): its subsidiary 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 to 31 December 2021.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

1. Cash and bank balances

RMB '000

Item	30 June 2021 (unaudited)	31 December 2020
Cash on hand	71,383	63,475
Cash at banks	126,463,312	173,759,526
Other cash and bank balances	7,702,440	7,475,759
Mandatory reserves placed by CRCC Finance Company Limited with the central bank	5,467,760	6,698,286
Total	139,704,895	187,997,046

The restricted cash and bank balances of the Group are stated in Note V. 65.

As at 30 June 2021, the Group held foreign cash and bank balances amounting to RMB13,687,001,000 (31 December 2020: RMB13,646,348,000), and held no restricted deposits. (31 December 2020: Nil).

RMB '000

Item	30 June 2021 (unaudited)	31 December 2020
Cash and bank balances at the end of the period/year	139,704,895	187,997,046
Less: Mandatory reserves placed by CRCC Finance Company Limited with the central bank	5,467,760	6,698,286
Less: Other restricted cash and bank balances	7,667,560	7,402,151
Less: Non-pledged time deposits with original maturity of three months or more when acquired	6,044,724	6,227,113
Cash and cash equivalents at the end of the period/year	120,524,851	167,669,496

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

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

2. Held-for-trading financial assets

RMB '000

Item	30 June 2021 (unaudited)	31 December 2020
Monetary fund products	1,416,424	–
Equity instruments	164,566	150,183
Others	254,645	436,839
Total	1,835,635	587,022

3. Bills receivable

RMB '000

Item	30 June 2021 (unaudited)	31 December 2020
Commercial acceptance bills	15,691,904	17,702,191
Bank acceptance bills	298,628	606,185
Less: Impairment of credit losses	61,838	65,560
Total	15,928,694	18,242,816

The restricted bills receivable of the Group are stated in Note V. 65.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

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

4. Receivables at FVTOCI

RMB '000

Item	30 June 2021 (unaudited)	31 December 2020
Bank acceptance bills	2,945,837	3,683,653
Total	2,945,837	3,683,653

As at 30 June 2021, the Group had RMB3,348,884,000 (31 December 2020: RMB3,870,101,000) 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.

5. Trade receivables

An aging analysis of trade receivables is listed as follows:

RMB '000

Aging	30 June 2021 (unaudited)	31 December 2020
Within 1 year	139,033,631	102,570,270
1 to 2 years	18,876,952	16,542,230
2 to 3 years	6,580,798	6,122,823
Over 3 years	8,995,574	8,728,128
Subtotal	173,486,955	133,963,451
Less: Impairment of credit losses	9,029,635	8,267,247
Total	164,457,320	125,696,204

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

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

5. Trade receivables (continued)

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

RMB '000

Item	For the six months ended 30 June 2021 (unaudited)	2020
Closing balance of prior period/year	8,267,247	6,613,019
Change in accounting policies (Note III.34)	575	–
Opening balance of current period/year	8,267,822	6,613,019
Provision for the period/year	1,674,997	3,270,335
Less: Reversal for the period/year	846,782	1,310,500
Less: Write-off for the period/year	2,723	138,917
Others	(63,679)	(166,690)
Closing balance of current period/year	9,029,635	8,267,247

The movements in detail of impairment of credit losses for the six months ended 30 June 2021 are presented in Note VIII. 3.

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

RMB '000

Category	30 June 2021 (unaudited)				Carrying amount
	Gross carrying amount		Impairment of credit losses		
	Amount	Percentage (%)	Amount	Percentage (%)	
Impairment of credit losses assessed individually	10,083,287	5.81	4,792,519	47.53	5,290,768
Impairment of credit losses assessed by credit risk portfolio	163,403,668	94.19	4,237,116	2.59	159,166,552
Total	173,486,955	100.00	9,029,635	5.20	164,457,320

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

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

5. Trade receivables (continued)

RMB '000

Category	31 December 2020				Carrying amount
	Gross carrying amount		Impairment of credit losses		
	Amount	Percentage (%)	Amount	Percentage (%)	
Impairment of credit losses assessed individually	7,086,982	5.29	4,308,160	60.79	2,778,822
Impairment of credit losses assessed by credit risk portfolio	126,876,469	94.71	3,959,087	3.12	122,917,382
Total	133,963,451	100.00	8,267,247	6.17	125,696,204

As at 30 June 2021, 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	375,643	65.26	Note
Company 2	528,109	122,776	23.25	Note
Company 3	446,952	22,384	5.01	Note
Company 4	350,960	52,796	15.04	Note
Company 5	240,519	240,519	100.00	Note
Others	7,941,108	3,978,401	50.10	-
Total	10,083,287	4,792,519	47.53	-

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

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

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

5. Trade receivables (continued)

As at 30 June 2021, trade receivables whose impairment of credit losses were assessed by credit risk portfolio are listed as follows:

RMB '000

Aging	30 June 2021 (unaudited)			
	Gross carrying amount		Impairment of credit losses	
	Amount	Percentage (%)	Amount	Provision percentage (%)
Within 1 year	137,432,884	84.10	1,155,692	0.84
1 to 2 years	16,905,585	10.35	912,200	5.40
2 to 3 years	5,280,710	3.23	592,421	11.22
Over 3 years	3,784,489	2.32	1,576,803	41.66
Total	163,403,668	100.00	4,237,116	2.59

As at 30 June 2021, trade receivables from the five largest customers are listed as follows:

RMB '000

Company name	Relationship with the Group	Amount	Aging	Percentage of total trade receivables (%)
Company 1	Third party	2,823,480	Within 1 year	1.63
Company 2	Third party	1,829,843	Within 1 year	1.05
Company 3	Third party	1,532,515	Within 1 year	0.88
Company 4	Third party	1,470,986	Within 1 year	0.85
Company 5	Third party	1,078,054	Within 1 year	0.62
Total	-	8,734,878	-	5.03

For the six months ended 30 June 2021, the write-off of trade receivables amounted to RMB2,723,000 (For the six months ended 30 June 2020: RMB10,087,000)

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

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

5. Trade receivables (continued)

Transferred trade receivables that are derecognised are analysed as follows (unaudited):

For the six months ended 30 June 2021, the Group derecognised trade receivables of RMB21,824,523,000 (For the six months ended 30 June 2020: RMB18,927,522,000) due to transfer of financial assets and recognised losses from derecognition of financial assets RMB1,056,860,000 (For the six months ended 30 June 2020: RMB756,314,000).

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

As at 30 June 2021, the Group recognised assets of RMB350,000,000 and liabilities of RMB350,000,000 (As at 31 December 2020: RMB381,000,000 and RMB381,000,000) related to continuing involvement of transferred trade receivables.

The restricted trade receivables of the Group are stated in Note V. 65.

6. Advances to suppliers

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

RMB '000

Aging	30 June 2021 (unaudited)		31 December 2020	
	Gross carrying amount	Percentage (%)	Gross carrying amount	Percentage (%)
Within 1 year	28,242,206	98.44	23,782,856	97.81
1 to 2 years	197,065	0.69	294,588	1.21
2 to 3 years	219,188	0.76	225,999	0.93
Over 3 years	32,479	0.11	13,048	0.05
Total	28,690,938	100.00	24,316,491	100.00

As at 30 June 2021, there were no significant advances to suppliers aged over one year.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

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

6. Advances to suppliers (continued)

As at 30 June 2021, 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	598,000	Within 1 year	2.08
Company 2	Third party	259,944	Within 1 year	0.91
Company 3	Third party	184,444	Within 1 year	0.64
Company 4	Third party	143,483	Within 1 year	0.50
Company 5	Third party	138,750	Within 1 year	0.48
Total	–	1,324,621	–	4.61

7. Other receivables

An aging analysis of other receivables is listed as follows:

RMB '000

Aging	30 June 2021 (unaudited)	31 December 2020
Within 1 year	49,356,279	53,477,470
1 to 2 years	6,844,962	7,123,511
2 to 3 years	6,086,729	5,852,947
Over 3 years	5,990,055	5,085,125
Subtotal	68,278,025	71,539,053
Less: Impairment of credit losses	5,215,387	5,155,972
Total	63,062,638	66,383,081

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

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 2021 (unaudited)	2020
Opening balance of the period/year	5,155,972	4,766,484
Provision for the period/year	351,631	1,032,493
Less: Reversal for the period/year	277,034	361,562
Less: Write-off for the period/year	6,379	216,753
Others	(8,803)	(64,690)
Closing balance of the current period/year	5,215,387	5,155,972

- (1) As at 30 June 2021, 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	32,124,696	41,969	0.13
Security deposit and cash pledged	18,777,124	614,578	3.27
Advance payments	5,860,889	77,355	1.32
Others	5,831,779	184,487	3.16
Total	62,594,488	918,389	1.47

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

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

7. Other receivables (continued)

- (2) As at 30 June 2021, analysis of impairment of credit losses of other receivables at phase II are listed as follows:

RMB '000

Category	30 June 2021 (unaudited)				Carrying amount
	Gross carrying amount		Impairment of credit losses		
	Amount	Percentage (%)	Amount	Provision percentage (%)	
Impairment of credit losses assessed by credit risk portfolio	1,652,278	100.00	504,402	30.53	1,147,876
Total	1,652,278	100.00	504,402	30.53	1,147,876

- (3) As at 30 June 2021, analysis of impairment of credit losses of other receivables at phase III are listed as follows:

RMB '000

Category	30 June 2021 (unaudited)				Carrying amount
	Gross carrying amount		Impairment of credit losses		
	Amount	Percentage (%)	Amount	Provision percentage (%)	
Impairment of credit losses assessed individually	3,401,117	84.37	3,222,433	94.75	178,684
Impairment of credit losses assessed by credit risk portfolio	630,142	15.63	570,163	90.48	59,979
Total	4,031,259	100.00	3,792,596	94.08	238,663

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

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

7. Other receivables (continued)

- (3) As at 30 June 2021, analysis of impairment of credit losses of other receivables at phase III are listed as follows: (continued)

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 (%)	Reasons
Company 1	446,618	446,618	100.00	Note
Company 2	233,186	183,186	78.56	Note
Company 3	193,168	193,168	100.00	Note
Company 4	118,947	95,158	80.00	Note
Company 5	109,252	109,252	100.00	Note
Others	2,299,946	2,195,051	95.44	–
Total	3,401,117	3,222,433	94.75	–

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 2021, the write-off of other receivables amounted to RMB6,379,000 (for the six months ended 30 June 2020: RMB196,243,000).

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

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 2021 (unaudited)	31 December 2020
Loans for cooperative development project	32,124,696	36,839,524
Security deposit and cash pledged	20,346,088	19,973,944
Advance payments	6,119,354	5,834,607
Others	9,687,887	8,890,978
Total	68,278,025	71,539,053

As at 30 June 2021, 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	2,795,097	4.09	Loans for cooperative development project	Within 3 years	2,795
Company 2	2,562,938	3.75	Loans for cooperative development project	Within 1 year	2,563
Company 3	2,200,695	3.22	Loans for cooperative development project	Within 1 year	2,201
Company 4	1,917,642	2.81	Loans for cooperative development project	Within 1 year	9,588
Company 5	1,707,261	2.50	Loans for cooperative development project	Within 2 years	1,888
Total	11,183,633	16.37	-	-	19,035

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

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

8. Inventories

RMB '000

Item	30 June 2021 (unaudited)		
	Gross carrying amount	Provision for decline in value	Carrying amount
Raw materials	26,961,468	23,311	26,938,157
Work in progress	4,000,438	–	4,000,438
Finished goods	7,791,424	200,565	7,590,859
Turnover materials	13,092,997	99,514	12,993,483
Properties under development (1)	181,685,832	723,362	180,962,470
Completed properties held for sale (2)	32,229,058	871,593	31,357,465
Total	265,761,217	1,918,345	263,842,872

RMB '000

Item	31 December 2020		
	Gross carrying amount	Provision for decline in value	Carrying amount
Raw materials	23,653,604	22,508	23,631,096
Work in progress	2,550,805	–	2,550,805
Finished goods	6,066,574	153,248	5,913,326
Turnover materials	11,407,895	99,514	11,308,381
Properties under development (1)	158,221,386	730,436	157,490,950
Completed properties held for sale (2)	32,361,699	897,527	31,464,172
Total	234,261,963	1,903,233	232,358,730

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

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 2021	Additions		Reductions		30 June 2021 (unaudited)
		Provision (unaudited)	Reversal (unaudited)	Write-off and Others (unaudited)		
Raw materials	22,508	803	-	-	-	23,311
Finished goods	153,248	49,673	2,111	245		200,565
Turnover materials	99,514	-	-	-		99,514
Properties under development	730,436	-	-	7,074		723,362
Completed properties held for sale	897,527	958	-	26,892		871,593
Total	1,903,233	51,434	2,111	34,211		1,918,345

RMB '000

Item	1 January 2020	Additions		Reductions		31 December 2020
		Provision	Others	Reversal	Write-off and Others	
Raw materials	14,056	9,724	-	1,232	40	22,508
Finished goods	197,507	1,789	-	32,843	13,205	153,248
Turnover materials	99,514	-	-	-	-	99,514
Properties under development	840,394	47,457	-	-	157,415	730,436
Completed properties held for sale	567,455	362,190	160,025	13,180	178,963	897,527
Total	1,718,926	421,160	160,025	47,255	349,623	1,903,233

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

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 2021 Gross carrying amount (unaudited)	31 December 2020 Gross carrying amount
Tianjin Guoyin Wenyuan Project	October 2018	October 2021	10,009,470	7,619,979	7,325,443
Xipai Jinsha Residence Project	May 2020	January 2022	10,847,397	7,386,121	6,961,243
Wenzhou Lucheng Future Community	September 2020	August 2023	10,705,140	6,218,561	5,207,538
CRCC Haiyu Xi'an Project	August 2019	April 2022	11,305,576	5,233,274	5,008,482
CRCC Xipai City Project	September 2017	June 2022	12,365,490	5,156,223	4,649,034
International Mansion Project	July 2019	May 2022	5,576,179	4,594,869	4,414,447
Nanjing Huayu Xi'an Residence Project	June 2020	December 2022	5,225,120	3,911,872	3,708,244
Chongqing Dadukou Project	July 2019	September 2022	5,889,404	3,828,044	3,563,598
Shaoxing Huayujiangnan Mansion Project	August 2019	December 2021	5,808,849	3,615,676	3,268,356
CRCC Huayutang Project	December 2019	December 2022	5,900,000	3,383,134	3,214,315
CRCC Huayu City Project	July 2020	May 2022	6,091,326	3,144,595	2,974,903
Wutong Bay Project	December 2018	September 2021	3,048,462	2,847,437	2,722,750
Jinan Wutongyuan Project	November 2019	December 2022	4,665,170	2,634,510	2,510,764
Suzhou Jingwan - Huayu Tianjing Huating Project	July 2020	December 2022	3,081,720	2,591,527	2,497,191
Lingxiu Mansion South Zone Project	December 2018	March 2022	3,733,690	2,598,483	2,392,050
Huayu Tianjingfu Project	August 2019	December 2021	3,081,720	2,436,570	2,314,548
Huayu Lingnanyuan Project	November 2019	December 2022	3,137,800	2,420,042	2,281,873
South China Headquarters Building Project	September 2021	August 2025	9,400,000	2,402,641	-
Nanchoumingju Project	August 2020	June 2022	3,792,080	2,287,278	2,126,539
CRCC Guanshanyundi Project	May 2021	December 2022	3,000,000	2,226,079	-
Others	-	-	321,938,492	105,148,917	91,080,068
Total	-	-	448,603,085	181,685,832	158,221,386

As at 30 June 2021, the aggregate carrying amount of borrowing costs capitalised in properties under development was RMB12,198,316,000 (31 December 2020: RMB10,528,744,000). Borrowing costs capitalised for the six months ended 30 June 2021 amounted to RMB2,581,299,000 (for the six months ended 30 June 2020: RMB2,137,947,000). The capitalisation rates of borrowing costs ranged from 3.30% to 8.00% (for the six months ended 30 June 2020: 3.35% to 8.00%).

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

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

8. Inventories (continued)

(2) Details of the completed properties held for sale are listed as follows:

RMB '000

Project name	Latest completion date	1 January 2021			30 June 2021
		Gross carrying amount	Additions (unaudited)	Reductions (unaudited)	Gross carrying amount (unaudited)
Lingxiu Mansion North Zone Project	December 2020	2,840,806	–	158,200	2,682,606
Xiangxie International Project	February 2021	1,063,384	1,947,092	901,325	2,109,151
Guiyang CRCC International City Project	December 2019	1,567,284	–	50,862	1,516,422
Tianjin CRCC International City Project	April 2019	1,452,164	–	30,746	1,421,418
Chengdu Beihu Xinqu Project	December 2019	1,500,380	–	121,834	1,378,546
Tiejian Tower Project	December 2020	1,464,727	–	292,849	1,171,878
CRCC International City(Beijing) Project	September 2019	1,134,434	–	–	1,134,434
CRCC Southern Headquarter Base Project	June 2019	1,031,500	–	80,699	950,801
CRCC Fuzhou Langqi Shanyucheng Project	December 2020	911,733	33,608	–	945,341
Nananhuayu Project	October 2018	1,101,215	–	178,939	922,276
CRCC Xipai City Project	December 2019	798,899	–	54,746	744,153
Guian Shanyucheng Project	December 2020	739,897	–	39,911	699,986
Dalian Qingxiu Lanwan Project	December 2018	800,025	–	120,735	679,290
Jiucheng Yihao Project	December 2017	648,052	–	–	648,052
CRCC Yujing Yangguang Project	December 2020	597,294	46,820	–	644,114
Yuehu International Project	November 2020	786,941	–	152,444	634,497
Changchun Xipai Tangsong Project	December 2020	680,422	–	47,692	632,730
CRCC Xishan Wutong Project	December 2020	506,013	34,066	–	540,079
CRCC Yanghuyuan Project	April 2021	33,191	582,627	81,073	534,745
Hangzhou CRCC International City Project	October 2020	499,878	–	1,174	498,704
Others	–	12,203,460	6,119,831	6,583,456	11,739,835
Total	–	32,361,699	8,764,044	8,896,685	32,229,058

The restricted inventories of the Group are stated in Note V. 65.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

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 2021 (unaudited)		Carrying amount
	Gross carrying amount	Impairment losses on assets	
Contract assets	197,644,358	5,824,998	191,819,360

RMB '000

Item	Gross carrying amount	31 December 2020	Carrying amount
		Impairment losses on assets	
Contract assets	170,497,190	5,466,715	165,030,475

The movements of impairment losses on assets for contract assets for the six months ended 30 June 2021 are presented in Note VIII. 3.

10. Other current assets

RMB '000

Item	30 June 2021	31 December 2020
	(unaudited)	
Prepaid taxes and VAT input to be deducted	25,547,305	19,617,127
Others	688,986	544,080
Total	26,236,291	20,161,207

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

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

11. Loans and advances to customers

RMB '000

Item	30 June 2021 (unaudited)	31 December 2020
Loans to customers	2,994,465	2,772,645

12. Long-term receivables

RMB '000

Item	30 June 2021 (unaudited)		
	Gross carrying amount	Impairment of credit losses	Carrying amount
Long-term project receivables	29,854,930	640,625	29,214,305
PPP project receivables	9,336,962	31,234	9,305,728
Land development receivables	10,885,200	48,162	10,837,038
Others	18,832,231	156,736	18,675,495
Total	68,909,323	876,757	68,032,566
Less: Current portion of non-current assets:	7,029,339	36,312	6,993,027
Including: Long-term project receivables	1,036,042	5,823	1,030,219
PPP project receivables	1,528,711	7,847	1,520,864
Land development receivables	1,544,214	7,699	1,536,515
Others	2,920,372	14,943	2,905,429
Long-term receivables due after one year	61,879,984	840,445	61,039,539

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

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

12. Long-term receivables (continued)

RMB '000

Item	31 December 2020		Carrying amount
	Gross carrying amount	Impairment of credit losses	
Long-term project receivables	27,649,820	555,095	27,094,725
PPP project receivables	8,869,042	33,122	8,835,920
Land development receivables	9,981,764	45,369	9,936,395
Others	30,536,239	197,046	30,339,193
Total	77,036,865	830,632	76,206,233
Less: Current portion of non-current assets:	6,842,426	34,330	6,808,096
Including: Long-term project receivables	3,028,254	15,637	3,012,617
PPP project receivables	1,523,677	7,618	1,516,059
Land development receivables	1,572,892	7,513	1,565,379
Others	717,603	3,562	714,041
Long-term receivables due after one year	70,194,439	796,302	69,398,137

The Group assesses ECL of long-term receivables on an individual or a collective basis of credit risk characteristics.

RMB '000

Category	30 June 2021 (unaudited)				
	Gross carrying amount		Impairment of credit losses		Carrying amount
	Amount	Percentage (%)	Amount	Provision percentage (%)	
Impairment of credit losses assessed individually	994,063	1.44	483,349	48.62	510,714
Impairment of credit losses assessed by credit risk portfolio	67,915,260	98.56	393,408	0.58	67,521,852
Total	68,909,323	100.00	876,757	1.27	68,032,566

As at 30 June 2021, long-term receivables with significant financing component were presented in accordance with the net amount after discount. The discount rate is 4.75%-5.50% (31 December 2020: 4.75%-5.50%).

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

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 2021 (unaudited)	2020
Closing balance of the prior period/year	830,632	755,930
Change in accounting policies (Note III. 34)	(74,551)	–
Opening balance of the current period/year	756,081	755,930
Provision for the period/year	149,197	112,461
Less: Reversal for the period/year	28,108	64,222
Less: Write-off for the period/year	–	4,394
Others	(413)	30,857
Closing balance of the current period/year	876,757	830,632

Assets and liabilities recognised due to continuing involvement in the transferred long-term receivables:

For the six months ended 30 June 2021, the Group did not derecognise long-term receivables due to transfer of financial assets.

As at 30 June 2021, the Group had assets of RMB15,250,000 and liabilities of RMB15,250,000 (As at 31 December 2020: assets of RMB15,250,000 and liabilities of 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. 65.

13. Long-term equity investments

RMB '000

Item	30 June 2021 (unaudited)	31 December 2020
Investments in unlisted companies – equity method		
Joint ventures (1)	37,421,041	32,741,001
Associates (2)	46,362,605	37,929,246
Less: Provision for impairment of long-term equity investments	49,208	49,208
Total	83,734,438	70,621,039

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

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

13. Long-term equity investments (continued)

(1) Investment in joint ventures

30 June 2021:

RMB '000

Investee	Investment cost	1 January 2021	Changes for the period					30 June 2021 (unaudited)	Provision for impairment at the end of period (unaudited)
			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)	3,610,664	3,610,664	-	-	92,936	-	-	3,703,600	-
Sichuan Tianfu Airport Expressway Co., Ltd.	3,624,600	3,624,600	-	-	-	-	-	3,624,600	-
Yunnan Yulin Expressway Construction Co., Ltd.	3,192,991	3,192,991	-	-	(213,782)	-	-	2,979,209	-
Qingdao Blue Silicon Valley Intercity Rail Transit Co., Ltd.	1,688,159	1,688,101	-	-	-	-	-	1,688,101	-
CRCC Shaanxi Highway Co., Ltd.	1,597,200	1,597,163	-	-	(11,124)	-	-	1,586,039	-
Chongqing Tiefa Jianxin Highway Co., Ltd.	1,554,400	1,355,386	-	-	(66,060)	-	-	1,289,326	-
Sichuan Chengmian Cangba Expressway Co., Ltd.	1,096,067	598,500	497,567	-	-	-	-	1,096,067	-
China Railway Construction Real Estate Group Jinan 6th Continent Real Estate Co., Ltd. (Note 2)	1,021,998	1,024,621	-	-	557	(7,771)	-	1,017,407	-
China-Africa Lekkil Investment Co., Ltd. (Note 3)	851,410	869,305	-	-	2,942	-	-	872,247	-
Chongqing Tiefa Shuanghe Expressway Co., Ltd.	850,000	850,000	-	-	-	-	-	850,000	-
Others	-	14,280,462	4,459,759	(24,826)	522,741	(567,862)	(5,037)	18,665,237	(49,208)
Total	-	32,691,793	4,957,326	(24,826)	328,210	(575,633)	(5,037)	37,371,833	(49,208)

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

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 2020:

RMB '000

Investee	Investment cost	1 January 2020	Increase in investment	Decrease in investment	Changes for the year			Others	31 December 2020	Provision for impairment at the end of year
					Investment profits or losses	under equity method	Declaration of cash dividends			
Sichuan Tianfu Airport Expressway Co., Ltd.	3,624,600	3,100,000	524,600	-	-	-	-	3,624,600	-	
Hohhot Metro Line 2 Construction & Management Co., Ltd. (Note 1)	3,610,664	3,310,664	300,000	-	-	-	-	3,610,664	-	
Yunnan Yulin Expressway Construction Co., Ltd.	3,192,991	2,078,996	1,113,995	-	-	-	-	3,192,991	-	
Qingdao Blue Silicon Valley Intercity Rail Transit Co., Ltd.	1,688,159	1,688,099	-	-	2	-	-	1,688,101	-	
CRCC Shaanxi Highway Co., Ltd.	1,597,200	1,149,366	447,820	-	(23)	-	-	1,597,163	-	
Chongqing Tiefa Jianxin Highway Co., Ltd.	1,554,400	1,554,400	-	-	(199,014)	-	-	1,355,386	-	
China Railway Construction Real Estate Group Jinan 6th Continent Real Estate Co., Ltd. (Note 2)	1,021,998	1,009,176	-	-	15,445	-	-	1,024,621	-	
China-Africa Lekkil Investment Co., Ltd. (Note 3)	851,410	866,213	-	-	3,092	-	-	869,305	-	
Chongqing Tiefa Shuanghe Expressway Co., Ltd.	850,000	850,000	-	-	-	-	-	850,000	-	
Chongqing Rail Transit Line 18 Construction and Operation Co., Ltd.	671,073	244,870	426,203	-	-	-	-	671,073	-	
Others	-	8,632,803	6,534,557	(383,900)	1,024,571	(1,575,311)	(24,831)	14,207,889	(49,208)	
Total	-	24,484,587	9,347,175	(383,900)	844,073	(1,575,311)	(24,831)	32,691,793	(49,208)	

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 2021

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

13. Long-term equity investments (continued)

(2) Investment in associates

30 June 2021:

RMB '000

Investee	Investment cost	1 January 2021	Transfer to/ Increase in investment (unaudited)	Decrease in investment (unaudited)	Changes for the period				30 June 2021 (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)		
Kunming Metro Line 5 Construction & Operation Co., Ltd. (Note 1)	2,637,980	2,637,980	-	-	-	-	-	-	2,637,980	-
CRCC Financial Leasing Co., Ltd. (Note 2)	1,747,618	2,450,549	-	-	120,522	-	-	(4,038)	2,567,033	-
Hengda Real Estate (Shenzhen) Co., Ltd.	2,313,506	2,185,523	-	-	-	-	-	(67,325)	2,118,198	-
Yunnan Kunchu Highway Investment & Development Co., Ltd.	2,029,494	930,494	1,099,000	-	-	-	-	-	2,029,494	-
Ningxia Inter-City Railway Co., Ltd.	1,812,850	1,924,675	-	(111,825)	-	-	-	-	1,812,850	-
CRCC-Tongguan Investment Co., Ltd.	1,472,366	1,433,413	-	-	147,838	(10,537)	-	(9,427)	1,561,287	-
CRCC Gansu Zhangbian Highway Co., Ltd.	1,465,800	1,502,928	-	-	11,320	-	-	-	1,514,248	-
Hangqu Railway Co., Ltd.	1,514,195	971,194	538,470	-	4,199	-	-	-	1,513,863	-
Baihe VI (Shenzhen) Investment Partnership (Limited Partnership) (Note 4)	1,433,000	900,000	533,000	-	44,223	-	(44,223)	-	1,433,000	-
Tianjin CRCC Hongtu Fengchuang Investment Partnership (Limited Partnership)	1,375,017	675,017	700,000	-	-	-	-	-	1,375,017	-
Others	-	22,317,473	5,430,948	(12,442)	101,017	(15,906)	(29,587)	8,132	27,799,635	-
Total	-	37,929,246	8,301,418	(124,267)	429,119	(26,443)	(73,810)	(72,658)	46,362,605	-

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

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

13. Long-term equity investments (continued)

(2) Investment in associates (continued)

31 December 2020:

RMB '000

Investee	Investment cost	1 January 2020	Transfer to/ Increase in investment	Decrease in investment	Changes for the year				31 December 2020	Provision for impairment at the end of year
					Investment profits or losses under equity method	Other comprehensive income	Declaration of cash dividends	Others		
Kunming Metro Line 5 Construction & Operation Co., Ltd. (Note 1)	2,637,980	775,400	1,862,580	-	-	-	-	-	2,637,980	-
CRCC Financial Leasing Co., Ltd. (Note 2)	1,747,618	2,075,531	-	-	311,141	-	-	63,877	2,450,549	-
Hengda Real Estate (Shenzhen) Co., Ltd.	2,313,506	2,313,506	-	-	(134)	-	-	(127,849)	2,185,523	-
Ningxia Inter-City Railway Co., Ltd.	1,924,675	2,036,500	-	(111,825)	-	-	-	-	1,924,675	-
CRCC Gansu Zhangbian Highway Co., Ltd.	1,465,800	750,615	725,950	-	26,363	-	-	-	1,502,928	-
CRCC-Tongguan Investment Co., Ltd.	1,472,366	1,660,258	-	-	(29,530)	(197,315)	-	-	1,433,413	-
Beijing City Vice-Center Investment Fund Partnership (Limited Partnership) (Note 3)	980,000	560,000	420,000	-	-	-	-	-	980,000	-
CRCC Investment Shandong Xiaqinghe Development Co., Ltd.	980,000	420,000	560,000	-	-	-	-	-	980,000	-
Hangou Railway Co., Ltd.	975,725	292,532	683,368	-	(4,706)	-	-	-	971,194	-
Yunnan Kunchu Highway Investment & Development Co., Ltd.	930,494	660,099	270,395	-	-	-	-	-	930,494	-
Others	-	13,615,606	8,156,456	(189,051)	490,270	-	(149,271)	8,480	21,932,490	-
Total	-	25,160,047	12,678,749	(300,876)	793,404	(197,315)	(149,271)	(55,492)	37,929,246	-

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 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 2: 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 3: 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.

Note 4: According to the rules of procedure of Baihe VI (Shenzhen) Investment Partnership (Limited Partnership) (Baihe VI Partnership), Baihe VI Partnership has established an investment decision-making committee (hereinafter referred to as the "investment committee") with 7 members. The resolutions made by the investment committee shall be subject to more than four-seventh (excluding four-seventh) of members' consent. The Group holds 9.90% of the voting rights of Baihe VI Partnership and nominates one member. The Group can neither control nor jointly control the Partnership with other shareholders, but has significant influence over the Partnership. Therefore, it is accounted for an associate of the Group.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

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

14. Debt investments

RMB '000

Item	30 June 2021 (unaudited)		
	Gross carrying amount	Provision for credit losses	Carrying amount
Long-term loans receivable	6,762,607	26,003	6,736,604
Others	41	–	41
Total	6,762,648	26,003	6,736,645

RMB '000

Item	31 December 2020		
	Gross carrying amount	Provision for credit losses	Carrying amount
Long-term loans receivable	5,095,936	21,665	5,074,271
Others	41	–	41
Total	5,095,977	21,665	5,074,312

15. Other non-current financial assets

RMB '000

Item	30 June 2021 (unaudited)	31 December 2020
	Investments in unlisted fund product	1,400,595
Equity investments in listed companies	116,939	67,537
Others	1,915,314	1,663,662
Total	3,432,848	2,839,530

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

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

16. Other equity instrument investments

RMB '000

Item	30 June 2021 (unaudited)	31 December 2020
Equity investments in listed companies	2,257,224	2,167,237
Equity investments in unlisted companies	8,502,039	8,343,160
Total	10,759,263	10,510,397

For the six months ended 30 June 2021 (unaudited):

RMB '000

Item	1 January 2021	Changes for the period			30 June 2021	Dividends recognised for the period
		Increase of investment	Decrease of investment	Changes in fair value		
Other equity instrument investments	10,510,397	160,631	(1,938)	90,173	10,759,263	84,063

2020:

RMB '000

Item	1 January 2020	Changes for the year			31 December 2020	Dividends recognised for the year
		Increase of investment	Decrease of investment	Changes in fair value		
Other equity instrument investments	10,038,609	436,300	(3,950)	39,438	10,510,397	118,395

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

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

17. Investment properties

Subsequent measurement under cost method

For the six months ended 30 June 2021 (unaudited):

RMB '000

	Buildings and land use rights	Total
I. Original costs		
1 January 2021	8,585,369	8,585,369
Increase	480,533	480,533
Transferred in from inventories	46,485	46,485
Transferred in from construction in progress	380,912	380,912
Transferred in	53,136	53,136
Decrease	203,801	203,801
Disposal	203,801	203,801
30 June 2021	8,862,101	8,862,101
II. Accumulated depreciation and amortisation		
1 January 2021	1,050,604	1,050,604
Provision	134,216	134,216
Disposal	28,901	28,901
30 June 2021	1,155,919	1,155,919
III. Provision for impairment		
1 January 2021	280,525	280,525
Transfer out upon disposal	45,952	45,952
30 June 2021	234,573	234,573
IV. Carrying amount		
Closing balance	7,471,609	7,471,609
Opening balance	7,254,240	7,254,240

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

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

17. Investment properties (continued)

2020:

	Buildings and land use right	Total
<i>RMB '000</i>		
I. Original costs		
1 January 2020	6,470,785	6,470,785
Increase	2,466,363	2,466,363
Additions	404,091	404,091
Transferred in from inventories	903,141	903,141
Transferred in from fixed assets	425,623	425,623
Acquired from business combinations involving entities not under common control	101,094	101,094
Transferred in	632,414	632,414
Decrease	351,779	351,779
Disposal	343,065	343,065
Transferred out to fixed assets	8,714	8,714
31 December 2020	8,585,369	8,585,369
II. Accumulated depreciation and amortisation		
1 January 2020	843,791	843,791
Increase	241,916	241,916
Provision	190,017	190,017
Transferred in from fixed assets	51,899	51,899
Decrease	35,103	35,103
Disposal	29,574	29,574
Transferred out to fixed assets	5,529	5,529
31 December 2020	1,050,604	1,050,604
III. Provision for impairment		
1 January 2020	269,237	269,237
Provision	19,780	19,780
Decrease	8,492	8,492
31 December 2020	280,525	280,525
IV. Carrying amount		
Closing balance	7,254,240	7,254,240
Opening balance	5,357,757	5,357,757

As at 30 June 2021, the Group is in the process of applying for ownership certificates and registration for investment real estate with a gross carrying amount of RMB Nil (31 December 2020: Nil).

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

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

18. Fixed assets

For the six months ended 30 June 2021 (unaudited):

RMB '000

Item	Buildings	Machinery	Vehicles	Other equipment	Total
I. Original costs					
1 January 2021	25,002,740	48,699,370	14,890,754	55,567,539	144,160,403
Increase	702,236	2,871,126	789,012	5,219,339	9,581,713
Additions	119,729	1,040,741	517,242	4,851,244	6,528,956
Transferred in from construction in progress	579,939	1,069,884	271,252	367,411	2,288,486
Transferred in	2,568	760,501	518	684	764,271
Decrease	200,738	2,348,408	503,895	2,960,549	6,013,590
Disposal or retirement	194,117	1,716,144	496,495	2,959,179	5,365,935
Transferred out	6,621	632,264	7,400	1,370	647,655
30 June 2021	25,504,238	49,222,088	15,175,871	57,826,329	147,728,526
II. Accumulated depreciation					
1 January 2021	5,506,602	29,908,848	11,644,234	40,821,211	87,880,895
Increase	412,996	1,640,539	671,204	4,617,581	7,342,320
Provision	412,996	1,640,539	671,204	4,617,581	7,342,320
Decrease	87,826	1,690,378	503,178	2,733,510	5,014,892
Disposal or retirement	87,654	1,407,896	496,148	2,733,288	4,724,986
Transferred out	172	282,482	7,030	222	289,906
30 June 2021	5,831,772	29,859,009	11,812,260	42,705,282	90,208,323
III. Provision for impairment					
1 January 2021	71,082	71,787	830	23,889	167,588
Disposal or retirement	1,247	243	105	47	1,642
30 June 2021	69,835	71,544	725	23,842	165,946
IV. Carrying amount					
30 June 2021	19,602,631	19,291,535	3,362,886	15,097,205	57,354,257
1 January 2021	19,425,056	18,718,735	3,245,690	14,722,439	56,111,920

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

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

18. Fixed assets (continued)

2020:

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
Increase	4,266,136	6,021,399	1,141,629	9,535,769	20,964,933
Additions	503,772	4,659,103	1,019,806	8,790,879	14,973,560
Transferred in from construction in progress	1,070,124	1,344,418	121,823	652,290	3,188,655
Acquired from business combinations involving entities not under common control	524,404	17,878	–	3,267	545,549
Transferred in	2,167,836	–	–	89,333	2,257,169
Decrease	630,703	3,546,275	1,493,289	4,411,464	10,081,731
Disposal or retirement	154,890	2,937,499	1,463,478	4,402,309	8,958,176
Transferred out to investment properties	425,623	–	–	–	425,623
Transferred out	50,190	608,776	29,811	9,155	697,932
31 December 2020	25,002,740	48,699,370	14,890,754	55,567,539	144,160,403
II. Accumulated depreciation					
1 January 2020	4,982,575	28,505,796	11,925,504	36,796,901	82,210,776
Increase	662,686	4,125,526	1,089,998	8,363,937	14,242,147
Provision	657,157	4,125,526	1,089,998	8,363,937	14,236,618
Transferred in	5,529	–	–	–	5,529
Decrease	138,659	2,722,474	1,371,268	4,339,627	8,572,028
Disposal or retirement	75,053	2,261,685	1,351,078	4,334,407	8,022,223
Transferred out to investment properties	51,899	–	–	–	51,899
Transferred out	11,707	460,789	20,190	5,220	497,906
31 December 2020	5,506,602	29,908,848	11,644,234	40,821,211	87,880,895
III. Provision for impairment					
1 January 2020	76,521	71,787	830	25,519	174,657
Transferred out	5,439	–	–	1,630	7,069
31 December 2020	71,082	71,787	830	23,889	167,588
IV. Carrying amount					
31 December 2020	19,425,056	18,718,735	3,245,690	14,722,439	56,111,920
1 January 2020	16,308,211	17,646,663	3,316,080	13,620,814	50,891,768

The restricted fixed assets of the Group are stated in Note V. 65.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

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

18. Fixed assets (continued)

As at 30 June 2021, the amount of interest expenses capitalised in the balance of fixed assets was RMB66,997,000 (31 December 2020: RMB60,153,000). For the six months ended 30 June 2021, the amount of capitalized borrowing costs included in the balance transferred in from construction in progress to fixed assets was RMB6,844,000 (2020: RMB24,287,000).

As at 30 June 2021, the Group had no significant fixed assets that were temporarily idle (31 December 2020: Nil).

As at 30 June 2021, 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 RMB2,189,462,000 (31 December 2020: RMB2,278,025,000). The Company's management is of the view that the Group is entitled to lawfully and validly occupy and use the above-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 2021.

19. Construction in progress

RMB '000

Item	30 June 2021 (unaudited)			31 December 2020		
	Gross carrying amount	Provision for impairment	Carrying amount	Gross carrying amount	Provision for impairment	Carrying amount
CRCC Wisdom Port	827,641	-	827,641	752,509	-	752,509
Hengqin Tiejian Plaza Project	746,308	-	746,308	681,746	-	681,746
Public Wharf of Qiwei Operating Area, Taixing Port Area, Taizhou Port	642,552	-	642,552	644,771	-	644,771
Guanggu Hi-Tech Innovation Base Project	499,541	-	499,541	451,041	-	451,041
Tiejian Building Phase II Project	428,942	-	428,942	420,316	-	420,316
New office building of Jian'an Company	325,670	-	325,670	297,064	-	297,064
Yangtze River Wharf Project	317,448	-	317,448	300,856	-	300,856
Industrial Park Construction Project of Construction Technology Co., Ltd.	252,284	-	252,284	239,868	-	239,868
Nanjing Base Project of Dadungou Engineering Co., Ltd.	179,135	-	179,135	133,184	-	133,184
Jingjiang Bridge Technology Industrial Park	164,630	-	164,630	149,629	-	149,629
Others	3,114,264	9,563	3,104,701	3,490,691	9,563	3,481,128
Total	7,498,415	9,563	7,488,852	7,561,675	9,563	7,552,112

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

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

19. Construction in progress (continued)

For the six months ended 30 June 2021 (unaudited):

RMB '000

Item	Budget	1 January 2021	Additions	Transfer out	Disposal	Others	30 June 2021	Source of funds	Proportion of investment to budget (%)
CRCC Wisdom Port	1,207,543	752,509	75,132	-	-	-	827,641	Self-funding/ loan	69
Hengqin Tiejian Plaza Project	2,056,000	681,746	64,562	-	-	-	746,308	Self-funding/ loan	36
Public Wharf of Qiwei Operating Area, Taixing Port Area, Taizhou Port	1,325,000	644,771	18,264	-	-	(20,483)	642,552	Self-funding/ loan	48
Guanggu Hi-Tech Innovation Base Project	822,482	451,041	48,500	-	-	-	499,541	Self-funding	61
Tiejian Building Phase II Project	446,000	420,316	8,626	-	-	-	428,942	Self-funding/ loan	96
New office building of Jian'an Company	326,600	297,064	28,606	-	-	-	325,670	Self-funding	99
Yangtze River Wharf Project	461,250	300,856	16,592	-	-	-	317,448	Self-funding/ loan	87
Industrial Park Construction Project of Construction Technology Co., Ltd.	467,300	239,868	12,416	-	-	-	252,284	Self-funding/ loan	56
Nanjing Base Project of Dadungou Engineering Co., Ltd.	197,000	133,184	45,951	-	-	-	179,135	Self-funding	91
Jingjiang Bridge Technology Industrial Park	435,260	149,629	15,001	-	-	-	164,630	Self-funding/ loan	38
Others	-	3,490,691	2,320,555	2,692,167	4,773	(42)	3,114,264	Self-funding/ loan	-
Total	-	7,561,675	2,654,205	2,692,167	4,773	(20,525)	7,498,415	-	-
Less: Provision for impairment	-	9,563	-	-	-	-	9,563	-	-
Net value at the end of the period	-	7,552,112	2,654,205	2,692,167	4,773	(20,525)	7,488,852	-	-

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

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

19. Construction in progress (continued)

2020:

Item	Budget	1 January 2020	Additions	Transfer out	Others	31 December 2020	Source of funds	RMB '000
								Proportion of investment to budget (%)
CRCC Wisdom Port	1,207,543	-	752,509	-	-	752,509	Self-funding/ loan	62
Hengqin Tiejian Plaza Project	2,056,000	568,508	113,238	-	-	681,746	Self-funding/ loan	33
Public Wharf of Qiwei Operating Area, Taixing Port Area, Taizhou Port	1,211,836	369,230	275,541	-	-	644,771	Self-funding/ loan	53
Guanggu Hi-Tech Innovation Base Project	822,482	227,186	223,855	-	-	451,041	Self-funding	55
Tiejian Tower Project	524,600	264,829	169,760	-	-	434,589	Self-funding/ loan	83
Tiejian Building Phase II Project	446,000	318,428	101,888	-	-	420,316	Self-funding/ loan	94
Yangtze River Wharf Project	461,250	327,869	56,917	83,930	-	300,856	Self-funding/ loan	83
New office building of Jian'an Company	316,437	146,956	150,108	-	-	297,064	Self-funding	94
Shanghai Baoshan New City Yanghang Yangxin Community Unit BSPO-0601	1,000,000	9,455	273,548	9,454	-	273,549	Self-funding	28
07-08 Lot Rental Housing Project								
Industrial Park Construction Project of Construction Technology Co., Ltd.	467,300	214,425	36,132	10,689	-	239,868	Self-funding/ loan	54
Others	-	3,177,480	3,143,475	3,255,589	-	3,065,366	Self-funding/ loan	-
Total	-	5,624,366	5,296,971	3,359,662	-	7,561,675	-	-
Less: Provision for impairment	-	9,563	-	-	-	9,563	-	-
Net value at the end of the year	-	5,614,803	5,296,971	3,359,662	-	7,552,112	-	-

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

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

19. Construction in progress (continued)

For the six months ended 30 June 2021, construction in progress with a carrying amount of RMB2,288,486,000 (2020: RMB3,188,655,000), RMB10,083,000 (2020: RMB40,538,000) and RMB380,912,000 (2020: RMB41,138,000) had been transferred to fixed assets, intangible assets and investment properties respectively.

The restricted construction in progress of the Group are stated in Note V. 65.

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 2021 (unaudited):

RMB '000

Item	Progress as at 30 June 2021 (%)	Accumulated amount of interest capitalised as at 30 June 2021	Interest capitalised during the period	Capitalisation rate during the period (%)
Tiejian Building Phase II Project	96	48,126	7,820	4.35
Jingjiang Bridge Science and Technology Industrial Park	38	31,677	7,251	3.71
CRCC Wisdom Port	69	19,486	7,378	4.90
Yangtze River Wharf Project	87	18,219	5,786	3.84
Public Wharf of Qiwei Operating Area, Taixing Port Area, Taizhou Port	48	15,542	7,154	4.90
North Blue Ocean Production Base	5	12,342	850	4.35
Others	-	16,257	5,497	-
Total	-	161,649	41,736	-

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

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

19. Construction in progress (continued)

2020:

RMB '000

Item	Progress as at 31 December 2020 (%)	Accumulated amount of interest capitalised as at 31 December 2020	Interest capitalised during the year	Capitalisation rate during the year (%)
Tiejian Building Phase II Project	94	40,306	15,359	4.35
Jingjiang Bridge Science and Technology Industrial Park	34	24,426	10,872	3.47
Yangtze River Wharf Project	83	12,433	7,712	3.46
CRCC Wisdom Port	62	12,108	12,108	4.90
North Blue Ocean Production Base	4	11,492	7,008	4.35
Public Wharf of Qiwei Operating Area, Taixing Port Area, Taizhou Port	53	8,388	7,612	4.90
Tiejian Tower Project (Original name: Zhuhai Tiejian Tower Project)	83	6,844	911	5.10
Others	-	10,760	8,398	-
Total	-	126,757	69,980	-

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

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

20. Right-of-use assets

For the six months ended 30 June 2021 (unaudited):

RMB '000

Item	Buildings	Machinery	Vehicles	Other equipment	Total
I. Original costs					
1 January 2021	2,135,181	6,006,369	515,300	127,476	8,784,326
Additions	859,974	383,623	55,928	134,190	1,433,715
Disposal or retirement	106,291	165,843	7,280	35,160	314,574
30 June 2021	2,888,864	6,224,149	563,948	226,506	9,903,467
II. Accumulated depreciation					
1 January 2021	805,083	2,493,467	148,894	44,550	3,491,994
Provision	271,471	650,174	63,444	14,171	999,260
Disposal or retirement	75,721	109,022	3,948	9,302	197,993
30 June 2021	1,000,833	3,034,619	208,390	49,419	4,293,261
III. Carrying amount					
Closing balance	1,888,031	3,189,530	355,558	177,087	5,610,206
Opening balance	1,330,098	3,512,902	366,406	82,926	5,292,332

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

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

20. Right-of-use assets (continued)

2020:

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	1,034,298	1,105,854	85,923	6,956	2,233,031
Disposal or retirement	109,628	939,271	108,266	5,269	1,162,434
31 December 2020	2,135,181	6,006,369	515,300	127,476	8,784,326
II. Accumulated depreciation					
1 January 2020	346,832	1,601,672	57,796	28,718	2,035,018
Provision	518,114	1,481,475	102,117	19,798	2,121,504
Disposal or retirement	59,863	589,680	11,019	3,966	664,528
31 December 2020	805,083	2,493,467	148,894	44,550	3,491,994
III. Carrying amount					
Closing balance	1,330,098	3,512,902	366,406	82,926	5,292,332
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 2021

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

21. Intangible assets

For the six months ended 30 June 2021 (unaudited):

RMB '000

Item	Land use rights	Concession rights	Software licenses	Mining rights and Others	Total
I. Original costs					
1 January 2021	8,298,983	65,443,708	981,444	1,592,305	76,316,440
Increase	1,261,038	9,848,250	121,058	39,004	11,269,350
Additions	1,261,038	9,848,250	110,975	39,004	11,259,267
Others	–	–	10,083	–	10,083
Decrease	856,807	–	14,637	17,746	889,190
Disposal or retirement	856,807	–	14,637	17,746	889,190
30 June 2021	8,703,214	75,291,958	1,087,865	1,613,563	86,696,600
II. Accumulated amortisation					
1 January 2021	1,646,847	2,379,379	536,610	311,136	4,873,972
Increase	107,321	340,612	90,642	163,155	701,730
Provision	107,321	340,612	90,642	163,155	701,730
Decrease	18,415	–	10,539	7,326	36,280
Disposal or retirement	18,415	–	10,539	7,326	36,280
30 June 2021	1,735,753	2,719,991	616,713	466,965	5,539,422
III. Provision for impairment					
1 January 2021 & 30 June 2021	9,043	1,060,130	–	878	1,070,051
IV. Carrying amount					
Closing balance	6,958,418	71,511,837	471,152	1,145,720	80,087,127
Opening balance	6,643,093	62,004,199	444,834	1,280,291	70,372,417

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

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

21. Intangible assets (continued)

2020:

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
Increase	820,529	11,703,954	209,856	921,218	13,655,557
Additions	820,529	9,654,696	143,465	24,223	10,642,913
Transferred in from construction in progress	–	–	40,538	–	40,538
Acquired from business combinations involving entities not under common control	–	2,049,258	25,853	896,995	2,972,106
Decrease	86,970	2,036,845	39,559	64,916	2,228,290
Disposal or retirement	86,970	–	38,863	64,916	190,749
Disposal of subsidiaries	–	2,036,845	696	–	2,037,541
31 December 2020	8,298,983	65,443,708	981,444	1,592,305	76,316,440
II. Accumulated amortisation					
1 January 2020	1,516,449	1,911,077	421,188	98,465	3,947,179
Increase	147,979	477,276	151,810	213,104	990,169
Provision	147,979	477,276	151,810	213,104	990,169
Decrease	17,581	8,974	36,388	433	63,376
Disposal or retirement	17,581	–	35,741	433	53,755
Disposal of subsidiaries	–	8,974	647	–	9,621
31 December 2020	1,646,847	2,379,379	536,610	311,136	4,873,972
III. Provision for impairment					
1 January 2020 and 31 December 2020	9,043	1,060,130	–	878	1,070,051
IV. Carrying amount					
Closing balance	6,643,093	62,004,199	444,834	1,280,291	70,372,417
Opening balance	6,039,932	52,805,392	389,959	636,660	59,871,943

As at 30 June 2021, there were no intangible assets recognised through internal research and development (31 December 2020: Nil).

The restricted intangible assets of the Group are stated in Note V. 65.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

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

21. Intangible assets (continued)

As at 30 June 2021, 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 RMB23,843,000 (31 December 2020: RMB727,130,000). 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 2021.

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 2021 (unaudited):

RMB '000

Item	Progress as at 30 June 2021 (%)	Accumulated amount of interest capitalised as at 30 June 2021	Interest capitalised during the period	Capitalisation rate during the period (%)
Sichuan Jianpu Highway Project concession rights	100	1,151,795	-	-
Sichuan Dejian Highway Project concession rights	100	1,074,658	109,845	4.52
Guangxi Ziyuan (Meixi) to Xing'an Highway BOT project concession rights	100	546,609	-	-
Sichuan Dedu Highway Project concession rights	86	518,013	108,811	4.63
Hunan Anxiang to Cili Highway Project concession rights	84	321,117	67,627	4.38
Yusui Highway Project concession rights	100	192,971	-	-
Guizhou Anshun to Ziyun Highway Project concession rights	100	165,669	-	-
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	100	20,720	-	-
Others	-	59,825	38,760	-
Total	-	4,178,074	325,043	-

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

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

21. Intangible assets (continued)

2020:

RMB '000

Item	Progress as at 31 December 2020 (%)	Accumulated amount of interest capitalised as at 31 December 2020	Interest capitalised during the period	Capitalisation rate during the period (%)
Sichuan Jianpu Highway Project concession rights	100	1,151,795	–	–
Sichuan Dejian Highway Project concession rights	97	964,813	378,341	4.53
Guangxi Ziyuan (Meixi) to Xing'an Highway BOT project concession rights	100	546,609	–	–
Sichuan Dedu Highway Project concession rights	80	409,202	193,325	4.69
Hunan Anxiang to Cili Highway Project concession rights	77	253,490	167,823	4.39
Yusui Highway Project concession rights	100	192,971	–	–
Guizhou Anshun to Ziyun Highway Project concession rights	100	165,669	–	–
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	100	20,720	–	–
Others	–	21,065	11,563	–
Total	–	3,853,031	751,052	–

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

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

22. Goodwill

For the six months ended 30 June 2021 (unaudited):

Original costs

RMB '000

Item	1 January	Increase (unaudited)	Decrease (unaudited)	Exchange differences arising on translation of foreign operations	30 June
	2021				2021
Acquisition of ALDESA Company (Note 1)	431,444	-	-	(18,215)	413,229
Acquisition of Hangsheng Company (Note 2)	100,135	-	-	-	100,135
Acquisition of CIDEON Company (Note 3)	91,369	-	-	-	91,369
Others	44,199	-	-	-	44,199
Total	667,147	-	-	(18,215)	648,932

Accumulated Impairment

RMB '000

Item	1 January	Increase (unaudited)	Decrease (unaudited)	30 June
	2021			2021
Acquisition of Hangsheng Company (Note 2)	100,135	-	-	100,135
Acquisition of CIDEON Company (Note 3)	24,236	-	-	24,236
Others	1,071	-	-	1,071
Total	125,442	-	-	125,442

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

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

22. Goodwill (continued)

2020:

Original costs

RMB '000

Item	1 January 2020	Increase	Decrease	Exchange differences arising on translation of foreign operations	31 December 2020
Acquisition of ALDESA Company (Note 1)	-	412,481	-	18,963	431,444
Acquisition of Hangsheng Company (Note 2)	100,135	-	-	-	100,135
Acquisition of CIDEON Company (Note 3)	91,369	-	-	-	91,369
Others	44,199	-	-	-	44,199
Total	235,703	412,481	-	18,963	667,147

Accumulated Impairment

RMB '000

Item	1 January 2020	Increase	Decrease	31 December 2020
Acquisition of Hangsheng Company (Note 2)	100,135	-	-	100,135
Acquisition of CIDEON Company (Note 3)	15,656	8,580	-	24,236
Others	1,071	-	-	1,071
Total	116,862	8,580	-	125,442

Note 1: The goodwill of RMB412,481,000 was acquired in the business combination involving entities not under common control of GRUPO ALDESA, S.A. on 8 May 2020.

Note 2: 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 3: 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. In 2019 and 2020, the group accrued impairment of the goodwill of RMB24,236,000 in total.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

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

23. Deferred tax assets/liabilities

RMB '000

Item	30 June 2021 (unaudited)		31 December 2020	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Deferred tax assets				
Provision for long-term post-leaving benefits	217,590	48,029	235,913	52,594
Provision for impairment of assets and credit losses	13,465,149	2,707,480	12,515,583	2,518,637
Deductible tax losses	4,010,380	816,126	3,309,749	643,154
Revaluation surplus from restructuring	1,288,169	319,024	1,291,263	319,517
Unrealised profits of intra-group transactions	6,416,389	1,509,270	5,873,768	1,375,549
Changes in fair value of other equity instrument investments	272,372	55,818	258,048	53,603
Interest expenses that can be carried forward for deduction	912,267	228,067	952,471	238,117
Others	5,802,386	1,401,020	5,961,789	1,433,110
Total	32,384,702	7,084,834	30,398,584	6,634,281

Item	30 June 2021 (unaudited)		31 December 2020	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Deferred tax liabilities				
Changes in fair value of other equity instrument investments	1,342,798	254,830	1,233,898	233,607
Asset appreciation from appraisal for business combinations involving entities not under common control	679,630	175,970	821,926	209,428
Book-tax temporary differences for revenue recognition	3,542,065	884,187	3,106,988	776,747
Others	1,362,307	263,301	1,834,332	369,527
Total	6,926,800	1,578,288	6,997,144	1,589,309

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

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

23. 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	265,041	6,819,793	211,108	6,423,173
Deferred tax liabilities	265,041	1,313,247	211,108	1,378,201

Deductible temporary differences and deductible tax losses for which deferred tax assets are not recognised are listed as follows:

RMB '000

Item	30 June 2021 (unaudited)	31 December 2020
Deductible temporary differences	13,474,528	12,789,866
Deductible tax losses	14,693,234	13,358,364
Total	28,167,762	26,148,230

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

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

23. 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 2021 (unaudited)	31 December 2020
2021	489,876	749,592
2022	1,205,798	1,423,477
2023	3,278,524	3,315,590
2024	2,681,311	2,692,330
2025	3,472,526	3,525,758
2026	1,574,453	35,299
2027	130,889	130,889
2028	295,292	295,292
2029	295,344	295,344
2030	894,793	894,793
2031	374,428	–
Total	14,693,234	13,358,364

24. Other non-current assets

RMB '000

Item	30 June 2021 (unaudited)	31 December 2020
Retention receivables	62,681,791	61,772,918
Contract assets due to land development and other projects	27,646,751	10,310,299
Others	3,980,353	3,089,146
Subtotal	94,308,895	75,172,363
Less: Current portion of non-current assets	8,107,834	9,443,613
Including: Retention receivables	8,107,834	9,443,613
Total	86,201,061	65,728,750

The restricted other non-current assets of the Group are stated in Note V. 65.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

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

25. Short-term loans

RMB '000

Item	30 June 2021 (unaudited)	31 December 2020
Pledged loans (Note 1, Note 2, Note 3)	1,205,053	1,762,489
Guaranteed loans (Note 4)	4,926,262	4,203,911
Credit loans	66,421,662	43,912,673
Total	72,552,977	49,879,073

Note 1: As at 30 June 2021, short-term loans with carrying amounts of RMB723,053,000 (31 December 2020: RMB735,666,000) were secured by the pledge of the Group's trade receivables with a carrying amount of RMB723,053,000 (31 December 2020: RMB735,666,000).

Note 2: As at 30 June 2021, short-term loans with carrying amounts of RMB482,000,000 (31 December 2020: RMB926,823,000) were secured by the pledge of the Group's bills receivable with a carrying amount of RMB482,000,000 (31 December 2020: RMB926,823,000).

Note 3: As at 31 December 2020, short-term loans with a carrying amount of RMB100,000,000 were secured by the pledge of the Group's royalties with a carrying amount of RMB668,895,000.

Note 4: As at 30 June 2021 and 31 December 2020, all guaranteed loans were guaranteed by the entities comprising the Group.

As at 30 June 2021, annual interest rates of above short-term loans ranged from 0.35% to 7.00% (31 December 2020: 0.43% to 7.00%).

As at 30 June 2021, the Group had no overdue short-term loans (31 December 2020: Nil).

26. Due to customers

RMB '000

Item	30 June 2021 (unaudited)	31 December 2020
Due to customers	1,384,941	4,815,608

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

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

27. Bills payable

RMB '000

Item	30 June 2021 (unaudited)	31 December 2020
Commercial acceptance bills	25,419,321	25,472,104
Bank acceptance bills	66,557,820	58,818,852
Total	91,977,141	84,290,956

As at 30 June 2021, the Group had no unpaid overdue bills payable (31 December 2020: Nil).

28. Trade payables

Aging of trade payables is listed as follows:

RMB '000

Item	30 June 2021 (unaudited)	31 December 2020
Within 1 year	347,728,233	340,777,759
1 to 2 years	5,543,182	6,038,420
2 to 3 years	2,013,853	1,499,873
Over 3 years	1,022,801	1,011,272
Total	356,308,069	349,327,324

As at 30 June 2021, trade payables aged over one year amounted to RMB8,579,836,000 (31 December 2020: RMB8,549,565,000), 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 2021

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

29. Contract liabilities

RMB '000

Item	30 June 2021 (unaudited)	31 December 2020
Advances for construction contracts	58,781,718	72,901,759
Advances for the sale of properties (Note)	76,602,730	52,259,745
Advances for the sale of materials	3,644,702	4,189,679
Advances for the sale of goods	636,836	682,891
Others	1,145,658	1,024,543
Total	140,811,644	131,058,617

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

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

29. Contract liabilities (continued)

Note: Details of advances for the sale of properties are listed as follows:

RMB '000

Project name	30 June 2021 (unaudited)	Percentage of	Estimated
		accumulated pre-sales as at 30 June 2021 %	
Shaoxing Huayujiangnan Mansion Project	6,044,163	90	December 2021
CRCC Haiyu Xi'an Project	3,999,859	68	April 2022
CRCC Shuxiang Yaoting Project	3,052,930	95	April 2022
Nanjing Huayu Xi'an Residence Project	3,018,807	67	December 2022
Huayu Tianjingfu Project	2,526,873	95	December 2021
CRCC Xipai City Project	2,324,659	48	June 2022
Wutong Bay Project	2,205,362	70	September 2021
Xipai Jinsha Residence Project	2,149,325	25	January 2022
Suzhou Jingwan – Huayu Tianjing Huating Project	2,105,793	71	December 2022
Xi'an CRCC International City II Project	1,949,059	81	June 2022
Wenzhou Lucheng Future Community	1,656,282	71	August 2023
International Mansion Project	1,583,084	83	May 2022
CRCC Donglindao Project	1,555,954	79	December 2021
Xi'an Tiexing Xipai International Project	1,553,081	86	December 2021
CRCC Nanshaiyue International Project	1,414,903	53	September 2022
Yushuilanwan Project Phase 1	1,295,349	70	October 2021
CRCC Wutongyuan Project	1,225,054	88	August 2021
CRCC Xiangyumeixi Project	1,112,285	49	November 2022
Tianjin Guoyin Wenyuan Project	1,090,385	32	October 2021
Guanhefu Project	1,077,940	93	December 2021
CRCC Yuhu Project	1,065,980	72	September 2023
CRCC Huayu City Project	1,016,855	21	May 2022
CRCC Shanyulantang Project	1,012,181	39	August 2021
CRCC Wuyunqingxiu Project	993,367	92	October 2021
Xiangman Xi'an Project	991,247	99	July 2021
Huayu Lingnanyuan Project	980,369	46	December 2022
CRCC Yipinhuafu Project	888,293	93	July 2021
CRCC Caidianzhiyu City Project	884,729	34	August 2021
CRCC International City Project	843,880	53	December 2022
CRCC Bailubandao Project	821,464	94	July 2021
Others	24,163,218	-	-
Total	76,602,730	-	-

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

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

29. 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 2021 (unaudited)	Reasons
Company 1	Third party	853,782	Work performed but not billed
Company 2	Third party	422,046	Work performed but not billed
Company 3	Third party	310,253	Work performed but not billed
Company 4	Third party	281,778	Work performed but not billed
Company 5	Third party	228,775	Work performed but not billed
Total	–	2,096,634	–

30. Employee benefits payable

For the six months ended 30 June 2021:

RMB '000

Item	1 January 2021	Accrued (unaudited)	Paid (unaudited)	30 June 2021 (unaudited)
Short-term benefits	10,354,655	32,476,688	33,679,063	9,152,280
Post-employment benefits (defined contribution plans)	1,618,657	3,590,617	3,443,061	1,766,213
Total	11,973,312	36,067,305	37,122,124	10,918,493

2020:

RMB '000

Item	1 January 2020	Accrued	Paid	31 December 2020
Short-term benefits	10,228,668	61,768,898	61,642,911	10,354,655
Post-employment benefits (defined contribution plans)	1,651,699	5,686,531	5,719,573	1,618,657
Total	11,880,367	67,455,429	67,362,484	11,973,312

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

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

30. Employee benefits payable (continued)

Short-term benefits:

For the six months ended 30 June 2021:

RMB '000

Item	1 January 2021	Accrued (unaudited)	Paid (unaudited)	30 June 2021 (unaudited)
Salaries, bonuses, allowances and subsidies	7,393,925	23,190,274	24,488,185	6,096,014
Staff welfare	–	1,800,189	1,800,189	–
Social insurance	1,039,590	1,826,390	1,790,095	1,075,885
Including: Medical insurance	915,438	1,659,769	1,626,903	948,304
Work injury insurance	82,627	119,823	112,959	89,491
Maternity insurance	41,525	46,798	50,233	38,090
Housing funds	651,810	1,789,110	1,722,420	718,500
Union fund and employee education fund	659,766	561,302	517,864	703,204
Others	609,564	3,309,423	3,360,310	558,677
Total	10,354,655	32,476,688	33,679,063	9,152,280

2020:

RMB '000

Item	1 January 2020	Accrued	Paid	31 December 2020
Salaries, bonuses, allowances and subsidies	7,365,466	44,114,629	44,086,170	7,393,925
Staff welfare	–	3,898,083	3,898,083	–
Social insurance	1,095,988	3,333,405	3,389,803	1,039,590
Including: Medical insurance	956,719	3,030,694	3,071,975	915,438
Work injury insurance	86,125	187,454	190,952	82,627
Maternity insurance	53,144	115,257	126,876	41,525
Housing funds	674,487	3,520,030	3,542,707	651,810
Union fund and employee education fund	585,986	1,244,420	1,170,640	659,766
Others	506,741	5,658,331	5,555,508	609,564
Total	10,228,668	61,768,898	61,642,911	10,354,655

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

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

30. Employee benefits payable (continued)

Defined contribution plan:

For the six months ended 30 June 2021:

RMB '000

Item	1 January 2021	Accrued (unaudited)	Paid (unaudited)	30 June 2021 (unaudited)
Basic pension insurance	1,078,969	2,603,159	2,472,373	1,209,755
Unemployment insurance	77,585	102,445	98,085	81,945
Supplementary pension insurance	462,103	885,013	872,603	474,513
Total	1,618,657	3,590,617	3,443,061	1,766,213

2020:

RMB '000

Item	1 January 2020	Accrued	Paid	31 December 2020
Basic pension insurance	1,182,798	3,753,721	3,857,550	1,078,969
Unemployment insurance	91,367	145,419	159,201	77,585
Supplementary pension insurance	377,534	1,787,391	1,702,822	462,103
Total	1,651,699	5,686,531	5,719,573	1,618,657

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 2021

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

31. Taxes payable

RMB '000

Item	30 June 2021 (unaudited)	31 December 2020
VAT	2,516,288	3,591,537
EIT	1,993,774	2,639,368
Others	1,473,905	2,161,474
Total	5,983,967	8,392,379

32. Other payables

RMB '000

Item	30 June 2021 (unaudited)	31 December 2020
Guarantees and deposits	25,599,507	22,030,794
Payables for advances	25,681,675	26,554,366
Amounts due from related parties	13,559,622	8,477,965
Dividends payable	4,619,933	779,570
Others	21,735,779	21,752,764
Total	91,196,516	79,595,459

As at 30 June 2021, significant other payables aged over one year are listed as follows:

RMB '000

Company name	Relationship with the Group	30 June 2021 (unaudited)	Reasons
Company 1	Third party	213,576	Payables not settled
Company 2	Third party	161,012	Payables not settled
Company 3	Third party	125,406	Payables not settled
Company 4	Third party	113,827	Payables not settled
Company 5	Third party	100,000	Payables not settled
Total	-	713,821	-

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

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

33. Current portion of non-current liabilities

RMB '000

Item	30 June 2021 (unaudited)	31 December 2020
Current portion of long-term loans (Note V. 35)	24,036,630	15,381,398
Current portion of bonds payable (Note V. 36)	1,405,404	8,342,887
Current portion of long-term payables	3,662,871	2,670,332
Current portion of lease liabilities (Note V. 37)	1,728,133	1,942,562
Current portion of provisions	190,732	151,610
Current portion of post-employment benefits payable	63,229	84,554
Total	31,086,999	28,573,343

The current portion of long-term loans is presented as follows:

RMB '000

Item	30 June 2021 (unaudited)	31 December 2020
Credit loans	11,470,302	8,849,570
Guaranteed loans (Note V.35 (Note 8))	7,410,414	2,072,624
Mortgaged loans (Note V. 35 (Note 6))	4,300,611	2,418,711
Pledged loans (Note V. 35 (Note 1, Note 4))	855,303	2,040,493
Total	24,036,630	15,381,398

34. Other current liabilities

RMB '000

Item	30 June 2021 (unaudited)	31 December 2020
Amounts to be transferred to output VAT	20,847,552	19,059,566
Short-term unsecured financing bonds (Note 1)	384,884	2,106,771
Others	227,119	425,906
Total	21,459,555	21,592,243

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 2021

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

34. 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 and	Repayments	Closing balance
Aldesa Agrupación Empresarial, S.A.U. EUR18.6 million short-term commercial bills	EUR18,600,000	14 May 2021	12 months	-	136,501	-	(3,024)	-	133,477
Aldesa Agrupación Empresarial, S.A.U. EUR5.5 million short-term commercial bills	EUR5,500,000	21 April 2021	3 months	-	42,911	-	(643)	-	42,268
Aldesa Agrupación Empresarial, S.A.U. EUR5.1 million short-term commercial bills	EUR5,100,000	09 June 2021	6 months	-	39,367	-	(445)	-	38,922
Aldesa Agrupación Empresarial, S.A.U. EUR5 million short-term commercial bills	EUR5,000,000	31 May 2021	12 months	-	38,800	-	(369)	-	38,431
Aldesa Agrupación Empresarial, S.A.U. EUR4 million short-term commercial bills	EUR4,000,000	09 March 2021	6 months	-	30,706	-	30	-	30,736
Aldesa Agrupación Empresarial, S.A.U. EUR4 million short-term commercial bills	EUR4,000,000	21 April 2021	12 months	-	30,675	-	(15)	-	30,660
Aldesa Agrupación Empresarial, S.A.U. EUR2.6 million short-term commercial bills	EUR2,600,000	16 June 2021	12 months	-	19,793	-	(112)	-	19,681
Aldesa Agrupación Empresarial, S.A.U. EUR1.6 million short-term commercial bills	EUR1,600,000	31 May 2021	12 months	-	12,412	-	(114)	-	12,298
Aldesa Agrupación Empresarial, S.A.U. EUR1.5 million short-term commercial bills	EUR1,500,000	12 May 2021	3 months	-	11,663	-	(136)	-	11,527
Aldesa Agrupación Empresarial, S.A.U. EUR1.1 million short-term commercial bills	EUR1,100,000	18 January 2021	6 months	-	8,687	-	(233)	-	8,454
Aldesa Agrupación Empresarial, S.A.U. EUR0.8 million short-term commercial bills	EUR800,000	09 June 2021	12 months	-	6,226	-	(77)	-	6,149
Aldesa Agrupación Empresarial, S.A.U. EUR0.8 million short-term commercial bills	EUR800,000	21 April 2021	9 months	-	6,180	-	(46)	-	6,134
Aldesa Agrupación Empresarial, S.A.U. EUR0.5 million short-term commercial bills	EUR500,000	21 April 2021	6 months	-	3,882	-	(40)	-	3,842
Aldesa Agrupación Empresarial, S.A.U. EUR0.3 million short-term commercial bills	EUR300,000	21 January 2021	6 months	-	2,331	-	(26)	-	2,305
Aldesa Agrupación Empresarial, S.A.U. EUR5.9 million short-term commercial bills	EUR5,900,000	03 December 2020	6 months	47,013	-	-	(581)	46,432	-
Aldesa Agrupación Empresarial, S.A.U. EUR2.7 million short-term commercial bills	EUR2,700,000	03 December 2020	3 months	21,616	-	-	(329)	21,287	-
Aldesa Agrupación Empresarial, S.A.U. EUR1.6 million short-term commercial bills	EUR1,600,000	21 January 2021	3 months	-	12,494	-	(185)	12,309	-

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

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

34. Other current liabilities

Bond name	Par value	Issuance date	Bond term	Opening balance	Issuance during the periods	Interests accrued	Amortisation of discounts and premiums and	Repayments	Closing balance
Aldesa Agrupación Empresarial, S.A.U. EUR3 million short-term commercial bills	EUR3,000,000	09 March 2021	1 month	-	23,465	-	(399)	23,066	-
Aldesa Agrupación Empresarial, S.A.U. EUR0.2 million short-term commercial bills	EUR200,000	09 March 2021	3 months	-	1,543	-	(14)	1,529	-
China Railway Construction Real Estate Group Co., Ltd. 2020 first issue short-term financing bond	1,400,000	13 March 2020	12 months	1,426,797	-	13,670	543	1,441,010	-
China Railway Construction Real Estate Group Co., Ltd. 2020 second issue short-term financing bond	600,000	24 March 2020	12 months	611,345	-	5,770	195	617,310	-
Total	-	-	-	2,106,771	427,636	19,440	(6,020)	2,162,943	384,884

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

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

35. Long-term loans

RMB '000

Item	30 June 2021 (unaudited)	31 December 2020
Pledged loans (Note 1, Note 2, Note 3, Note 4)	51,939,473	46,322,599
Mortgaged loans (Note 5, Note 6, Note 7)	14,424,249	11,296,894
Guaranteed loans (Note 8)	10,608,064	14,096,548
Credit loans	47,489,761	39,302,104
Total	124,461,547	111,018,145

Note 1: As at 30 June 2021, long-term loans with a carrying amount of RMB41,899,910,000, including current portion of long-term loans of RMB104,710,000 (31 December 2020: RMB37,750,629,000, including current portion of long-term loans of RMB175,710,000) were secured by pledges of the Group's concession rights with a carrying amount of RMB61,982,266,000 (31 December 2020: RMB59,148,340,000).

Note 2: As at 30 June 2021, long-term loans with a carrying amount of RMB nil (31 December 2020: RMB720,001,000) were secured by pledges of the Group's land use rights with a carrying amount of RMB nil (31 December 2020: RMB4,398,531,000).

Note 3: As at 30 June 2021, long-term loans with a carrying amount of RMB393,419,000 (31 December 2020: RMB342,154,000) were secured by pledges of the Group's trade receivables with a carrying amount of 466,642,000 (31 December 2020: RMB431,357,000).

Note 4: As at 30 June 2021, long-term loans with a carrying amount of RMB10,501,447,000, including current portion of long-term loans of RMB750,593,000 (31 December 2020: RMB9,550,308,000, including current portion of long-term loans of RMB1,864,783,000) were secured by pledges of the Group's contract assets of BT projects with a carrying amount of RMB16,445,876,000 (31 December 2020: RMB7,526,905,000) and the Group's long-term receivables with a carrying amount of RMB1,685,738,000 (31 December 2020: RMB10,472,021,000).

Note 5: As at 30 June 2021, long-term loans with a carrying amount of RMB4,647,000 (31 December 2020: RMB49,381,000) were secured by mortgages of the Group's fixed assets with a carrying amount of RMB13,691,000 (31 December 2020: RMB60,290,000).

Note 6: As at 30 June 2021, long-term loans with a carrying amount of RMB18,682,587,000, including current portion of long-term loans of RMB4,300,611,000 (31 December 2020: RMB13,452,678,000, including current portion of long-term loans of RMB2,418,711,000) were secured by mortgages of the Group's inventories with a carrying amount of RMB57,871,576,000 (31 December 2020: RMB36,791,724,000).

Note 7: As at 30 June 2021, long-term loans with a carrying amount of RMB37,626,000 (31 December 2020: 213,546,000) were secured by mortgages of the Group's fixed assets with a carrying amount of RMB716,992,000 (31 December 2020: RMB681,746,000).

Note 8: As at 30 June 2021, guaranteed borrowings were all internally guaranteed by the Group (31 December 2020: guaranteed borrowings were all internally guaranteed by the Group).

As at 30 June 2021, the Group had no overdue long-term loans (31 December 2020: Nil).

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

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

35. 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 2021 (unaudited)	31 December 2020
Within one year or paid on demand (Note V. 33)	24,036,630	15,381,398
In the second year (inclusive)	28,886,277	25,051,038
In the second to fifth year (inclusive)	39,021,228	35,874,440
Over five years	56,554,042	50,092,667
Total	148,498,177	126,399,543

36. 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 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 and 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; and (3) 5-year Euro bonds issued by overseas subsidiaries in the international market and guaranteed by the Company. The bonds' interest is repayable annually whereas the principal is repayable upon maturity.

RMB '000

Item	30 June 2021 (unaudited)	31 December 2020
Bonds payable	33,271,116	34,454,741
Less: Current portion of bonds payable (Note V. 33)	1,405,404	8,342,887
Non-current portion of bonds payable	31,865,712	26,111,854

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

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

36. Bonds payable (continued)

As at 30 June 2021, balances of bonds payable are listed as follows (unaudited):

	Par value	Issue date	Maturity	Amount	Annual interest rate	1 January 2021	Amount issued	Interest accrued in the year	Discount or premium amortisation and exchange effects	Principle and interest paid in the year	30 June 2021
Bonds											
CRCC Yuyang 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%	5,228,336	-	90,108	(48,791)	90,335	5,179,318
China Railway Construction Real Estate Group Co., Ltd. - 2020 first issue of public placement corporate bonds to professional investors	3,500,000	15 September 2020	5 years	3,500,000	4.05%	3,119,356	-	72,888	553	-	3,192,807
China Railway Construction Real Estate Group 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%	2,776,548	-	57,375	1,243	114,750	2,722,416
CRCC Hean Limited Guaranteed Note due in 2026 with principal of EUR300 million and interest rate of 0.875%	EUR300,000	20 May 2021	5 years	EUR300,000	0.88%	-	2,344,981	2,300	(48,455)	-	2,298,806
China Railway Construction Real Estate Group Co., Ltd. - 2018 first issue of medium term note	2,200,000	19 January 2018	5 years	2,200,000	5.94%	2,815,723	-	50,307	(2,226)	130,660	2,283,124
China Railway Construction Real Estate Group Co., Ltd. - 2020 first issue of medium term note	2,100,000	12 March 2020	5 years	2,100,000	3.27%	2,145,323	-	33,600	404	67,200	2,112,127
China Railway Construction Real Estate Group Co., Ltd. - 2021 first issue of medium term note	2,000,000	2 March 2021	5 years	2,000,000	4.17%	-	1,934,338	20,850	261	-	2,015,449
CRCC Hean Limited Guaranteed Note due in 2026 with principal of USD900 million and interest rate of 1.875%	USD900,000	20 May 2021	5 years	USD900,000	1.88%	-	1,931,488	4,082	201	-	1,935,771
China Railway Construction Real Estate Group 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%	1,553,468	-	36,750	431	73,500	1,527,149
China Railway Construction Real Estate Group Co., Ltd. - 2021 first issue of public corporate bonds for professional investors	1,300,000	22 January 2021	5 years	1,300,000	3.78%	-	1,287,248	20,475	205	-	1,317,928
China Railway Construction Real Estate Group Co., Ltd. - 2021 second issue of public corporate bonds for professional investors	1,300,000	3 February 2021	5 years	1,300,000	3.95%	-	1,287,296	17,117	164	-	1,314,577
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%	1,235,215	-	23,880	221	47,760	1,211,556
China Railway 16th Bureau Group Co., Ltd. - 2019 private placement Corporate bond	1,000,000	30 October 2019	10 years	1,000,000	4.75%	1,007,883	-	23,660	-	-	1,031,533
China Railway Construction Investment Group Co., Ltd. - 2020 first issue of public placement Corporate bond (variety I)	800,000	11 March 2020	3 years	800,000	3.18%	820,552	-	10,600	77	25,440	805,769
China Railway SVUAN 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%	711,805	-	12,291	-	20,068	704,028

RMB '000

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

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

36. Bonds payable (continued)

As at 30 June 2021, balances of bonds payable are listed as follows (unaudited): (continued)

Bonds	Par value	Issue date	Maturity	Amount	Annual interest rate	1 January 2021	Amount issued	Interest accrued in the year	Discount or premium amortisation and exchange effects in the year	Principle and interest paid in the year	30 June 2021
China Railway Construction Real Estate Group Co., Ltd. - 2019 first phase of debt financing plan	654,000	5 December 2019	3 years	654,000	6.10%	652,384	-	19,892	673	19,892	653,057
China Railway Construction Real Estate Group Co., Ltd. - 2020 second issue of medium term note	900,000	23 March 2020	5 years	900,000	3.34%	620,008	-	14,760	220	29,520	605,468
China Railway Construction Investment Group Co., Ltd. - 2020 first issue of public placement Corporate bond (variety I)	600,000	11 March 2020	5 years	600,000	3.45%	616,663	-	8,625	33	20,700	604,641
CRCO (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%	691,144	-	18,660	299	112,423	697,680
China Railway Construction Investment Group Co., Ltd. - 2020 second issue of public placement Corporate bond (COVID-19 prevention and control bond)	500,000	16 March 2020	3 years	500,000	3.20%	512,928	-	6,667	49	16,000	503,644
China Railway Construction Real Estate Group Co., Ltd. 2019 second issue of private placement Corporate bond	300,000	18 March 2019	5 years	300,000	4.90%	310,185	-	7,350	121	14,700	302,936
China Railway Construction Real Estate Group 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	5.39%	301,615	-	7,750	165	7,779	301,751
China Railway Construction Real Estate Group 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%	99,679	-	2,742	62	2,742	99,741
China Railway Construction Corporation Limited - USD500 million Zero Coupon Convertible Bond due 2021 (Note 7)	US\$500,000	29 January 2016	5 years	US\$500,000	0.00%	3,262,450	-	-	(20,200)	3,242,250	-
China Railway Construction Real Estate Group Co., Ltd. - 2016 first issue of Corporate bond	2,800,000	8 January 2016	5 years	2,800,000	3.70%	2,745,662	-	8,633	428	2,754,713	-
China Railway Construction Real Estate Group 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%	1,563,519	-	5,913	1,518	1,570,950	-
China Railway Construction Real Estate Group Co., Ltd. - 2016 third issue of corporate bonds	1,500,000	19 April 2016	5 years	1,500,000	4.75%	1,177,941	-	19,950	1,959	1,199,950	-
China Railway Construction Real Estate Group Co., Ltd. - 2016 fourth issue of corporate bonds	1,500,000	24 May 2016	5 years	1,500,000	4.70%	974,344	-	18,604	1,702	994,650	-
Total	-	-	-	-	-	34,454,741	8,865,331	615,629	(108,683)	10,555,902	33,271,116
Less: Current portion of bonds payable	-	-	-	-	-	8,342,887	-	-	-	-	1,405,404
Non-current portion of bonds payable	-	-	-	-	-	26,111,854	-	-	-	-	31,865,712

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

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

36. Bonds payable (continued)

As at 31 December 2020, balances of bonds payable are listed as follows:

Bonds	Par value	issue date	Maturity	Amount	Annual interest rate	1 January 2020	Amount issued	Interest accrued in the year	Discount or premium amortisation and exchange effects	Principle and interest paid in the year	31 December 2020
CPCC 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%	5,583,848	-	190,478	(353,932)	192,058	5,228,336
China Railway Construction Corporation Limited - USD500 million Zero Coupon Convertible Bond due 2021 (Note 1)	USD500,000	29 January 2016	5 years	USD500,000	0.00%	3,289,086	-	-	(35,636)	-	3,252,450
China Railway Construction Real Estate Group Co., Ltd. - 2020 first issue of public placement corporate bonds to professional investors	3,590,000	15 September 2020	5 years	3,590,000	4.05%	-	3,082,888	36,349	119	-	3,119,356
China Railway Construction Real Estate Group 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%	2,776,436	-	114,750	2,112	114,750	2,776,548
China Railway Construction Real Estate Group Co., Ltd. - 2016 first issue of Corporate bond	2,800,000	8 January 2016	5 years	2,800,000	3.70%	2,889,402	-	103,601	5,136	252,487	2,745,622
China Railway Construction Real Estate Group Co., Ltd. - 2018 first issue of medium term note	2,200,000	19 January 2018	5 years	2,200,000	5.94%	2,314,209	-	130,680	1,514	130,680	2,315,723
China Railway Construction Real Estate Group Co., Ltd. - 2020 first issue of medium term note	2,100,000	12 March 2020	5 years	2,100,000	3.27%	-	2,083,895	50,400	988	-	2,145,323
China Railway Construction Real Estate Group 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%	1,562,120	-	70,950	1,399	70,950	1,563,519
China Railway Construction Real Estate Group 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%	1,562,366	-	73,500	1,102	73,500	1,563,468
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%	1,233,869	-	48,423	663	47,760	1,235,215
China Railway Construction Real Estate Group Co., Ltd. - 2016 third issue of Corporate bond	1,500,000	19 April 2016	5 years	1,500,000	4.75%	1,292,065	-	59,850	5,876	179,850	1,177,941
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%	1,008,015	-	47,168	-	47,300	1,007,883
China Railway Construction Real Estate Group Co., Ltd. - 2016 fourth issue of Corporate bond	1,500,000	24 May 2016	5 years	1,500,000	4.70%	969,341	-	44,660	5,003	44,660	974,344
China Railway Construction Investment Group Co., Ltd. - 2020 first issue of public placement Corporate bond (variety I)	800,000	11 March 2020	3 years	800,000	3.18%	-	799,094	21,200	258	-	820,552

RMB '000

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

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

36. Bonds payable (continued)

As at 31 December 2020, balances of bonds payable are listed as follows:

Bonds	Per value	Issue date	Maturity	Amount	Annual interest rate	1 January 2020	Amount issued	Interest accrued in the year	Discount or premium amortisation and exchange effects	Principle and interest paid in the year	31 December 2020
China Railway SIJUAN 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	11,805	-	-	711,805
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	-	50,530	959	183,475	691,144
China Railway Construction Real Estate Group Co., Ltd. - 2019 first phase of debt financing plan	654,000	5 December 2019	3 years	654,000	6.10%	654,000	-	39,894	(1,616)	39,894	652,384
China Railway Construction Real Estate Group Co., Ltd. - 2020 second issue of medium term note	900,000	23 March 2020	5 years	900,000	3.34%	-	597,517	22,140	351	-	620,008
China Railway Construction Investment Group Co., Ltd. - 2020 first issue of public placement Corporate bond (variety II)	600,000	11 March 2020	5 years	600,000	3.45%	-	589,921	17,260	112	-	616,683
China Railway Construction Investment Group Co., Ltd. - 2020 second issue of public placement Corporate bond (COVID-19 prevention and control bond)	500,000	16 March 2020	3 years	500,000	3.20%	-	499,434	13,333	161	-	512,928
China Railway Construction Real Estate Group Co., Ltd. 2019 second issue of private placement Corporate bond	300,000	18 March 2019	5 years	300,000	4.90%	309,952	-	14,700	233	14,700	310,185
China Railway Construction Real Estate Group Co., Ltd. Beijing Financial Assets Exchange debt financing plan - 20 Jing China Railway Construction Real Estate Co., Ltd. ZR002	300,000	16 April 2020	3 years	300,000	5.39%	-	298,645	10,443	348	7,821	301,615
China Railway Construction Real Estate Group Co., Ltd. Beijing Financial Assets Exchange debt financing plan - 20 Jing China Railway Construction Real Estate Co., Ltd. ZR001	100,000	27 March 2020	3 years	100,000	5.67%	-	99,549	4,144	130	4,144	99,679
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%	10,261,286	-	239,697	9,017	10,510,000	-
China Railway Construction Corporation Limited - RMB3.45 billion Convertible Bond with 1.5% Coupon due in 2021 (Note 2)	3,450,000	21 December 2016	5 years	3,450,000	1.50%	146,205	-	142	8,660	155,207	-
China Railway Construction Real Estate Group Co., Ltd. - 2015 first issue of Corporate bond	3,000,000	29 September 2015	5 years	3,000,000	4.80%	3,024,938	-	108,000	11,062	3,144,000	-
Total	-	-	-	-	-	39,709,288	8,770,383	1,524,077	(335,761)	15,213,226	34,454,741
Less: Current portion of bonds payable	-	-	-	-	-	13,555,374	-	-	-	-	8,942,887
Non-current portion of bonds payable	-	-	-	-	-	26,143,894	-	-	-	-	26,111,854

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

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

36. Bonds payable (continued)

Note 1: 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 excess of the fair value of derivative financial instruments is recognised as debt instruments. As at 29 January 2021, all the convertible bonds will be redeemed.

Note 2: 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.

37. Lease liabilities

RMB '000

Item	30 June 2021 (unaudited)	31 December 2020
Lease liabilities	4,818,125	4,619,967
Less: Current portion of lease liabilities (<i>Note V. 33</i>)	1,728,133	1,942,562
Non-current portion of lease liabilities	3,089,992	2,677,405

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

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

38. Long-term payables

RMB '000

Item	30 June 2021 (unaudited)	31 December 2020
Retention payables	12,413,322	10,268,528
Payables for specific items	5,192,768	1,489,000
Special payables (Note 1)	137,455	74,060
Others	1,942,833	1,857,480
Total	19,686,378	13,689,068

Note 1: For the six months ended 30 June 2021:

RMB '000

Item	1 January 2021	Additions (unaudited)	Reductions (unaudited)	30 June 2021 (unaudited)
Specific project funds	62,901	66,889	1,262	128,528
Research and development funds	11,159	300	2,532	8,927
Total	74,060	67,189	3,794	137,455

2020:

RMB '000

Item	1 January 2020	Additions	Reductions	31 December 2020
Specific project funds	88,416	122,182	147,697	62,901
Research and development funds	10,806	4,285	3,932	11,159
Total	99,222	126,467	151,629	74,060

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

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

39. Deferred income

For the six months ended 30 June 2021:

RMB '000

Item	1 January 2021	Additions (unaudited)	Reductions (unaudited)	30 June 2021 (unaudited)
Government grants related to assets	3,020,189	738,091	9,238	3,749,042
Government grants related to income	392,282	38,491	55,895	374,878
Others	374,499	840	6,364	368,975
Total	3,786,970	777,422	71,497	4,492,895

2020:

RMB '000

Item	1 January 2020	Additions	Reductions	31 December 2020
Government grants related to assets	1,850,593	1,198,596	29,000	3,020,189
Government grants related to income	438,057	861,419	907,194	392,282
Others	553,570	12,397	191,468	374,499
Total	2,842,220	2,072,412	1,127,662	3,786,970

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

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

39. Deferred income (continued)

As at 30 June 2021, projects related to governments grants are listed as follows:

RMB '000

Project	1 January 2021	Additions (unaudited)	Included in non-operating income/other income in the period (unaudited)	Other changes (Note) (unaudited)	30 June 2021 (unaudited)	Related to assets/ income
Sichuan Dedu Highway Project	2,817,200	730,000	-	-	3,547,200	Related to assets
Enterprise Development and Support Fund	87,537	18,087	(4,719)	(4,314)	96,591	Related to assets/ income
Others	507,734	28,495	(49,113)	(6,987)	480,129	-
Total	3,412,471	776,582	(53,832)	(11,301)	4,123,920	-

As at 31 December 2020, projects related to governments grants are listed as follows:

RMB '000

Project	1 January 2020	Additions	Included in non-operating income/other income in the year	Other changes (Note)	31 December 2020	Related to assets/ income
Sichuan Dedu Highway Project	1,717,200	1,100,000	-	-	2,817,200	Related to assets
Enterprise Development and Support Fund	77,179	372,246	(340,721)	(21,167)	87,537	Related to assets/ income
Others	494,271	587,769	(572,565)	(1,741)	507,734	-
Total	2,288,650	2,060,015	(913,286)	(22,908)	3,412,471	-

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 2021

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

40. Share capital

For the six months ended 30 June 2021:

RMB '000

Item	1 January 2021	Increase (unaudited)	Decrease (unaudited)	30 June 2021 (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

2020:

RMB '000

Item	1 January 2020	Increase	Decrease	31 December 2020
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 2021

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

41. Other equity instruments

RMB '000

Item		30 June 2021 (unaudited)	31 December 2020
2019 renewable corporate bonds	<i>Note 1</i>	11,994,417	11,994,417
2019 CRCC medium-term notes	<i>Note 2</i>	5,982,651	5,982,651
2020 renewable corporate bonds	<i>Note 3</i>	4,697,404	4,697,404
2020 medium-term notes Phase I	<i>Note 4</i>	2,991,242	2,991,242
2019&2020 renewable loans	<i>Note 5</i>	34,300,000	35,600,000
2021 renewable corporate bonds	<i>Note 6</i>	3,098,419	–
2018 renewable corporate bonds	<i>Note 7</i>	–	6,992,689
Total		63,064,133	68,258,403

Note 1: 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 2: 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.

Note 3: In 2020, the Company issued RMB4,700,000,000 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. The net proceeds from the issuance amounting to RMB4,697,404,000, net of the relevant expenses of issuance of RMB2,596,000 were included in other equity instruments.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

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

41. Other equity instruments (continued)

Note 4: In 2020, the Company issued RMB3,000,000,000 in an aggregate principal amount 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. The net proceeds from the issuance amounting to RMB2,991,242,000, net of the relevant expenses of issuance of RMB8,758,000 were included in other equity instruments.

Note 5: In 2019&2020, the Company issued RMB35,600,000,000 in an aggregate principal amount of renewable loans. According to the terms of the contract above, 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 included the loans in other equity instruments. In 2021, the Company redeemed the principal of this renewable loan above of RMB1,300,000,000.

Note 6: In 2021, the Company issued 3,100,000,000 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. The net proceeds from the issuance amounting to RMB1,581,000, net of the relevant expenses of issuance of RMB3,098,419,000 were included in other equity instruments.

Note 7: 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. 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. In 2021, the Company redeemed the principal of the renewable corporate bonds of RMB7,000,000,000, and the difference between the repayment of the principal and the carrying amount of RMB7,311,000 was included in the capital reserve.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

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

42. Capital reserve

For the six months ended 30 June 2021:

RMB '000

Item	1 January 2021	Increase (unaudited)	Decrease (unaudited)	30 June 2021 (unaudited)
Share premium (Note 1)	41,241,813	643,259	–	41,885,072
Relocation compensation granted by government	160,961	–	–	160,961
Equity transactions with non-controlling shareholders	2,878,729	1,657	–	2,880,386
Others (Note V. 41)	(122,654)	9,371	7,311	(120,594)
Total	44,158,849	654,287	7,311	44,805,825

2020:

RMB '000

Item	1 January 2020	Increase	Decrease	31 December 2020
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	2,048	–	2,878,729
Others (Note 2)	(124,729)	18,336	16,261	(122,654)
Total	44,154,726	20,384	16,261	44,158,849

Note 1: On 22 June 2021, China Railway Construction Heavy Industry Group Co., Ltd. (hereinafter referred to as "China Railway Construction Heavy Industry"), a subsidiary of the Company, was listed on the Science and Technology Innovation Board of the Shanghai Stock Exchange. The number of shares issued was 1,285.18 million shares, and the issue price was RMB2.87/share. Before the issuance, the Group held 100% of the shares of China Railway Construction Heavy Industry and had control over it and included it in the scope of consolidation. After the issuance, the Group holds 75% of the equity of China Railway Construction Heavy Industry and still has control over it. In this issuance, a third-party investor increased the capital of China Railway Construction Heavy Industry. This transaction resulted in an increase of RMB643,259,000 in capital reserves and an increase of RMB2,973,138,000 in non-controlling interests in the Group's consolidated financial statements.

Note 2: The Company issued a 5-year coupon 1.5% convertible bond on 21 December 2016. The total principal amount is RMB3,450,000,000, of which RMB408,129,000 is included in equity. On 23 December 2019, the Company redeemed the part of the total principal of RMB3,295,000,000 in the convertible bond (accounting for approximately 95.51% of the total bond initial principal) and the gross carrying amount of the corresponding equity part RMB389,793,000 was transferred to the capital reserve. The remaining convertible bonds were fully redeemed on 23 January 2020, and the remaining part of RMB18,336,000 included in equity was transferred to the capital reserve.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

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

43. 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 2020	Increase/ (decrease)	Less: Other comprehensive income carried forward to retained earnings	1 January	Increase/ (decrease)	30 June 2021
				2021	(unaudited)	(unaudited)
Other comprehensive income to be reclassified to profit or loss in subsequent periods, share of other comprehensive income of investee, under the equity method	128,513	(197,315)	-	(68,802)	(26,443)	(95,245)
Changes in fair value of other debt investments	96	(1,164)	-	(1,068)	(717)	(1,785)
Changes in fair value of other equity instrument investments	602,207	32,335	-	634,542	68,447	702,989
Effect of deferred tax from changes in fair value of other equity instrument investments	(126,470)	(16,430)	-	(142,900)	(15,748)	(158,648)
Changes in fair value of receivables at FVTOCI	(7,785)	3,019	-	(4,766)	2,260	(2,506)
Effect of deferred tax from changes in fair value of receivables at FVTOCI	2,703	(1,879)	-	824	(462)	362
Exchange differences on translation of foreign operation	(641,344)	(1,054,850)	-	(1,696,194)	(228,249)	(1,924,443)
Others	(24,078)	7,966	(2,214)	(13,898)	(10)	(13,908)
Total	(66,158)	(1,228,318)	(2,214)	(1,292,262)	(200,922)	(1,493,184)

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

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

43. 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 2021 (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				
Gains/(losses) from changes in fair value of other equity instrument investments	90,173	19,008	52,699	18,466
Others	(10)	-	(10)	-
Other comprehensive income to be reclassified to profit or loss				
Share of other comprehensive income of the investee under the equity method	(26,443)	-	(26,443)	-
Losses from changes in fair value of other debt investments	(984)	(246)	(717)	(21)
Changes in fair value of receivables at FVTOCI	2,997	462	1,798	737
Exchange differences on translation of foreign operations	(200,932)	-	(228,249)	27,317
Total	(135,199)	19,224	(200,922)	46,499

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				
Gains/(losses) from changes in fair value of other equity instrument investments	(310,404)	(51,356)	(238,077)	(20,971)
Others	(37)	(9)	(28)	-
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 2021

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

44. 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.

45. Surplus reserve

For the six months ended 30 June 2021:

RMB '000

Item	1 January 2021	Increase (unaudited)	30 June 2021 (unaudited)
Statutory surplus reserve (Note)	6,139,569	–	6,139,569

2020:

RMB '000

Item	1 January 2020	Increase	31 December 2020
Statutory surplus reserve (Note)	4,613,506	1,526,063	6,139,569

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 2021

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

46. Retained earnings

RMB '000

Item	For the six months ended 30 June 2021 (unaudited)	2020
Retained earnings at the beginning of period/year	123,453,661	107,488,965
Net profit attributable to the owners	12,307,363	22,392,983
Less: Appropriation to statutory surplus reserve	–	1,526,063
Cash dividend declared for ordinary Shares (<i>Note 1</i>)	3,123,295	2,851,704
Interest distributed to other equity instrument holders (<i>Note 2</i>)	1,532,594	2,024,338
Others	–	(26,182)
Retained earnings at the end of the period/year (<i>Note 3</i>)	131,105,135	123,453,661

Note 1: In accordance with the resolution at the 2020 annual general meeting of shareholders on 29 June 2020, the Company declared a cash dividend for the year 2020 of RMB0.23 per share (2020: RMB0.21 per share), which amounted to RMB3,123,295,000 (2020: 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: For the year ended 30 June 2021, the Company accrued interest of other equity instruments holders amounting to RMB1,532,594,000 (2020: RMB2,024,338,000).

Note 3: As at 30 June 2021, the Group's retained earnings did not include any amount that belonged to holders of renewable loans (31 December 2020: Nil).

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

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

47. Revenue and cost of sales

RMB '000

Item	For the six months ended 30 June 2021 (unaudited)		For the six months ended 30 June 2020 (unaudited)	
	Revenue	Cost of sales	Revenue	Cost of sales
Revenue from principal operations	484,367,810	444,548,473	367,324,584	334,660,542
Other operating revenue	4,147,055	2,876,964	3,464,849	2,367,178
Total	488,514,865	447,425,437	370,789,433	337,027,720

(1) Revenue is listed as follows:

RMB '000

Sector	For the six months ended 30 June 2021 (unaudited)	For the six months ended 30 June 2020 (unaudited)
Construction operations	427,744,411	329,059,487
Real estate development operations	11,896,212	8,880,059
Manufacturing operations	9,014,271	6,442,716
Survey, design and consultancy operations	8,641,058	7,737,003
Other business operations	31,218,913	18,670,168
Total	488,514,865	370,789,433

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

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

47. 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	427,744,411	-	-	7,742,656	4,602,304	440,089,371
A point in time	-	11,896,212	9,014,271	898,402	26,616,609	48,425,494
Total	427,744,411	11,896,212	9,014,271	8,641,058	31,218,913	488,514,865

- (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 2021, 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.

48. Taxes and surcharges

RMB '000

Item	For the six months ended 30 June 2021 (unaudited)	For the six months ended 30 June 2020 (unaudited)
City maintenance and construction tax	303,804	269,069
Stamp duty	259,760	200,799
Property tax	133,710	98,426
Others	760,837	682,532
Total	1,458,111	1,250,826

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

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

49. Selling and distribution expenses

RMB '000

Item	For the six months ended 30 June 2021 (unaudited)	For the six months ended 30 June 2020 (unaudited)
Employee compensation costs	1,470,558	1,163,275
Advertising and publicity expenses	865,131	575,806
Transportation expenses	92,279	83,665
Others	500,024	381,033
Total	2,927,992	2,203,779

50. General and administrative expenses

RMB '000

Item	For the six months ended 30 June 2021 (unaudited)	For the six months ended 30 June 2020 (unaudited)
Employee compensation costs	7,147,563	6,046,901
Depreciation expenses of fixed assets	401,747	383,698
Office, travelling and transportation expenses	471,494	337,506
Others	1,698,620	1,372,605
Total	9,719,424	8,140,710

51. Research and development expenses

RMB '000

Item	For the six months ended 30 June 2021 (unaudited)	For the six months ended 30 June 2020 (unaudited)
Personnel and material expenses	8,598,485	6,696,047

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

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

52. Finance costs

RMB '000

Item	For the six months ended 30 June 2021 (unaudited)	For the six months ended 30 June 2020 (unaudited)
Interest expenses	5,248,221	5,452,483
Less: Interest income	1,986,568	1,819,022
Less: Interest capitalised	2,948,078	2,534,020
Exchange(gains)losses	(82,543)	27,259
Bank charges and others	809,829	733,907
Total	1,040,861	1,860,607

The amount of capitalised interest had been included in the balances of construction in progress (Note V. 19), intangible assets (Note V. 21) and properties under development (Note V. 8 (1)).

53. Impairment (losses) gains on assets

RMB '000

Item	For the six months ended 30 June 2021 (unaudited)	For the six months ended 30 June 2020 (unaudited)
Losses from impairment of contract asset	(357,810)	(774,549)
Losses from decline in value of inventories	(49,323)	(4,039)
Others	1,141	(3,391)
Total	(405,992)	(781,979)

54. Impairment of credit losses

RMB '000

Item	For the six months ended 30 June 2021 (unaudited)	For the six months ended 30 June 2020 (unaudited)
Losses from impairment of receivables	(1,029,165)	(553,600)
Losses from impairment of loans to customers	(8,180)	7,500
Total	(1,037,345)	(546,100)

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

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

55. Other income

RMB '000

Item	For the six months ended 30 June 2021 (unaudited)	For the six months ended 30 June 2020 (unaudited)
Government grants relating to daily operations	434,434	136,152
Others	232,225	112,043
Total	666,659	248,195

56. Investment (losses) income

RMB '000

Item	For the six months ended 30 June 2021 (unaudited)	For the six months ended 30 June 2020 (unaudited)
Share of profits of long-term equity investments under the equity method	757,329	1,010,131
Investment income from disposal of long-term equity investments under the equity method	4,092	432
Gains from the remaining equity re-measured at fair value after the loss of control	142	–
Losses from derecognition of financial assets measured at amortised cost (Note V. 5)	(1,056,860)	(756,314)
Investment income from holding other equity instrument	84,063	89,497
Investment income from disposal of held-for-trading financial assets	37,248	27,884
Investment income from holding debt investments	197,901	124,784
Others	(39,612)	(132,066)
Total	(15,697)	364,348

57. Gains on fair value changes

RMB '000

Item	For the six months ended 30 June 2021 (unaudited)	For the six months ended 30 June 2020 (unaudited)
Financial assets and liabilities at fair value through profit or loss	12,448	215,383

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

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

58. Non-operating income

RMB '000

Item	For the six months ended 30 June 2021 (unaudited)	For the six months ended 30 June 2020 (unaudited)	Non-recurring profit or loss of the period (unaudited)
Approved unpayable balances	103,206	89,191	103,206
Gains on compensation, penalties and fines	219,936	82,817	219,936
Government grants	45,512	33,818	45,512
Others	132,275	171,762	132,275
Total	500,929	377,588	500,929

Government grants credited to profit or loss for the period are listed as follows:

RMB '000

Nature	For the six months ended 30 June 2021 (unaudited)	For the six months ended 30 June 2020 (unaudited)	Related to assets/ income
Enterprise development funds	104,649	102,470	Related to assets/ income
Refund of taxes	240,449	10,099	Related to income
Relocation compensation	1,352	1,700	Related to assets/ income
Others	133,496	55,701	Related to income
Total	479,946	169,970	–
Including: Other income	434,434	136,152	–
Non-operating income	45,512	33,818	–

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

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

59. Non-operating expenses

RMB '000

Item	For the six months ended 30 June 2021 (unaudited)	For the six months ended 30 June 2020 (unaudited)	Non-recurring profit or loss of the period (unaudited)
Loss on compensation, penalties and fines	172,889	96,146	172,889
Donations	7,274	87,691	7,274
Others	101,600	73,408	101,600
Total	281,763	257,245	281,763

60. 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 2021 (unaudited)	For the six months ended 30 June 2020 (unaudited)
Cost of services rendered	374,414,986	286,041,081
Cost of goods sold	38,996,500	22,736,567
Employee benefits (Note V. 30)	36,067,305	29,374,270
Depreciation expenses on fixed assets (Note V. 18)	7,342,320	6,915,500
Depreciation expenses on right-of-use assets (Note V. 20)	999,260	958,220
Amortisation expenses on intangible assets (Note V. 21)	701,730	290,835
Depreciation of investment property (Note V. 17)	134,216	96,596

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

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

61. Income tax expenses

RMB '000

Item	For the six months ended 30 June 2021 (unaudited)	For the six months ended 30 June 2020 (unaudited)
Current tax expenses – Mainland China	3,114,814	2,280,240
Current tax expenses – Others	1,421	5,127
Deferred tax expenses	(321,910)	260,008
Total	2,794,325	2,545,375

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 2021 (unaudited)	For the six months ended 30 June 2020 (unaudited)
Profit before tax	16,892,880	13,432,396
Income tax at the statutory income tax rate of 25%	4,223,220	3,358,099
Tax effect of preferential tax rates for some subsidiaries	(740,051)	(550,599)
Tax effect of share of profits and losses of joint ventures and associates	(189,332)	(252,533)
Effect of non-taxable income	(321,881)	(270,645)
Effect of non-deductible expenses	144,963	97,479
Effect of utilisation of unrecognised deductible tax losses	(144,678)	(58,476)
Income tax benefits on research and development expenses	(590,777)	(315,455)
Effect of unrecognised deductible tax losses	478,396	513,229
Deductible temporary differences not recognised as deferred tax assets	124,497	217,545
Adjustments in respect of current income tax of previous years	(66,400)	(100,586)
Others	(123,632)	(92,683)
Income tax expense at the Group's effective tax rate	2,794,325	2,545,375

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 2021

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

62. 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 2021 (unaudited)	For the six months ended 30 June 2020 (unaudited)
Earnings		
Net profit attributable to shareholders of the Company	12,307,363	9,316,253
Including: profit or loss from continuing operations	12,307,363	9,316,253
Less: attributable to holder of other equity instruments (Note V. 46)	1,532,594	964,146
Net profit attributable to ordinary shareholders	10,774,769	8,352,107
Shares		
Number of the outstanding ordinary shares of the Company	13,579,541,500	13,579,541,500
Basic earnings per share (RMB/share)	0.79	0.62
Diluted earnings per share (RMB/share) (Note)	0.79	0.59

Note: A Convertible Bond at USD500 million with the issue date on 29 January 2016 have been taken into consideration.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

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

63. Notes to items in the statement of cash flows

RMB '000

Item	For the six months ended 30 June 2021 (unaudited)	For the six months ended 30 June 2020 (unaudited)
(1) Cash received from other operating activities:		
Loans for cooperative development project	4,714,828	2,244,085
Sale of raw materials	1,188,999	622,466
Rental income of fixed assets	624,652	256,105
Others	2,978,898	2,948,636
Total	9,507,377	6,071,292

RMB '000

Item	For the six months ended 30 June 2021 (unaudited)	For the six months ended 30 June 2020 (unaudited)
(2) Cash paid for other operating activities:		
Office and travelling expenses	760,032	821,035
Repair and maintenance costs	188,748	176,903
Sales service fee	865,131	575,806
Others	3,974,525	3,981,265
Total	5,788,436	5,555,009

RMB '000

Item	For the six months ended 30 June 2021 (unaudited)	For the six months ended 30 June 2020 (unaudited)
(3) Cash paid for other financing activities:		
Redemption of the perpetual securities	8,300,000	3,680,100
Acquisition of non-controlling interests	-	76,573
Cash paid for lease liabilities	1,178,944	835,095
Others	-	1,500,000
Total	9,478,944	6,091,768

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

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

64. Supplementary information to the consolidated statement of cash flows

(1) Supplementary information to the statement of cash flows

RMB '000

Item	For the six months ended 30 June 2021 (unaudited)	For the six months ended 30 June 2020 (unaudited)
Reconciliation of net profit to cash flows generated from operating activities:		
Net profit	14,098,555	10,887,021
Add: Impairment losses on assets	405,992	781,979
Impairment of credit losses	1,037,345	546,100
Depreciation of fixed assets	7,342,320	6,915,500
Depreciation of right-of-use assets	999,260	958,220
Amortisation of intangible assets	701,730	290,835
Amortisation of investment properties	134,216	96,596
Amortization of long-term deferred expenses	119,189	-
Gains from disposal of fixed assets, intangible assets and other long-term assets	(109,086)	(202,462)
Gains on fair value changes	(12,448)	(215,383)
Finance costs	1,978,254	2,242,214
Investment income	(1,080,775)	(1,103,440)
(Increase)Decrease in deferred tax assets	(406,864)	123,055
(Decrease) Increase in deferred tax liabilities	(86,177)	136,953
Increase in inventories	(31,533,465)	(32,811,367)
Increase in contract assets	(27,119,630)	(22,556,281)
Increase in operating receivables	(31,899,452)	(18,544,323)
Increase in operating payables	8,014,142	3,141,856
Decrease in the deposits with the central bank	1,230,526	1,234,415
Net cash flows used in operating activities	(56,186,368)	(48,078,512)

Net changes in cash and cash equivalents:

RMB '000

Item	For the six months ended 30 June 2021 (unaudited)	For the six months ended 30 June 2020 (unaudited)
Cash at the end of the period	116,076,346	109,058,735
Less: Opening balance of cash	160,935,485	134,751,232
Add: Closing balance of cash equivalents	4,448,505	1,350,719
Less: Opening balance of cash equivalents	6,734,011	5,542,384
Net decrease in cash and cash equivalents	(47,144,645)	(29,884,162)

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

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

64. Supplementary information to the consolidated statement of cash flows (continued)

(2) Cash and cash equivalents

RMB '000

Item	30 June 2021 (unaudited)	31 December 2020
Cash	116,076,346	160,935,485
Including: Cash on hand	71,383	63,475
Cash with banks/financial institutions without restriction	116,004,963	160,872,010
Cash equivalents	4,448,505	6,734,011
Closing balance of cash and cash equivalents	120,524,851	167,669,496

65. Assets with title restrictions

RMB '000

Item	30 June 2021 (unaudited)	31 December 2020	Reason
Intangible assets	61,982,266	64,215,766	Pledged for loans
Inventories	57,871,576	36,791,724	Mortgaged for loans
Other non-current assets	16,445,876	7,526,905	Pledged for loans
Cash and bank balances	13,135,320	14,100,437	Note
Long-term receivables	1,685,738	10,472,021	Pledged for loans
Trade receivables	1,189,695	1,167,023	Pledged for loans
Construction in progress	716,992	681,746	Mortgaged for loans
Bills receivable	482,000	926,823	Pledged for loans
Fixed assets	13,691	60,290	Mortgaged for loans
Total	153,523,154	135,942,735	–

Note: As at 30 June 2021, the Group held frozen deposits of RMB1,083,822,000 (31 December 2020: RMB794,376,000), the residual amount of RMB6,583,738,000 (31 December 2020: RMB6,607,775,000) was a deposit. CRCC Finance Company Limited placed RMB5,467,760,000 (31 December 2020: RMB6,698,286,000) in the central bank as statutory reserves.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

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

66. Foreign currency monetary items

As at 30 June 2021 (unaudited):

RMB '000

Item	Closing balance of foreign currencies (<i>'000</i>)	Exchange rate	Closing balance in RMB
Cash and bank balances			10,539,663
Including: U.S. Dollar	1,413,727	6.4586	9,130,649
Euro	75,535	7.6543	578,168
Hong Kong dollar	430,048	0.8316	357,645
Others			473,201
Trade receivables			2,236,071
Including: U.S. Dollar	186,169	6.4586	1,202,385
Algeria Dinars	13,950,512	0.0480	669,667
Others			364,019
Other receivables			222,360
Including: U.S. Dollar	11,488	6.4586	74,193
Others			148,167
Trade payables			1,042,793
Including: U.S. Dollar	114,568	6.4586	739,947
Algeria Dinars	1,362,435	0.0480	65,401
Others			237,445
Other payables			278,789
Including: U.S. Dollar	28,372	6.4586	183,242
Others			95,547
Short-term loans			3,821,011
Including: U.S. Dollar	70,028	6.4586	452,283
Euro	248,029	7.6543	1,898,497
Saudi Riyal	367,459	1.7223	632,869
Qatari Riyal	471,931	1.7743	837,362
Others			-
Long-term loans			2,460,117
Including: U.S. Dollar	252,810	6.4586	1,632,793
Euro	107,479	7.6543	822,677
Others			4,647
Bonds payable (Including bonds payable due within one year)			7,478,124
Including: U.S. Dollar	801,930	6.4586	5,179,318
Euro	300,328	7.6543	2,298,806

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

VI. CHANGES OF CONSOLIDATION SCOPE

In this period, the Company established a wholly-owned subsidiary, China Railway Construction Treasury Management (Hong Kong) Co., Ltd. In addition, the consolidated financial statements of the group does not change significantly compared with the prior year.

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	-

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

Company name	Principal place of business	Place of registration	Principal activities	Registered capital	Shareholding proportion %	
					Direct	Indirect
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	-
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	5,140,720	74.62	0.38
China Railway Construction Investment Group Co., Ltd.	Zhuhai, Guangdong	Zhuhai, 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 2021

VII. EQUITY IN OTHER ENTITIES (CONTINUED)

1. Subsidiaries (continued)

The subsidiaries with significant non-controlling interests are listed as follows:

As at 30 June 2021 (unaudited):

RMB '000

Subsidiary	Shareholding proportion (%) (Note)	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 (Note)
China Railway Construction Investment Group Co., Ltd.	12.66	260,285	251,058	13,947,589
China Railway 11th Bureau Group Co., Ltd.	18.38	208,122	138,006	4,177,785
China Railway Construction Kunlun Investment Group Co., Ltd.	29.23	140,718	123,101	4,417,149
China Railway Construction Group Co., Ltd.	14.36	105,118	110,631	3,306,009
China Railway Construction Heavy Industry Corporation Limited (Note V. 42)	25.00	228,966	–	3,223,329

Note: these subsidiaries have financial instruments included in other equity instruments, such as renewable corporate bonds, medium-term notes or renewable loans, which are listed as “non-controlling interests” in the consolidated balance sheet of the group. Such a non-controlling interest are excluded from the shareholding ratio of non-controlling interest holders.

RMB '000

Subsidiary	30 June 2021 (unaudited)					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
China Railway Construction Investment Group Co., Ltd.	35,711,848	123,458,651	159,170,499	54,695,528	70,144,075	124,839,603
China Railway 11th Bureau Group Co., Ltd.	47,369,988	13,249,817	60,619,805	45,353,167	1,181,167	46,534,334
China Railway Construction Kunlun Investment Group Co., Ltd.	13,158,464	26,394,882	39,553,346	21,360,203	4,957,716	26,317,919
China Railway Construction Group Co., Ltd.	79,250,693	15,842,423	95,093,116	76,371,488	5,809,060	82,180,548
China Railway Construction Heavy Industry Corporation Limited	15,715,682	7,739,427	23,455,109	8,946,157	1,678,910	10,625,067

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

VII. EQUITY IN OTHER ENTITIES (CONTINUED)

1. Subsidiaries (continued)

The subsidiaries with significant non-controlling interests are listed as follows: (continued)

RMB '000

Subsidiary	31 December 2020					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
China Railway Construction Investment Group Co., Ltd.	27,894,274	114,357,909	142,252,183	50,103,556	61,920,071	112,023,627
China Railway 11th Bureau Group Co., Ltd.	43,441,784	11,423,528	54,865,312	40,849,220	1,187,436	42,036,656
China Railway Construction Kunlun Investment Group Co., Ltd.	14,266,334	21,716,723	35,983,057	22,338,146	3,529,791	25,867,937
China Railway Construction Group Co., Ltd.	65,375,626	11,121,202	76,496,828	61,502,496	3,505,419	65,007,915
China Railway Construction Heavy Industry Corporation Limited	10,114,765	6,945,050	17,059,815	8,124,905	637,913	8,762,818

RMB '000

Subsidiary	For the six months ended 30 June 2021 (unaudited)			
	Revenue	Net profit	Total comprehensive income	Net cash flows generated from operating activities
China Railway Construction Investment Group Co., Ltd.	11,587,526	1,170,922	1,198,870	536,688
China Railway 11th Bureau Group Co., Ltd.	42,735,081	601,191	599,313	(3,322,823)
China Railway Construction Kunlun Investment Group Co., Ltd.	10,423,467	671,363	671,363	2,390,325
China Railway Construction Group Co., Ltd.	47,837,111	538,640	538,415	(7,272,493)
China Railway Construction Heavy Industry Corporation Limited	4,865,079	915,130	916,648	(734,811)

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

VII. EQUITY IN OTHER ENTITIES (CONTINUED)

1. Subsidiaries (continued)

The subsidiaries with significant non-controlling interests are listed as follows: (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)
China Railway Construction Kunlun Investment Group Co., Ltd.	9,981,896	655,469	655,469	2,463,245
China Railway Construction Group Co., Ltd.	31,795,058	383,611	383,101	(8,386,894)
China Railway Construction Heavy Industry Corporation Limited	3,157,757	711,035	712,121	(538,068)

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 2021

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 2021 (unaudited)/ For the six months ended 30 June 2021 (unaudited)		31 December 2020/ For the six months ended 30 June 2020 (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	1,008,885	609,102	2,260,207	271,270
Including: Cash and cash equivalents	224,371	538,553	976,668	199,884
Non-current assets	13,402,894	33,865,475	12,959,133	32,873,476
Total assets	14,411,779	34,474,577	15,219,340	33,144,746
Current liabilities	1,132,085	603,144	2,349,258	326,243
Non-current liabilities	6,085,416	26,690,833	5,858,032	25,793,903
Total liabilities	7,217,501	27,293,977	8,207,290	26,120,146
Non-controlling interests	–	–	–	–
Total equity attributable to owners of the company	7,194,278	7,180,600	7,012,050	7,024,600
The net assets multiplied by the shareholding proportion	3,669,082	3,590,300	3,576,146	3,512,300
Adjustment issue				
– Others	34,518	34,300	34,518	112,300
Carrying amount of investments in the joint ventures attributable to the Group	3,703,600	3,624,600	3,610,664	3,624,600
Operating income	466,065	–	–	–
Financial expenses	140,110	–	–	–
Income tax expense	–	–	–	–
Net profit	182,228	–	–	–
Other comprehensive income	–	–	–	–
Total comprehensive income	182,228	–	–	–
Dividends from joint ventures this period/year	–	–	–	–

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

VII. EQUITY IN OTHER ENTITIES (CONTINUED)

2. Equity in joint ventures and associates (continued)

Major financial information of principle associates

RMB '000

	30 June 2021 (unaudited)/ For the six months ended 30 June 2021 (unaudited)		31 December 2020/ For the six months ended 30 June 2020 (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	11,502,923	47,539,468	11,298,169	46,192,054
Total liabilities	6,811,851	41,713,160	6,607,915	40,606,790
Non-controlling interests	–	–	–	–
Total equity attributable to owners of the company	4,691,072	5,826,308	4,690,254	5,585,264
The net assets multiplied by the shareholding proportion	2,298,625	2,913,154	2,298,224	2,792,632
Adjustment issue				
– Unrealised profits of intra- group transactions	(195,174)	(343,674)	(127,849)	(339,636)
– Others	14,747	(2,447)	15,148	(2,447)
Carrying amount of investments in the associates attributable to the Group	2,118,198	2,567,033	2,185,523	2,450,549
Revenue	374	1,954,867	214	2,193,952
Finance costs	–	–	(62)	–
Income tax expenses	–	109,647	–	106,683
Net profit	137	241,044	(344)	308,326
Other comprehensive income	–	–	–	–
Total comprehensive income	137	241,044	(344)	308,326
Dividends from associates this period/year	–	–	–	–

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

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:

RMB '000

ITEM	30 June 2021 (unaudited)	31 December 2020
Shares of net profit of the joint ventures attributable to the Group	235,274	844,073
Shares total comprehensive income of the joint ventures attributable to the Group	235,274	844,073
Carrying amount of investments in the joint ventures attributable to the Group	30,043,633	25,456,529

The aggregate financial information of the individually insignificant associates:

RMB '000

ITEM	30 June 2021 (unaudited)	31 December 2020
Shares of net profit of the associates attributable to the Group	308,597	482,397
Shares of other comprehensive income (loss) of the associates attributable to the Group	(26,443)	(197,315)
Shares of total comprehensive income of the associates attributable to the Group	282,154	285,082
Carrying amount of investments in the associates attributable to the Group	41,677,374	33,293,174

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

VII. EQUITY IN OTHER ENTITIES (CONTINUED)

3. *Equity in structured entities not included in the scope of the consolidated financial statements*

As at 30 June 2021, the total size of the main structured entities that the Group participated in that was not included in the consolidated financial statements was approximately RMB26,955,081,000 (31 December 2020: RMB22,870,846,000), of which the Group's subscription amount was approximately RMB4,577,356,000 (31 December 2020: RMB4,028,222,000), and the subscription amount of other investors was approximately RMB22,377,725,000 (31 December 2020: RMB18,842,624,000). The Group does not have control over these structured entities, so it has not consolidate these structured entities. As at 30 June 2021, the actual payment amount of the Group was approximately RMB1,372,298,000 (31 December 2020: RMB1,251,767,000), of which RMB1,000,000 (31 December 2020: RMB76,637,000) was accounted for as held for trading financial assets and RMB1,371,298,000 (31 December 2020: RMB1,175,130,000) was accounted for as other non-current financial assets. The Group's largest risk exposure in these structured entities is the amount of capital contributed by the Group as at the balance sheet date. The Group has no obligation or intention to provide financial support to these structured entities.

As at 30 June 2021, the Group has issued a total of RMB43,137,820,000 (31 December 2020: RMB44,724,699,000) of asset-backed securities and asset-backed notes, and the subordinated share of related asset-backed securities and asset-backed notes amounted to RMB1,979,840,000 (31 December 2020: RMB2,387,840,000). As at 30 June 2021, the subordinated share of asset-backed securities and asset-backed notes held by the Group was RMB378,250,000 (31 December 2020: RMB401,250,000) of which RMB202,250,000 (31 December 2020: RMB305,000,000) was accounted for as transactional financial assets, and RMB176,000,000 (31 December 2020: RMB96,250,000) was accounted for as other non-current financial assets.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

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 2021 (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	-	-	-	15,928,694	15,928,694
Trade receivables	-	-	-	164,457,320	164,457,320
Receivables at FVTOCI	2,945,837	-	-	-	2,945,837
Loans and advances to customers	-	-	-	2,994,465	2,994,465
Other receivables (excluding petty cash)	-	-	-	62,501,510	62,501,510
Other current assets	-	-	-	76,223	76,223
Long-term receivables	-	-	-	61,039,539	61,039,539
Cash and bank balances	-	-	-	139,704,895	139,704,895
Held-for-trading financial assets	-	-	1,835,635	-	1,835,635
Debt investments	-	-	-	6,736,645	6,736,645
Other debt investments	1,003,109	-	-	-	1,003,109
Other equity instrument investments	-	10,759,263	-	-	10,759,263
Other non-current financial assets	-	-	3,432,848	-	3,432,848
Current portion of non-current assets	14,547	-	-	6,993,027	7,007,574
Total	3,963,493	10,759,263	5,268,483	460,432,318	480,423,557

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

VIII. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (CONTINUED)

1. Financial instruments by category (continued)

The carrying amount of each categories of financial instruments at the balance sheet date are as follows: (continued)

30 June 2021 (unaudited): (continued)

Financial liabilities

RMB '000

Item	Other financial liabilities	Total
Short-term loans	72,552,977	72,552,977
Due to customers	1,384,941	1,384,941
Bills payable	91,977,141	91,977,141
Trade payables	356,308,069	356,308,069
Other payables	91,196,516	91,196,516
Current portion of non-current liabilities (excluding current portion of long-term employee benefits payable, provisions and lease liabilities)	29,104,905	29,104,905
Other current liabilities	587,134	587,134
Long-term loans	124,461,547	124,461,547
Bonds payable	31,865,712	31,865,712
Long-term payables (excluding special payables)	19,548,923	19,548,923
Other non-current liabilities	163,000	163,000
Total	819,150,865	819,150,865

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

VIII. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (CONTINUED)

1. Financial instruments by category (continued)

The carrying amount of each categories of financial instruments at the balance sheet date are as follows: (continued)

31 December 2020:

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	-	-	-	18,242,816	18,242,816
Trade receivables	-	-	-	125,696,204	125,696,204
Receivables at FVTOCI	3,683,653	-	-	-	3,683,653
Loans and advances to customers	-	-	-	2,772,645	2,772,645
Other receivables (excluding petty cash)	-	-	-	65,869,102	65,869,102
Other current assets	-	-	-	45,670	45,670
Long-term receivables	-	-	-	69,398,137	69,398,137
Cash and bank balances	-	-	-	187,997,046	187,997,046
Held-for-trading financial assets	-	-	587,022	-	587,022
Debt investments	-	-	-	5,074,312	5,074,312
Other debt investments	1,003,745	-	-	-	1,003,745
Other equity instrument investments	-	10,510,397	-	-	10,510,397
Other non-current financial assets	-	-	2,839,530	-	2,839,530
Current portion of non-current assets	16,584	-	-	6,808,096	6,824,680
Total	4,703,982	10,510,397	3,426,552	481,904,028	500,544,959

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

VIII. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (CONTINUED)

1. Financial instruments by category (continued)

The carrying amount of each categories of financial instruments at the balance sheet date are as follows: (continued)

31 December 2020: (continued)

Financial liabilities

RMB '000

Item	Other financial liabilities	Total
Short-term loans	49,879,073	49,879,073
Due to customers	4,815,608	4,815,608
Bills payable	84,290,956	84,290,956
Trade payables	349,327,324	349,327,324
Other payables	79,595,459	79,595,459
Current portion of non-current liabilities (excluding current portion of long-term employee benefits payable, provisions and lease liabilities)	26,394,617	26,394,617
Other current liabilities	2,417,770	2,417,770
Long-term loans	111,018,145	111,018,145
Bonds payable	26,111,854	26,111,854
Long-term payables (excluding special payables)	13,615,008	13,615,008
Other non-current liabilities	85,250	85,250
Total	747,551,064	747,551,064

2. Transfer of financial assets

Transferred financial assets that are derecognised in their entirety but continuously involved

As at 30 June 2021, the Group had endorsed and discounted bank acceptance bills amounting to RMB3,348,884,000 (31 December 2020: RMB3,870,101,000). As at 30 June 2021, 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 2021, 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.

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 2021, 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 other equity instruments. 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 2021

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 2021, 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 2021	163,403,668	10,083,287	173,486,955

Impairment of credit losses	Not credit impaired	Credit impaired	Total
1 January 2021	3,959,662	4,308,160	8,267,822
Transferred to impairment of credit losses occurred	(84,679)	84,679	–
Provision for the period	1,113,619	561,378	1,674,997
Reversal for the period	(688,288)	(158,494)	(846,782)
Write-off for the period	–	(2,723)	(2,723)
Others	(63,198)	(481)	(63,679)
30 June 2021	4,237,116	4,792,519	9,029,635

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

VIII. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (CONTINUED)

3. Financial instrument risks (continued)

Credit risk (continued)

As at 30 June 2021, 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

	31 December 2020	Change in accounting policies	1 January 2021	Provision for the period (unaudited)	Reversal for the period (unaudited)	Others (unaudited)	30 June 2021 (unaudited)
Impairment of asset losses	5,466,715	1,542	5,468,257	541,925	(211,180)	25,996	5,824,998

As at 30 June 2021, 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 2021	39,770,056	970,074	40,740,130

Impairment of credit losses	Not credit impaired	Credit impaired	Total
1 January 2021	191,678	408,786	600,464
Provision for the year	26,771	74,443	101,214
Reversal for the year	(10,666)	–	(10,666)
Others	(2,225)	–	(2,225)
30 June 2021	205,558	483,229	688,787

As at 30 June 2021, 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 RMB90,328,542,000, with no credit impaired. The Group recognises loss provision amounting to RMB1,066,581,000 based on lifetime ECL.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

VIII. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (CONTINUED)

3. *Financial instrument risks (continued)*

Credit risk (continued)

As at 30 June 2021, external financial guarantees and mortgages for real estate development operations provided by the Group amounted to RMB2,545,400,000 and RMB27,259,684,000 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 2021 to 30 June 2021, 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 2021, 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 2021, the Group has 38.5% of loans and bonds payable that would expire within one year (As at 31 December 2020: 35.1%).

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

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 2021 (unaudited)					Total
	On demand	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	
Short-term loans	-	73,630,169	-	-	-	73,630,169
Due to customers	1,384,941	-	-	-	-	1,384,941
Bills payable	-	91,977,141	-	-	-	91,977,141
Trade payables	-	356,308,069	-	-	-	356,308,069
Other payables	-	91,196,516	-	-	-	91,196,516
Current portion of non-current liabilities (excluding current portion of long-term employee benefits payable and provisions)	-	31,976,241	-	-	-	31,976,241
Other current liabilities	-	587,134	-	-	-	587,134
Long-term loans	-	5,410,255	33,837,628	48,340,847	79,352,739	166,941,469
Bonds payable	-	1,667,836	11,242,626	21,742,612	1,157,929	35,811,003
Long-term payables (excluding special payables)	-	-	9,040,596	7,916,807	3,814,809	20,772,212
Lease liabilities	-	-	1,394,182	1,490,265	650,882	3,535,329
Other non-current liabilities	-	-	163,000	-	-	163,000
Financial guarantees (<i>Note XI. 3</i>) (excluding the real estate mortgage guarantee)	2,545,401	-	-	-	-	2,545,401
Total	3,930,342	652,753,361	55,678,032	79,490,531	84,976,359	876,828,625

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

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 2020					Total
	On demand	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	
Short-term loans	-	50,570,799	-	-	-	50,570,799
Due to customers	4,815,608	-	-	-	-	4,815,608
Bills payable	-	84,290,956	-	-	-	84,290,956
Trade payables	-	349,327,324	-	-	-	349,327,324
Other payables	-	79,595,459	-	-	-	79,595,459
Current portion of non-current liabilities (excluding current portion of long-term employee benefits payable and provisions)	-	29,070,567	-	-	-	29,070,567
Other current liabilities	-	2,417,770	-	-	-	2,417,770
Long-term loans	-	5,061,449	30,064,604	42,934,060	69,067,620	147,127,733
Bonds payable	-	1,750,399	4,424,989	22,192,264	1,181,711	29,549,363
Long-term payables (excluding special payables)	-	-	7,527,533	5,916,536	710,766	14,154,835
Lease liabilities	-	-	1,461,890	1,293,221	235,191	2,990,302
Other non-current liabilities	-	-	85,250	-	-	85,250
Financial guarantees (<i>Note XI. 3</i>) (excluding the real estate mortgage guarantee)	2,792,705	-	-	-	-	2,792,705
Total	7,608,313	602,084,723	43,564,266	72,336,081	71,195,288	796,788,671

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 2021, floating interest rate loans and fixed interest rate loans accounted for approximately 85.20% and 14.80% 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 2021

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 six months ended 30 June 2020: 0.25 %), with all other variables held constant, the consolidated operating results would have decreased/increased by approximately RMB86,113,000 for the six months ended 30 June 2021 (For the six months ended 30 June 2020: RMB76,850,000), 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 2021 and the exposure to interest rate risk has been applied to those financial instruments in existence at that date. The estimated 0.25% (2020: 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 2021 in order to reduce the Group's exposure to foreign currency risk in this regard (31 December 2020: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 2021 (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%	39,996	39,996
Decrease in the United States dollar rate	(4%)	(39,996)	(39,996)
Increase in the Euro rate	3%	(122,831)	(122,831)
Decrease in the Euro rate	(3%)	122,831	122,831
Increase in the Algerian dinar rate	7%	52,432	52,432
Decrease in the Algerian dinar rate	(7%)	(52,432)	(52,432)

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

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 2020 (unaudited):

			<i>RMB '000</i>
Item	Exchange Rate Increase/ (Decrease)	Net profit or loss Increase/ (Decrease)	Total equity 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)

The sensitivity analysis above has been determined assuming that the changes in foreign exchange rates had occurred as at 30 June 2021 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 2021 and for the six months ended 30 June 2020.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

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 2021 (unaudited)	31 December 2020
Short-term loans	72,552,977	49,879,073
Long-term loans	124,461,547	111,018,145
Due to customers	1,384,941	4,815,608
Bills payable	91,977,141	84,290,956
Trade payables	356,308,069	349,327,324
Other payables	91,196,516	79,595,459
Current portion of non-current liabilities (excluding current portion of long-term employee benefits payable and provisions)	30,833,038	28,337,179
Other current liabilities	587,134	2,417,770
Bonds payable	31,865,712	26,111,854
Long-term payables (excluding special payables)	19,548,923	13,615,008
Lease liabilities	3,089,992	2,677,405
Other non-current liabilities	163,000	85,250
Less: Cash and bank balances	139,704,895	187,997,046
Net debt	684,264,095	564,173,985
Attributable to shareholders' equity of the Company	257,201,020	254,297,762
Non-controlling interests	68,535,584	59,341,328
Total equity	325,736,604	313,639,090
Total equity and net debt	1,010,000,699	877,813,075
Gearing ratio	68%	64%

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

IX. DISCLOSURE OF FAIR VALUE

1. Assets and liabilities measured at fair value

RMB '000

30 June 2021	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	–	2,945,837	–	2,945,837
Held-for-trading financial assets	164,566	1,416,424	254,645	1,835,635
Other debt investments	–	1,003,109	–	1,003,109
Current portion of other debt investments	–	14,547	–	14,547
Other equity instrument investments	2,013,938	–	8,745,325	10,759,263
Other non-current financial assets	116,939	–	3,315,909	3,432,848
Sum of assets under continuous measurement of fair value	2,295,443	5,379,917	12,315,879	19,991,239

RMB '000

31 December 2020	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	–	3,683,653	–	3,683,653
Held-for-trading financial assets	150,183	–	436,839	587,022
Other debt investments	–	1,003,745	–	1,003,745
Current portion of other debt investments	–	16,584	–	16,584
Other equity instrument investments	1,986,027	–	8,524,370	10,510,397
Other non-current financial assets	67,537	–	2,771,993	2,839,530
Sum of assets under continuous measurement of fair value	2,203,747	4,703,982	11,733,202	18,640,931

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

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 2021	Valuation technique(s)	Key input(s)
Receivables at FVTOCI	2,945,837	Discounted cash flows	Discount rates for bank acceptance bills in the same term
Held-for-trading financial assets	1,416,424	Discounted cash flows	Market average rate of return with the category in the same term
Other debt investments	1,003,109	Discounted cash flows	Market average rate of return with the category in the same term
Current portion of other debt investments	14,547	Discounted cash flows	Market average rate of return with the category in the same term
Total	5,379,917	-	-

Quantitative information of fair value measurement at Level 3:

RMB '000

Item	Fair value as at		
	30 June 2021	Valuation technique(s)	Significant unobservable input(s)
Held-for-trading financial assets	254,645	Discounted cash flows	Future cash flows discounted at rates that reflected the expected risk level
Other equity instrument investments	8,745,325	Market method	Discount rate for lack of market mobility
Other non-current financial assets – call options for unlisted entities	1,626,914	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	1,688,995	Discounted cash flows	Future cash flows discounted at rates that reflected the expected risk level
Total	12,315,879	-	-

The fair value of listed equity instruments is determined based on its quoted market price.

For the six months ended 30 June 2021, there was no transfer of fair value measurements between each level for both financial assets and financial liabilities.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

IX. DISCLOSURE OF FAIR VALUE (CONTINUED)

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 2021 (unaudited)	31 December 2020	30 June 2021 (unaudited)	31 December 2020
Long-term loans	124,461,547	111,018,145	124,818,239	111,340,614
Bonds payable	31,865,712	26,111,854	32,170,445	26,443,445

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 2021, its own default risk of long-term and short-term loans was evaluated as insignificant.

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

1. Parent

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	RMB9,000,000	51.13	51.13

2. Subsidiaries

Please refer to Note XIV. 3(i) "Subsidiaries".

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

3. Joint venture and associate

Company name	Related party relationship
CRCC-HC-CR15G Joint Venture	Joint venture
Beijing Jiehai 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
Changzhou China Railway Urban Construction Component Co., Ltd.	Joint venture
Changzhou China Railway Blue Flame Component Co., Ltd.	Joint venture
Chengdu Wuhou District Yale Real Estate Development Co., Ltd.	Joint venture
Chengdu Tiecheng Real Estate Co., Ltd.	Joint venture
Chengdu China Railway Huafu Real Estate Co., Ltd.	Joint venture
Chengdu Zhongwan Yixing Real Estate Co., Ltd.	Joint venture
Dalian Jingcheng Real Estate Co., Ltd.	Joint venture
Dalian Wancheng Zhiguang Real Estate Co., Ltd.	Joint venture
Deqing Jingsheng Real Estate Development Co., Ltd.	Joint venture
Foshan City Shunde District Shunhao Real Estate Co., Ltd.	Joint venture
Fuzhou Xinchun Real Estate Co., Ltd.	Joint venture
Guangzhou City Longguang Junshen Real Estate Co., Ltd.	Joint venture
Guangzhou Suiyun Real Estate Co., Ltd.	Joint venture
Guangzhou City Zengcheng District Shunxuan Real Estate Co., Ltd.	Joint venture
Guangzhou Xintie Xinjian Investment Co., Ltd.	Joint venture
Guizhou Guijin Expressway Co., Ltd.	Joint venture
Guizhou Tongxin Expressway Development Co., Ltd.	Joint venture
Guizhou Zhongguang Wenchuang City Real Estate Co., Ltd.	Joint venture
Hangzhou Genshan East Road Crossing Tunnel Management Co., Ltd.	Joint venture
Hangzhou Jianshen Real Estate Co., Ltd.	Joint venture
Hangzhou Jingke Real Estate Co., Ltd.	Joint venture
Hangzhou Jingping Real Estate Co., Ltd.	Joint venture
Hengyang Hengshan Science City Zhiyuan Development and Construction Co., Ltd.	Joint venture
Hohhot Metro Line 2 Construction & Management Co., Ltd.	Joint venture
Hohhot Jiantong Rail Engineering Co., Ltd.	Joint venture
Jiangmen Jiangwan Nanguang Investment Development Co., Ltd.	Joint venture
Jiangyin China Railway Construction Kunlun City Development Co., Ltd.	Joint venture
Kunming Kunlun Shouzhi Real Estate Co., Ltd.	Joint venture
Kunming Qiping Real Estate Co., Ltd.	Joint venture
Kunming Tiexin Construction Management Co., Ltd.	Joint venture
Hangzhou Lin'an Changxi Investment and Construction Management Co., Ltd.	Joint venture
Nanchang Rail Fangqiao Building Materials Co., Ltd.	Joint venture
Nanjing Jingrui Real Estate Investment Co., Ltd.	Joint venture

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

3. Joint venture and associate (continued)

Company name	Related party relationship
Nanjing Jiangbei New Area Guanglian Pipeline Corridor Construction Co., Ltd.	Joint venture
Nanjing Xincheng Guanghong Real Estate Co., Ltd.	Joint venture
Ningbo Jinghai Investment Management Co., Ltd.	Joint venture
Ningbo Jingwan Investment Management Co., Ltd.	Joint venture
Qingdao Blue Silicon Valley Intercity Rail Transit Co., Ltd.	Joint venture
Qingdao Qingping Tiecheng Construction Engineering Co., Ltd.	Joint venture
Shanghai Hongjun Real Estate Co., Ltd.	Joint venture
Shenyang Jiabai Real Estate 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
Sichuan Chengmian Cangba Highway Co., Ltd.	Joint venture
Sichuan Nansuitong Expressway Co., Ltd.	Joint venture
Sichuan Tianfu Airport Expressway Co., Ltd.	Joint venture
Taiyuan Rongchuang Huifeng Real Estate Co., Ltd.	Joint venture
Tianjin Wanhe Real Estate Co., Ltd.	Joint venture
Tianjin China Railway Yuhua Real Estate Co., Ltd.	Joint venture
Tiexintongda (Shenzhen) Infrastructure Investment Partnership (Limited Partnership)	Joint venture
Wuhan Tongtui Construction & Investment Co., Ltd.	Joint venture
Xi'an China Railway Jingmao Real Estate Co., Ltd.	Joint venture
Xuzhou Metro Line 2 Rail Transit Investment & Development Co., Ltd.	Joint venture
Yunnan Luqin Guangfu Expressway Investment & Development Co., Ltd.	Joint venture
Yunnan Yulin Expressway Construction Co., Ltd.	Joint venture
Changsha Yuchi River Area Development & Investment Co., Ltd.	Joint venture
PetroChina & CRCC Petroleum Marketing Co., Ltd.	Joint venture
China Railway Construction Real Estate Group Jinan 6th Continent Real Estate Co., Ltd.	Joint venture
China Railway Construction Real Estate Group Ningbo Jingping Real Estate Co., Ltd.	Joint venture
China Railway Construction Kunlun Yunnan Real Estate Co., Ltd.	Joint venture
CRCC Shaanxi Highway Co., Ltd.	Joint venture
China Railway Construction Yudongnan (Chongqing) Expressway Co., Ltd.	Joint venture
Chongqing Danei Expressway Co., Ltd.	Joint venture
Chongqing Jianlian New Real Estate Co., Ltd.	Joint venture
Chongqing Pinjinyue Real Estate Co., Ltd.	Joint venture

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

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
Chongqing Tiefa Shuanghe Expressway Co., Ltd.	Joint venture
Chongqing Yonglu Expressway Co., Ltd.	Joint venture
Chongqing Yuxiang Fuxian Highway Co., Ltd.	Joint venture
Changzhou Jingrui Real Estate Development Co., Ltd.	Joint venture
Chengdu Chuangcheng Real Estate Co., Ltd.	Joint venture
Chengdu Lugang Real Estate Co., Ltd.	Joint venture
Guangdong Nanhai International Architectural Design Co., Ltd.	Joint venture
Xixian New Area Xingchengrenju Real Estate Co., Ltd.	Joint venture
China Railway Construction Real Estate Group Suzhou Real Estate Co., Ltd.	Joint venture
China Railway Construction & Investment Xi'an City Development Co., Ltd.	Joint venture
Jiangsu Yancheng Tietou Construction Development Co., Ltd.	Joint venture
Changde Yuanjiang Tunnel Co., Ltd.	Associate
Chengdu Urban Investment & Construction Technology Co., Ltd.	Associate
Chengdu Jiaotou Kunlun Construction Engineering Co., Ltd.	Associate
China Railway Construction Investment Baoding Development and Construction Co., Ltd.	Associate
Foshan Luqiao Prefabricated Component Co., Ltd.	Associate
Fujian Green Energy Construction & Development Co., Ltd.	Associate
Fuzhou North Railway Station South Square Construction & Development Co., Ltd.	Associate
Gansu Gonghanglv Lan-A Highway Management Co., Ltd.	Associate
Gansu Zhuzhong Railway Co., Ltd.	Associate
Guangde Railway Construction Chuangxin Investment Partnership Enterprise (Limited Partnership)	Associate
Guangde CRCC Daqin Investment Partnership Enterprise (Limited Partnership)	Associate
Guangde CRCC Blue Ocean Longxin Investment Center (Limited Partnership)	Associate
Guangzhou Hongjia Real Estate Co., Ltd.	Associate
Guangzhou Hongxuan Real Estate Co., Ltd.	Associate
Guangzhou Huangpu Light Rail Line 1 Investment Construction Co., Ltd.	Associate
Guangzhou Jingye Real Estate Co., Ltd.	Associate
Guangzhou Baorui Real Estate Co., Ltd.	Associate
Guizhou Jinrentong Expressway Development Co., Ltd.	Associate
Guizhou Wengma Railway Limited Co., Ltd.	Associate
Guizhou China Railway Construction Engineering Investment Co., Ltd.	Associate

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

3. Joint venture and associate (continued)

Company name	Related party relationship
Hangqu Railway Co., Ltd.	Associate
Hangzhou Jiandejiang Investment Co., Ltd.	Associate
Hangzhou Fuyang Donghe Construction Development Co., Ltd.	Associate
Hangzhou Xiashalu Tunnel Co., Ltd.	Associate
Hengda Real Estate (Shenzhen) Co., Ltd.	Associate
Hubei Provincial Communications Investment Ziyun Railway Co., Ltd.	Associate
Hunan Maglev Transportation Development Co., Ltd.	Associate
Huizhou CRCC Harbor & Channel Engineering Bureau Infrastructure Investment Co., Ltd.	Associate
Jinan Tieying Urban & Rural Construction Co., Ltd.	Associate
Jiashan Chengfa Construction & Development Co., Ltd.	Associate
Jiaxing Jingkai Real Estate Development Co., Ltd.	Associate
Jiangxi Wanshui Ecology Resource Development Co., Ltd.	Associate
Kunming Fuyi Highway Co., Ltd.	Associate
Kunming Metro Line 5 Construction & Operation Co., Ltd.	Associate
Kunming Sanqing Highway Co., Ltd.	Associate
Kunshan Transportation Construction Environmental Protection Prefabricated Component Co., Ltd.	Associate
Lanzhou Matan Pipeline Corridor Project Management Co., Ltd.	Associate
Lishui Jingcheng Development and Construction Co., Ltd.	Associate
Linyi New Phoenix Land Co., Ltd.	Associate
Liuzhou Zhongbei Construction Investment Management Co., Ltd.	Associate
Nanjing Daqiaobei Environmental Comprehensive Management Co., Ltd.	Associate
Nanjing Yuanchen Real Estate Co., Ltd.	Associate
Ningbo Hangtong Prefabricated Components Engineering Co., Ltd.	Associate
Ningxia Inter-City Railway Co., Ltd.	Associate
Ningxia China Railway Construction Ningdong Road And Bridge Investment Development Co., Ltd.	Associate
Qingyuan Maglev Transportation Co., Ltd.	Associate
Shaanxi Huangpu Highway Co., Ltd.	Associate
Sichuan Jintou Project Investment Co., Ltd.	Associate
Taiyuan City Jinyuan East Zone Comprehensive Pipeline Corridor Construction & Management Co., Ltd.	Associate
Tianjin Tiejian Hongtu Fengchuang Investment Partnership (Limited Partnership)	Associate
Tianjin China Railway Guancheng Real Estate Co., Ltd.	Associate
Tianshuitong Tram Limited Co., Ltd.	Associate
Railway Construction Development (Fan County) Fan Shui Ecological Environment Management Co., Ltd	Associate

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

3. Joint venture and associate (continued)

Company name	Related party relationship
Wuhu China Railway Vossloh Cogifer Rail Co., Ltd.	Associate
Xingan Mengxingzhong Project Management Co., Ltd.	Associate
Yantai Xinzhen Transit Engineering Limited Co., Ltd.	Associate
Yangzhou Wantou Jade Characteristics Town Co., Ltd.	Associate
Yuxi China Railway Infrastructure Construction Co., Ltd.	Associate
Yunnan Chuda Expressway Investment and Development Co., Ltd.	Associate
Yunnan Kunchu Highway Investment & Development Co., Ltd.	Associate
Zhangjiakou Hongao Infrastructure Construction And Development Co., Ltd.	Associate
Zhengzhou Jiaotou East Fourth Ring Project Management Co., Ltd.	Associate
CRCC (Guangzhou) North Railway Station Xincheng Investment Construction Co., Ltd.	Associate
CRCC (Shandong) Deshang Highway Co., Ltd.	Associate
CRCC (Shandong) Gaodong Highway Co., Ltd.	Associate
CRCC Dongfang Investment Construction (Cixi) Co., Ltd.	Associate
CRCC Gansu Zhangbian Highway Co., Ltd.	Associate
CRCC Financial Leasing Co., Ltd.	Associate
China Railway Construction Ningxia Highway Co. Ltd	Associate
CRCC-Shandong Jinghu Highway Jile Co., Ltd.	Associate
China Railway Construction Group Rongsheng Chengdu Tianfu New Area Investment Co., Ltd.	Associate
CRCC-Tongguan Investment Co., Ltd.	Associate
China Railway Construction Investment (Ningbo) Development and Construction Co., Ltd.	Associate
China Railway Construction Investment (Tongxiang) Construction Management Co., Ltd.	Associate
China Railway Construction Investment (Zhumadian) City Development Co., Ltd.	Associate
China Railway Construction and Investment Henan Xuchang City Development Co., Ltd.	Associate
China Railway Construction Investment Langfang Development and Construction Co., Ltd.	Associate
CRCC Investment Shandong Xiaoqinghe Development Co., Ltd.	Associate
China Railway Construction and Investment Shanxi Expressway Co., Ltd.	Associate
China Railway First Survey and Design Institution Group Shandong Architecture Design Institute Co., Ltd.	Associate
CRCC Xinjiang Jingxin Expressway Co., Ltd.	Associate
China Railway Construction Real Estate Co., Ltd.	Associate
CITIC Railway Construction (Luoyang) Excavating Equipment Co., Ltd.	Associate

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

3. Joint venture and associate (continued)

Company name	Related party relationship
Chongqing Monorail Transit Engineering Co., Ltd.	Associate
Chongqing Tiefa Xiusong Highway Co., Ltd.	Associate
Chongqing Yurong Highway Co., Ltd.	Associate
Jiayang Railway Construction Hexing Highway Investment Co., Ltd.	Associate
Taiyuan Existing Residential Energy Saving Transformation Project Management Co., Ltd.	Associate
Gansu Gonghanglv Longzhang Highway Management Co., Ltd.	Associate
China Railway Construction port and Waterway Bureau Group Chongqing Changshou Changjiang Second Bridge Construction Co., Ltd.	Associate
Anqing Gaotie New Area Construction Investment Co., Ltd.	Associate
China Railway Construction Investment Baoding Urban Development Co., Ltd.	Associate
Guangzhou Shengdu Investment Development Co., Ltd.	Associate
Wuhan Zhaorui Real Estate Co., Ltd.	Associate
Nanchang Zhubang Construction Co., Ltd.	Associate
Liaocheng Xurui Municipal Engineering Co., Ltd.	Associate
Guangde CRCC Blue Ocean Fengjian Investment Center (Limited Partnership)	Associate
China Railway Construction Investment Luoyang Urban Development And Construction Co., Ltd.	Associate

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

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

5. Major related party transactions

RMB '000

Item	For the six months ended 30 June 2021 (unaudited)	For the six months ended 30 June 2020 (unaudited)
(1) Revenue from construction services		
Sichuan Chengmian Cangba Highway Co., Ltd.	2,506,941	–
Chongqing Tiefa Shuanghe Expressway Co., Ltd.	1,753,017	1,875,144
Kunming Metro Line 5 Construction & Operation Co., Ltd.	1,633,586	1,714,896
Yunnan Chuda Expressway Investment and Development Co., Ltd.	1,522,380	–
Yunnan Kunchu Highway Investment & Development Co., Ltd.	1,444,268	1,129,598
Chongqing Yuxiang Fuxian Highway Co., Ltd.	1,350,249	–
Taiyuan Existing Residential Energy Saving Transformation Project Management Co., Ltd.	1,296,889	–
Hangqu Railway Co., Ltd.	1,286,128	56,525
Chongqing Tiefa Jianxin Highway Co., Ltd.	1,250,260	1,080,273
CRCC Xinjiang Jingxin Expressway Co., Ltd.	1,243,733	1,018,664
China Railway Construction Ningxia Highway Co. Ltd	1,215,459	–
CRCC Investment Shandong Xiaoqinghe Development Co., Ltd.	1,144,430	–
Guizhou China Railway Construction Engineering Investment Co., Ltd.	924,858	53,647
CRCC Shaanxi Highway Co., Ltd.	517,885	2,010,462
Xuzhou Metro Line 2 Rail Transit Investment & Development Co., Ltd.	509,043	864,881
Yunnan Yulin Expressway Construction Co., Ltd.	489,574	1,732,491
Sichuan Tianfu Airport Expressway Co., Ltd.	411,999	225,588
Jiashan Chengfa Construction & Development Co., Ltd.	230,122	219,764
Zhengzhou Jiaotou East Fourth Ring Project Management Co., Ltd.	216,607	107,344

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

5. Major related party transactions (continued)

RMB'000

Item	For the six months ended 30 June 2021 (unaudited)	For the six months ended 30 June 2020 (unaudited)
(1) Revenue from construction services (continued)		
CRCC (Guangzhou) North Railway Station Xincheng Investment Construction Co., Ltd.	211,471	165,310
Chengdu China Railway Huafu Real Estate Co., Ltd.	157,802	160,079
Ningxia Inter-City Railway Co., Ltd.	150,658	11,657
Hohhot Metro Line 2 Construction & Management Co., Ltd.	128,186	435,509
Nanjing Jiangbei New Area Guanglian Pipeline Corridor Construction Co., Ltd.	125,962	235,158
Chongqing Yonglu Expressway Co., Ltd.	99,798	193,679
Xi'an China Railway Jingmao Real Estate Co., Ltd.	91,517	18,238
Tianshuitong Tram Limited Co., Ltd.	90,372	140,063
China Railway Construction Group Rongsheng Chengdu Tianfu New Area Investment Co., Ltd.	65,025	56,102
Jiangxi Wanshui Ecology Resource Development Co., Ltd.	63,161	184,826
Shijiazhuang Runshi Ecological Protection Management Service Co., Ltd.	48,930	268,133
CRCC (Shandong) Gaodong Highway Co., Ltd.	46,614	79,206
Fuzhou North Railway Station South Square Construction & Development Co., Ltd.	38,620	64,351
Yuxi China Railway Infrastructure Construction Co., Ltd.	28,000	100,642
Shaanxi Huangpu Highway Co., Ltd.	27,900	171,426
Jiayang Railway Construction Hexing Highway Investment Co., Ltd.	27,504	288,345
Xingan Mengxingzhong Project Management Co., Ltd.	17,202	60,469
Zhangjiakou Hong'ao Infrastructure Construction & Development Co., Ltd.	16,489	225,062
Huizhou CRCC Harbor & Channel Engineering Bureau Infrastructure Investment Co., Ltd.	15,116	192,811

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

5. Major related party transactions (continued)

RMB'000

Item	For the six months ended 30 June 2021 (unaudited)	For the six months ended 30 June 2020 (unaudited)
(1) Revenue from construction services (continued)		
Yantai Xinzhen Transit Engineering Limited Co., Ltd.	13,870	33,200
Changde Yuanjiang Tunnel Co., Ltd.	10,864	37,350
Shijiazhuang Jiasheng Pipeline Corridor Engineering Co., Ltd.	6,928	5,756
Lanzhou Matan Pipeline Corridor Project Management Co., Ltd.	4,537	7,227
Tianjin China Railway Yuhua Real Estate Co., Ltd.	3,466	4,177
Fujian Green Energy Construction & Development Co., Ltd.	2,773	54,155
Taiyuan City Jinyuan East Zone Comprehensive Pipeline Corridor Construction & Management Co., Ltd.	2,059	35,762
Gansu Zhuzhong Railway Co., Ltd.	1,589	305,622
CRCC Gansu Zhangbian Highway Co., Ltd.	–	395,575
Qingdao Qingping Tiecheng Construction Engineering Co., Ltd.	–	98,588
Shijiazhuang Jiatai Pipeline Corridor Operation Co., Ltd.	–	60,400
Tianjin China Railway Guancheng Real Estate Co., Ltd.	–	35,936
Hunan Maglev Transportation Development Co., Ltd.	–	7,394
Hangzhou Lin'an Changxi Investment and Construction Management Co., Ltd.	–	1,240
CRCC-HC-CR15G Joint Venture	–	426
Total	22,443,841	16,223,151
(2) Revenue from sales of goods		
CRCC Financial Leasing Co., Ltd. <i>Note 2</i>	322,649	351,972
Chongqing Tiefa Jianxin Highway Co., Ltd.	97,791	300,233
Chongqing Tiefa Shuanghe Expressway Co., Ltd.	4,779	–
Shanxi Huangpu Highway Co., Ltd.	354	–
Wuhu China Railway Vossloh Cogifer Rail Co., Ltd.	–	5,838
Total	425,573	658,043

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

5. Major related party transactions (continued)

RMB'000

Item	For the six months ended 30 June 2021 (unaudited)	For the six months ended 30 June 2020 (unaudited)
(3) Other income		
CRCC Dongfang Investment Construction (Cixi) Co., Ltd.	59,096	–
Guizhou Zhongguang Wenchuang City Real Estate Co., Ltd.	58,989	37,183
China Railway Construction Real Estate Group Suzhou Real Estate Co., Ltd.	58,402	27,140
China Railway Construction Corporation China Railway Construction Real Estate Co., Ltd.	51,972	52,754
Chengdu China Railway Huafu Real Estate Co., Ltd.	35,746	–
China Railway Construction & Investment Xi'an City Development Co., Ltd.	35,403	60,481
Xixian New Area Xingchengrenju Real Estate Co., Ltd.	32,127	–
Foshan City Shunde District Shunhao Real Estate Co., Ltd.	31,225	2,173
Guangzhou Suiyun Real Estate Co., Ltd.	28,874	–
Beijing Ruida Real Estate Co., Ltd.	28,661	–
China Railway Construction and Investment Henan Xuchang City Development Co., Ltd.	27,075	28,462
Guangzhou City Longguang Junshen Real Estate Co., Ltd.	26,243	–
Kunming Qiping Real Estate Co., Ltd.	22,447	–
Beijing Xinda Real Estate Co., Ltd.	21,785	30,368
Wuhan Zhaorui Real Estate Co., Ltd.	21,155	31,165
Ningbo Jinghai Investment Management Co., Ltd.	19,535	–
Beijing Jiehai Real Estate Co., Ltd.	15,041	48,142
Changzhou Jingrui Real Estate Development Co., Ltd.	7,643	16,312
Nanjing Jingrui Real Estate Investment Co., Ltd.	5,313	26,841
China Railway Construction Kunlun Yunnan Real Estate Co., Ltd.	1,251	23,672
Tianjin Wanhe Real Estate Co., Ltd.	874	2,100
	–	68,744
Total	588,857	455,537

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

5. Major related party transactions (continued)

RMB'000

Item		For the six months ended 30 June 2021 (unaudited)	For the six months ended 30 June 2020 (unaudited)
(4) Purchase of goods and receipt of services	<i>Note 5</i>		
Kunshan Transportation Construction Environmental Protection Prefabricated Component Co., Ltd.		20,031	–
China Railway First Survey and Design Institution Group Shandong Architecture Design Institute Co., Ltd.		16,726	20,689
Guangdong Nanhai International Architectural Design Co., Ltd.		7,048	1,264
Wuhu China Railway Vossloh Cogifer Rail Co., Ltd.		4,781	6,286
Changzhou China Railway Urban Construction Component Co., Ltd.		4,687	3,111
Ningbo Hangtong Prefabricated Components Engineering Co., Ltd.		–	8,522
Changzhou China Railway Blue Flame Component Co., Ltd.		–	3,751
PetroChina & CRCC Petroleum Marketing Co., Ltd.		–	29
Total		53,273	43,652
(5) Other expenses	<i>Note 5</i>		
Guangzhou Xintie Xinjian Investment Co., Ltd.		49,510	1,148
China Railway Construction Corporation	<i>Note 4</i>	19,563	20,356
CRCC JinLi Assets Management Co., Ltd.	<i>Note 4</i>	9,534	4,126
CRCC Shaanxi Highway Co., Ltd.		5,824	–
China Railway Construction Ningxia Highway Co. Ltd		2,334	–
China Railway Construction Investment (Tongxiang) Construction Management Co., Ltd.		2,253	–
China Railway Construction Investment (Zhumadian) City Development Co., Ltd.		1,287	–
China Railway Construction Investment Luoyang Urban Development And Construction Co., Ltd.		1,115	–
China Railway Construction Real Estate Co., Ltd.		1,106	–
Beijing Tongda Jingcheng Highway Co., Ltd.		836	1,656
Jiayang Railway Construction Hexing Highway Investment Co., Ltd.	<i>Note 4</i>	255	3,008
Beijing Xinda Real Estate Co., Ltd.		–	4
Total		93,617	30,298

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

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 2021 (unaudited)	Accrued for the six months ended 30 June 2020 (unaudited)
CRCC Financial Leasing Co., Ltd.	Note 6	Machinery	933,572	987,011
China Railway Construction Corporation	Note 6	Buildings	17,084	38,922
Total	-	-	950,656	1,025,933

(7) Guarantees granted to a related party

30 June 2021 (unaudited):

RMB '000

Secured party	Amount of guarantee	Inception of guarantee	Termination of guarantee	Whether the guarantee is fulfilled
CRCC-Tongguan Investment Co., Ltd.	975,507	17 March 2014	30 December 2023	No
Guizhou Wengma Railway Limited Co., Ltd.	652,823	31 March 2016	31 March 2039	No
CRCC-Tongguan Investment Co., Ltd.	571,719	13 June 2019	13 June 2024	No
CRCC-Tongguan Investment Co., Ltd.	99,641	20 May 2015	20 November 2023	No
Chengdu Urban Investment & Construction Technology Co., Ltd.	263	28 April 2018	26 February 2023	No
Total	2,299,953	-	-	-

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

5. Major related party transactions (continued)

(7) Guarantees granted to a related party (continued)

31 December 2020:

				<i>RMB '000</i>
Secured party	Amount of guarantee	Inception of guarantee	Termination of guarantee	Whether the guarantee is fulfilled
CRCC-Tongguan Investment Co., Ltd.	1,189,555	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.	585,284	13 June 2019	13 June 2024	No
CRCC-Tongguan Investment Co., Ltd.	120,778	20 May 2015	20 November 2023	No
Chengdu Urban Investment & Construction Technology Co., Ltd.	15,000	28 April 2018	26 February 2023	No
Total	2,569,693	-	-	-

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

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 2021 (unaudited)	For the six months ended 30 June 2020 (unaudited)
Key management's remuneration	4,629	4,244

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.

Note 6: The lease expenses recognised by the Group to related parties contain the expenditure part of current lease liabilities of the Group, and the short-term lease and low value lease expenses listed in the current Income Statement.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

6. Major amounts due from/to related parties

RMB '000

	30 June 2021 (unaudited)		31 December 2020	
	Gross carrying amount	Impairment of credit losses	Gross carrying amount	Impairment of credit losses
Bills receivable				
Chongqing Danei Expressway Co., Ltd.	142,000	142	142,000	142
Chongqing Tiefu Shuanghe Expressway Co., Ltd.	35,680	36	1,056,822	1,057
CRCC Financial Leasing Co., Ltd.	33,930	34	–	–
Chongqing Monorail Transit Engineering Co., Ltd.	4,195	4	2,123	2
CRCC Shaanxi Highway Co., Ltd.	–	–	1,120,000	1,120
Shaanxi Huangpu Highway Co., Ltd.	–	–	200,000	200
Total	215,805	216	2,520,945	2,521
Trade receivables				
Nanjing Jiangbei New Area Guanglian Pipeline Corridor Construction Co., Ltd.	838,206	11,875	588,076	3,379
Qingyuan Maglev Transportation Co., Ltd.	563,948	626	603,057	603
CRCC Investment Shandong Xiaoqinghe Development Co., Ltd.	558,268	558	5,190	26
Shijiazhuang Runshi Ecological Protection Management Service Co., Ltd.	554,102	4,425	554,216	1,797
Hohhot Metro Line 2 Construction & Management Co., Ltd.	547,817	2,739	494,124	494
Xuzhou Metro Line 2 Rail Transit Investment & Development Co., Ltd.	424,230	2,119	438,338	2,344
Nanchang Zhubang Construction Co., Ltd.	392,496	392	311,709	312
China Railway Construction and Investment Shanxi Expressway Co., Ltd.	357,228	359	361	2
CRCC Financial Leasing Co., Ltd.	338,732	1,830	147,478	2,417
Yuxi China Railway Infrastructure Construction Co., Ltd.	293,360	8,101	261,511	7,941

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

6. Major amounts due from/to related parties (continued)

RMB '000

	30 June 2021 (unaudited)		31 December 2020	
	Gross carrying amount	Impairment of credit losses	Gross carrying amount	Impairment of credit losses
Trade receivables (continued)				
Chongqing Tiefsa Jianxin Highway Co., Ltd.	283,634	1,277	599,565	1,813
CRCC Xinjiang Jingxin Expressway Co., Ltd.	276,481	2,264	246,246	480
Shaanxi Huangpu Highway Co., Ltd.	260,382	261	444,267	445
Gansu Gonghanglv Longzhang Expressway Management Co., Ltd.	203,200	203	393,634	394
Changzhou Jingrui Real Estate Development Co., Ltd.	194,431	972	262,160	11,504
Jiangyin China Railway Construction Kunlun City Development Co., Ltd.	160,764	804	366,655	1,833
Liuzhou Zhongbei Construction Investment Management Co., Ltd.	148,384	1,014	202,785	1,014
Chengdu China Railway Huafu Real Estate Co., Ltd.	144,777	746	111,317	274
CRCC Shaanxi Highway Co., Ltd.	137,116	144	5,131	18
Xi'an China Railway Jingmao Real Estate Co., Ltd.	117,408	560	44,835	225
Chongqing Monorail Transit Engineering Co., Ltd.	113,632	158	99,537	186
Jiangxi Wanshui Ecology Resource Development Co., Ltd.	107,581	107	86,501	113
CRCC (Shandong) Gaodong Highway Co., Ltd.	106,275	112	4,162	13
Shijiazhuang Jiatai Pipeline Corridor Operation Co., Ltd.	94,753	208	99,753	208
China Railway Construction Group Rongsheng Chengdu Tianfu New Area Investment Co., Ltd.	79,582	80	52,858	53
Fuzhou North Railway Station South Square Construction & Development Co., Ltd.	52,808	53	52,808	53
Qingdao Qingping Tiecheng Construction Engineering Co., Ltd.	26,180	131	26,180	131
Tianjin China Railway Yuhua Real Estate Co., Ltd.	21,954	22	26,194	29
Gansu Zhuzhong Railway Co., Ltd.	15,502	306	18,653	19

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

6. Major amounts due from/to related parties (continued)

RMB '000

	30 June 2021 (unaudited)		31 December 2020	
	Gross carrying amount	Impairment of credit losses	Gross carrying amount	Impairment of credit losses
Trade receivables (continued)				
Yunnan Kunchu Highway Investment & Development Co., Ltd.	15,037	15	161,085	175
Hangzhou Lin'an Changxi Investment and Construction Management Co., Ltd.	9,866	49	9,866	49
CITIC Railway Construction (Luoyang) Excavating Equipment Co., Ltd.	5,089	107	6,858	27
Hubei Provincial Communications Investment Ziyun Railway Co., Ltd.	4,636	7	7,793	8
Xingan Mengxingzhong Project Management Co., Ltd.	2,629	13	16,977	85
Hunan Maglev Transportation Development Co., Ltd.	2,016	101	2,016	101
Chongqing Yurong Highway Co., Ltd.	1,287	1	1,287	1
CRCC (Shandong) Deshang Highway Co., Ltd.	856	3	8,812	33
CRCC Gansu Zhangbian Highway Co., Ltd.	196	1	57,012	58
Jiayang Railway Construction Hexing Highway Investment Co., Ltd.	-	-	118,742	594
Lanzhou Matan Pipeline Corridor Project Management Co., Ltd.	-	-	10,586	11
Tianjin China Railway Guancheng Real Estate Co., Ltd.	-	-	7	7
Total	7,454,843	42,743	6,948,342	39,269
Loans and advances to related parties				
China Railway Construction Corporation <i>Note 3</i>	3,000,000	64,250	2,820,000	57,105
Hangqiu Railway Co., Ltd.	60,000	1,285	10,000	250
Total	3,060,000	65,535	2,830,000	57,355

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

6. Major amounts due from/to related parties (continued)

RMB '000

		30 June 2021 (unaudited)		31 December 2020	
		Gross carrying amount	Impairment of credit losses	Gross carrying amount	Impairment of credit losses
Other receivables					
Tianjin Wanhe Real Estate Co., Ltd.	Note2	2,795,097	2,795	2,879,247	2,879
Wuhan Zhaorui Real Estate Co., Ltd.	Note2	2,562,938	2,563	1,544,297	7,723
Beijing Xinda Real Estate Co., Ltd.	Note2	2,200,695	2,201	2,072,975	2,073
CRCC Dongfang Investment Construction (Cixi) Co., Ltd.		1,917,642	9,588	255,000	1,275
Guizhou Zhongguang Wenchuang City Real Estate Co., Ltd.	Note2	1,707,261	1,888	1,721,574	1,722
CRCC Real Estate Co., Ltd.		1,599,860	1,600	1,611,118	1,611
China Railway Construction and Investment Henan Xuchang City Development Co., Ltd.		1,376,104	1,376	1,299,861	1,300
China Railway Construction & Investment Xi'an City Development Co., Ltd.		1,309,284	1,309	500,417	500
Beijing Ruida Real Estate Co., Ltd.	Note2	1,218,506	1,219	1,207,616	1,208
Chengdu Lugang Real Estate Co., Ltd.	Note2	941,271	942	542,858	542
China Railway Construction and Investment Baoding Development Co., Ltd.		904,224	904	-	-
Guangzhou Suiyun Real Estate Co., Ltd.	Note2	825,865	931	1,035,713	1,036
Foshan City Shunde District Shunhao Real Estate Co., Ltd.	Note2	818,649	877	940,766	941
Nanjing Yuanchen Real Estate Co., Ltd.	Note2	767,080	767	947,080	947
Jinan Tieying Urban & Rural Construction Co., Ltd.		730,149	1,274	730,000	730
China Railway Construction Investment (Zhumadian) City Development Co., Ltd.		703,998	704	505,764	506
Jiangsu Yancheng Tietou Construction Development Co., Ltd.		677,455	678	-	-
Guangzhou ShengDu Investment Development Co., Ltd.		677,409	677	-	-
China Railway Construction Investment Luoyang Urban Development And Construction Co., Ltd.		599,819	599	-	-
Guangzhou City Longguang Junshen Real Estate Co., Ltd.	Note2	514,144	1,291	1,291,700	1,291

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

6. Major amounts due from/to related parties (continued)

RMB '000

		30 June 2021 (unaudited)		31 December 2020	
		Gross carrying amount	Impairment of credit losses	Gross carrying amount	Impairment of credit losses
Other receivables (continued)					
Kunming Qiping Real Estate Co., Ltd.	Note2	501,386	501	560,971	561
Beijing Liuzhuang Real Estate Co., Ltd.	Note2	409,269	409	408,059	408
Xixian New Area Xingchengrenju Real Estate Co., Ltd.	Note2	354,338	354	424,310	424
Deqing Jingsheng Real Estate Development Co., Ltd.	Note2	353,754	354	347,802	348
Ningbo Jingwan Investment Management Co., Ltd.		333,559	334	355,399	355
Guangzhou City Zengcheng District Shunxuan Real Estate Co., Ltd.	Note2	314,335	379	378,971	379
Chongqing Tiefs Jianxin Highway Co., Ltd.		300,173	301	20,229	82
Beijing Jiehai Real Estate Co., Ltd.	Note2	292,983	293	284,881	285
Qingyuan Maglev Transportation Co., Ltd.		254,107	248	248,186	248
Fuzhou Xincheng Real Estate Co., Ltd.	Note2	251,708	231	230,884	231
Lishui Jingcheng Development and Construction Co., Ltd.		200,761	200	1,066,790	1,067
Chongqing Jianlian New Real Estate Co., Ltd.	Note2	187,013	187	212,013	212
Ningbo Jinghai Investment Management Co., Ltd.		109,602	110	636,694	637
Shenyang Jiabai Real Estate Co., Ltd.	Note2	93,370	93	560,114	560
Chengdu Chuangcheng Real Estate Co., Ltd.	Note2	83,322	84	573,142	574
Chongqing Pinjinyue Real Estate Co., Ltd.	Note2	62,282	62	60,415	60
CRCC Gansu Zhangbian Highway Co., Ltd.		46,000	46	79,000	79
Taiyuan City Jinyuan East Zone Comprehensive Pipeline Corridor Construction & Management Co., Ltd.		42,000	210	8,000	40
CRCC Financial Leasing Co., Ltd.		40,740	194	69,439	1,192
CRCC Shaanxi Highway Co., Ltd.		15,751	16	284,713	285
Tianjin China Railway Yuhua Real Estate Co., Ltd.		10,902	11	10,902	11

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

6. Major amounts due from/to related parties (continued)

RMB '000

	30 June 2021 (unaudited)		31 December 2020		
	Gross carrying amount	Impairment of credit losses	Gross carrying amount	Impairment of credit losses	
Other receivables (continued)					
Changzhou Jingrui Real Estate Development Co., Ltd.	Note2	9,298	9	179,181	180
Chongqing Monorail Transit Engineering Co., Ltd.		6,509	6	6,479	7
Yangzhou Wantou Jade Characteristics Town Co., Ltd.		4,083	4	4,083	4
CRCC Investment Shandong Xiaoqinghe Development Co., Ltd.		3,544	4	3,544	4
CRCC-Shandong Jinghu Highway Jile Co., Ltd.		1,554	2	182,291	183
Yunnan Yulin Expressway Construction Co., Ltd.		318	–	265	–
Jiaxing Jingkai Real Estate Development Co., Ltd.	Note2	68	–	86	–
CRCC (Guangzhou) North Railway Station Xincheng Investment Construction Co., Ltd.		15	15	15	15
Guangzhou Xintie Xinjian Investment Co., Ltd.		–	–	2,060,932	289
CRCC (Shandong) Gaodong Highway Co., Ltd.		–	–	1,020,160	1,020
China Railway Construction Investment Langfang Development and Construction Co., Ltd.		–	–	730,814	731
Chengdu China Railway Huafu Real Estate Co., Ltd.	Note2	–	–	567,672	568
Jiangmen Jiangwan Nanguang Investment Development Co., Ltd.		–	–	501,270	501
CRCC Xinjiang Jingxin Expressway Co., Ltd.		–	–	299,162	299
Nanjing Jingrui Real Estate Investment Co., Ltd.	Note2	–	–	87,207	87
Nanjing Daqiaobei Environmental Comprehensive Management Co., Ltd.		–	–	201	5
Total		29,130,194	38,840	31,550,262	38,215

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

6. Major amounts due from/to related parties (continued)

RMB '000

	30 June 2021 (unaudited)		31 December 2020	
	Gross carrying amount	Impairment of credit losses	Gross carrying amount	Impairment of credit losses
Long-term receivables				
China Railway Construction Real Estate Group Suzhou Real Estate Co., Ltd. <i>Note 2</i>	2,313,895	2,302	2,819,605	5,068
Liaocheng Xurui Municipal Engineering Co., Ltd.	556,349	556	–	–
Qingdao Blue Silicon Valley Intercity Rail Transit Co., Ltd.	480,000	2,339	480,000	480
Yuxi China Railway Infrastructure Construction Co., Ltd.	355,927	1,780	355,927	356
Jiangsu Yancheng Tietou Construction Development Co., Ltd.	52,500	263	–	–
CRCC Financial Leasing Co., Ltd.	51,970	260	51,970	260
Tianjin China Railway Guancheng Real Estate Co., Ltd.	38,300	38	47,843	48
Anqing Gaotie New Area Construction Investment Co., Ltd.	20,000	20	–	–
Guizhou Tongxin Expressway Development Co., Ltd.	15,484	56	–	–
China Railway Construction and Investment Baoding Development and Construction Co., Ltd.	8,526	21	–	–
Xuzhou Metro Line 2 Rail Transit Investment & Development Co., Ltd.	2,000	7	2,000	2
Railway Construction Development (Fan County) Fan Shui Ecological Environment Management Co., Ltd.	600	1	600	1
Hengyang Hengshan Science City Zhiyuan Development and Construction Co., Ltd.	–	–	118,912	119
Chengdu Wuhou District Yale Real Estate Development Co., Ltd.	–	–	107	–
Total	3,895,551	7,643	3,876,964	6,334

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

6. Major amounts due from/to related parties (continued)

RMB '000

	30 June 2021 (unaudited)		31 December 2020	
	Gross carrying amount	Impairment of credit losses	Gross carrying amount	Impairment of credit losses
Debt investments				
Hengda Real Estate (Shenzhen) Co., Ltd. <i>Note2</i>	3,128,428	15,642	2,927,357	2,927
Changsha Yuchi River Area Development & Investment Co., Ltd.	693,821	694	748,646	819
CRCC Real Estate Co., Ltd.	677,755	678	–	–
CRCC-Tongguan Investment Co., Ltd.	597,301	2,987	584,137	584
China Railway Construction port and Waterway Bureau Group Chongqing Changshou Changjiang Second Bridge Construction Co., Ltd.	340,836	1,704	–	–
Linyi New Phoenix Land Co., Ltd. <i>Note2</i>	300,000	300	300,000	300
Ningxia China Railway Construction Ningdong Road And Bridge Investment Development Co., Ltd.	265,810	266	–	–
Hangzhou Fuyang Donghe Construction Development Co., Ltd.	220,000	22	–	–
Huizhou CRCC Harbor & Channel Engineering Bureau Infrastructure Investment Co., Ltd.	189,330	947	155,230	155
Total	6,413,281	23,240	4,715,370	4,785

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

6. Major amounts due from/to related parties (continued)

RMB '000

	30 June 2021 (unaudited)	31 December 2020
Bills payable	<i>Note 1</i>	
Liaocheng Xurui Municipal Engineering Co., Ltd.	3,305	–
Wuhu China Railway Vossloh Cogifer Rail Co., Ltd.	2,140	5,936
Total	5,445	5,936
Trade payables	<i>Note 1</i>	
Kunming Tiexin Construction Management Co., Ltd.	260,521	12,185
CRCC Financial Leasing Co., Ltd.	112,031	36,334
Nanchang Rail Fangqiao Building Materials Co., Ltd.	20,069	26,734
Hohhot Jiantong Rail Engineering Co., Ltd.	18,108	16,949
Changzhou China Railway Blue Flame Component Co., Ltd.	11,718	24,838
China Railway First Survey and Design Institution Group Shandong Architecture Design Institute Co., Ltd.	8,020	39,566
Wuhu China Railway Vossloh Cogifer Rail Co., Ltd.	5,117	5,377
PetroChina & CRCC Petroleum Marketing Co., Ltd.	1,609	2,300
Gansu Gonghanglv Lan-A Highway Management Co., Ltd.	–	59,746
Total	437,193	224,029

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

6. Major amounts due from/to related parties (continued)

RMB '000

		30 June 2021 (unaudited)	31 December 2020
Contract liabilities	<i>Note 4</i>		
Sichuan Chengmian Cangba Highway Co., Ltd.		1,224,411	622,750
Sichuan Nansuitong Expressway Co., Ltd.		656,588	9,158
Guizhou Jinrentong Expressway Development Co., Ltd.		483,571	143,949
Guizhou Tongxin Expressway Development Co., Ltd.		432,958	136,367
Chongqing Yuxiang Fuxian Highway Co., Ltd.		427,052	477,108
Hangzhou Genshan East Road Crossing Tunnel Management Co., Ltd.		338,212	401,782
Yangzhou Wantou Jade Characteristics Town Co., Ltd.		293,258	–
Guizhou Guijin Expressway Co., Ltd.		292,183	302,738
Kunming Metro Line 5 Construction & Operation Co., Ltd.		235,524	656,090
Sichuan Jintou Project Investment Co., Ltd.		222,849	270,039
Hangzhou Xiashalu Tunnel Co., Ltd.		178,819	214,736
Kunming Sanqing Highway Co., Ltd.		136,710	432,635
Kunming Fuyi Highway Co., Ltd.		129,513	447,398
Chongqing Tiefu Jianxin Highway Co., Ltd.		96,588	129,392
Chongqing Tiefu Shuanghe Expressway Co., Ltd.		29,635	66,824
Wuhan Tongtui Construction & Investment Co., Ltd.		–	1,084
Total		5,177,871	4,312,050

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

6. Major amounts due from/to related parties (continued)

RMB '000

		30 June 2021 (unaudited)	31 December 2020
Other payables	<i>Note 1</i>		
Guangzhou Xintie Xinjian Investment Co., Ltd.		1,403,004	613,326
Sichuan Nansuitong Expressway Co., Ltd.		1,040,559	–
China Railway Construction Real Estate Group Jinan 6th Continent Real Estate Co., Ltd.		817,038	221,993
China Railway Construction Kunlun Yunnan Real Estate Co., Ltd.		748,514	919,362
CRCC Investment Shandong Xiaoqinghe Development Co., Ltd.		728,537	92,620
Shijiazhuang Runshi Ecological Protection Management Service Co., Ltd.		689,919	615,554
Chengdu Zhongwan Yixing Real Estate Co., Ltd.		439,852	328,552
Kunming Kunlun Shouzhi Real Estate Co., Ltd.		408,995	314,595
Chongqing Tiefa Shuanghe Expressway Co., Ltd.		350,745	455
Yunnan Luqiu Guangfu Expressway Investment Development Co., Ltd.		296,747	–
Xi'an China Railway Jingmao Real Estate Co., Ltd.		284,818	334,447
Taiyuan Rongchuang Huifeng Real Estate Co., Ltd.		259,847	140,600
China Railway Construction Investment (Tongxiang) Construction Management Co., Ltd.		233,385	183,772
Guangzhou Hongxuan Real Estate Co., Ltd.		215,572	215,572
Shanghai Hongjun Real Estate Co., Ltd.		210,120	210,120
Guangzhou Hongjia Real Estate Co., Ltd.		186,852	186,852
China Railway Construction Real Estate Group Ningbo Jingping Real Estate Co., Ltd.		180,075	306,446

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

6. Major amounts due from/to related parties (continued)

RMB '000

	30 June 2021 (unaudited)	31 December 2020
Other payables (continued)		
Hangzhou Jingke Real Estate Co., Ltd.	178,092	217,260
Guangzhou Baorui Real Estate Co., Ltd.	170,854	168,703
Chongqing Tiefa Xiusong Highway Co., Ltd.	155,431	3,621
Nanjing Xincheng Guanghong Real Estate Co., Ltd.	136,800	136,800
Dalian Wancheng Zhiguang Real Estate Co., Ltd.	126,303	145,648
CRCC Financial Leasing Co., Ltd.	109,517	180,531
China Railway Construction Investment (Ningbo) Development and Construction Co., Ltd.	87,292	186,763
Kunming Sanqing Highway Co., Ltd.	82,965	1,818
Kunming Fuyi Highway Co., Ltd.	73,852	49,236
China Railway Construction Yudongnan (Chongqing) Expressway Co., Ltd.	61,721	2,804
Guangzhou Jingye Real Estate Co., Ltd.	59,589	59,589
CRCC (Shandong) Deshang Highway Co., Ltd.	46,916	406,896
Hangzhou Jiandejiang Investment Co., Ltd.	45,473	43,207
Hangzhou Jingping Real Estate Co., Ltd.	41,301	41,301
Chongqing Tiefa Jianxin Highway Co., Ltd.	28,308	3,836
Hangzhou Jianshen Real Estate Co., Ltd.	20,000	210,000
Chongqing Yonglu Expressway Co., Ltd.	17,242	3,110
Dalian Jingcheng Real Estate Co., Ltd.	13,365	13,365
CRCC-HC-CR15G Joint Venture	2,405	10,461
CRCC Gansu Zhangbian Highway Co., Ltd.	2,333	87,093
Chengdu Tiecheng Real Estate Co., Ltd.	–	343,106
CRCC Shaanxi Highway Co., Ltd.	–	62,191
CRCC JinLi Asset Management Co., Ltd.	–	48,189
Total	9,954,338	7,109,794

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

6. Major amounts due from/to related parties (continued)

RMB '000

	30 June 2021 (unaudited)	31 December 2020
Advances to suppliers		
CRCC Financial Leasing Co., Ltd.	36,144	97,558
Chengdu Jiaotou Kunlun Construction Engineering Co., Ltd.	17,043	–
Tiexintongda (Shenzhen) Infrastructure Investment Partnership (Limited Partnership)	12,943	91
Total	66,130	97,649
Due to customers	<i>Note 5</i>	
CRCC JinLi Asset Management Co., Ltd.	735,073	804,557
Lishui Jingcheng Development and Construction Co., Ltd.	254,871	–
Guangzhou Xintie Xinjian Investment Co., Ltd.	187,767	3,343,611
China Railway Construction Corporation	135,205	139,055
Beijing Tongda Jingcheng Highway Co., Ltd.	59,529	178,942
Guangzhou Huangpu Light Rail Line 1 Investment Construction Co., Ltd.	12,040	–
Jiayang Railway Construction Hexing Highway Investment Co., Ltd.	259	100,478
Ningbo Jingwan Investment Management Co., Ltd.	57	56
Beijing Xinda Real Estate Co., Ltd.	41	71
Qingyuan Maglev Transportation Co., Ltd.	40	40
Guangzhou City Zengcheng District Shunxuan Real Estate Co., Ltd.	32	–
Foshan City Shunde District Shunhao Real Estate Co., Ltd.	12	12
Deqing Jingsheng Real Estate Development Co., Ltd.	12	12
PetroChina & CRCC Petroleum Marketing Co., Ltd.	3	3
Total	1,384,941	4,566,837

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

6. Major amounts due from/to related parties (continued)

RMB '000

	30 June 2021 (unaudited)	31 December 2020
Long-term loans (including current portion) <i>Note 6</i>		
China Railway Construction Corporation	1,060,146	843,066
Total	1,060,146	843,066
Lease liabilities (including current portion)		
CRCC Financial Leasing Co., Ltd.	2,038,501	2,598,337
China Railway Construction Corporation	34,534	104,291
Total	2,073,035	2,702,628
Long-term payables (including current portion)		
Guangde CRCC Daqin Investment Partnership Enterprise (Limited Partnership)	678,941	537,311
Guangde Railway Construction Chuangxin Investment Partnership (Limited Partnership)	468,756	396,653
Tianjin Tiejian Hongtu Fengchuang Investment Partnership(Limited Partnership)	419,124	410,476
China Railway Construction Real Estate Group Jinan 6th Continent Real Estate Co., Ltd.	204,400	180,600
Guangde CRCC Blue Ocean Longxin Investment Center (Limited Partnership)	192,903	187,314
Guangde CRCC Blue Ocean Fengjian Investment Center (Limited Partnership)	87,065	88,267
Chongqing Monorail Transit Engineering Co., Ltd.	2,802	–
Foshan Luqiao Prefabricated Component Co., Ltd.	801	–
Total	2,054,792	1,800,621

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

6. Major amounts due from/to related parties (continued)

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 the Controlling Shareholder and associates 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 due to the Group's related parties were deposits in CRCC Finance Company Limited.

Note 6: The amounts were appropriations from the Ministry of Finance to the Controlling Shareholder and considered as the entrusted loans granted to the Group by the Controlling Shareholder. The interest rate of such entrusted loans was determined by the Loan Prime Rate published by National Interbank Funding Center.

XI. COMMITMENTS AND CONTINGENCIES

1. Commitments

RMB '000

	30 June 2021 (unaudited)	31 December 2020
Contracted, but not provided for:		
Capital commitments	726,390	1,184,137
Investment commitments	54,372,413	39,819,252
Other commitments	310,355	234,062
Total	55,409,158	41,237,451

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.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

XI. COMMITMENTS AND CONTINGENCIES (CONTINUED)

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 2021 (unaudited)	31 December 2020
Associates	2,299,953	2,569,693
Other entities	245,447	223,012
Total	2,545,400	2,792,705

The above guarantees exclude guarantees in respect of the banking facilities other than mortgages. As at 30 June 2021, the Group's guarantees (excluding guarantees in respect of the banking facilities other than mortgages) amounted to RMB2,545,400,000 (31 December 2020: RMB2,792,705,000), the guarantees in respect of mortgages amounted to RMB27,259,684,000 (31 December 2020: RMB23,737,531,000). 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.

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 2021 (unaudited)	31 December 2020
Subsidiaries	20,963,249	17,365,697
Associates	2,299,953	2,569,693
Other entities	245,447	223,012
Total	23,508,649	20,158,402

In addition, no interest-bearing bank and other loans of the Company were guaranteed by the subsidiaries of the Company as at 30 June 2021 (31 December 2020: 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.;
- (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.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

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 2021: (unaudited)							
Revenue from external customers	427,744,411	8,641,058	9,014,271	11,896,212	31,218,913	-	488,514,865
Inter-segment sales	4,987,580	2,896	993,117	-	21,886,591	(27,870,184)	-
Total	432,731,991	8,643,954	10,007,388	11,896,212	53,105,504	(27,870,184)	488,514,865
Share of profits/(losses) of joint ventures and associates	266,802	(40,383)	84,574	408,327	38,009	-	757,329
Impairment (losses) reversal of credit and impairment (losses) reversal on assets	(1,398,429)	(56,034)	(33,523)	681	43,968	-	(1,443,337)
Depreciation and amortisation	8,122,093	127,734	467,313	27,111	433,275	-	9,177,526
Profit before tax	9,618,434	1,704,858	1,186,626	1,364,068	3,479,558	(460,664)	16,892,880
Other disclosures:							
Increase in non-current assets other than long-term equity investments	9,641,211	58,729	679,217	62,017	8,977,919	-	19,419,093
30 June 2021 (unaudited)							
Segment assets (Note 1)	894,328,092	23,762,724	47,203,789	299,368,418	335,621,157	(264,745,254)	1,335,538,926
Segment liabilities (Note 2)	684,863,679	9,463,709	24,768,157	258,552,056	290,945,067	(258,790,346)	1,009,802,322
Other disclosures:							
Long-term equity investments in joint ventures and associates	70,741,167	4,561,022	1,707,854	5,521,087	1,203,308	-	83,734,438

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

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 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 (losses) reversal of credit and impairment (losses) reversal 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
31 December 2020							
Segment assets (Note 1)	864,395,899	26,546,024	38,903,871	232,729,444	360,576,334	(280,358,773)	1,242,792,799
Segment liabilities (Note 2)	652,940,756	12,737,287	21,570,137	195,104,114	321,098,656	(274,297,241)	929,153,709
Other disclosures:							
Long-term equity investments in joint ventures and associates	59,132,874	4,174,721	1,631,245	5,293,102	389,097	-	70,621,039

Note 1: Segment assets do not include deferred tax assets of RMB6,819,793,000 (31 December 2020: RMB6,423,173,000), as the Group does not manage these assets based on operating segments. In addition, inter-segment receivables of RMB271,565,047,000 (31 December 2020: RMB286,781,946,000) are eliminated on consolidation.

Note 2: Segment liabilities do not include deferred tax liabilities of RMB1,313,247,000 (31 December 2020: RMB1,378,201,000) and corporate income tax payable of RMB1,993,774,000 (31 December 2020: RMB2,639,368,000) as the Group does not manage these liabilities based on operating segments. In addition, inter-segment payables of RMB262,097,367,000 (31 December 2020: RMB278,314,810,000) are eliminated on consolidation.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

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 2021 (unaudited)	For the six months ended 30 June 2020 (unaudited)
Mainland China	467,676,892	355,675,358
Outside Mainland China	20,837,973	15,114,075
Total	488,514,865	370,789,433

Total non-current assets (Note)

RMB '000

	30 June 2021 (unaudited)	31 December 2020
Mainland China	231,513,972	209,410,632
Outside Mainland China	10,835,315	8,321,967
Total	242,349,287	217,732,599

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 2021 (for the six months ended 30 June 2020: Nil).

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

XIII. OTHER SIGNIFICANT EVENTS (CONTINUED)

2. Other financial information

(i) Pension scheme contributions

RMB '000

Item	For the six months ended 30 June 2021 (unaudited)	For the six months ended 30 June 2020 (unaudited)
Pension scheme contributions (defined contribution plans)	3,488,172	2,213,600
Pension scheme costs (defined benefit plans)	7,856	2,539

As at 30 June 2021, there were no forfeited contributions available to reduce the Group's contributions to its pension scheme in the next year (31 December 2020: Nil).

(ii) Directors' and supervisors' remuneration

RMB '000

Item	For the six months ended 30 June 2021 (unaudited)	For the six months ended 30 June 2020 (unaudited)
Directors' and supervisors' remuneration	2,323	2,167

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

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 2021 (unaudited)	31 December 2020
Within 1 year	3,016,712	3,526,860
1 to 2 years	687,884	721,222
2 to 3 years	284,764	385,651
Over 3 years	186,103	150,487
Subtotal	4,175,463	4,784,220
Less: Impairment of credit losses	166,858	171,270
Total	4,008,605	4,612,950

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

RMB '000

Category	30 June 2021 (unaudited)				Carrying amount
	Gross carrying amount		Impairment of credit losses		
	Amount	Percentage %	Amount	Provision percentage %	
Impairment of credit losses assessed by credit risk portfolio	4,175,463	100.00	166,858	4.00	4,008,605
Total	4,175,463	100.00	166,858	4.00	4,008,605

RMB '000

Category	31 December 2020				Carrying amount
	Gross carrying amount		Impairment of credit losses		
	Amount	Percentage %	Amount	Provision percentage %	
Impairment of credit losses assessed by credit risk portfolio	4,784,220	100.00	171,270	3.58	4,612,950
Total	4,784,220	100.00	171,270	3.58	4,612,950

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

XIV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

1. Trade receivables (continued)

As at 30 June 2021, trade receivables whose impairment of credit losses were assessed by credit risk portfolio are listed as follows:

RMB '000

Aging	30 June 2021 (unaudited)			
	Gross carrying amount		Impairment of credit losses	
	Amount	Percentage %	Amount	Provision percentage %
Within 1 year	3,016,712	72.25	19,041	0.63
1 to 2 years	687,884	16.47	34,792	5.06
2 to 3 years	284,764	6.82	43,463	15.26
Over 3 years	186,103	4.46	69,562	37.38
Total	4,175,463	100.00	166,858	4.00

As at 30 June 2021, 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	622,859	Within 1 year	14.92
Company 2	Third party	539,585	Within 1 year	12.92
Company 3	Joint venture	502,616	Within 1 year	12.04
Company 4	Third party	443,126	Within 2 years	10.61
Company 5	Joint venture	264,898	Within 1 year	6.34
Total	--	2,373,084	--	56.83

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

XIV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

1. Trade receivables (continued)

As at 31 December 2020, trade receivables from the five largest customers are listed as follows:

<i>RMB '000</i>				
Due from	Relationship with the Company	Amount	Aging	Percentage of total trade receivables (%)
Company 1	Third party	658,808	Within 1 year	13.77
Company 2	Joint venture	494,124	Within 1 year	10.33
Company 3	Third party	467,444	Within 1 year	9.77
Company 4	Third party	445,072	Within 2 years	9.30
Company 5	Joint venture	437,309	Within 1 year	9.14
Total	--	2,502,757	--	52.31

As at 30 June 2021 and 31 December 2020, 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:

<i>RMB '000</i>		
Aging	30 June 2021 (unaudited)	31 December 2020
Within 1 year	22,954,035	17,605,735
1 to 2 years	1,584,889	119,453
2 to 3 years	90,231	525,764
Over 3 years	698,229	177,095
Subtotal	25,327,384	18,428,047
Less: Impairment of credit losses	11,843	10,806
Total	25,315,541	18,417,241

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

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 2021, the Company did not have other receivables at phase II.
- (2) As at 30 June 2021, the Company did not have other receivables at phase III.

For the six months ended 30 June 2021, no impairment of credit losses of other receivables has been written off. (For the six months ended 30 June 2020: Nil)

As at 30 June 2021, 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	15,000,000	Within 1 year	59.23
Company 2	Subsidiary	5,200,096	Within 4 years	20.53
Company 3	Subsidiary	2,109,833	Within 3 years	8.33
Company 4	Subsidiary	910,000	Within 1 year	3.59
Company 5	Subsidiary	600,000	Within 2 years	2.37
Total	—	23,819,929	—	94.05

As at 31 December 2020, 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	5,942,802	Within 2 years	32.25
Company 2	Subsidiary	3,000,000	Within 2 years	16.28
Company 3	Subsidiary	2,509,148	Within 2 years	13.62
Company 4	Subsidiary	2,149,246	Within 4 years	11.66
Company 5	Subsidiary	1,216,783	Within 1 year	6.60
Total	—	14,817,979	—	80.41

As at 30 June 2021 and 31 December 2020, 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 2021

XIV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

3. Long-term equity investments

RMB '000

Item	30 June 2021 (unaudited)	31 December 2020
Equity investment accounting for cost method – Subsidiaries (i)	102,473,521	102,169,338
Total	102,473,521	102,169,338

Note: All the long-term equity investments are investments in unlisted companies, except for CRCC High-tech Equipment Corporation Limited and China Railway Construction Heavy Industry Corporation Limited.

(i) Subsidiaries

RMB '000

Investee	Carrying amount at 31 December 2020	Changes for the year		Carrying amount at 30 June 2021 (unaudited)	Percentage of the investee's registered capital directly attributable to the Company as at June 2021 (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 2021

XIV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

3. Long-term equity investments (continued)

(i) Subsidiaries (continued)

Investee	Carrying amount at 31 December 2020	Changes for the year		Carrying amount at 30 June 2021 (unaudited)	Percentage of the investee's registered capital directly attributable to the Company as at June 2021 (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.	1,047,809	-	-	1,047,809	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	Co., Ltd.
China Railway Construction Heavy Industry Corporation Limited <i>(Note 1)</i>	4,028,004	-	-	4,028,004	74.62	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 Harbour 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	3,012,602	-	-	3,012,602	100.00	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.
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.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

XIV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

3. Long-term equity investments (continued)

(i) Subsidiaries (continued)

Investee	Carrying amount at 31 December 2020	Changes for the year		Carrying amount at 30 June 2021 (unaudited)	Percentage of the investee's registered capital directly attributable to the Company as at June 2021 (unaudited) (%)	Category
		Transfer to/ Increase in investment	Decrease in investment			
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.	2,000,000	-	-	2,000,000	100.00	Co., Ltd.
CRCC Cyber Information Technology Co., Ltd. (Note 2)	101,161	-	101,161	-	-	Co., Ltd.
CRCC East Investment & Construction Co., Ltd.	2,000,000	-	-	2,000,000	100.00	Co., Ltd.
CRCC International Investment Co., Ltd.	1,500,000	-	-	1,500,000	50.00	Co., Ltd.
CRCC Development Group Co., Ltd. (Note 2)	600,000	401,160	-	1,001,160	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.	810,000	-	-	810,000	100.00	Co., Ltd.
CRCC Capital Holdings Group Co., Ltd.	3,633,290	-	-	3,633,290	100.00	Co., Ltd.
CRCC Finance (Hong Kong) Co., Ltd. (Note 3)	-	4,184	-	4,184	100.00	Co., Ltd.
Total	102,169,338	405,344	101,161	102,473,521	-	-

Note 1: China Railway Construction Heavy Industry Corporation Limited first publicly issued 1,285,180,000 ordinary shares in 2021, and the registered capital increased by RMB1,285,180,000, resulting in the company's direct shareholding in CRCC Heavy Industry decreased from 99.5% to 74.62%.

Note 2: In 2021, the Company used its shares in CRCC Cyber Information Technology Co., Ltd and cash to increase capital for CRCC Development Group Co., Ltd.

Note 3: In 2021, the Company used cash to establish CRCC Finance (Hong Kong) Co., Ltd., a wholly subsidiary.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

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 2021 (unaudited)	31 December 2020
Payables for advances	20,792,500	21,063,994
Dividends payable	4,290,986	557,800
Guarantees and deposits	83,522	80,709
Others	503,281	407,043
Total	25,670,289	22,109,546

5. Long-term loans

RMB '000

Item	30 June 2021 (unaudited)	31 December 2020
Credit loans	2,806,146	2,632,066
Total	2,806,146	2,632,066

The maturity profile of the long-term loans as at the balance sheet date is listed as follows:

RMB '000

Item	30 June 2021 (unaudited)	31 December 2020
Within one year or paid on demand	2,186,000	2,189,025
In the second year (inclusive)	636,128	623,502
In the third year (inclusive)	596,018	391,564
Over three years	1,574,000	1,617,000
Total	4,992,146	4,821,091

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

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 2021 (unaudited)	For the six months ended 30 June 2020 (unaudited)
Revenue from principal operations	5,960,507	4,967,121
Other operating revenue	13,554	11,277
Total	5,974,061	4,978,398

Operating cost is presented as follows:

RMB '000

Item	For the six months ended 30 June 2021 (unaudited)	For the six months ended 30 June 2020 (unaudited)
Operating cost	5,788,387	4,884,392

Notes to the Financial Statements (continued)

For the six months ended 30 June 2021

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 2021 (unaudited)	For the six months ended 30 June 2020 (unaudited)
Interest expenses	283,733	847,824
Less: Interest income	1,406,638	2,011,569
Exchange losses/(gains)	(101,198)	158,457
Bank charges and others	18,336	7,538
Total	(1,205,767)	(997,750)

8. Investment income

RMB '000

Item	For the six months ended 30 June 2021 (unaudited)	For the six months ended 30 June 2020 (unaudited)
Investment income received from long-term equity investments under cost method	7,853,746	10,665,946
Total	7,853,746	10,665,946

For the six months ended 30 June 2021, the investment income mentioned above was composed of investment income of RMB nil (For the six months ended 30 June 2020: RMB38,729,000) from listed companies and RMB7,853,746,000 from unlisted companies (For the six months ended 30 June 2020: RMB10,627,217,000).

As at 30 June 2021, 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 2021

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 2021 (unaudited)	For the six months ended 30 June 2020 (unaudited)
Reconciliation of net profit to cash flows from operating activities:		
Net profit	8,929,049	11,726,100
Plus: Impairment of credit losses	(3,375)	30,800
Impairment losses of assets	(1,199)	136
Depreciation of fixed assets	7,872	6,653
Amortisation of intangible assets	4,733	3,320
Amortisation of long-term prepayments	271	–
Depreciation of right-of-use assets	15,289	15,755
Losses on retirement of fixes assets	449	646
Gains from changes in fair value	(5,391)	(242,162)
Finance costs	165,105	1,006,281
Investment income	(7,853,746)	(10,665,946)
Increase in deferred tax liabilities	1,347	60,540
Increase in inventories	(831)	–
Increase in contract assets	(242,093)	(900,831)
(Increase) Decrease in operating receivables	(14,658,316)	4,230,076
Decrease in operating payables	(1,913,615)	(2,028,014)
Net cash flows generated from operating activities	(15,554,451)	3,243,354

(2) Cash and cash equivalents

RMB '000

Item	30 June 2021 (unaudited)	31 December 2020
Cash	17,093,463	29,808,391
Including: Cash on hand	73	3
Cash with banks/financial institutions without restrictions	17,093,390	29,808,388
Closing balance of cash and cash equivalents	17,093,463	29,808,391

Supplementary Information

For the six months ended 30 June 2021

XV. SUPPLEMENTARY INFORMATION

1. Summary of non-recurring profit or loss

RMB '000

Item	For the six months ended 30 June 2021 (unaudited)	For the six months ended 30 June 2020 (unaudited)
Gains from disposal of non-current assets	109,086	202,462
Gains from disposal of long-term equity investments	4,092	432
Gains arising from re-measured remaining equity at fair value after the loss of control	142	–
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)	479,946	169,970
Net gains from debt restructuring	127,720	53,147
Investment income from holding and disposal of the held-for-trading financial assets	37,248	27,884
Investment income from holding the other equity instrument investments	84,063	89,497
Gains on fair value changes	12,448	215,383
Reversal of impairment of receivables	256,979	129,238
Other non-operating income and expenses other than the above items	173,654	33,378
Impact on income tax	(212,620)	(174,599)
Impact on non-controlling interests (after tax)	(32,868)	(17,216)
Non-recurring profit or loss	1,039,890	729,576

Supplementary Information (continued)

For the six months ended 30 June 2021

XV. SUPPLEMENTARY INFORMATION (CONTINUED)

2. Return on net assets and earnings per share ("EPS")

For the six months ended 30 June 2021 (unaudited):

	Weighted average return on net assets (%)	EPS (RMB)	
		Basic	Diluted
Net profit attributable to the Company's ordinary shareholders	5.63	0.79	0.79
Net profit attributable to the Company's ordinary shareholders after deducting non- recurring profit or loss	5.09	0.72	0.71

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

The Company issued a Convertible Bond at USD500 million on 29 January 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).

Chairman of the Board: WANG Jianping
Submission date approved by the Board: 30 August 2021

By order of the Board
China Railway Construction Corporation Limited
Chairman
WANG Jianping

Beijing, PRC
30 August 2021

As at the date of this announcement, the Board comprises Mr. WANG Jianping (Chairman and Executive Director), 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).