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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 2022 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 2022. This announcement, containing the full text of the 2022 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 2022 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 2022.

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 Wang Lei, 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.

None

- 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 significant risks the Company may encounter are: operational compliance risk, investment risk, safety risk, epidemic prevention and control risk and debt 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 2022 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 of 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 in charge 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 2022 Interim Report published on the Main Board of Hong Kong Stock Exchange.

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, Parent 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
“Company Law”	The Company Law of the People’s Republic of China
“Securities Law”	The Securities Law of the People’s Republic of China

Section I Definitions (continued)

“SASAC”	State-owned Assets Supervision and Administration Commission of the State Council
“Reporting Period”	The period from January to June 2022
“End of the Reporting Period”	30 June 2022
“Corresponding Period of Last Year”	The period from January to June 2021
“End of Last Year”	31 December 2021
“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	JING Jing	JING Jing, 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.

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

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 (from January to June)	Corresponding period of last year	Change as compared to the corresponding period of last year (%)
Revenue	540,496,534	488,514,865	10.64
Net profit attributable to shareholders of the listed Company	13,473,989	12,307,363	9.48
Net profit deducting non-recurring profit or loss attributable to shareholders of the listed Company	12,766,990	11,267,473	13.31
Net cash flows used in operating activities	-19,604,382	-56,186,368	N/A

	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	280,858,680	268,789,292	4.49
Total assets	1,494,211,230	1,352,970,006	10.44

(II) Key financial indicators

Key financial indicators	Reporting Period (from January to June)	Corresponding period of last year	Change as compared to the corresponding period of last year (%)
Basic earnings per share (RMB per share)	0.89	0.79	12.66
Diluted earnings per share (RMB per share)	0.89	0.79	12.66
Basic earnings per share after deduction of non-recurring profit or loss (RMB per share)	0.84	0.72	16.67
Weighted average return on net assets (%)	5.71	5.63	Increased by 0.08 percentage point
Weighted average return on net assets after deduction of non-recurring profit or loss (%)	5.37	5.09	Increased by 0.28 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

The basic earnings per share and diluted earnings per share for the Reporting Period were calculated after deducting the interests for holders of other equity instruments of RMB1,395,692 thousand.

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	13,393
Government grants recognised through profit or loss (other than government grants which are closely related to the Company's normal business operations, comply with national policies and can be enjoyed continuously based on a fixed amount or a fixed quantity)	278,853
Profit or loss from debt restructuring	82,293
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	92,615
Reversal of the provisions for impairment of receivables and contract assets subject to impairment test separately	334,741
Other non-operating income and expenses other than the above items	97,645
Less: Impact on income tax	161,465
Effect of minority interests (after tax)	31,076
Total	706,999

Explanation on defining the non-recurring profit or loss items listed in the "Explanatory Announcement No. 1 on Information Disclosure of Companies Offering Securities to the Public – Non-recurring Profit or Loss" as recurring profit or loss items

Applicable Not applicable

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 is one of the strongest and largest-scale integrated construction groups in China and in the world. Its business covers construction operation, planning, design and consultancy, investment and operation, real estate development, industrial manufacturing, materials and logistics, environmental protection, industrial finance and other emerging industries.

(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, rail transits, water conservancy and hydropower, housing construction, municipal engineering, bridges, tunnels, airports and wharfs. Its construction operations mainly take the forms of construction contract and financing contract.

2. Industry development

Since 2022, the state has issued a series of policies, emphasizing the need to comprehensively strengthen infrastructure construction and expand effective investment, and bringing new development opportunities for the development of construction operation business. The state continued to support major projects to promote coordinated regional development and the construction of the “new infrastructure, new urbanisation initiatives and major projects”. Traditional infrastructures such as transportation, energy and water conservancy continued to exert their strength. New infrastructures such as data center, high-speed rail transit, 5G, automobile charging pile have become important starting points for the conversion of old and new kinetic energy. In addition, the state has stepped up efforts in ecological environment control projects and the transformation of old urban residential areas and supporting infrastructure, and the government has invested more in livelihood projects that benefit a wide range of people, so as to improve the public service level in counties. The development of construction operations in China has entered a period of high-quality development and transformation opportunities.

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

(II) Planning, Design and Consultancy

1. Business overview

Planning, 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 related project bureaus, and cover railway, urban rail transits, highways, municipal administration, industrial and civil buildings, magnetic levitation, water transport, hydropower, airports and other areas 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. The basic business model of planning, design and consultancy operations is to complete the planning, design and consultancy and related services of engineering projects as contracted through market competition, and to operate general design contracting projects and general engineering contracting projects by fully leveraging on the business advantages of the Group.

2. Industry development

In 2022, the market of domestic railway, highway, urban rail, municipal and port, airport, electric power and other fields where the planning, design and consultancy operations are located will continue to maintain the growth trend, and the emerging market fields such as rural construction, utility tunnel, sponge city, environmental protection and pollution control have also seen rapid development. At the same time, with the continuous promotion of the reform of engineering design qualification, the design institute that has obtained the design comprehensive Grade A qualifications has been equipped with the cross-industry development capability. In addition, against the background that the state encourages the development of whole-process engineering consulting business, it is expected to form a whole-process engineering consultancy enterprise with international influence, and cultivate an integrated project management consultancy service system.

(III) Investment and Operation

1. Business overview

The investment and operation is an important engine for the transformation and upgrade of the Group and a core business to improve efficiency creation ability and promote sustainable development. Through various modes such as PPP, BOT and equity investment, the scale of investment in areas such as expressway, urban rail transit, district comprehensive development, municipal administration, railway, and environmental management has gradually expanded. At present, the development model of “design-investment-construction-operation” has been established, and a series of operating brands such as “CRCC Expressway” have been built, gradually realising the transformation and upgrade from a traditional construction contractor to an investment construction operator. The investment and operation business consists of two parts: investment pulling and operation. The investment pulling refers to the construction output value and income obtained through project contracting driven by project investment; and the operation business refers to the operating income obtained by obtaining the franchise right of infrastructure through project investment, obtaining government fees, feasibility gap subsidies through providing operation management services, and charging users fees according to relevant standards. The Group’s operating infrastructure projects mainly include expressways, rail transits, industrial parks, underground tunnels and other types.

2. Industry development

It was disclosed in the 2022 interim report of the national PPP comprehensive information platform project database that as of the end of June, there are a cumulative total of 10,354 projects in the database, with an investment amount of RMB16.5 trillion. The PPP market size has increased steadily, with transportation, municipal engineering projects in the forefront. With the continued favorable PPP policy, there is a broad space for transportation and municipal investment and operation.

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

(IV) real estate development

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 mainly focuses on three core city clusters including Yangtze River Delta, Pearl River Delta and Bohai Coastal Region, and steps up efforts to expand business in new city clusters and national new areas, such as Shandong Peninsula, Liaodong Peninsula, Western Coast of the Straits, Changsha-Zhuzhou-Xiangtan, Wuhan, Chengdu and Chongqing. The region layout sticks to the development roadmap that first- and second-tier cities are the focus and third- and fourth-tier cities with great potential serve as the supplement. The Group adopts the business model of “giving priority to residential development supplemented by other industries” for real estate business, and resolutely establishes the position of “Houses are for Living in rather than Speculation”. The Group will focus on urban upgrade and urban operation, strengthen resource integration, and continuously improve the development quality of real estate development business whilst strengthening traditional residential development business. During the Reporting Period, the Company further enhanced its awareness of management and control of business risks, paid close attention to changes in policies and market conditions for risks control and regulation, controlled risks and adjusted the pace of development. The Company accelerated sales receivables collection and destocking to ensure a safe cash flow, optimised the urban layout by bringing expenditures in line with the actual revenue, and gave full play to the advantages of central enterprises in terms of resources and synergies during the industry adjustment period to expand in new business areas that ensured a healthy, stable and sustainable business development.

2. Industry development

In 2022, under the main tone of “Houses are for Living in rather than Speculation”, policy control was further deepened, and policies such as “three red lines” financing control and centralised land supply were successively exerted. In the short term, the scale of the real estate market has shrunk, but in the long term, the competition in the real estate industry gradually shifted to “Quality First”. At the same time, the state attached great importance to the construction of affordable housing, vigorously developed affordable rental housing, actively promoted new urbanisation and urban-rural integration, and further promoted the healthy development and virtuous circle of the real estate industry. According to data released by the National Bureau of Statistics, the national real estate development investment from January to June 2022 was RMB6,831.4 billion, representing a year-on-year decrease of 5.4%, among which, residential investment was RMB5,180.4 billion, representing a year-on-year decrease of 4.5%. The construction area of real estate developers was 8,488.12 million square meters, representing a year-on-year decrease of 2.8%, among which, the residential construction area was 5,994.29 million square meters, representing a year-on-year decrease of 2.9%. The floor area of new construction housing projects was 664.23 million square meters, representing a year-on-year decrease of 34.4%, among which, the construction area of new residential projects was 488 million square meters, representing a year-on-year decrease of 35.4%. The completed gross floor area of real estate properties was 286.36 million square meters, representing a year-on-year decrease of 21.5%, among which, the gross floor area of residential properties completed was 208.58 million square meters, representing a year-on-year decrease of 20.6%. The commodity housing sales area was 689.23 million square meters, representing a year-on-year decrease of 22.2%, among which, the sales area of residence decreased by 26.6% year on year. The sales of commercial housing amounted to RMB6,607.2 billion, representing a year-on-year decrease of 28.9%, among which, the sales of residence decreased by 31.8% year on year.

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

(V) 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 formed three core businesses: equipment manufacturing, material production and precast concrete production. The principal business scope covers large railway track maintenance machinery, underground construction equipment, rail construction equipment, concrete equipment, lifting equipment, bridge construction equipment, compacting equipment, concrete products, bridge steel structures, turnout and spring bar fastener, and electric contact wire and parts. Leveraging its whole chain advantage, the Group actively promotes operating synergy and industry synergy and builds an integrated operation mode that incorporates multiple industries, so as to improve the competitiveness of the Company, expand the brand influence, and enhance overall profitability. The Group strives to improve businesses of less advantage, makes greater achievements in bridge steel structure manufacturing and installation technologies, and fosters new growth engines.

2. Industry development

Traditional general engineering machinery is affected by overcapacity to a certain extent, resulting in increasingly fiercer market competition. However, the high-end equipment manufacturing is embracing a golden period of prosperous development, and intelligent manufacturing development will be promoted in an all-round manner. The continuously improved core equipment supply capacity and the accelerated localisation of major technology equipment will offer great opportunity to high-end equipment manufacturing.

(VI) Materials and logistics

1. Business overview

The Group takes materials and logistics as an important business to support its core business, provide coordinated services, reduce costs and improve efficiency, with regional business outlets, adequate logistics sites and special railroad lines, and strong storage capacity of refined oil products in important cities and logistics node cities. The Group provided integrated supply chain service through improvement of an efficient IT-based logistics system, and regional and market-oriented service system. The Group formulated 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, adhering to the principle of “Maintaining Supply, Assuring Quality, Reducing Cost and Improving Value”, centralising internal demand, and realising 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 “optimising 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.

2. Industry development

China's materials and logistics industry has entered a critical period of logistics system formation. Relying on the resource channel advantages formed by internal centralised material procurement and logistics transportation, the Group will increase the efficiency of external operation, further improve the two-level centralised procurement system, improve the level of centralised procurement, reduce procurement costs, expand the categories of centralised procurement and increase the proportion of primary centralised procurement; promote the rapid development of logistics business, significantly increase the business scale and proportion, build a modern logistics system and create an intelligent supply ecosystem for the construction industry.

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

(VII) Environmental protection

1. Business overview

The Group fully implemented the overall deployment of carbon peaking and carbon neutralization, actively responded to the national strategy, focused on project investment, construction and operation in sub-sectors such as watershed management, comprehensive water environment management, land restoration, pumped storage, offshore wind power, photovoltaic, etc. in accordance with major national ecological and environmental protection strategies and regional ecological and environmental objectives, leading the green upgrade of infrastructure, building industrial ecosystems, and enabling the environmental protection operations to gradually become a new important growth point for the Company. The business model of environmental protection operations is mainly to generate project contracting income through the construction of environmental protection projects.

2. Industry development

Since 2021, China has established a leading group for carbon peaking and carbon neutrality. The CPC Central Committee and the State Council issued the Working Guidance for Carbon Dioxide Peaking and Carbon Neutrality in Full and Faithful Implementation of the New Development Philosophy. The State Council's Action Plan for Carbon Dioxide Peaking before 2030 and SASAC's Guidance on Promoting Central Enterprises' High-quality Development and Working Well on Carbon Peak and Carbon Neutrality formed the "1+N" policy system for carbon peaking and carbon neutrality. The Group seized the opportunity of "Double Carbon", with "Ecology+" as the core, combined with the EOD model, aimed at key projects, made good use of green finance, and continuously improved its technology and complemented the shortcomings through internal integration and external mergers and acquisitions, so as to facilitate the achievement of "Double Carbon".

(VIII) Industrial finance

1. Business overview

The Group's industrial finance business follows the principle of serving the main business, focuses on the core positioning of "integrated financial service platform", gives full play to the main functions of "financial service provision, financial industry operation, financial resource allocation and financial risk prevention and control", and actively builds financial professional platforms such as centralised management platform for insurance resources, financial leasing service platform, industrial chain finance and innovative financial service platform, and industrial fund management platform. The industrial finance business mainly includes a number of financial products and services such as insurance brokerage, insurance agency, insurance adjustment, operating lease, financial lease, commercial factoring, supply chain finance, asset securitisation, financial technology, and industrial funds, giving full play to the advantages in business integration and linkage to create a closed-loop industrial financial ecosystem integrating "finance, investment, loan, insurance and lease", and realising the financial service of "whole system, whole subject, whole scene and whole cycle".

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

2. Industry development

Since 2021, the financial supply-side reform has been continuously promoted, the strict and detailed financial supervision has been further normalised, and the new requirements from SASAC on the industrial financial supervision of central enterprises have continued to be introduced. The Group strengthened the promotion of production through finance, standardized the combination of industry and finance, promoted the linkage of industry and finance and the integration of financial services, better leveraged the role of financial services in the development of the real industries, and maximized the value of industrial resources and financial capital.

For details of the specific operation of each business segment of the Group during the Reporting Period, please refer to “III. Operating results discussion and analysis” and “2. Performance of main businesses by segment, region and distribution model” in “IV. (I) Analysis of main businesses” of this section.

II. ANALYSIS OF THE CORE COMPETITIVENESS DURING THE REPORTING PERIOD

Applicable Not applicable

(I) *Prominent advantages in technology*

CRCC 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, and the technologies of underground and underwater engineering construction, magnetic levitation engineering construction and E&M system integration have achieved a leading level in the industry. Increasing number of products are designed with independent intellectual property rights, and Kunlun, the world's first thousand-ton bridge erecting machine developed, designed and manufactured by CRCC, was selected as the “Top Ten Nation's Machines of Central Enterprises in 2021”. The Group took the lead in undertaking 10 national key R&D projects, presided over 32 national scientific research projects and undertook one national key core technology research task. The scientific research is progressing smoothly, and the effect of achievement transformation is remarkable.

(II) *Continuous industry-leading position*

The Group is one of the strongest and largest-scale integrated construction groups in China and in the world. The Company has been included in the top 3 among the ENR “Top 250 Global Contractors” for many consecutive years, ranked the 39th among the Fortune “Global 500”. The Group has an A+H listed platform, sufficient bank credit, and the highest international rating for construction companies. Its business covers 32 provinces, autonomous regions and municipalities in China, as well as 138 countries and regions in the world.

(III) *Fully complete industrial structure and layout*

The Group has completed comprehensive layout along the construction industry chain, with the business covering the construction, planning, design and consultancy, investment and operation, real estate development, manufacturing, materials and logistics, environmental protection, industrial finance and other emerging businesses. With full industry-chain service capabilities in railway, highway, urban rail transit, housing construction, municipal administration and other fields, the Group has preliminarily achieved a transformation from a traditional contractor to a contractor-oriented contractor with equal emphasis as an investor, developer and operator, and is able to provide the “CRCC construction model” and “CRCC construction plan” with the whole process, whole cycle, personalisation, customisation and high quality for owners of different fields, types and needs.

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

(IV) Continuous optimisation of organisational and management system

The Group combined the optimisation of organisation management structure with the disposal of non-core business and non-advantageous business and quality and efficiency improvement and other tasks, strictly controlled newly-established business entities, and vigorously reduced the number of subsidiaries with weak capacity and weak synergy with the core business. According to the principle of being scientific, reasonable, capable and efficient, the Company also optimised the organisational structure, reduced the overlapping of departments and functions, and strictly controlled department and staff composition. The Company continuously adjusted and optimised the institutional setup of the headquarters and built a management system and operation mechanism with clear responsibility, strong control and smooth operation.

(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 Group has been intensively cultivating in the domestic and overseas construction industry and relevant industries. It 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 glorious history of over 70 years, the Group 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 Group has formulated the construction standard of more than 50% for high-speed railway in China, constructed more than 1,000 overseas projects, repeatedly set new records for the highest single contract value of China’s foreign engineering contracts, won a 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 Group has continued to inherit and carry forward the spirit of railway corps. Guided by CRCC Cultural Programme and CRCC Brand Declaration, the Group comprehensively promotes the implementation of the CRCC culture system and brand system in the new era, publicizes the story of CRCC, polishes the brand image of CRCC, and strives to improve the corporate cultural appeal and brand expression, which condenses a strong spiritual force and brand value support for the reform and development of the enterprise.

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

III. DISCUSSION AND ANALYSIS ON BUSINESS OPERATIONS

In the first half of 2022, in the presence of severe internal and external environment and market situation, CRCC deeply studied and implemented the important instructions of General Secretary Xi Jinping to “prevent the epidemic, stabilise the economy and secure the development”, adhered to the principle of “steadiness” and seeking progress in the midst of stability. The Group seized the market opportunities, strengthened the situation assessment and judgment, adopted a timely study and timely deployment, increased the supervision and assessment of operation at all levels, strengthened the internal operation synergy, the specialized and new operation, cultivated new growth momentum, and maintained the stable and progressive development trend of operation scale.

In the first half of 2022, the value of newly-signed contracts of the Group amounted to RMB1,331.2463 billion, achieving 46.29% of the Group’s annual goal, representing a year-on-year increase of 26.24%, among which, the value of newly-signed contracts for domestic business amounted to RMB1,223.9170 billion, accounting for 91.94% of the total value of the newly-signed contracts, representing a year-on-year increase of 25.57%; and the value of newly-signed contracts for overseas business amounted to RMB107.3293 billion, accounting for 8.06% of the total value of the newly-signed contracts, representing a year-on-year increase of 34.43%. As of June 2022, the value of outstanding contracts for the Group amounted to RMB5,449.7785 billion, representing a year-on-year increase of 21.78%, of which, the value of outstanding domestic contracts amounted to RMB4,415.7209 billion, accounting for 81.03% of the total value of outstanding contracts; and the value of outstanding overseas contracts amounted to RMB1,034.0576 billion, accounting for 18.97% of the total value of outstanding contracts. The major indicators are as follows:

Unit: RMB'00 million Currency: RMB

Type of business	Value of newly-signed contracts			Value of outstanding contracts		
	Reporting Period	Corresponding period of last year	Year-on-year growth (%)	End of Reporting Period	Corresponding period of last year	Year-on-year growth (%)
Construction operations	11,235.428	8,597.838	30.68	48,604.407	39,162.248	24.11
Survey, design and consultancy operations	176.407	165.835	6.38	361.696	287.731	25.71
Manufacturing operations	181.807	118.790	53.05	608.252	486.064	25.14
Materials and logistics operations	1,184.898	863.471	37.22	3,459.833	2,727.512	26.85
Real estate development operations	379.945	686.720	-44.67	1,384.267	2,063.017	-32.90
Other businesses	153.978	112.894	36.39	79.330	23.247	241.25
Total	13,312.463	10,545.548	26.24	54,497.785	44,749.819	21.78

Note: The data of the main businesses are still classified according to construction operations, survey, design and consultancy operations, manufacturing operations, real estate development operations, materials and logistics operations and other businesses.

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 RMB1,123.5428 billion, accounting for 84.40% of the total value of newly-signed contracts and representing an increase of 30.68% year-on-year, of which, the value of newly-signed contracts for railway construction amounted to RMB88.4806 billion, accounting for 7.88% of the value of newly-signed contracts in the construction operations segment and representing a decrease of 35.38% year-on-year; the value of newly-signed contracts for road projects amounted to RMB164.4322 billion, accounting for 14.64% of the value of newly-signed contracts in the construction operations segment and representing an increase of 70.78% year-on-year; the value of newly-signed contracts for housing construction amounted to RMB479.3994 billion, accounting for 42.67% of the value of newly-signed contracts in the construction operations segment and representing an increase of 37.88% year-on-year; the value of newly-signed contracts for urban rail transit amounted to RMB31.6804 billion, accounting for 2.82% of the value of newly-signed contracts in the construction operations segment and representing a decrease of 58.83% year-on-year; the value of newly-signed contracts for municipal engineering amounted to RMB181.3187 billion, accounting for 16.14% of the value of newly-signed contract in the construction operations segment and representing an increase of 8.62% year-on-year; the value of newly-signed contracts for hydraulic and electric engineering amounted to RMB71.2767 billion, accounting for 6.34% of the value of newly-signed contracts in the construction operations segment and representing an increase of 579.84% year-on-year; the value of newly-signed contracts for airports and terminals and navigation projects amounted to RMB19.4542 billion, accounting for 1.73% of the value of the newly-signed contracts in the construction operations segment and representing an increase of 252.23% year-on-year. The year-on-year substantial decrease in the value of newly-signed contracts for railway and urban rail transit projects was attributable to the decrease in the total number of projects tendered in the same period; the year-on-year increase in the value of newly-signed contracts for road projects was attributable to that the Group seized the opportunity of highway capacity expansion and renovation, actively extended the industrial chain, vigorously developed operations and maintenance and other businesses, and expanded its market influence; the year-on-year increase in the value of newly-signed contracts for housing construction was attributable to the Group's continued growth in orders around the construction of new urbanisation and seizing the opportunities of old city renovation and affordable housing construction; the year-on-year substantial increase in the value of newly-signed contracts for hydraulic and electric engineering was mainly due to the rapid growth in orders as the Group followed the national water network construction plan, focused on the "double carbon" strategy, took pumped storage and offshore wind power market development as breakthroughs, and accelerated its entry into the fields of hydropower and wind power; the fluctuations in the newly-signed contracts' amount of airports and terminals and navigation projects were normal due to its relatively small overall proportion.

During the Reporting Period, the value of newly-signed contracts for non-construction operations segments of the Group amounted to RMB207.7035 billion, accounting for 15.60% of the total value of newly-signed contracts and representing an increase of 6.64% year-on-year. In particular, the value of newly-signed contracts for survey, design and consultancy operations amounted to RMB17.6407 billion, representing an increase of 6.38% year-on-year; the value of newly-signed contracts for manufacturing operations amounted to RMB18.1807 billion, representing an increase of 53.05% year-on-year; the value of newly-signed contracts for materials and logistics operations amounted to RMB118.4898 billion, representing an increase of 37.22% year-on-year; and the value of newly-signed contracts for real estate development operations amounted to RMB37.9945 billion, representing a decrease of 44.67% year-on-year. The main reason for the year-on-year substantial increase in the value of newly-signed contracts for manufacturing operations was that the Group insisted on expanding the competitive advantages of its traditional core products through innovation, promoted product technology and service upgrades, and continuously expanded its market share; the main reason for the year-on-year increase in the value of newly-signed contracts for materials and logistics operations was that the Group achieved rapid growth in orders by strengthening strategic cooperation, extending services upstream and downstream to customers and enhancing supply chain service capabilities; the main reason for the year-on-year decrease in the value of newly-signed contracts for real estate development was that the Group has slowed down the pace of product launches and sales of its projects to prevent and control risks due to the frequent occurrence of epidemics and the sluggish market conditions.

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	540,496,534	488,514,865	10.64
Cost of sales	493,654,422	447,425,437	10.33
Selling and distribution expenses	2,906,896	2,927,992	-0.72
General and administrative expenses	9,688,514	9,719,424	-0.32
Finance expenses	1,591,577	1,040,861	52.91
Research and development expenses	8,396,894	8,598,485	-2.34
Net cash flows used in operating activities	-19,604,382	-56,186,368	N/A
Net cash flows used in investing activities	-38,426,563	-28,536,473	N/A
Net cash flows generated from financing activities	84,242,244	37,700,935	123.45

The change in revenue was mainly due to: the increase in construction operations, manufacturing operations and real estate development operation during the Reporting Period.

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

The change in selling and distribution expenses was mainly due to: the reduction of non-productive expenses during the Reporting Period.

The change in general and administrative expenses was mainly due to: the reduction of non-productive expenses during the Reporting Period.

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

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

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

The change in net cash flows generated from operating activities was due to: the increase in cash received for the sale of goods or the rendering of 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 borrowings during the Reporting Period.

2. Performance of main businesses by segment and region

During the Reporting Period, the Group recorded an operating revenue of RMB540.4965 billion, representing a year-on-year increase of 10.64%. The businesses of the Group cover construction, planning, design and consultancy, investment and operation, real estate development, industrial manufacturing, materials and logistics, environmental protection, industrial finance and other emerging industries and its operating scope covers 32 provinces, autonomous regions and municipalities in China, as well as 138 countries and regions in the world.

Main Businesses by Segment and by Region

Unit: '000 Currency: RMB

By segment	Revenue	Cost of sales	Gross profit Margin (%)	Main Businesses by Segment		
				Increase/ decrease in revenue as compared to the corresponding period of last year (%)	Increase/ decrease in cost of sales as compared to the corresponding period of last year (%)	Increase/ decrease in gross profit margin as compared to the corresponding period of last year (%)
Construction operations	484,668,462	450,235,637	7.10	12.00	11.58	Increase by 0.35 percentage point
Survey, design and consultancy operations	9,108,403	5,807,824	36.24	5.37	0.30	Increase by 3.23 percentage points
Manufacturing operations	10,802,719	8,069,041	25.31	7.95	7.11	Increase by 0.59 percentage point
Real estate development operations	21,382,902	17,922,786	16.18	79.75	83.39	Decrease by 1.67 percentage points
Logistics and materials trading and other businesses	44,519,392	41,032,023	7.83	-16.17	-14.44	Decrease by 1.87 percentage points
Inter-segment elimination	-29,985,344	-29,412,889	/	/	/	/
Total	540,496,534	493,654,422	8.67	10.64	10.33	Increase by 0.26 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	513,886,833	469,036,417	8.73	9.88	9.54	Increase by 0.28 percentage point
Overseas	26,609,701	24,618,005	7.48	27.70	27.87	Decrease by 0.13 percentage point
Total	540,496,534	493,654,422	8.67	10.64	10.33	Increase by 0.26 percentage point

Note: The data of the main business segments are still classified as construction operations, survey, design and consultancy operations, manufacturing operations, real estate development operations, materials and logistics operations and other businesses.

Explanation on Main Businesses by Segment and by Product

(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	484,668,462	432,731,991	12.00
Cost of sales	450,235,637	403,506,328	11.58
Gross profit	34,432,825	29,225,663	17.82
Gross profit margin (%)	7.10	6.75	Increase by 0.35 percentage point
Selling and distribution expenses	1,271,061	1,228,729	3.45
General and administrative expenses and research and development expenses	14,565,540	15,131,726	-3.74
Profit before tax	12,450,108	9,618,434	29.44

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

- (2) Survey, design and consultancy operations

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

Unit: '000 Currency: RMB

Item	Reporting Period	Corresponding period of last year	Growth rate (%)
Revenue	9,108,403	8,643,954	5.37
Cost of sales	5,807,824	5,790,164	0.30
Gross profit	3,300,579	2,853,790	15.66
Gross profit margin (%)	36.24	33.01	Increase by 3.23 percentage points
Selling and distribution expenses	412,017	417,527	-1.32
General and administrative expenses and research and development expenses	950,245	873,002	8.85
Profit before tax	2,067,429	1,704,858	21.27

- (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	10,802,719	10,007,388	7.95
Cost of sales	8,069,041	7,533,179	7.11
Gross profit	2,733,678	2,474,209	10.49
Gross profit margin (%)	25.31	24.72	Increase by 0.59 percentage point
Selling and distribution expenses	310,644	309,441	0.39
General and administrative expenses and research and development expenses	1,069,428	972,037	10.02
Profit before tax	1,488,242	1,186,626	25.42

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

(4) Real estate development operations

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

Unit: '000 Currency: RMB

Item	Reporting Period	Corresponding period of last year	Growth rate (%)
Revenue	21,382,902	11,896,212	79.75
Cost of sales	17,922,786	9,773,222	83.39
Gross profit	3,460,116	2,122,990	62.98
Gross profit margin (%)	16.18	17.85	Decrease by 1.67 percentage points
Selling and distribution expenses	548,753	534,784	2.61
General and administrative expenses and research and development expenses	519,788	525,063	-1.00
Profit before tax	1,744,609	1,364,068	27.90

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

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 change of gross profit of real estate development operations was mainly due to: the increase in revenue during the Reporting Period.

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

- (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	44,519,392	53,105,504	-16.17
Cost of sales	41,032,023	47,955,026	-14.44
Gross profit	3,487,369	5,150,478	-32.29
Gross profit margin (%)	7.83	9.70	Decrease by 1.87 percentage points
Selling and distribution expenses	364,421	437,511	-16.71
General and administrative expenses and research and development expenses	980,407	816,081	20.14
Profit before tax	1,934,097	3,479,558	-44.42

The change of gross profit of logistics and materials trading and other businesses was mainly due to: the decrease in gross profit of logistics trading business and investment operation projects during the Reporting Period.

The change of total profit amount of logistics and materials trading and other businesses was mainly due to: the decrease in profit of logistics trading business and investment operation projects 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	150,948,178	10.10	126,821,154	9.37	19.02	
Held-for-trading financial assets	2,518,571	0.17	460,063	0.03	447.44	Mainly due to the increase in currency fund products held during the Reporting Period.
Bills receivables	5,493,607	0.37	12,729,240	0.94	-56.84	Mainly due to the decrease in the use of bills for payment by customers during the Reporting Period.
Receivables at FVTOCI	2,220,622	0.15	2,475,096	0.18	-10.28	
Trade receivables	181,773,958	12.17	155,677,298	11.51	16.76	
Advances to suppliers	30,608,837	2.05	25,533,462	1.89	19.88	
Other receivables	68,675,045	4.60	63,786,446	4.71	7.66	
Inventories	297,173,621	19.89	279,554,016	20.66	6.30	
Contract assets	218,124,266	14.60	196,315,628	14.51	11.11	
Other current assets	32,651,333	2.19	24,862,581	1.84	31.33	Mainly due to the increase in prepaid tax and tax credits by the Group during the Reporting Period.
Long-term receivables	60,560,881	4.05	55,150,088	4.08	9.81	
Long-term equity investments	108,949,842	7.29	98,163,517	7.26	10.99	
Other equity instrument investment	11,190,155	0.75	11,621,685	0.86	-3.71	
Other non-current financial assets	6,344,642	0.42	4,531,803	0.34	40.00	Mainly due to the increase in foreign investment by the Group during the Reporting Period.
Investment properties	8,658,118	0.58	8,009,648	0.59	8.10	
Fixed assets	62,645,341	4.19	61,167,672	4.52	2.42	
Construction in progress	10,017,026	0.67	9,273,848	0.69	8.01	
Right-of-use assets	5,241,288	0.35	5,907,025	0.44	-11.27	

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

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
Intangible assets	72,144,176	4.83	68,261,159	5.05	5.69	
Goodwill	351,520	0.02	359,499	0.03	-2.22	
Other non-current assets	110,890,163	7.42	99,441,867	7.35	11.51	
Short-term loans	98,683,836	6.60	46,057,400	3.40	114.26	Mainly due to the replenishment of working capital by the Group during the Reporting Period.
Bills payable	98,815,940	6.61	90,733,401	6.71	8.91	
Trade payables	389,370,405	26.06	362,063,566	26.76	7.54	
Contract liabilities	138,098,871	9.24	150,667,341	11.14	-8.34	
Other payables	102,939,770	6.89	94,391,304	6.98	9.06	
Other current liabilities	28,149,896	1.88	26,089,924	1.93	7.90	
Long-term loans	166,521,984	11.14	141,296,464	10.44	17.85	
<small>Note 1</small>						
Bonds payable	43,775,265	2.93	36,360,201	2.69	20.39	
<small>Note 2</small>						
Lease liabilities	2,670,951	0.18	2,889,378	0.21	-7.56	
Long-term payables	28,965,077	1.94	23,141,104	1.71	25.17	
Employee benefits payable	12,413,892	0.83	12,350,290	0.91	0.51	
<small>Note 3</small>						

Notes:

1. "Long-term loans" includes "current portion of long-term loans".
2. "Bonds payables" includes "current portion of bonds payable".
3. "Employee benefits payable" is the sum of the "employee benefits payable" in the current liabilities and the "long-term employee benefits payables" in the non-current liabilities plus the "current portion of post-employment benefits".

2. Overseas assets

Applicable Not applicable

(1) Assets scale

Including: overseas assets 68,012,629 (Unit: '000 Currency: RMB), accounting for 4.55% of the total assets.

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

(2) Explanation for high proportion of 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 used in operating activities	-19,604,382	-56,186,368	36,581,986
Net cash flow used in investing activities	-38,426,563	-28,536,473	-9,890,090
Net cash flow generated from financing activities	84,242,244	37,700,935	46,541,309

During the Reporting Period, the net cash flow used in operating activities of the Group were net cash outflow amounting to RMB19.6044 billion, representing a decrease of RMB36.5820 billion in net cash outflow as compared with the corresponding period last year, mainly attributable to the increase in cash received for the sales of commodities and the provision of labor services during the Reporting Period.

During the Reporting Period, the net cash flow used in investing activities of the Group were net cash outflow amounting to RMB38.4266 billion, representing an increase of RMB9.8901 billion in cash outflow as compared to the corresponding period last year, mainly attributable to the increase in cash paid for the external investment during the Reporting Period.

During the Reporting Period, the net cash flow generated from financing activities of the Group were net cash inflow amounting to RMB84.2422 billion, representing an increase of RMB46.5413 billion in cash inflow as compared with the corresponding period last year, mainly attributable to the increase in cash received from borrowings 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 and BOT projects. During the Reporting Period, the Group's capital expenditures were RMB15.0261 billion, representing a year-on-year decrease of RMB0.6243 billion or 3.99%.

Unit: '000 Currency: RMB

Item	Reporting Period	Corresponding period of last year
Construction operations	9,670,237	9,620,726
Survey, design and consultancy operations	60,631	58,729
Manufacturing operations	622,547	679,217
Real estate development operations	696,165	62,017
Other businesses	3,976,543	5,229,738
Total	15,026,123	15,650,427

3. Working capital

(1) Trade Receivables

Trade receivables of the Group increased from RMB155.6773 billion as at 31 December 2021 to RMB181.7740 billion as at 30 June 2022, representing an increase of RMB26.0967 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 2022	31 December 2021
Within 1 year	150,496,441	131,449,832
1–2 years	28,013,568	19,877,853
2–3 years	8,531,483	8,295,475
Over 3 years	9,053,977	8,523,216
Subtotal	196,095,469	168,146,376
Less: Impairment of credit losses	14,321,511	12,469,078
Total	181,773,958	155,677,298

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 2022	31 December 2021
Turnover days of trade receivables ^{Note 1}	61	54
Turnover days of trade payables ^{Note 2}	137	141

Notes:

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 and multiplied by 180 days (365 days for the number as at 31 December 2021).
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 and multiplied by 180 days (365 days for the number as at 31 December 2021).

(2) Trade payables

Trade payables of the Group increased from RMB362.0636 billion as at 31 December 2021 to RMB389.3704 billion as at 30 June 2022, representing an increase of RMB27.3068 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 2022	31 December 2021
Within 1 year	379,674,823	352,926,302
1–2 years	6,600,810	6,359,877
2–3 years	2,241,943	1,971,334
Over 3 years	852,829	806,053
Total	389,370,405	362,063,566

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 RMB89.3199 billion as at 31 December 2021 to RMB99.2839 billion as at 30 June 2022, representing an increase of RMB9.9640 billion or 11.16%.

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 RMB262.6834 billion, representing a decrease of RMB5.1937 billion or 1.94% as compared to the end of last year, mainly due to the decrease in advances for construction contracts.

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 2022	31 December 2021
Credit loans	94,708,518	41,034,036
Guaranteed loans	3,073,400	4,466,190
Pledged loans	901,918	557,174
Total	98,683,836	46,057,400

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 2022	31 December 2021
Credit loans	16,813,054	10,485,076
Guaranteed loans	6,451,651	11,064,917
Mortgaged loans	3,612,786	4,119,866
Pledged loans	548,451	582,031
Total	27,425,942	26,251,890

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 2022	31 December 2021
Credit loans	60,315,859	45,507,276
Pledged loans	46,815,467	44,206,255
Mortgaged loans	22,850,726	13,676,113
Guaranteed loans	9,113,990	11,654,930
Total	139,096,042	115,044,574

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 2022	31 December 2021
Bonds payable	30,656,057	29,534,875
Current portion of bonds payable	13,119,208	6,825,326
Total	43,775,265	36,360,201

As at the end of the Reporting Period and the end of last year, the Group's gearing ratio was 68% and 66%, respectively. Gearing ratio is calculated by dividing net liabilities by the sum of total equity plus net liabilities. Net liabilities include the net amount of the sum of all loans, due to customers, other current liabilities, bills payable, trade payables, other payables, bonds payable, lease liabilities, long-term payables (excluding special payables), current portion of non-current liabilities (excluding current portion of long-term employee benefits payable and provisions), and other non-current liabilities less cash and bank balances. Total equity comprises equity attributable to owners of the Company and non-controlling interests.

Section 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 RMB61.9075 billion, representing an increase of RMB4.5161 billion or 7.87% 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 2022	31 December 2021
Contracted but not provided for		
Capital commitments	2,420,290	1,465,402
Investment commitments	59,226,325	55,675,097
Other commitments	260,931	250,931
Total	61,907,546	57,391,430

(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 RMB152.1613 billion, representing an increase of RMB15.8261 billion or 11.61% as compared to the end of last year, which was mainly due to the increase in borrowings mortgage of intangible 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 2022	31 December 2021
Intangible assets	104,390,422	50,867,556
Inventories	23,157,979	45,426,209
Cash and bank balances	14,328,466	11,221,219
Other non-current assets	6,161,701	25,963,981
Fixed assets	1,643,898	273,348
Trade receivables	1,544,789	1,059,077
Construction in progress	716,992	1,391,992
Bills receivable	217,010	131,750
Total	152,161,257	136,335,132

Please see “62. Assets with title restrictions” in Note V to the financial report of this report for details of mortgage and pledge.

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

8. Foreign exchange risks and profit or loss on exchange

The major production and operation activities of the Group are located in the PRC and the principal operations are settled in RMB. The assets and liabilities in foreign currency recognized by the Group and the transactions to be denominated in foreign currencies in the future are subject to foreign exchange risks. As for 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, Malaysian Ringgit, Tanzanian Shilling and so on) held by the Group as at the end of the Reporting Period, please see “63. 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 RMB108.9991 billion, representing an increase of RMB10.7863 billion or 10.98%, which was mainly due to the increase in the joint ventures and associates during the Reporting Period.

(1) Major equity investment

Applicable Not applicable

(2) Major non-equity investment

Applicable Not applicable

(3) Financial assets measured at fair value

Applicable Not applicable

Unit: '000 Currency: RMB

Item	Opening balance	Closing balance	Profit/loss during the Reporting Period	Changes in owner’s equity during the Reporting Period
Securities investment	352,021	2,351,684	-7,640	-
Equities of other listed companies	2,384,871	2,108,334	26,603	-258,189
Trust products and others	2,626,688	4,278,162	94,242	-
Total	5,363,580	8,738,180	113,205	-258,189

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

① Investment in securities

Unit: '000 Currency: RMB

No.	Type of securities	Stock code	Abbreviated stock name	Amount of initial investment	Number of securities held at the end of the period (share)	Carrying value at the end of the period	Percentage over total securities investment at the end of the period (%)	Profit/loss during the Reporting Period		Source of shares
								Reporting Period	Presentation item	
1	Stock	HK03969	China CRSC	131,950	25,000,000	56,015	2.38	-4,762	Held-for-trading financial assets	Original issue stock
2	Stock	HK01258	CHINF Mining	64,863	36,363,000	113,291	4.82	16,274	Other non-current financial assets	Original issue stock
3	Stock	601618	MCC	59,265	10,600,000	17,042	0.72	-966	Held-for-trading financial assets	Original issue stock
4	Stock	600028	SINOPEC	533	135,000	218	0.01	-34	Other non-current financial assets	Original issue stock
5	Stock	600515	*ST Foundation (*ST基礎)	92,788	20,490,378	69,440	2.95	-23,349	Held-for-trading financial assets	Subscription
6	Open-ended Fund	000652	Bosera-Yulong Hybrid	17,370	17,369,836	69,497	2.96	-12,176	Held-for-trading financial assets	Subscription
7	Open-ended Fund	519606	Guotai Jinxin	3,908	3,908,303	8,312	0.35	-1,353	Held-for-trading financial assets	Subscription
8	Open-ended Fund	002660	ICBC Advent Money B (工銀安盈貨幣B)	150,000	150,000,000	150,140	6.38	140	Held-for-trading financial assets	Subscription
9	Open-ended Fund	000602	Fu Guo An Yi Money A	100,000	100,000,000	101,057	4.30	1,057	Held-for-trading financial assets	Subscription
10	Open-ended Fund	675061	Western Profits Tianty Money (西部利得天添富貨幣)	100,000	100,000,000	101,035	4.30	1,035	Held-for-trading financial assets	Subscription
11	Open-ended Fund	202308	Southern Yield B	150,000	150,000,000	151,593	6.45	1,593	Held-for-trading financial assets	Subscription
12	Open-ended Fund	001930	Huaxia Yield Money B	200,000	200,000,000	201,805	8.58	1,805	Held-for-trading financial assets	Subscription
13	Open-ended Fund	000759	Ping An Caifubao Money A	500,000	500,000,000	505,138	21.48	5,138	Held-for-trading financial assets	Subscription
14	Open-ended Fund	003465	Ping An Jin Guan Jia Money A	500,000	500,000,000	504,579	21.46	4,579	Held-for-trading financial assets	Subscription
15	Open-ended Fund	001909	Chuangjin Hexin Money A	300,000	300,000,000	302,522	12.86	2,522	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			/	/	/	/	857	/	/
Total				2,370,677	/	2,351,684	100.00	-7,640	/	/

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

② Shareholdings in other listed companies

Unit: '000 Currency: RMB

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		Source of shares
							Profit/loss during the Reporting Period	owner's equity during the Reporting Period	
834898	Zhuzhou Department Store	360	0.31	0.31	1,869	-	-154	Other equity instrument investments	Original issue stock
688009	CFSC	69,495	0.11	0.11	53,631	-	-5,327	Other equity instrument investments	Original issue stock
HK03898	CRRC Times Electric	9,800	0.90	0.90	578,657	4,410	-50,209	Other equity instrument investments	Original issue stock
000759	Zhongbai Holdings Group	1,058	0.14	0.14	4,887	-	86	Other equity instrument investments	Original issue stock
600657	Cinda Real Estate	236	-	-	17,081	-	8,051	Other equity instrument investments	Original issue stock
600928	Xi'an Commercial Bank (西安商行)	100	-	-	720	-	-124	Other equity instrument investments	Subscription
000630	Tongling Nonferrous	208,415	0.71	0.71	245,283	7,524	-14,444	Other equity instrument investments	Subscription
600322	Tianjin Realty Development	160	0.03	0.03	190	-	-	Other equity instrument investments	Original issue stock
HK00687	Tysan Holdings	208,027	1.69	1.69	16,800	693	-487	Other equity instrument investments	Subscription
600809	Shanxi Fenjia	708	0.05	0.05	181,888	-	5,051	Other equity instrument investments	Original issue stock
002159	Sante Cableways	3,000	0.99	0.99	14,441	-	1,397	Other equity instrument investments	Original issue stock
601328	Bank of Communications	49,892	0.07	0.07	200,821	-	14,921	Other equity instrument investments	Original issue stock
600885	Hongfa	1,440	0.71	0.71	89,572	-	-24,538	Other equity instrument investments	Original issue stock
600061	SDIC Capita	268,452	1.45	1.45	589,623	13,976	-172,437	Other equity instrument investments	Original issue stock
601211	Guotai Jun'an	7,604	0.10	0.10	112,871	-	-19,975	Other equity instrument investments	Original issue stock
Total		828,747	/	/	2,109,334	26,603	-258,189	/	/

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

③ Status of trust products held and others

Unit: '000 Currency: RMB

Name of investee	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	Accounting accounts	Source of shares
Tsingtao Metro Line 4 Investment Fund (Limited Partnership)	917,000	/	919,000	39,201	-	Other non-current financial assets	Subscription
Guangxi Transportation Investment Phase 21 Transportation Construction Investment Fund Partnership (Limited Partnership)	500,000	/	500,000	-	-	Other non-current financial assets	Subscription
Jinan Jiayue Transportation Investment and Development Partnership (Limited Partnership)	471,660	/	471,660	-	-	Other non-current financial assets	Subscription
Mutual Infrastructure FOF Phase I Private Fund	383,180	/	383,180	-	-	Other non-current financial assets	Subscription
CRCC Mutual Infrastructure Investment Private Fund No. 8	180,000	/	180,000	-	-	Other non-current financial assets	Subscription
CRCC PPP Tianfu Private Investment Fund	173,860	/	173,860	1,829	-	Other non-current financial assets	Subscription
Chongqing Plot Expressway No. 7 Equity Investment Fund Partnership (Limited Partnership)	135,621	/	135,621	-	-	Other non-current financial assets	Subscription
Tianjin Railway Construction No. 1 Construction Investment Partnership (Limited Partnership)	130,464	/	130,464	9,127	-	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
CCB Trust - Caidie Property Rights Trust Scheme No.1	100,797	0.03	100,797	-	-	Other non-current financial assets	Subscription
Xinyu CRCC Guangrong Investment Partnership (Limited Partnership)	92,093	18.44	92,093	-	-	Other non-current financial assets	Subscription
Xinshengyintong - Zijiang Linkong Economy Zone Industry New City - PPP Private Investment Fund	80,167	15.46	80,167	-	-	Other non-current financial assets	Subscription
CRCC-China PPP Fund Private Investment Fund No. 1 Highway Construction Fund	67,180	/	67,180	4,428	-	Other non-current financial assets	Subscription
CRCC Phase IV Asset-backed Scheme	58,000	1.11	58,000	1,940	-	Other non-current financial assets	Initiation of the establishment
CRCC Phase XI Asset-backed Scheme	58,000	1.23	58,000	-	-	Other non-current financial assets	Subscription
CRCC Phase III Asset-backed Scheme	55,000	1.11	55,000	655	-	Other non-current 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 Phase V Asset-backed Scheme	42,000	1.12	42,000	708	-	Other non-current financial assets	Initiation of the establishment
CRCC Jical Hong'ao Private Investment Fund	39,410	/	39,410	2,561	-	Other non-current financial assets	Subscription

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

Name of investee	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	Accounting accounts	Source of shares
CROC Phase VII Asset-backed Scheme	36,000	1.26	36,000	696	-	Held-for-trading financial assets	Initiation of the establishment
CROC Phase XIII Trade Receivables Asset-backed Scheme	35,000	1.17	35,000	887	-	Held-for-trading financial assets	Initiation of the establishment
CROC Phase IX Trade Receivables Asset-backed Scheme	34,000	1.10	34,000	967	-	Held-for-trading financial assets	Initiation of the establishment
CROC Phase X Trade Receivables Asset-backed Scheme	34,000	1.08	34,000	871	-	Held-for-trading financial assets	Initiation of the establishment
CROC Phase VI Asset-backed Scheme	33,000	1.24	33,000	898	-	Other non-current financial assets	Initiation of the establishment
CROC Phase II Asset-backed Scheme	33,000	1.09	33,000	606	-	Held-for-trading financial assets	Initiation of the establishment
CROC Phase I Asset-backed Scheme	33,000	1.09	33,000	542	-	Other non-current financial assets	Initiation of the establishment
CROC Phase XIV Trade Receivables Asset-backed Scheme	32,000	1.11	32,000	361	-	Held-for-trading financial assets	Initiation of the establishment
CROC Phase VIII Asset-backed Scheme	29,000	1.23	29,000	401	-	Other non-current financial assets	Initiation of the establishment
CROC Phase VII Asset-backed Scheme	29,000	1.24	29,000	-	-	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	679	-	Held-for-trading financial assets	Subscription
CROC Phase IX Asset-backed Scheme	26,000	1.22	26,000	424	-	Other non-current financial assets	Initiation of the establishment
CROC Phase X Asset-backed Scheme	25,000	1.23	25,000	-	-	Other non-current financial assets	Subscription
Tianjin Binhai New Area Urban Construction High Quality Development Fund Partnership (Limited Partnership)	20,000	/	20,000	-	-	Other non-current financial assets	Subscription
China Railway Construction Private Equity Investment Fund Integrated Management Gallery No. 1 Fund	10,191	/	10,191	-	-	Other non-current financial assets	Subscription
Other	199,149	/	199,149	26,441	-	Other non-current financial assets/ Held-for-trading financial assets	Subscription
Total	4,276,162	/	4,278,162	94,242	-	/	/

(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	Major financial indicators as at 30 June 2022				Principal operations	Industry
	Registered capital	Total assets	Net assets	Net profit		
China Civil Engineering Construction Corporation	3,000,000	31,400,830	8,553,245	539,224	Construction	Construction
China Railway 11th Bureau Group Co., Ltd	6,162,382	63,033,491	14,559,627	808,588	Construction	Construction
China Railway 12th Bureau Group Co., Ltd	5,060,677	67,893,730	12,350,267	700,892	Construction	Construction
China Railway Construction Bridge Engineering Bureau Group Co., Ltd.	3,200,000	52,338,805	8,324,053	308,081	Construction	Construction
China Railway 14th Bureau Group Co., Ltd.	3,110,000	77,243,405	12,439,830	630,595	Construction	Construction
China Railway 15th Bureau Group Co., Ltd.	3,000,000	44,123,572	4,535,924	264,556	Construction	Construction
China Railway 16th Bureau Group Co., Ltd.	3,000,000	67,639,849	6,772,550	140,993	Construction	Construction
China Railway 17th Bureau Group Co., Ltd.	3,021,226	65,495,776	7,881,498	178,686	Construction	Construction
China Railway 18th Bureau Group Co., Ltd.	3,000,000	52,290,021	8,842,125	595,213	Construction	Construction
China Railway 19th Bureau Group Co., Ltd.	5,080,000	53,036,027	7,976,286	124,889	Construction	Construction
China Railway 20th Bureau Group Co., Ltd.	3,130,000	50,834,388	7,398,880	413,017	Construction	Construction
China Railway 21th Bureau Group Co., Ltd.	2,038,000	41,996,167	5,934,125	221,649	Construction	Construction
China Railway 22th Bureau Group Co., Ltd.	2,000,000	41,330,088	5,747,327	199,713	Construction	Construction
China Railway 23th Bureau Group Co., Ltd.	2,000,000	34,367,269	5,738,246	159,846	Construction	Construction
China Railway 24th Bureau Group Co., Ltd.	2,000,000	32,720,204	4,808,302	241,015	Construction	Construction
China Railway 25th Bureau Group Co., Ltd.	2,000,000	26,074,188	3,649,314	110,405	Construction	Construction
China Railway Construction Group Co., Ltd.	3,502,971	105,818,803	11,463,583	171,898	Construction	Construction
China Railway Urban Construction Group Co., Ltd.	2,000,000	31,372,077	5,044,953	409,197	Construction	Construction
China Railway Construction Electrification Bureau Group Co., Ltd.	3,800,000	29,146,407	11,881,011	901,135	Construction	Construction
CRCC Harbour and Channel Engineering Bureau Group Co. Ltd.	2,500,000	16,559,869	2,869,580	75,424	Construction	Construction
China Railway Construction Corporation International Limited	3,000,000	11,483,505	3,911,554	89,580	Construction	Construction
China Railway Construction Real Estate Group Co., Ltd.	7,000,000	219,605,520	35,794,616	839,737	Real estate development and operation	Real estate
China Railway First Survey and Design Institute Group Co., Ltd.	1,000,000	16,992,247	5,944,453	514,032	Survey and design	Consultancy
China Railway SIYUAN Survey and Design Group Co., Ltd	1,052,500	29,487,386	12,558,212	1,332,847	Survey and design	Consultancy

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Name of Company	Major financial indicators as at 30 June 2022			Principal operations	Industry	
	Registered capital	Total assets	Net assets			Net profit
China Railway Fifth Survey and Design Institute Group Co., Ltd.	155,000	6,930,931	2,188,433	204,315	Survey and design	Consultancy
China Railway Shanghai Design Institute Group Co., Ltd.	130,000	3,308,788	1,583,383	192,564	Survey and design	Consultancy
China Railway Material Group Co., Ltd.	3,000,000	35,202,833	4,269,800	357,551	Purchase and sales of goods and materials	Logistics and trade
China Railway Construction Heavy Industry Corporation Limited	5,333,497	23,762,040	14,684,584	1,014,547	Industrial manufacturing	Industry
CRCC High-Tech Equipment Corporation Limited	1,519,884	8,286,096	5,864,477	41,699	Industrial manufacturing	Industry
China Railway Construction Investment Group Co., Ltd.	12,067,086	159,469,918	39,268,947	1,628,279	Project investment	Investment
CRCC Kunlun Investment Group Co., Ltd.	5,087,166	39,558,135	14,918,133	1,079,877	Project investment	Investment
CRCC Chongqing Investment Group Co., Ltd.	3,000,000	27,861,595	6,349,511	461,462	Project investment	Investment
CRCC Capital Holdings Group Co., Ltd.	9,000,000	42,047,352	10,448,190	363,062	Financial services	Finance
CRCC Finance Company Limited	9,000,000	116,628,816	12,906,037	551,803	Financial services	Finance

During the Reporting Period, China Railway Construction Investment Group Co., Ltd., a subsidiary of the Company, accounted for relatively larger proportion in the consolidated operating results of the Group. The revenue of China Railway Construction Investment Group Co., Ltd. in the first half of 2022 was RMB17.2996 billion, and operating profit amounted to RMB2.3409 billion. The net profit amounted to RMB1.6283 billion, accounting for 10.24% of net profit of RMB15.9038 billion of the Group.

2. Major companies in which the group invested

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

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

Applicable Not applicable

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.

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

V. OTHER DISCLOSURE

(I) *Potential risks*

Applicable Not applicable

Through a comprehensive assessment of the changes in the domestic and overseas situation and the internal and external risk levels, as well as comprehensive consideration of the impact of COVID-19 pandemic with in-depth study and judgment, the Group identifies the following risks as the material risks it will be subject to: operational compliance risks, investment risks, safety risks, epidemic prevention and control risks, and debt risks.

In operational compliance risks, with the promulgation of various domestic compliance management standards, the continuous improvement of the legal environment for compliance management and the issuance of guidelines and policies, the continuous formation of new international economic and trade rules abroad, the external supervision becomes increasingly strict while the business compliance risks are increasingly prominent. The Group will conduct a level-wide, field-wide and all-round investigation, comprehensively analyze the appropriateness and effectiveness of the compliance system and the Group's production and operation activities, timely sort out and spot deficiencies, formulate and implement rectification measures, and promote the in-depth integration of the compliance management system and the daily operation and management. The Group resolutely eliminates violations and effectively prevents and controls compliance risks and continues to carry out compliance review. In terms of overseas compliance management, it starts with policy and standard analysis, market access management, compliance risk assessment, management and control of projects under construction, commission and corruption risk prevention, sorts out risk factors, formulates risk prevention measures, enhances overseas talent training, strengthens overseas business management ability, improves the whole process management of overseas business, and comprehensively strengthens project compliance management throughout the life cycle, so as to achieve a clear mind of risks, timely risk response and effective risk response.

In 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 international macro-environment, COVID-19 pandemic, greater policy control by the central and local governments, continuous standardized management, tightening financial regulation, increasing debt pressure and intensifying competition, the execution and operation of investment projects above may prone to induce risks at each stage, which may affect the expected benefits and the realisation of strategic goals. To effectively prevent and control investment risks, the Group continuously 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, 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 minimize investment risks.

In safety risks, 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 situation 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, the Group is subject to

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

risks. The Group always attaches great importance to production safety management and regards production safety as the prerequisite and basis for all work. In accordance with the requirement of “people first, life first”, the Group always adheres to the principle of “safety first, prevention first, comprehensive management” and firmly establishes the concept of safe development. The Group further strengthens the construction of safety production system and mechanism, implements the safety responsibility of all employees, strengthens the safety education and training of basic level employees, carries out in-depth safety standardisation work, and consolidates the safety production foundation. The Group carries out safety risk management and control, investigates and manages potential safety hazards, implements “more mechanical, less manual, automatic substitution and information empowerment”, improves the essential safety level, promotes emergency management of production safety, handles accidents seriously, and promotes the safe and stable development of enterprises.

In epidemic prevention and control risks, if the responsibility of epidemic prevention and control is not implemented, the prevention and control measures are not in place or the personal protection of employees is not in place, it will have many adverse effects on the normal production and operation of the Group. The Group will always pay close attention to and judge the changes of the epidemic situation, further strengthen the leadership and working mechanism of epidemic prevention and control, and convincingly complete all kinds of safeguarding work for epidemic prevention and control. The Group will scientifically and reasonably strengthen epidemic prevention and control measures, pay attention to publicity and guidance, and enhance employees’ awareness of self-protection. In terms of overseas epidemic prevention and control, we adhere to the bottom line of no clustered epidemic, no deaths due to the epidemic and no mass incidents, strengthen the implementation of responsibilities, increase medical security, pay high attention to the epidemic situation and strengthen the epidemic prevention and control measures of overseas projects, so as to effectively protect the life and health of employees.

In debt risks, at present, strict national financial supervision has become the norm, and debt “explosions” of individual industries, large state-owned enterprises and private enterprises have been occurring from time to time, and the Group faces more serious challenges in debt risk control and capital chain security. If the control is improper, it will have a significant adverse impact on the Group. The Group will comprehensively strengthen the debt risk identification and control of its subsidiaries at all levels, deeply understand the current situation of debt risk supervision and the changes of internal and external environment, continuously balance the financing needs and solvency, strictly prohibit creating new projects by raising debt beyond one’s financial capacity, effectively identify and control hidden debts in a safe and orderly manner, and continuously strengthen the control of equity financing, eliminate illegal external guarantees to increase credit, guarantees in excess of the equity ratio, illegal external lending of funds and provision of shareholder loans in excess of the equity ratio, pay attention to key enterprises with outstanding stock debt risks, resolutely control capital chain risks, guarantee liquidity safety, and prevent secondary risks generated in the process of risk resolution, effectively prevent and steadily resolve debt risks, and resolutely avoid major debt risks and major default events.

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 “big risk control” system, and continues to spare no efforts in the risk prevention and control in important business, major areas and key links and positions.

(II) Other disclosable matter

Applicable

Not applicable

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
2021 Annual General Meeting	23 June 2022	The website of the Shanghai Stock Exchange (www.sse.com.cn) and the website of the Hong Kong Stock Exchange (www.hkex.com.hk)	24 June 2022	15 resolutions were considered and approved at the meeting, including the Resolution on the Work Report of the Board of Directors for 2021, Resolution on the Work Report of the Supervisory Committee for 2021, Resolution on the Financial Statements of the Company for 2021, Resolution on the Profits Distribution Plan of the Company for 2021, Resolution on the 2021 Annual Report of the Company, Resolution on the Remuneration of Directors and Supervisors for 2021, Resolution on the Payment of 2021 Audit Fee and the Selection and Appointment of Audit Intermediary for 2022, Resolution on the Determination of the Caps for External Guarantees for 2022, Resolution on the Provision of Guarantees by China Railway Construction Real Estate for the Financing of Invested Company, Resolution on the Increase in Issuance Size for Receivables Asset Securitization Business, Resolution on the Amendments to the Rules of Procedure for General Meetings of China Railway Construction Corporation Limited, 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 Increase of Issuance Size of Domestic and Overseas Bonds, and Resolution on the Grant of General Mandate to the Board of Directors to Issue the 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

Name	Position	Change
JING Jing	Secretary to the Board	Appointment
ZHAO Dengshan	Former Secretary to the Board	Resignation

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

Applicable Not applicable

On 12 January 2022, the Company held the second meeting of the fifth session of the Board, and considered and approved the “Resolution on the Appointment of the Secretary to the Board of the Company”. Mr. ZHAO Dengshan, secretary to the Board and joint company secretary of the Company, ceased to hold his position due to his retirement age. The Board resolved to appoint Ms. JING Jing as the secretary to the Board and joint company secretary for the same term as the fifth session of the Board from the date of approval by the Board. For details, please refer to the relevant announcement published by the Company dated 13 January 2022 on China Securities Journal, Shanghai Securities News, Securities Daily, Securities Times and the website of Shanghai Stock Exchange (www.sse.com.cn), the website of Hong Kong Stock Exchange (www.hkex.com.hk) and the website of the Company (www.crcc.cn).

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

Mr. LIU Ruchen, an executive director and a member of the standing committee of the Party committee of the Company, ceased to be the general counsel and chief compliance officer since August 2022.

Mr. TSIN Wai Lun Kenneth, an independent non-executive director of the Company, has served as an external director of China Merchants Group Limited since June 2022.

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 2021 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

I. 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 19 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 RMB255,000. Relevant entities of each project had paid the fine in full and conducted rectification and acceptance in a timely manner. The abovementioned violations did not cause serious environmental pollution, heavy casualties or social impacts, 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 focused on scientific management, and implemented “energy saving, land saving, water saving, material saving and environmental protection” throughout the whole process of project 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 utilisation 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.

II. DETAILS OF CONSOLIDATING THE ACHIEVEMENTS OF POVERTY ALLEVIATION AND RURAL REVITALISATION

Applicable Not applicable

CRCC conscientiously implements the decision of the CPC Central Committee and the State Council on all-round rural revitalisation strategy, and the instructions of General Secretary Xi Jinping that “consistent policies prevent relapse into poverty and consolidate achievements”, adheres to the working policy that “the poverty-relief counties will not shake off poverty without responsibilities, policies, assistance, and supervision”, and actively promotes the implementation of various assignments of rural revitalisation based on its own characteristics.

Section V Environmental and Social Responsibility (continued)

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 Xiacunba Village in Baiguo Township, Enshi City, Hubei Province, Shahukou Village in Youyu County, Dianping Village and Qingxiang Village in Fenxi County, Shanxi Province, Bairenzhuang Village, Xiao'anshan Town, Liangshan County, Jining City, Shandong Province, Wutai Village, Guanghuojie Town, Ningshan County, Ankang City and Beiguan Village, Long County, Baoji City in Shaanxi Province, Liugou Village, Guozhuang Village and Hancha Village, Dagou Town, Huining County, and Lvjing Town, Min County in Baiyin City, Gansu Province, Tiantai Village, Yuelai Town, Guang'an District and Tongxin Village, Xiangyan Town, Pingwu County, Mianyang City in Sichuan Province, Chengjia Village, Chengjia Yao Township, Yangshan County, Qingyuan City, Guangdong Province, Dagou Village, Huanglong Town, Zhangwan District, Shiyan City, Hubei Province, Shibitang Village and Qiaotou Village, Xiaoxu Zhuang Township, Jianghua Yao Autonomous County, Yongzhou City, Tianjin Binhai New Area, and Yuanzhou District, Guyuan City, Ningxia.

(I) Major work

In the first half of 2022, CRCC invested RMB13.6553 million as assistance funds, among which RMB7.0893 million was invested without compensation and RMB6.566 million was invested with compensation. CRCC purchased RMB13.8931 million of agricultural products from poverty alleviation areas, helped sell RMB0.7794 million of agricultural products in poverty alleviation areas, and invested RMB1.4837 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 nine rural revitalisation demonstration points.

- 1. Strengthening organisational leadership.** Firstly, improving the mechanism and strengthening the responsibilities. According to the specific requirements of the new stage of rural revitalisation, in the first half of 2022, the Company adjusted the leading group for poverty alleviation and development to the leading group for rural revitalisation. 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. The Company has made comprehensive and detailed plans in terms of investment in assistance funds, consumption assistance, education assistance and cultural assistance, and mobilised all affiliated units to actively participate in the plan to ensure the achievements of poverty alleviation and fully promote the rural revitalisation strategy. 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. In the research on practical difficulties of the assistance work in 2022, the leading group deeply understood, conducted analysis and judgement, fully investigated and effectively communicated, and made dynamic adjustment to the promotion of the scientific development of local production, processing and sales links of agricultural products.
- 2. Strengthening cadre management.** CRCC strengthened the assessment of the assistance cadres, expressed care to the cadres, and stimulated the enthusiasm of assistance cadres. In the first half of 2022, six temporary cadres who provided targeted assistance to three districts and counties for the headquarters of CRCC stuck to the front line of assistance, utilised their active strength as Party members and cadres, and coordinated the implementation of various specific tasks. In addition to the headquarters, each unit selected and assigned 36 village cadres and multiple assistance teams to poverty-stricken areas.

Section V Environmental and Social Responsibility (continued)

- 3. Supporting the “Five Revitalisations”.** The first is to boost industrial revitalisation. 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 stabilise their jobs. In the first half of 2022, CRCC introduced 19 poverty alleviation projects or enterprises, supported 19 leading enterprises, supported 10 new agricultural business entities (family farms, cooperatives, etc.) and helped establish 5 assistance workshops, and helped 276 out-of-poverty people transfer employment. In Shangyi County, Zhangjiakou City, Hebei Province, based on the successful experience of developing a variety of small grain planting last year, CRCC continued to lease 510 mu of land in Jiashihe Village to establish a nuisance-free small grain planting base in the first half of the year, signed a contract with the local cooperative, and arranged a budget for acquisition of RMB3 million. Through fixed-point planting of grains in the local area, it can not only provide high-quality grains for cadres and employees of enterprises, but also promote the employment and income increase of people in the surrounding areas through production and employment in various links of grains planting. This industry has employed 70 people to participate in work for long term, increasing the income per household by over RMB10,000. In Shangyi County, assistance funds were invested in the tourism public information service software platform construction and information service system hardware configuration in Shangyi County, to promote the integration and in-depth development of tourism resources and tourism information system. In Wanquan District, Hebei Province, the breeding and planting project of Banlangen Qingcai (Yousong No. 1) of Huazhong Agricultural University was introduced. The project is located in Zhanguitun Village. The first phase of the project is dominated by breeding, with a planting area of 270 mu, which can be planted in 3 seasons a year. It is expected to produce 2,000 catties per mu per quarter, which can increase income by RMB2,000 per mu, and solve the local employment of over 300 farmers. In Guang'an District, Sichuan Province, CRCC guided the owners of crop planting in Tiantai Village to upgrade more than 40 mu of paddy fields, transformed into “rice fish” planting and breeding combination, enhanced the economic value of farmland, and led the wealthy leaders to plant soybeans and other crops in more than 200 mu of flower orchard, and promoted the “grain economy” practices.

The second is to boost talent revitalisation. In the first half of 2022, 386 grassroots cadres at county, township and village levels, 230 rural revitalisation leaders and 16 professional and technical talents were trained. In Shangyi County, Hebei Province, CRCC contributed RMB1 million to establish a county-level rural labour dispatch organisation to carry out practical skills training and promote the transformation of local labour personnel to knowledge-based and skilled workers. 5 technical employees of Shangyi City Investment Company were assigned to the front line of the project department to work for training, and one-to-one tutor comprehensive training and job rotation training were arranged to train skilled talents for construction enterprises in Shangyi County; In Gande County, Qinghai Province, temporary cadres actively contacted enterprises and training institutions such as clothing, catering, hotels, etc., to form order-based training, improve the labour skills of herdsmen, and increase employment channels; In Huining County, Gansu Province, the Company provided service output for the surplus labour in Liugou, Guozhuang and Hancha villages, and provided employment opportunities such as engineering project, hotel and property management company technicians, handymen, security guard, cleaner and seedlings maintenance personnel.

Section V Environmental and Social Responsibility (continued)

The third is to boost cultural revitalisation. CRCC helped strengthen the ideological and moral construction and public cultural construction in rural areas. In Wanquan District, Hebei Province, a special fund of RMB1.5 million was allocated for the reconstruction and expansion project of CRCC Yangguang Kindergarten (Phase II), with an expansion area of approximately 1,372 sq.m. and a school size of 12 classes on a 4-track system after the expansion, accommodating over 360 children, being equipped with CRCC Yangguang Cultural Hall, multi-functional activity rooms for children, scientific inquiry rooms, book reading rooms, etc., and further planning and improving the functional positioning of facilities and equipment; in Shangyi County, Hebei Province, CRCC targeted to spend the money on masses in the direst situation, and provided subsidies of RMB48,000 for 32 students with special poverty-stricken family conditions in the first half of the year to effectively reduce the burden of poor students on family education. On the basis of investing RMB1 million last year, assistance funds were again invested in the construction of the playground and ancillary facilities of Taipingjie Primary School in Shangyi County, which improved the schooling conditions.

The fourth is to boost ecological revitalisation. CRCC helped improve the rural living environment and facilities, and create a beautiful village. In Xiacunba Village, Enshi, Hubei Province, RMB150,000 was invested to support the solution of the river cleaning problem that has plagued the villagers for many years and enhance the efficiency and production capacity of more than 800 mu of high-quality fields; RMB150,000 was invested to help implement the living environment improvement project, focusing on building core areas such as Guanyintang area and ancient tree compound. In Min County, Gansu Province, CRCC organised and participated in the voluntary tree planting activity of “Building a Beautiful Min County and a Colourful Minzhou”, covering a greening area of 30 mu with nearly 5,000 trees of various species.

The fifth is to support the revitalisation of organizations. CRCC guided targeted counties to strengthen Party building and promote rural revitalisation, 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 2022, 22 Party branches and 11 poverty alleviation villages were established through the pairing-up. In Gande County, Qinghai Province, CRCC assisted the local government to carry out various activities, and temporary cadres visited five old Party members and cadres, participated in the forum for old cadres, listened to opinions and suggestions, and formulated long-term planning goals for the next step of assistance. In Long County, Shaanxi Province, RMB180,000 was invested to build a Party building and cultural square for Beiguan Village, demonstrating the Party’s glorious history, the spirit of the new era and model, making the “little square” in rural areas a “great position” for Party building. In Guang’an City, Sichuan Province, CRCC helped improve the Working System of Party Branch in Tiantai Village, established the education and management methods for floating Party members, encouraged long-term external Party members to participate in the life of local Party organisations according to the principle of proximity, guided organizational life such as “three meetings and one class”, organizational life meetings, democratic evaluation of Party members, and themed Party days, and supervised the standardisation and normalisation of Party member education and management.

Section V Environmental and Social Responsibility (continued)

4. **Promoting 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 Wanquan District, Hebei Province, assistance funds of RMB3 million was introduced to support the construction of a package project for rural revitalisation in Sanlizhuang Village, including RMB1 million for sewage and drainage household project, RMB0.55 million for public area greening project, RMB0.5 million for lane hardening project, RMB0.15 million for public area lighting project, and RMB50,000 for cultural publicity facilities project. In Wanquan District, CRCC purchased “Rural Revitalisation Insurance” for 4,034 people in Sanlizhuang and Sunjiaxiaozhuang Village, and paid insurance premiums of RMB40,000. In Gande County, Qinghai Province, temporary cadres visited some of the monitoring households and households that were prone to return to poverty in six villages and one township, conducted in-depth research on the shortcomings in the field of people’s livelihood, and formulated a series of measures based on the local actual situation. In Shangyi County, Hebei Province, CRCC contributed RMB10,000 to comfort the people in need and elderly Party members; During Children’s Day, CRCC contributed RMB30,000 to purchase school supplies and sent holiday gifts to the children in primary school and kindergartens in Bairenzhuang Village; In response to the long-term failure of pumping station in the village, a new pump was added at the cost of RMB220,000 and two old pumps were repaired to effectively solve the village’s flooding problem. In Guang’an District, Sichuan Province, CRCC formulated a paired assistance plan for households, guided the working team in Tiantai Village to conduct monthly visits and inspections, accurately grasped the actual situation of households with unstable poverty alleviation and non-poverty marginal households, carried out classified early warning management according to the principle of one policy for one household and one policy for one case, and provided support and assistance in a timely manner. The per capita net income of 10 households in the village exceeded RMB6,000, and there was no return to poverty. In Qingyuan City, Guangdong Province, RMB101,300 was invested to complete the farmland irrigation embankment restoration project in Chengjia Village and Yingming Village, RMB56,500 was invested to solve the problems of villagers’ drinking water and pool reinforcement, and RMB36,000 was invested to repair water conservancy projects, providing irrigation conditions for nearly 60 mu of farmland.

Secondly, CRCC gave full play to its own advantages and innovated assistance measures. In Gande County, Qinghai Province, CRCC utilised its construction strengths, actively introduced employment positions to herdsmen, promoted stable income of herdsmen, and solved the employment of 19 local people by contacting project sites.

Thirdly, CRCC deepened consumption assistance to effectively solve urgent problems. RMB13.8931 million of agricultural products were purchased from poverty alleviation areas. In addition to the agricultural products and light industrial products in the three targeted assisted counties where the procurement headquarters undertakes assistance tasks, each unit of CRCC also actively purchased agricultural products in poverty-stricken areas where local governments provide assistance. In Enshi, Hubei Province, CRCC organised the integration of the supply and sales resources of agricultural and sideline products of the collective operating company in Xiacunba Village, jointly developed online and offline trading platforms, and organised the procurement of agricultural and sideline products of RMB157,600; purchased 7,639.2 cattles of agricultural products in Huining County, Gansu Province, totaling RMB105,000; invested RMB200,000 in poverty alleviation funds in Zhangwan District, Hubei Province, and purchased RMB200,000 of agricultural products from Dagou Village, Zhangwan District; purchased more than 20,000 cattles of citrus from the Shibitang Village in Yongzhou City, Hunan Province, helping sell approximately over RMB500,000 of dull-sale agricultural products.

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 revitalisation.** CRCC actively explored new ideas, new models and new measures for assistance work, actively participated in the construction of rural revitalisation 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 rural revitalisation 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 revitalisation.
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 revitalisation 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 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
Other Undertaking	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
Other Undertaking	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		
Other Undertaking	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 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
Other Undertaking	Others	China Railway Construction Corporation	For undertakings on the authenticity, accuracy and completeness of spinoff 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
Other Undertaking	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开发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.	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
Other Undertaking	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		

Section VI Significant Events (continued)

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 2022, 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 and arbitration during the Reporting Period

Section VI Significant Events (continued)

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).

Section VI Significant Events (continued)

Summary of the events

Documents for inspection

The 12th meeting of the fourth session of the Board of the Company was held on 30 October 2018. At the meeting, the Resolution on Adjustment to Cap for Daily Related-party Transactions for 2018 was considered and approved; the Company agreed to adjust the cap for daily related-party transactions under the Service Provision Framework Agreement entered into with the Controlling Shareholder. 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. The 1st meeting of the fifth session of the Board of the Company was held on 21 December 2021. At the meeting, the Resolution on Renewal of Service Provision Framework Agreement and Proposed Caps for Continuing Connected Transactions for 2022–2024 was considered and approved, and the proposed annual caps for 2022–2024 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, 14 December 2018 and 22 December 2021 published in China Securities Journal, Shanghai Securities News, Securities Daily, Securities Times as well as on the website of Shanghai Stock Exchange (www.sse.com.cn), the website of the Hong Kong Stock Exchange (www.hkex.com.hk) and the Company's website (www.crcc.cn).

The Company and CRCC Financial Leasing Co., Ltd. ("CRCCFL") signed the Services Mutual Provision Framework Agreement in 2016, which standardized the financial assistance, equipment procurement and leasing services provided by CRCCFL 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 CRCCFL were considered and approved. The Company adjusted the details for the business transactions with CRCCFL and reset the annual caps based on its own planning on business development. The Company reentered into the Services Mutual Provision Framework Agreement with CRCCFL for a term from 1 January 2017 to 31 December 2019. Before submission to the Board for review, the proposal has been approved by independent non-executive directors of the Company; in the process review by the Board, independent non-executive directors also gave independent opinions for approving the proposal. The 31st meeting of the fourth session of the Board of the Company was held on 18 December 2019. At the meeting, the Resolution on Renewal of Services Mutual Provision Framework Agreement and Determination of Caps of Continuing Connected Transactions from 2020 to 2022 was considered and approved; and it approved the renewal of the Services Mutual Provision Framework Agreement and the caps of connected transactions. Before submission to the Board for review, the proposal has been approved by independent non-executive directors of the Company; in the process review by the Board, independent non-executive directors also gave independent opinions for approving the proposal.

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

Section VI Significant Events (continued)

Summary of the events

Documents for inspection

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 (“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. The 1st meeting of the fifth session of the Board of the Company was held on 21 December 2021. At the meeting, the Resolution on Renewal of the Financial Services Agreement and Determination of Caps of Continuing Connected Transactions for 2022–2024 was considered and approved; 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, 22 December 2021 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)

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

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

Unit: '000 Currency: RMB

Related party	Related-party transactions type	Related-party transactions content	Pricing principle of related-party transactions	Related-party transactions price	Related-party transactions amount	Proportion in similar transactions (%)	Settlement method of related-party transactions	Reason for the difference between transaction price and market price	
								Market price	Market price
12 companies including Shaanxi Railway Engineering Investigation Co., Ltd	Expenditure for labor service	Survey, design and consultation operations	Agreement pricing	-	350,100	0.07	Cash	-	-
Controlling Shareholder and associates	Property leasing expense	Property leasing	Agreement pricing	-	9,444	0.002	Cash	-	-

Section VI Significant Events (continued)

(2) *Continuing related-party transactions between the Company and CRCC Financial Leasing Co., Ltd.*

Unit: '000 Currency: RMB

Nature of transaction	Project	Annual cap for 2022	Consolidated amount of transaction during the Reporting Period
Revenue	With the comparable market price which is no less than that of the third party, CRCCFL 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	277,021
Expense	CRCCFL carried out deposit businesses in CRCCFC, and the floating range of interest rates paid by CRCCFC to CRCCFL 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 CRCCFL shall not exceed RMB0.3 billion.	300,000	-
	CRCCFL provides financial leasing services and operating leasing services for the Company or its related subsidiaries. Within the validity term of the agreement, CRCCFL shall charge the fees in relation to the leasing services provided by CRCCFL 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	990,421

(3) *Continuing related-party transaction between CRCCFC and the Controlling Shareholder*

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

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

Applicable Not applicable

3. Events not disclosed in the temporary announcements

Applicable Not applicable

Section VI Significant Events (continued)

(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	3,000,000	-600,000	2,400,000	1,163,066	-	1,163,066
China Railway Construction Corporation ^{Note 2}	Controlling Shareholder	-	-	-	220,029	7,247	227,276
	Wholly-owned subsidiary of the Controlling Shareholder						
China Railway Jinli Assets Management Co., Ltd. ^{Note 2}	Controlled subsidiary of the Controlling Shareholder	-	-	-	742,611	11,611	754,222
Beijing Tongda Jingcheng Highway Co., Ltd. ^{Note 2}	Controlled subsidiary of the Controlling Shareholder	-	-	-	60,088	-60,088	-
Total		3,000,000	-600,000	2,400,000	2,185,794	-41,230	2,144,564

Section VI Significant Events (continued)

During the Reporting Period, the amount of funds provided to the Controlling Shareholder and its subsidiaries by the Company (RMB '000)	-600,000
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
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 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.
2. The amount mainly includes deposits of the Controlling Shareholder and its subsidiaries stored in CRCCFC, a subsidiary of the Group.

3. Events not disclosed in temporary announcements

Applicable Not applicable

Section VI Significant Events (continued)

(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 daily deposit limit	Interest rate on deposit	Opening balance	Accrual this period		Ending balance
					Total amount deposited during the period	Total amount drawn during the period	
China Railway Construction Corporation	Controlling Shareholder			220,029	5,173,961	5,166,714	227,276
China Railway Jinli Assets Management Co., Ltd	Wholly-owned subsidiary of the Controlling Shareholder	21,000,000	0.5%-3.30%	742,611	634,803	623,192	754,222
Beijing Tongda Jingcheng Highway Co., Ltd.	Controlled subsidiary of the Controlling Shareholder			60,088	60,574	120,662	-
Total	/	/	/	1,022,728	5,869,338	5,910,568	981,498

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
					Total amount lent during the period	Total amount repaid during the period	
China Railway Construction Corporation	Controlling Shareholder	4,000,000	3.20%-3.43%	3,000,000	1,650,579	2,250,579	2,400,000
Total	/	/	/	3,000,000	1,650,579	2,250,579	2,400,000

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	50,000	-
China Railway Construction Corporation	Controlling Shareholder			-
China Railway Jinli Assets Management Co., Ltd	Wholly-owned subsidiary of the Controlling Shareholder	Settlement business fee	50,000	-
Beijing Tongda Jingcheng Highway Co., Ltd.	Controlled subsidiary of the Controlling Shareholder			-

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	Party guaranteed	Guarantee amount	Date of guarantee occurrence (date of signing the agreement)	Guarantees (Other than guarantees for subsidiaries)			Principal debt	Guarantee object (if any)	Performance completed or not	Overdue or not	Overdue amount	Counter guaranteed by related party	Guarantee relationship
					Guarantee starting date	Guarantee due date	Guarantee type							
The Company	Within the Company	Chuantie (Luzhou) Tielu Co., Ltd.	30,240	28 December 2006	28 December 2006	28 December 2026	General Guarantee	No	No	No	No	No	No	No
The Company	Within the Company	Chuantie (Luzhou) Tielu Co., Ltd.	27,552	16 April 2008	16 April 2008	16 April 2028	General Guarantee	No	No	No	No	No	No	No
The Company	Within the Company	CRCC-Tongguan Investment Co., Ltd.	599,999	17 March 2014	17 March 2014	30 December 2023	General Guarantee	No	No	No	No	No	Yes	Associate
The Company	Within the Company	CRCC-Tongguan Investment Co., Ltd.	62,092	20 May 2015	20 May 2015	20 November 2023	General Guarantee	No	No	No	No	No	Yes	Associate
The Company	Within the Company	EGUACORRIENTE S.A.	223,854	22 June 2020	10 August 2020	9 July 2025	Joint Responsibility Guarantee	No	No	No	No	Yes	No	
China Railway Construction Real Estate Group Co., Ltd.	Wholly-owned subsidiary	Wuhan Zhaorui Real Estate Co., Ltd.	349,027	9 July 2021	9 July 2021	27 March 2024	Joint Responsibility Guarantee	No	No	No	No	No	Yes	Associate
China Railway Construction Investment Group Co., Ltd.	Controlling subsidiary	CRCC-Tongguan Investment Co., Ltd.	400,671	13 June 2019	13 June 2019	13 June 2024	Joint Responsibility Guarantee	No	No	No	No	Yes	Yes	Associate
China Railway 20th Bureau Group Co., Ltd.	Wholly-owned subsidiary	Guizhou Wengma Railway Co., Ltd.	643,162	31 March 2016	31 March 2016	31 March 2039	Joint Responsibility Guarantee	No	No	No	No	No	Yes	Associate
China Railway 16th Bureau Group Co., Ltd.	Wholly-owned subsidiary	Oriental Anzhen (Beijing) Hospital Management Co., Ltd.	66,182	24 May 2021	25 May 2021	14 December 2039	Joint Responsibility Guarantee	No	No	No	No	No	No	
China Civil Engineering Group Co., Ltd.	Wholly-owned subsidiary	Jiangxi Copper Corporation Limited	9,250	31 May 2021	31 May 2021	22 June 2028	Joint Responsibility Guarantee	No	No	No	No	No	No	
CRCC International Investment Co., Ltd.	Wholly-owned subsidiary	Jiangxi Copper Corporation Limited	18,500	31 May 2021	31 May 2021	22 June 2028	Joint Responsibility Guarantee	No	No	No	No	No	No	
China Railway Construction Group Properties Co., Ltd. (中鐵建設集團置業有限公司)	Controlling subsidiary	Pengruiliyunmen (Hangzhou) Real Estate Co., Ltd. (聯瑞利雲門(杭州)置業有限公司)	133,050	14 June 2022	14 June 2022	21 December 2031	Joint Responsibility Guarantee	No	No	No	No	No	Yes	Associate

Section VI Significant Events (continued)

Total amount of guarantees for the Reporting Period (exclusive of the guarantees for subsidiaries)	-96,634
Ending balance of guarantees for the Reporting Period (A) (exclusive of the guarantees for subsidiaries)	2,563,579

Guarantees for subsidiaries by the Company

Total amount of guarantees for subsidiaries for the Reporting Period	2,292,861
Ending balance of guarantees for subsidiaries for the Reporting Period (B)	117,000,495

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

Total guarantees (A+B)	119,564,074
The proportion of total guarantees in net assets of the Company (%)	42.57
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)	100,688,409
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)	100,688,409
Explanation on the potential joint liability arising from the immature guarantees	N/A

Explanation on the guarantees

As at the end of the Reporting Period, the total balance of guarantees provided by the Company and its wholly-owned and controlled subsidiaries was RMB119.5641 billion (excluding mortgage guarantees provided to small homeowners for home purchases as a result of real estate operations). The total balance of guarantees provided by the Company and its wholly-owned and controlled subsidiaries to the subsidiaries amounted to RMB117.0005 billion, among which the balance of guarantees provided by the Company to its wholly-owned and controlled subsidiaries amounted to RMB18.4411 billion, the balance of guarantees provided by wholly-owned and controlled subsidiaries of the Company to its subsidiaries amounted to RMB98.5594 billion. The balance of guarantees provided to entities outside the consolidated statements of the listed company (excluding small homeowners for home purchases) by the Company and its wholly-owned and controlled subsidiaries was RMB2.5636 billion. The Company had no overdue guarantees.

The Company has fulfilled its decision-making procedures and information disclosure obligations in strict accordance with the relevant regulatory documents and corporate governance measures in the provision of external guarantees, and there was no guarantees provided in violation of regulations.

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 2022	Cross-Strait Intelligent Medical Industry Park (Phase II) Project in the North Coasts of Putian (莆田北岸兩岸智能醫療產業園(二期)項目)	81.44	China Railway 18th Bureau Group Co., Ltd.	1,825 calendar days
2	February 2022	General Construction Contracting Project of Construction and Exploration of Green Mines of Limestone in Siwei Mining Area by Xingtai Mining Investment Co., Ltd. in Xingye County, Guangxi (興業縣興泰礦業投資有限公司廣西興業縣四維礦區石灰巖綠色礦山建設開採總承包服務項目)	38.46	China Railway 23rd Bureau Group Co., Ltd.	29 years
3	May 2022	General Contracting and Production Operation Services for Project of Granite Quarry for Construction in Zhuzailing Mining Area, Doumen Town, Doumen District, Zhuhai City, Guangdong Province (廣東省珠海市斗門區斗門鎮竹仔嶺礦區建築用花崗巖礦項目工程總承包及生產運營服務)	39.62	China Railway 19th Bureau Group Co., Ltd.	14 years
4	May 2022	Section CQDZZF-1 of Newly-built Station Building at Chongqing East Railway Station of the Chongqing-Guizhou Railway and Supporting Comprehensive Transportation Hub Project (新建渝黔鐵路重慶東站站房及配套綜合交通樞紐工程CQDZZF-1標段)	61.35	China Railway Construction Group Co., Ltd., China Railway 11th Bureau Group Co., Ltd. (consortium)	1,096 calendar days
5	May 2022 ^{Note 1}	Franchise Project for Re-routing Works of Laoying-Banqiao Section of Dali-Baoshan Expressway in Yunnan Province, ChangningLianzhiqiao Expressway, Midu-Changning Expressway (Baoshan Section) (雲南省大保高速老營至板橋段改線工程、昌寧至鏈子橋高速、彌渡至昌寧高速(保山段)特許經營項目)	69.00	China Railway 15th Bureau Group Co., Ltd., China Railway 11th Bureau Group Co., Ltd.	5 years
6	June 2022	Civil Construction Section 2 of Civil Construction General Contracting for Engineering of Metro Line 6 (Jimei to Tong'an Section) in Xiamen City (廈門市軌道交通6號線集美至同安段工程土建施工總承包土建2標)	45.41	China Railway Construction Corporation Limited	1,217 calendar days

Section VI Significant Events (continued)

No.	Date of contract	Name of project	Contract amount	Contracting party of the Company	Term of performance
7	June 2022 ^{Note 1}	EPC General Contract for Project of Supporting Service Area at Eastern Malls in Linyi (臨沂東部商城配套服務區項目EPC總承包)	60.56	China Railway 21st Bureau Group Co., Ltd.	3 years
8	June 2022	5G Infrastructure Project in Shanxi Province (山西省5G基礎建設項目)	36.00	China Railway 15th Bureau Group Electrification Engineering Co., Ltd.	60 months
9	July 2022 ^{Note 2}	Construction Project of "One Belt, One Road" Emergency Supplies Industrial Park in Jinghe County (EPC Model) (精河縣"一帶一路"應急物資產業園區建設項目(EPC模式))	52.30	China Railway 23rd Bureau Group Co., Ltd., China Railway 23rd Bureau Group Survey & Design Institute Co., Ltd.	730 calendar days

Notes:

- The time listed for this project was the bid-winning time of the project.
- This bid was won during the Reporting Period.

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	April 2022	The Design, Manufacture, Supply, Installation and Commissioning of Rolling Stocks, Supply of Spare Parts and Maintenance Equipment for Port Harcourt-Maiduguri Narrow Gauge Rail Line, Nigeria (尼日利亞東線窄軌鐵路機車車輛及維修設備採購項目)	53.54	China Civil Engineering Construction Corporation	96 months
2	April 2022	The Design, Manufacture, Supply, Installation and Commissioning of Rolling Stocks, Supply of Spare Parts and Maintenance Equipment for Ibadan-Kano Standard Gauge Rail Line, Nigeria (尼日利亞伊巴丹-卡諾標準軌鐵路機車車輛及維修設備採購項目)	128.01	China Civil Engineering Construction Corporation	96 months
3	April 2022	Main Infrastructure Package (North and South) Works at Madinah, Kingdom of Saudi Arabia (沙特麥地那基礎設施開發項目(南北合併包))	64.61	China Railway 18th Bureau Group Co., Ltd.	1,277 calendar days

Section VI Significant Events (continued)

XIII. EXPLANATION ON OTHER SIGNIFICANT EVENTS

Applicable Not applicable

(I) *Issuance of infrastructure REITs*

During the Reporting Period, the Closed-end Infrastructure Securities Investment Fund (hereinafter referred to as the “**Guojin CRCC REIT**”), the underlying asset of which is Chongqing-Suining Expressway BOT project (Chongqing Section) held by the Company’s wholly-owned subsidiary, CRCC Chongqing Investment Group Co., Ltd., received a no-objection letter from the Shanghai Stock Exchange and a registration approval from the China Securities Regulatory Commission on 6 June 2022, and completed its offering on 22 June 2022. It has been listed on the Shanghai Stock Exchange since 8 July 2022 with a trading code of 508008. The abbreviation of Guojin CRCC REIT is CRCC REIT and the expanded abbreviation is Guojin CRCC REIT on the market. Guojin CRCC REIT eventually raised 500 million fund units at the offer price of RMB9.586 per unit, with net proceeds of RMB4,793 million raised. Among them, the original owner, CRCC Chongqing Investment Group Co., Ltd. held 255 million units through strategic placement, accounting for 51% of the total fund units offered. The listing of Guojin CRCC REIT will not have a significant impact on the Company’s current results and financial position. For more details, please refer to relevant announcements published on 8 June 2022 and 9 July 2022 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).

XIV. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

Not applicable.

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 2022, 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 2022, the total number of shareholders of the Company was 286,652, of which 272,230 were holders of A shares and 14,422 were holders of H shares.

Total number of ordinary shareholders as at the end of the Reporting Period (<i>holder</i>)	286,652
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		Nature of shareholder
					Condition of shares	Number	
China Railway Construction Corporation	0	6,942,736,590	51.13	0	Nil	0	State-owned
HKSCC NOMINEES LIMITED	-515,666	2,060,188,841	15.17	0	Unknown	0	Overseas legal person
China Securities Finance Corporation Limited	0	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	138,521,000	1.02	0	Nil	0	Other
Bank of Communications Co., Ltd. – GF CSI Infrastructure Project Traded Open-end Index ETF Securities Investment Fund	37,574,400	82,436,900	0.61	0	Nil	0	Other
Bosera Fund – Agricultural Bank of China – Bosera CSI Financial Assets Management Scheme	0	81,847,500	0.60	0	Nil	0	Other
E Fund – Agricultural Bank of China – E Fund CSI Financial Assets Management Scheme	0	81,847,500	0.60	0	Nil	0	Other
Da Cheng Fund – Agricultural Bank of China – Da Cheng CSI Financial Assets Management Scheme	0	81,847,500	0.60	0	Nil	0	Other
Harvest Fund – Agricultural Bank of China – Harvest CSI Financial Assets Management Scheme	0	81,847,500	0.60	0	Nil	0	Other
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	Number
		Class	
China Railway Construction Corporation	6,942,736,590	RMB ordinary share	6,942,736,590
HKSCC NOMINEES LIMITED	2,060,188,841	Overseas listed foreign share	2,060,188,841
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)	138,521,000	RMB ordinary share	138,521,000
Bank of Communications Co., Ltd. – GF CSI Infrastructure Project Traded Open-end Index ETF Securities Investment Fund	82,436,900	RMB ordinary share	82,436,900
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
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 2,060,188,841 shares of the Company. However, details regarding whether the shares were pledged or frozen were unknown.

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

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

(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 2022, 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 (share)	Percentage of issued share capital of the relevant class of shares	Percentage of total issued share capital
China Railway Construction Corporation	A Share	Beneficial owner	6,942,736,590	60.35%	51.13%

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

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

(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. ENTERPRISE BONDS, CORPORATE BONDS AND NON-FINANCIAL CORPORATE DEBT FINANCING INSTRUMENTS

Applicable Not applicable

(I) Enterprise bonds

Applicable Not applicable

(II) Corporate bonds

Applicable Not applicable

1. Basic Information of Corporate Bonds

Unit: '000 Currency: RMB

Bond	Short name	Code	Issuance date	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	Issuance date	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
China Railway Construction Corporation Limited-the issuance of the 2019 renewable corporate bonds to qualified investors (type 1 of second tranche)	19 CRCC Y3	155865	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
China Railway Construction Corporation Limited-the issuance of the 2019 renewable corporate bonds to qualified investors (type 2 of second tranche)	19 CRCC Y4	155866	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	Issuance date	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
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
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	Issuance date	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
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.	1,799,083	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
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

Section IX Particulars of Corporate Bonds (continued)

Bond	Short name	Code	Issuance date	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 Co., Ltd. on 2021 public offering of renewable corporate bonds (second tranche) (variety I) for qualified investors	21 CRCC Y3	185039	22 November 2021	23 November 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.	1,998,684	3.30	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
China Railway Construction Co., Ltd. on 2021 public offering of renewable corporate bonds (second tranche) (variety II) for qualified investors	21 CRCC Y4	185038	22 November 2021	23 November 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.	999,342	3.64	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
China Railway Construction Co., Ltd. on 2021 public offering of renewable corporate bonds (third tranche) (variety I) for qualified investors	21 CRCC Y5	185120	9 December 2021	10 December 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.	499,611	3.20	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	Issuance date	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 Co., Ltd. on 2021 public offering of renewable corporate bonds (third tranche) (variety II) for qualified investors	21 CRCC Y6	185119	9 December 2021	10 December 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.	999,223	3.58	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
China Railway Construction Co., Ltd. on 2021 public offering of renewable corporate bonds (fourth tranche) (variety I) for qualified investors	21 CRCC Y7	185198	29 December 2021	30 December 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.	999,346	3.17	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
China Railway Construction Co., Ltd. on 2021 public offering of renewable corporate bonds (fourth tranche) (variety II) for qualified investors	21 CRCC Y8	185196	29 December 2021	30 December 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.	999,346	3.50	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	Issuance date	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 Co., Ltd. on 2022 public offering of renewable corporate bonds (first tranche) (variety I) for qualified investors	22 CRCC Y1	185731	22 April 2022	25 April 2022	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.	2,198,695	3.17	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
China Railway Construction Co., Ltd. on 2022 public offering of renewable corporate bonds (first tranche) (variety II) for qualified investors	22 CRCC Y2	185732	22 April 2022	25 April 2022	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.	799,525	3.55	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 and deferred interest. The issuance of renewable corporate bonds by the Company complies with the definition and classification conditions of equity instruments under the relevant accounting standards and shall be accounted as other equity instruments.

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: '000 Currency: RMB

Bond	Short name	Code	Date of issuance	Value date	Maturity date	Balance of the bond	Interest rate (%)	Method of 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
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	Inter-bank bond market	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 CRRC 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	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 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	Inter-bank bond market	Domestic qualified institutional investors	Auction, quote, inquiry and agreement transaction	No
China Railway Construction Co., Ltd. - First issue of medium-term notes in 2021	21 CRCC MTN001	102101658	24 August 2021	25 August 2021	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.	1,994,120	3.30	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

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 debt financing instruments had no matters such as the exercise of renewal option, jump in interest rate and deferred interest. The debt financing instruments issued by the Company meet the definition and classification conditions of equity instruments under the relevant accounting standards and shall be accounted as other equity instruments.

(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	1.10	1.09	0.92	
Quick ratio	0.54	0.52	3.85	
Asset-liability ratio (%)	75.63	74.39	Increased by 1.24 percentage points	

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	12,766,990	11,267,473	13.31	
Total debt ratio of EBITDA	2.89%	2.82%	Increased by 0.07 percentage point	
Interest coverage ratio	3.55	3.66	-3.01	Mainly due to the significant increase in cash flow from operating activities.
Cash flow interest coverage	-1.34	-9.04	-85.18	
Interest coverage multiples EBITDA	5.11	5.43	-5.89	
Loan repayment ratio (%)	100.00	100.00	-	
Interest repayment ratio (%)	100.00	100.00	-	

II. CONVERTIBLE BONDS OF THE COMPANY

Applicable Not applicable

Section IX Particulars of Corporate Bonds (continued)

III. CHANGES TO THE COMPANY'S INFORMATION DISCLOSURE AFFAIRS MANAGEMENT SYSTEM

On 25 January 2022, the Company held the third meeting of the Fifth Session of the Board of Directors and considered and approved the “Management Measures for Disclosure of Information on Corporate Bonds of China Railway Construction Company Limited” and amended the “Management Measures for Disclosure of Information on Debt Financing Instruments of China Railway Construction Company Limited”. For details, please refer to the relevant announcements of the Company dated 26 January 2022 published in China Securities Journal, Shanghai Securities Journal, Securities Daily, Securities Times and the websites of the Shanghai Stock Exchange (www.sse.com.cn), the Hong Kong Stock Exchange (www.hkex.com.hk) and the Company (www.crcc.cn), and the Company's publication the full text of the Measures on the websites of the Shanghai Stock Exchange (www.sse.com.cn), the Hong Kong Stock Exchange (www.hkex.com.hk) and the Company's website (www.crcc.cn).

On 30 August 2022, the Company held the eighth meeting of the Fifth Session of the Board of Directors and considered and approved the “Management Measures for Disclosure of Information of China Railway Construction Company Limited” and abolished the “Management System for Information Disclosure Deferral and Exemption of China Railway Construction Company Limited”, and incorporated relevant contents into the newly amended “Management Measures for Disclosure of Information of China Railway Construction Company Limited”. For details, please refer to the relevant announcements of the Company dated 31 August 2022 published in China Securities Journal, Shanghai Securities Journal, Securities Daily, Securities Times and the websites of the Shanghai Stock Exchange (www.sse.com.cn), the Hong Kong Stock Exchange (www.hkex.com.hk) and the Company (www.crcc.cn), and the Company's publication the full text of the Measures on the websites of the Shanghai Stock Exchange (www.sse.com.cn), the Hong Kong Stock Exchange (www.hkex.com.hk) and the Company's website (www.crcc.cn).

Financial Report

REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS

De Shi Bao (Yue) Zi (22) No. R00053

To the shareholders of China Railway Construction Corporation Limited

We have reviewed the accompanying financial statements of China Railway Construction Corporation Limited (“the Company”), which comprise the consolidated and the Company’s statements of financial position as at 30 June 2022, and the consolidated and the Company’s statements of profit or loss and other comprehensive income, the consolidated and the Company’s statements of changes in equity and the consolidated and the Company’s 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 management of the Company. 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 the financial statements are free from material misstatements. A review is limited primarily to procedures as enquiry of the 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 the Company’s financial position as at 30 June 2022, and financial performance and cash flows for the six months ended 30 June 2022.

Deloitte Touche Tohmatsu CPA LLP
Shanghai China

Chinese Certified Public Accountant: Yin Lili

Chinese Certified Public Accountant: Shi Xiao

30 August 2022

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 financial performance 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 2022

RMB '000

ASSETS	Note V	30 June 2022 (unaudited)	31 December 2021
Current assets			
Cash and bank balances	1	150,948,178	126,821,154
Held-for-trading financial assets	2	2,518,571	460,063
Bills receivable	3	5,493,607	12,729,240
Receivables at FVTOCI	4	2,220,622	2,475,096
Trade receivables	5	181,773,958	155,677,298
Advances to suppliers	6	30,608,837	25,533,462
Other receivables	7	68,675,045	63,786,446
Inventories	8	297,173,621	279,554,016
Contract assets	9	218,124,266	196,315,628
Current portion of non-current assets	12, 14, 24	24,226,683	20,184,743
Other current assets	10	32,651,333	24,862,581
Total current assets		1,014,414,721	908,399,727
Non-current assets			
Loans and advances to customers	11	2,386,524	2,981,281
Long-term receivables	12	60,560,881	55,150,088
Long-term equity investments	13	108,949,842	98,163,517
Debt investments	14	8,124,426	9,974,392
Other debt investments		3,044,052	1,008,820
Other non-current financial assets	15	6,344,642	4,531,803
Other equity instrument investments	16	11,190,155	11,621,685
Investment properties	17	8,658,118	8,009,648
Fixed assets	18	62,645,341	61,167,672
Construction in progress	19	10,017,026	9,273,848
Right-of-use assets	20	5,241,288	5,907,025
Intangible assets	21	72,144,176	68,261,159
Development expenditure		46,822	44,962
Goodwill	22	351,520	359,499
Long-term prepayments		690,889	597,875
Deferred tax assets	23	8,510,644	8,075,138
Other non-current assets	24	110,890,163	99,441,867
Total non-current assets		479,796,509	444,570,279
TOTAL ASSETS		1,494,211,230	1,352,970,006

The accompanying notes form part of the financial statements.

The financial statements from page 93 to page 338 have been signed by:

Chairman of the Company:
Wang, Jianping

CFO:
Wang, Xiuming

Head of the Finance Department:
Wang, Lei

Consolidated Statement of Financial Position (continued)

As at 30 June 2022

RMB '000

LIABILITIES AND SHAREHOLDERS' EQUITY	Note V	30 June 2022 (unaudited)	31 December 2021
Current liabilities			
Short-term loans	25	98,683,836	46,057,400
Due to customers	26	1,266,223	1,588,529
Bills payable	27	98,815,940	90,733,401
Trade payables	28	389,370,405	362,063,566
Advances from customers		995,983	94,440
Contract liabilities	29	138,098,871	150,667,341
Employee benefits payable	30	12,271,242	12,181,104
Taxes payable	31	7,257,532	9,510,826
Other payables	32	102,939,770	94,391,304
Current portion of non-current liabilities	33	46,608,591	38,703,490
Other current liabilities	34	28,149,896	26,089,924
Total current liabilities		924,458,289	832,081,325
Non-current liabilities			
Long-term loans	35	139,096,042	115,044,574
Bonds payable	36	30,656,057	29,534,875
Lease liabilities	37	2,670,951	2,889,378
Long-term payables	38	28,965,077	23,141,104
Long-term employee benefits payable		99,323	108,349
Provisions		811,454	784,053
Deferred income		1,020,703	923,734
Deferred tax liabilities	23	1,577,323	1,507,553
Other non-current liabilities		660,029	462,065
Total non-current liabilities		205,556,959	174,395,685
Total liabilities		1,130,015,248	1,006,477,010
Shareholders' equity			
Share capital	39	13,579,542	13,579,542
Other equity instruments	40	66,252,026	63,253,806
Capital reserve	41	44,886,539	44,886,585
Other comprehensive income	42	(945,887)	(1,276,492)
Special reserve	43	-	-
Surplus reserve	44	6,789,771	6,789,771
Retained earnings	45	150,296,689	141,556,080
Total equity attributable to owners of the Company		280,858,680	268,789,292
Non-controlling interests		83,337,302	77,703,704
Total shareholders' equity		364,195,982	346,492,996
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		1,494,211,230	1,352,970,006

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2022

RMB '000

ITEM	Note V	For the six months ended 30 June 2022 (unaudited)	For the six months ended 30 June 2021 (unaudited)
Revenue	46	540,496,534	488,514,865
Less: Cost of sales	46	493,654,422	447,425,437
Taxes and surcharges	47	1,689,653	1,458,111
Selling and distribution expenses	48	2,906,896	2,927,992
General and administrative expenses	49	9,688,514	9,719,424
Research and development expenses	50	8,396,894	8,598,485
Finance costs	51	1,591,577	1,040,861
Including: Interest expenses		3,072,171	2,300,143
Interest income		2,095,588	1,986,568
Add: Other income		352,394	666,659
Investment income	54	(1,166,727)	(15,697)
Including: Share of profits of associates and joint ventures		112,836	757,329
Losses from derecognition of financial assets measured at amortised cost		(1,592,301)	(1,056,860)
(Losses)/gains on fair value changes		(48,209)	12,448
Impairment losses on assets	52	(875,062)	(405,992)
Impairment of credit losses	53	(1,532,523)	(1,037,345)
Gains on disposal of assets		9,173	109,086
Operating profit		19,307,624	16,673,714
Add: Non-operating income	55	496,991	500,929
Less: Non-operating expenses	56	307,216	281,763
Profit before tax		19,497,399	16,892,880
Less: Income tax expenses	58	3,593,565	2,794,325
Net profit		15,903,834	14,098,555
Classified by the continuity of operation			
Net profit from continuing operations		15,903,834	14,098,555
Net profit from discontinued operations		–	–
Classified by the ownership			
Net profit attributable to owners of the Company		13,473,989	12,307,363
Net profit attributable to non-controlling interests		2,429,845	1,791,192

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

For the six months ended 30 June 2022

ITEM	Note V	For the six months ended 30 June 2022 (unaudited)	For the six months ended 30 June 2021 (unaudited)
Other comprehensive income/(expenses), net of tax	42	365,175	(154,423)
Other comprehensive income/(expenses) attributable to owners of the Company, net of tax		333,484	(200,922)
Other comprehensive income/(expenses) not to be reclassified to profit or loss			
Re-measurement of defined benefit, net of tax		20	(10)
Changes in fair value of other equity instrument investments		(69,221)	52,699
Other comprehensive income/(expenses) to be reclassified to profit or loss			
Shares of other comprehensive income/(expenses) that will be reclassified subsequently into profit or loss by the investee under equity method		155,134	(26,443)
Changes in fair value of other debt investments		(22,411)	(717)
Exchange differences on translation of foreign operations		270,239	(228,249)
Others		(277)	1,798
Other comprehensive income attributable to non-controlling interests, net of tax		31,691	46,499
Total comprehensive income		16,269,009	13,944,132
Including:			
Total comprehensive income attributable to owners of the Company		13,807,473	12,106,441
Total comprehensive income attributable to non-controlling interests		2,461,536	1,837,691
Earnings per share:			
Basic earnings per share (RMB/share)	59	0.89	0.79
Diluted earnings per share (RMB/share)	59	0.89	0.79

Consolidated Statement of Cash Flows

For the six months ended 30 June 2022

RMB '000

ITEM	Note V	For the six months ended 30 June 2022 (unaudited)	For the six months ended 30 June 2021 (unaudited)
1. CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from the sale of goods or the rendering of services		522,472,781	479,697,351
Cash received from the tax refunds		4,021,245	1,249,184
Net decrease in loans and advances to customers		600,000	–
Net decrease in balances with the central bank		–	1,230,526
Cash received from other operating activities	60(1)	9,771,345	8,498,705
Subtotal of cash inflows from operating activities		536,865,371	490,675,766
Cash paid for goods and services		493,125,899	485,523,335
Net increase in loans and advances to customers		–	230,000
Net decrease in due to customers and due to banks		322,306	3,430,667
Net increase in deposits with the central bank		727,927	–
Cash paid to and on behalf of employees		37,774,978	37,158,112
Cash paid for all taxes		15,431,053	14,731,584
Cash paid for other operating activities	60(2)	9,087,590	5,788,436
Subtotal of cash outflows from operating activities		556,469,753	546,862,134
Net cash flows used in operating activities	61(1)	(19,604,382)	(56,186,368)
2. CASH FLOWS FROM INVESTING ACTIVITIES			
Cash received from disposal of investments		9,594,594	1,051,975
Cash received from investment income		400,521	688,840
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		684,094	924,037
Net decrease in cash and bank balances with title restrictions		3,024,647	–
Cash received from other investing activities		213,789	147,814
Subtotal of cash inflows from investing activities		13,917,645	2,812,666
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		15,026,123	14,855,097
Cash paid for acquisition of investments		36,712,786	16,184,086
Net increase in cash and bank balances with title restrictions		–	83,020
Cash paid for other investing activities		605,299	226,936
Subtotal of cash outflows from investing activities		52,344,208	31,349,139
Net cash flows used in investing activities		(38,426,563)	(28,536,473)

Consolidated Statement of Cash Flows (continued)

For the six months ended 30 June 2022

ITEM	Note V	For the six months ended 30 June 2022 (unaudited)	For the six months ended 30 June 2021 (unaudited)
3. CASH FLOWS FROM FINANCING ACTIVITIES			
Cash received as capital contributions		8,583,270	12,821,852
Including: Cash received from non-controlling shareholders of subsidiaries		5,585,050	9,723,433
Cash received from issuing bonds		10,930,699	9,292,967
Cash received from borrowings		150,040,797	97,577,381
Subtotal of cash inflows from financing activities		169,554,766	119,692,200
Cash repayments for borrowings		75,605,609	64,346,009
Cash paid for distribution of dividends or profits and for interest expenses		8,567,305	8,166,312
Including: Cash paid to non-controlling shareholders for distribution of dividends by subsidiaries		2,035,496	1,689,006
Cash paid for other financing activities	60(3)	1,139,608	9,478,944
Subtotal of cash outflows from financing activities		85,312,522	81,991,265
Net cash flows generated from financing activities		84,242,244	37,700,935
4. EFFECT OF CHANGES IN EXCHANGE RATES ON CASH AND CASH EQUIVALENTS		212,445	(122,739)
5. NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		26,423,744	(47,144,645)
Add: Cash and cash equivalents at beginning of the period	61(2)	109,741,861	167,669,496
6. CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	61(2)	136,165,605	120,524,851

Consolidated Statement of Changes in Equity

For the six months ended 30 June 2022

RMB '000

ITEM	For the six months ended 30 June 2022 (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 2022	13,579,542	63,253,806	44,886,585	(1,276,492)	-	6,789,771	141,556,080	268,789,292	77,703,704	346,492,996	
II. Increase/(decrease) during the period	-	2,998,220	(46)	330,605	-	-	8,740,609	12,069,388	5,633,598	17,702,986	
(I) Total comprehensive income	-	-	-	333,484	-	-	13,473,989	13,807,473	2,461,536	16,269,009	
(II) Capital contributions and withdrawals by shareholders	-	2,998,220	(46)	-	-	-	-	2,998,174	5,538,798	8,536,972	
1. Capital contributions and withdrawals by shareholders	-	-	-	-	-	-	-	-	5,585,050	5,585,050	
2. Capital contributions and withdrawals by holders of other equity instruments (Note V. 40)	-	2,998,220	-	-	-	-	-	2,998,220	-	2,998,220	
3. Equity transactions with non-controlling shareholders	-	-	(195)	-	-	-	-	(195)	(46,252)	(46,447)	
4. Others	-	-	149	-	-	-	-	149	-	149	
(III) Profit distribution	-	-	-	-	-	-	(4,736,259)	(4,736,259)	(2,366,736)	(7,102,995)	
1. Distribution to shareholders (Note V. 45)	-	-	-	-	-	-	(4,736,259)	(4,736,259)	(2,366,736)	(7,102,995)	
(IV) Special reserve (Note V. 43)	-	-	-	-	-	-	-	-	-	-	
1. Appropriated in current period	-	-	-	-	6,994,632	-	-	6,994,632	-	6,994,632	
2. Used in current period	-	-	-	-	(6,994,632)	-	-	(6,994,632)	-	(6,994,632)	
(V) Others (Note V. 42)	-	-	-	(2,879)	-	-	2,879	-	-	-	
III. As at 30 June 2022	13,579,542	66,252,026	44,886,539	(945,887)	-	6,789,771	150,296,689	280,858,680	83,337,302	364,195,982	

Consolidated Statement of Changes in Equity (continued)

For the six months ended 30 June 2022

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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. Decrease/(increase) 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	-	-	643,259	-	-	-	-	643,259	9,079,499	9,722,758
2. Capital contributions and withdrawals by holders of other equity instruments.	-	(5,194,270)	(7,311)	-	-	-	-	(5,201,581)	-	(5,201,581)
3. Equity transactions with non-controlling shareholders	-	-	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	-	-	-	-	-	-	(4,655,889)	(4,655,889)	(1,721,952)	(6,377,841)
(IV) Special reserve	-	-	-	-	-	-	-	-	-	-
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

The Company's Statement of Financial Position

As at 30 June 2022

RMB '000

ASSETS	Note XIV	30 June 2022 (unaudited)	31 December 2021
Current assets			
Cash and bank balances		26,035,102	10,921,986
Held-for-trading financial assets		77,809	91,338
Bills receivable		1,990	–
Trade receivables	1	4,660,472	4,575,610
Advances to suppliers		369,584	354,226
Other receivables	2	25,491,466	26,404,972
Inventories		4,562	1,246
Contract assets		1,580,750	1,822,263
Current portion of non-current assets		32,783,319	26,516,843
Other current assets		330,932	263,228
Total current assets		91,335,986	70,951,712
Non-current assets			
Long-term receivables		13,420,789	21,378,491
Long-term equity investments	3	105,206,493	103,771,051
Other equity instrument investments		292,219	308,186
Fixed assets		27,468	33,535
Construction in progress		408,828	406,482
Right-of-use assets		49,699	4,313
Intangible assets		125,365	133,207
Long-term prepayments		2,714	1,963
Deferred tax assets		303	303
Other non-current assets		2,255,336	2,369,387
Total non-current assets		121,789,214	128,406,918
TOTAL ASSETS		213,125,200	199,358,630

The Company's Statement of Financial Position (continued)

As at 30 June 2022

RMB '000

LIABILITIES AND SHAREHOLDERS' EQUITY	Note XIV	30 June 2022 (unaudited)	31 December 2021
Current liabilities			
Trade payables		9,129,272	10,858,296
Contract liabilities		888,231	846,254
Employee benefits payable		93,162	108,643
Taxes payable		215,825	189,953
Other payables	4	24,088,717	19,060,895
Current portion of non-current liabilities		709,480	663,037
Other current liabilities		442,996	449,979
Total current liabilities		35,567,683	32,177,057
Non-current liabilities			
Long-term loans	5	4,290,030	2,328,564
Lease liabilities		33,357	2,192
Long-term payables		1,970,378	2,128,212
Long-term employee benefits payable		9,320	9,320
Deferred tax liabilities		35,240	42,614
Deferred income		9	9
Total non-current liabilities		6,338,334	4,510,911
Total liabilities		41,906,017	36,687,968
Shareholders' equity			
Share capital	Note V, 39	13,579,542	13,579,542
Capital reserve		46,886,474	46,886,474
Other comprehensive income		53,261	65,236
Other equity instruments	Note V, 40	66,252,026	63,253,806
Special reserve		-	-
Surplus reserve	Note V, 44	6,789,771	6,789,771
Retained earnings		37,658,109	32,095,833
Total shareholders' equity		171,219,183	162,670,662
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		213,125,200	199,358,630

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

For the six months ended 30 June 2022

RMB '000

ITEM	Note XIV	For the six months ended 30 June 2022 (unaudited)	For the six months ended 30 June 2021 (unaudited)
Revenue	6	4,400,202	5,974,061
Less: Cost of sales	6	4,335,217	5,788,387
Taxes and surcharges		4,171	1,891
Selling and distribution expenses		12,864	18,277
General and administrative expenses		183,855	229,825
Research and development expenses		5,660	–
Finance costs	7	(761,688)	(1,205,767)
Including: Interest expenses		424,147	283,733
Interest income		1,588,050	1,406,638
Add: Other income		1,534	1,175
Investment income	8	9,757,794	7,853,746
(Losses)/Gains on fair value changes		(13,529)	5,391
Impairment loss on assets		3,772	1,199
Impairment of credit (losses)/gains		(9,705)	3,375
Gains from disposal of assets		2	–
Operating profit		10,359,991	9,006,334
Add: Non-operating income		3	23,218
Less: Non-operating expenses		163	449
Profit before tax		10,359,831	9,029,103
Less: Income tax expenses		61,296	100,054
Net profit		10,298,535	8,929,049
Classified by the continuity of operation			
Net profit from continuing operations		10,298,535	8,929,049
Net profit from discontinued operations		–	–
Other comprehensive expense/(income), net of tax		(11,975)	4,267
Other comprehensive expense/(income) not to be reclassified to profit or loss			
Changes in fair value of other equity instrument investments		(11,975)	4,267
Total comprehensive income		10,286,560	8,933,316

The Company's Statement of Cash Flows

For the six months ended 30 June 2022

RMB '000

ITEM	Note XIV	For the six months ended 30 June 2022 (unaudited)	For the six months ended 30 June 2021 (unaudited)
1. CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from the sale of goods or the rendering of services		4,956,236	7,604,518
Cash received from the tax refunds		23,301	–
Cash received from other operating activities		12,113,502	7,350,054
Subtotal of cash inflows from operating activities		17,093,039	14,954,572
Cash paid for goods and services		6,923,588	8,444,267
Cash paid to and on behalf of employees		180,481	160,803
Cash paid for all taxes		10,410	26,122
Cash paid for other operating activities		6,969,949	21,877,831
Subtotal of cash outflows from operating activities		14,084,428	30,509,023
Net cash flows generated from/(used in) operating activities	9(1)	3,008,611	(15,554,451)
2. CASH FLOWS FROM INVESTING ACTIVITIES			
Cash received from investment income		8,732,713	12,461,711
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		2	–
Net decrease in cash and bank balances with title restrictions		–	2,817
Subtotal of cash inflows from investing activities		8,732,715	12,464,528
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		3,785	26,009
Cash paid for acquisition of investments		1,300,000	304,183
Net increase in restricted cash and bank balances		6,187	–
Subtotal of cash outflows from investing activities		1,309,972	330,192
Net cash flows generated from investing activities		7,422,743	12,134,336

The Company's Statement of Cash Flows (continued)

For the six months ended 30 June 2022

ITEM	<i>Note XIV</i>	For the six months ended 30 June 2022 (unaudited)	For the six months ended 30 June 2021 (unaudited)
3. CASH FLOWS FROM FINANCING ACTIVITIES			
Cash received as capital contributions		2,998,220	3,098,419
Cash received from borrowings		2,000,000	200,000
Subtotal of cash inflows from financing activities		4,998,220	3,298,419
Cash repayments for borrowings		43,000	3,288,166
Cash paid for distribution of dividends or profits and for interest expenses		454,648	968,244
Cash paid for other financing activities		1,562	8,300,507
Subtotal of cash outflows from financing activities		499,210	12,556,917
Net cash flows generated from/(used in) financing activities		4,499,010	(9,258,498)
4. EFFECT OF CHANGES IN EXCHANGE RATES ON CASH AND CASH EQUIVALENTS		89,797	(36,315)
5. NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		15,020,161	(12,714,928)
Add: Cash and cash equivalents at beginning of the period	9(2)	12,423,319	29,808,391
6. CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	9(2)	27,443,480	17,093,463

The Company's Statement of Changes in Equity

For the six months ended 30 June 2022

RMB '000

ITEM	For the six months ended 30 June 2022 (unaudited)							
	Share capital	Other equity instruments	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Total equity
I. As at 1 January 2022	13,579,542	63,253,806	46,886,474	65,236	-	6,789,771	32,095,833	162,670,662
II. Increase/(decrease) during the period	-	2,998,220	-	(11,975)	-	-	5,562,276	8,548,521
(I) Total comprehensive income	-	-	-	(11,975)	-	-	10,298,535	10,286,560
(II) Capital contributions and withdrawals by shareholders	-	2,998,220	-	-	-	-	-	2,998,220
1. Capital contributions and withdrawals by other equity instrument holders (Note V. 40)	-	2,998,220	-	-	-	-	-	2,998,220
(III) Profit distribution	-	-	-	-	-	-	(4,736,259)	(4,736,259)
1. Distribution to shareholders (Note V. 45)	-	-	-	-	-	-	(4,736,259)	(4,736,259)
(IV) Special reserve (Note V. 43)	-	-	-	-	-	-	-	-
1. Appropriated in current period	-	-	-	-	70,125	-	-	70,125
2. Used in current period	-	-	-	-	(70,125)	-	-	(70,125)
III. As at 30 June 2022	13,579,542	66,252,026	46,886,474	53,261	-	6,789,771	37,658,109	171,219,183

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

For the six months ended 30 June 2022

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. Decrease/(increase) 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	-	(5,194,270)	(7,311)	-	-	-	-	(5,201,581)
(III) Profit distribution	-	-	-	-	-	-	(4,655,889)	(4,655,889)
1. Distribution to shareholders	-	-	-	-	-	-	(4,655,889)	(4,655,889)
(IV) Special reserve	-	-	-	-	-	-	-	-
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

Notes to the Financial Statements

For the six months ended 30 June 2022

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 2022.

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

II. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements have been prepared by the Group on a going-concern basis in accordance with *Accounting Standards for Business Enterprises* and other relevant provisions issued and revised subsequently by the Ministry of Finance 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 2022

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 2022 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 2022 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 2022.

3. *Functional currency*

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

4. *Business combinations*

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

4.1 *Business combinations involving entities under common control*

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

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

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

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

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 2022

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 2022

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

5. Consolidated financial statements (CONTINUED)

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

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

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: (1) its assets held individually and its share of assets held jointly; (2) its liabilities assumed individually and its share of liabilities assumed jointly; (3) its revenue from the sale of its share of the output arising from the joint operation; (4) its share of the revenue from the sale of the output by the joint operation; and (5) its expenses incurred individually and its share of expenses incurred jointly.

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

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

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 2022

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 2022

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 2022

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.

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.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

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.

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 credit risk characteristics. 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.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

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.

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.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

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.

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 2022

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 2022

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.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

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 2022

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.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

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 2022

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 2022

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.

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 2022

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 other construction projects) 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.

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 2022

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 2022

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 2022

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 2022

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.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

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.

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.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

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.

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.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

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.

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.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

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.

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.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

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.

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.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

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.

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. *Non-monetary 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 non-monetary 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 non-monetary 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 2022

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

26. *Non-monetary Transactions (continued)*

When several assets are received at the same time in a non-monetary 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 non-monetary 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 2022

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.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

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.

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 makes 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 2022

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.

Impairment of other financial assets

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

33. Significant accounting judgments and estimates (continued)

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.

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.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

33. Significant accounting judgments and estimates (continued)

Useful lives and residual values of fixed assets (continued)

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.

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.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

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%

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

IV. TAXATION (CONTINUED)

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.

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 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.”

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 11th Bureau Group Tibet Engineering Co., Ltd. (中鐵十一局集團西藏工程有限公司), China Railway 11th Bureau Group Xi'an Construction Co., Ltd. (中鐵十一局集團西安建設有限公司), 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 (Xi'an) Engineering Co., Ltd. (中鐵十二局集團西安工程有限公司), China Railway 12th Bureau Group (Tibet) Engineering Co., Ltd. (中鐵十二局集團(西藏)工程有限公司), China Railway Construction Bridge Engineering Bureau Group 5th Engineering Co., Ltd. (中鐵建大橋工程局集團第五工程有限公司), China Railway 15th Bureau Group 1st Engineering Co., Ltd. (中鐵十五局集團第一工程有限公司), China Railway 15th Bureau Group Tibet Engineering Co., Ltd. (中鐵十五局集團西藏工程有限公司), China Railway 16th Bureau Group Tibet Engineering Co., Ltd. (中鐵十六局集團西藏工程有限公司), China Railway 17th Bureau Group 2nd Engineering Co., Ltd. (中鐵十七局集團第二工程有限公司), China Railway 17th Bureau Group 4th Engineering Co., Ltd. (中鐵十七局集團第四工程有限公司), China Railway 17th Bureau Group Tibet Engineering Co., Ltd. (中鐵十七局集團西藏工程有限公司), China Railway 18th Bureau Group Tunnel Engineering Co., Ltd. (中鐵十八局集團隧道工程有限公司), China Railway 18th Bureau Group Tibet Engineering Co., Ltd. (中鐵十八局集團西藏工程有限公司), China Railway 19th Bureau Group Tibet Engineering Co., Ltd. (中鐵十九局集團西藏工程有限公司), China Railway 20th Bureau Group Co., Ltd. (中鐵二十局集團有限公司), China Railway 20th Bureau Group 2nd Engineering Co., Ltd. (中鐵二十局集團第二工程有限公司), China Railway 20th Bureau Group 3rd Engineering Co., Ltd. (中鐵二十局集團第三工程有限公司), China Railway 20th Bureau Group 5th Engineering Co., Ltd. (中鐵二十局集團第五工程有限公司), China Railway 20th Bureau Group 6th Engineering Co., Ltd. (中鐵二十局集團第六工程有限公司), China Railway 20th Bureau Group Electrification Engineering Co., Ltd. (中鐵二十局集團電氣化工程有限公司), China Railway 20th Bureau Group Municipal Engineering Co., Ltd. (中鐵二十局集團市政工程有限公司), China Railway Guizhou Engineering Co., Ltd. (中鐵貴州工程有限公司), China Railway 21st Bureau Group Co., Ltd. (中鐵二十一局集團有限公司), China Railway 21st Bureau Group 1st Engineering Co., Ltd. (中鐵二十一局集團第一工程有限公司), China Railway 21st Bureau Group 3rd Engineering Co., Ltd. (中鐵二十一局集團第三工程有限公司), China Railway 21st Bureau Group 4th Engineering Co., Ltd. (中鐵二十一局集團第四工程有限公司), China Railway 21st Bureau Group 5th Engineering Co., Ltd. (中鐵二十一局集團第五工程有限公司), China Railway 21st Bureau Group 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),

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

IV. TAXATION (CONTINUED)

2. Tax preferential (continued)

Tax preferential for the Western Region Development (continued)

China Railway 23rd Bureau Group Rail Transit Sichuan Engineering Co., Ltd. (中鐵二十三局集團軌道交通四川工程有限), China Railway 23rd Bureau Group Tibet Engineering Co., Ltd. (中鐵二十三局集團西藏工程有限), China Railway 25th Bureau Group (Ganzhou) Engineering Co., Ltd. (中鐵二十五局集團(贛州)工程有限), China Railway Highway China Petroleum (Sichuan) Energy Co., Ltd. (鐵建高速中油(四川)能源有限), CRCC Chongqing Rail Transit Loop Line Construction Co., Ltd. (中鐵建重慶軌道環線建設有限), CRCC Beibuwan Construction and Investment Co., Ltd. (中鐵建北部灣建設投資有限), China Railway First Survey and Design Institute Group Co., Ltd. (中鐵第一勘察設計院集團有限), Shaanxi Xing'an Runtong Electrification Engineering Co., Ltd. (陝西興安潤通電氣化工程有限), Gansu Runtong Telecom and Automated Control Engineering Co., Ltd. (甘肅潤通電信與自動化控制工程有限), Lanzhou Railway Survey and Design Institute Co., Ltd. (蘭州鐵道設計院有限), Railway SIYUAN (Hubei) Engineering Supervision Consulting Co., Ltd., Nanning Branch (鐵四院(湖北)工程監理諮詢有限南寧分公司), China Railway Material Group Southwest Co., Ltd. (中鐵物資集團西南有限), China Railway Material Group Chongqing Railway Construction Trading Co., Ltd. (中鐵物資集團重慶鐵建貿易有限), China Railway Material Group Yunnan Co., Ltd. (中鐵物資集團雲南有限), CRCC High-Tech Equipment Co., Ltd. (中國鐵建高新裝備股份有限), China Railway Construction Heavy Industry Xinjiang Co., Ltd. (鐵建重工新疆有限), China Railway Longchang Materials Co., Ltd. (中鐵隆昌鐵路器材有限), Chongqing China Petroleum & Railway Construction Industrial Co., Ltd. (重慶中油鐵建實業有限), Chongqing Tiefa Suiyu Highway Co., Ltd. (重慶鐵發遂渝高速公路有限), CRCC Chongqing Investment Group Co., Ltd. (中鐵建重慶投資集團有限), CRCC Chongqing Petrochemical Sales Co., Ltd. (中鐵建重慶石化銷售有限), Chongqing Jinlu Traffic Engineering Co., Ltd. (重慶金路交通工程有限責任), CRCC Ecological Environment Co., Ltd. (中鐵建生態環境有限), 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), CRCC Kunlun Investment Co., Ltd. (中國鐵建崑崙投資集團有限), China Railway Construction Yunnan Transportation Construction Management Co., Ltd. (中鐵建雲南交通建設管理有限), China Railway Construction Yunnan Investment Co., Ltd. (中鐵建雲南投資有限), Chengdu CRCC Kunlun Rail Engineering Co., Ltd. (成都中鐵建崑崙軌道工程有限), Chengdu CRCC Kunlun Zhenrong Eco-construction Co., Ltd. (成都中鐵建崑崙振蓉生態建設有限), Jintang CRCC Kunlun City Construction Co., Ltd. (金堂中鐵建崑崙城市建設有限), Chengdu CRCC Chengzi Rail Transit Development Co., Ltd. (成都中鐵建成資軌道交通發展有限), China Railway Construction Rongcheng Development Co., Ltd. (中鐵建融城發展有限), China Railway Construction Northwest Investment & Construction Co., Ltd. (中鐵建西北投資建設有限), and China Railway Construction (Yinchuan) City Development Co., Ltd. (中鐵建(銀川)城市發展有限), met conditions set out in the above document and were subject to the preferential tax policy for Western Region Development in 2021, with a preferential income tax rate of 15%. While the above enterprises are expected to meet requirements the above documents in 2022, they will continue to enjoy the preferential income tax rate of 15% during the period.

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 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 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 2022, and are entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2022 to 31 December 2024; (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 2022, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2022 to 31 December 2024; (4) its subsidiaries including China Railway 11th Bureau Group Electric Engineering Co., Ltd., (中鐵十一局集團電務工程有限公司), China Railway 11th Bureau Group Hanjiang Heavy Industry Co., Ltd. (中鐵十一局集團漢江重工有限公司), China Railway 11th Bureau Group Construction and Installation Engineering Co., Ltd. (中鐵十一局集團建築安裝工程有限公司) have been recognized as a High-tech Enterprise by Department of Science and Technology of Hubei Province, Department of Finance of Hubei Province, and Hubei Provincial Tax Service, State Taxation Administration since 2021, and are entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2021 to 31 December 2023.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

IV. TAXATION (CONTINUED)

2. Tax preferential (continued)

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

China Railway 12th Bureau Group Co., Ltd. (中鐵十二局集團有限公司): (1) its subsidiary China Railway 12th Bureau Group 2nd Engineering Co., Ltd. (中鐵十二局集團第二工程有限公司) 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 2021, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2021 to 31 December 2023; (2) its subsidiary China Railway 12th Bureau Group 3rd Engineering Co., Ltd. (中鐵十二局集團第三工程有限公司) 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 2022, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2022 to 31 December 2024; (3) 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 2022, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2022 to 31 December 2024; (4) 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; (5) its subsidiary China Railway 12th Bureau Group Electrification Engineering Co., Ltd. (中鐵十二局集團電氣化工程有限公司) has been recognised as a High-tech enterprise by Tianjin Municipal Science and Technology Bureau, Tianjin Finance Bureau, and Tianjin Municipal Tax Service, State Taxation Administration since 2021, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2021 to 31 December 2023.

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 2022, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2022 to 31 December 2024; (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 2022, and are entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2022 to 31 December 2024; (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 2022, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2022 to 31 December 2024; (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; (8) its subsidiary China Railway Modern Survey and Design Institute Co., Ltd. (中鐵現代勘察設計院有限公司) has been recognised as a High-tech Enterprise by Hunan Provincial Science and Technology Department, Department of Finance of Hubei Province, and Hunan Provincial Tax Service, State Taxation Administration since 2021, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2021 to 31 December 2023.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

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 subsidiaries including China Railway 14th Bureau Group 1st Engineering Development Co., Ltd. (中鐵十四局集團第一工程發展有限公司), China Railway 14th Bureau Group Great Shield Machine Engineering Co., Ltd. (中鐵十四局集團大盾構工程有限公司), China Railway 14th Bureau Group Fangshan Bridge Corporation Limited (中鐵十四局集團房橋有限公司), China Railway 14th Bureau Group Electrification Engineering Co., Ltd. (中鐵十四局集團電氣化工程有限公司), Tiezheng Testing Technology Co., Ltd. (鐵正檢測科技有限公司) 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 2021, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2021 to 31 December 2023; (2) 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 2022, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2022 to 31 December 2024; (3) its subsidiaries including 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), 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), China Railway 14th Bureau Group 4th Engineering Co., Ltd. (中鐵十四局集團第四工程有限公司), and China Railway 14th Bureau Group Construction Engineering Co., Ltd. (中鐵十四局集團建築工程有限公司) 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; (4) its subsidiary CRCC North China Construction Technology Co. Ltd (中鐵建華北建築科技有限公司) 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 2021, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2021 to 31 December 2023; and (5) its subsidiary China Railway 14th Bureau Group Qingdao Engineering Construction Co., Ltd. (中鐵十四局集團青島工程建設有限公司) 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 2021, and is entitled to enjoy the preferential income tax rate at 15% from 1 January 2021 to 31 December 2023.

IV. TAXATION (CONTINUED)

2. Tax preferential (continued)

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

China Railway 15th Bureau Group Co., Ltd. (中鐵十五局集團有限公司): (1) its subsidiary China Railway 15th Bureau Group 3rd Engineering Co., Ltd. (中鐵十五局集團第三工程有限公司) has been recognised as a High-tech Enterprise by Science & Technology Department of Sichuan Province, Sichuan Provincial Finance Department, and Sichuan Provincial Tax Service, State Taxation Administration since 2022, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2022 to 31 December 2024; (2) its subsidiary China Railway 15th Bureau Group 4th Engineering Co., Ltd. (中鐵十五局集團第四工程有限公司) has been recognised as a High-tech Enterprise by Science & Technology Department of Henan Province, Henan Provincial Finance Department, and Henan Provincial Tax Service, State Taxation Administration since 2021, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2021 to 31 December 2023; (3) its subsidiary China Railway 15th Bureau Group 5th Engineering Co., Ltd. (中鐵十五局集團第五工程有限公司) has been recognised as a High-tech Enterprise by Tianjin Municipal Science and Technology Bureau, Tianjin Finance Bureau, and Tianjin Municipal Tax Service, State Taxation Administration since 2021, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2021 to 31 December 2023; (4) its subsidiary China Railway 15th Bureau Group Electrification Engineering Co., Ltd. (中鐵十五局集團電氣化工程有限公司) 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 2021, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2021 to 31 December 2023;

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

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) China Railway 16th Bureau Group Co., Ltd. (中鐵十六局集團有限公司) and its subsidiaries China Railway 16th Bureau Group 1st Engineering Co., Ltd. (中鐵十六局集團第一工程有限公司) and China Railway 16th Bureau Group Co., Ltd. Metro Engineering Co., Ltd. (中鐵十六局集團地鐵工程有限公司) have been recognised as High-tech Enterprises by Beijing Municipal Science and Technology Commission, Beijing Municipal Finance Bureau, and Beijing Municipal Tax Service, State Taxation Administration since 2021, and are entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2021 to 31 December 2023; (2) its subsidiary China Railway 16th Bureau Group 2nd Engineering Co., Ltd. (中鐵十六局集團第二工程有限公司) has been recognized as a High-tech Enterprise by Tianjin Municipal Science and Technology Bureau, Tianjin Finance Bureau, and Tianjin Municipal Tax Service, State Taxation Administration since 2021, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2021 to 31 December 2023; (3) 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; (4) 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 Municipal Finance Bureau, and Beijing Municipal Tax Service, State Taxation Administration since 2022, and are entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2022 to 31 December 2024; (5) 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 2022, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2022 to 31 December 2024; (6) 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) have been recognised as High-tech Enterprises by Beijing Municipal Science and Technology Commission, Beijing Municipal 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; and (7) its subsidiary China Railway 16th Bureau Group Tiejun Engineering Co., Ltd. (中鐵十六局集團鐵運工程有限公司) 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 2021, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2021 to 31 December 2023.

IV. TAXATION (CONTINUED)

2. Tax preferential (continued)

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

China Railway 17th Bureau Group Co., Ltd. (中鐵十七局集團有限公司): (1) its subsidiary China Railway 17th Bureau 1st Engineering Co., Ltd. (中鐵十七局集團第一工程有限公司), China Railway 17th Bureau Group Construction Engineering Co., Ltd. (中鐵十七局集團建築工程有限公司) and 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) have 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 2022, and are entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2022 to 31 December 2024; (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; and (4) its subsidiary China Railway 17th Bureau Group Shanghai Rail Transit Engineering Co., Ltd. (中鐵十七局集團上海軌道交通工程有限公司) has been recognised as a High-tech Enterprise by Shanghai Municipal Science & Technology Commission, Shanghai Finance Bureau, and Shanghai Municipal Tax Service, State Taxation Administration since 2021, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2021 to 31 December 2023;

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 3rd Engineering Co., Ltd. (中鐵十八局集團第三工程有限公司) has been recognised as a High-tech Enterprise by Hebei Provincial Department of Science and Technology, Hebei Provincial Department of Finance, and Hebei Provincial Tax Service, State Taxation Administration since 2021, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2021 to 31 December 2023; (3) its subsidiary China Railway 18th Bureau Group 4th Engineering Co., Ltd. (中鐵十八局集團第四工程有限公司) has been recognised as a High-tech Enterprise by Tianjin Municipal Science and Technology Bureau, Tianjin Finance Bureau, and Tianjin Municipal Tax Service, State Taxation Administration since 2021, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2021 to 31 December 2023; (4) 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 (5) 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 2022, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2022 to 31 December 2024.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

IV. TAXATION (CONTINUED)

2. Tax preferential (continued)

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

China Railway 19th Bureau Group Co., Ltd. (中鐵十九局集團有限公司): (1) its subsidiaries including China Railway 19th Bureau Group 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 3rd Engineering Co., Ltd. (中鐵十九局集團有限公司第三工程有限公司) has been recognised as High-tech Enterprises by Department of Science & Technology of Liaoning Province, Liaoning Province Finance Department, and Liaoning Provincial Tax Service, State Taxation Administration since 2021, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2021 to 31 December 2023; (3) 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 2022, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2022 to 31 December 2024; (4) 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 Jiangsu Provincial Department of Science and Technology, 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; (5) 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 Municipal 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; (6) its subsidiaries including China Railway 19th Bureau Group Rail Transit Engineering Co., Ltd. (中鐵十九局集團軌道交通工程有限公司) and China Railway 19th Bureau Group Mining Investment Co., Ltd. (中鐵十九局集團礦業投資有限公司) have been recognized as High-tech Enterprises by Beijing Municipal Science and Technology Commission, Beijing Municipal Finance Bureau, and Beijing Municipal Tax Service, State Taxation Administration since 2021, and are entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2021 to 31 December 2023; and (7) 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 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 2022, and is entitled to enjoy the preferential income tax rate at 15% from 1 January 2022 to 31 December 2024; and (2) its subsidiary China Railway Construction & Installation Engineering Design Institute Co., Ltd. (中鐵建安工程設計院有限公司) has been recognised as a High-tech Enterprise by Hebei Provincial Department of Science and Technology, Hebei Provincial Department of Finance, and Hebei Provincial Tax Service, State Taxation Administration since 2021, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2021 to 31 December 2023.

China Railway 21st Bureau Group Co., Ltd. (中鐵二十一局集團有限公司): (1) its subsidiary China Railway 21st Bureau Group 2nd Engineering Co., Ltd. (中鐵二十一局集團第二工程有限公司) has been recognised as a High-tech Enterprises by Department of Science & Technology of Gansu Province, Gansu Province Finance Bureau, and Gansu Provincial Tax Service, State Taxation Administration since 2021, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2021 to 31 December 2023; (2) its subsidiary West China Railway Construction Engineering Materials Technology Co., Ltd. (西部鐵建工程材料科技有限公司) has been recognised as a High-tech Enterprises by Department of Science & Technology of Gansu Province, Gansu Province Finance Bureau, and Gansu 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 (3) 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 2022, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2022 to 31 December 2024.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

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) 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; (2) its subsidiary China Railway 22nd Bureau Group 2nd Engineering Co., Ltd. (中鐵二十二局集團第二工程有限公司) and 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) have been recognised as High-tech Enterprises by Beijing Municipal Science & Technology Commission, Beijing Municipal 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; (3) its subsidiary China Railway 22nd Bureau Group 3rd Engineering Co., Ltd. (中鐵二十二局集團第三工程有限公司) has been recognised as a High-tech Enterprise by Department of Science & Technology of Fujian Province, Fujian Province Finance Bureau, and Fujian Provincial Tax Service, State Taxation Administration since 2021, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2021 to 31 December 2023; (4) 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 4th Engineering Co., Ltd. (中鐵二十二局集團第四工程有限公司) have been recognised as High-tech Enterprises by Beijing Municipal Science & Technology Commission, Beijing Municipal Finance Bureau, and Beijing Municipal Tax Service, State Taxation Administration since 2022, and are entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2022 to 31 December 2024; and (5) 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 a High-tech Enterprise by Tianjin Municipal Science and Technology Bureau, Tianjin Finance Bureau, and Tianjin Municipal Tax Service, State Taxation Administration since 2022, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2022 to 31 December 2024.

China Railway 23rd Bureau Group Co., Ltd. (中鐵二十三局集團有限公司): (1) 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; (2) its subsidiary China Railway 23rd Bureau Group 1st Engineering Co., Ltd. (中鐵二十三局集團第一工程有限公司) 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 2021, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2021 to 31 December 2023; and (3) its subsidiary China Railway 23rd Bureau Group Construction Design Institute Co., Ltd. (中鐵二十三局集團建築設計研究院有限公司) has been recognised as a High-tech Enterprises by Sichuan Provincial Science and Technology Department, Sichuan Provincial Department of Finance, and Sichuan Provincial Tax Service, State Taxation Administration since 2022, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2022 to 31 December 2024.

IV. TAXATION (CONTINUED)

2. Tax preferential (continued)

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

China Railway 24th Bureau Group Co., Ltd. (中鐵二十四局集團有限公司): (1) its subsidiary Shanghai Electric Service & Electrification Co., Ltd. (上海電務電化有限公司) 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; and (2) its subsidiary China Railway 24th Bureau Group Co., Ltd. Jiangsu Engineering Co., Ltd. (中鐵二十四局集團江蘇工程有限公司) has been recognised as a High-tech Enterprises by Jiangsu Provincial Science and Technology Department, Jiangsu Provincial Department of Finance, 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; and (3) its subsidiary China Railway 24th Bureau Group Shanghai China Railway Construction Engineering Co., Ltd. (中鐵二十四局集團上海鐵建工程有限公司) 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 2021, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2021 to 31 December 2023.

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 1st Engineering Co., Ltd. (中鐵二十五局集團第一工程有限公司) 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 2021, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2021 to 31 December 2023; (2) 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 2022, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2022 to 31 December 2024; (3) 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 2022, and is entitled to enjoy the preferential income tax rate at 15% from 1 January 2022 to 31 December 2024; (4) its subsidiary China Railway 25th Bureau Group 5th Engineering Co., Ltd. (中鐵二十五局集團第五工程有限公司) has been recognised as a High-tech Enterprise by Qingdao Science and Technology Bureau, Qingdao Municipal Bureau of Finance, and Qingdao Tax Service, State Taxation Administration since 2021, and is entitled to enjoy the preferential income tax rate at 15% from 1 January 2021 to 31 December 2023; (5) 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 2022, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2022 to 31 December 2024; and (6) 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;

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

IV. TAXATION (CONTINUED)

2. Tax preferential (continued)

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

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 Municipal 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; (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 Municipal Finance Bureau, and Beijing Municipal Tax Service, State Taxation Administration since 2022, and are entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2022 to 31 December 2024; (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 2022, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2022 to 31 December 2024; (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 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; (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; and (6) its subsidiaries including Beijing China Railway Decoration Engineering Co., Ltd. (北京中鐵裝飾工程有限公司); Beijing China Railway Elevator Engineering Co., Ltd. (北京中鐵電梯工程有限公司); Beijing China Railway Construction Technology Co., Ltd. (北京中鐵建建築科技有限公司) and China Railway Construction Group Beijing Engineering Co., Ltd. (中鐵建設集團北京工程有限公司) have been recognised as High-tech Enterprises by Beijing Municipal Science & Technology Commission, Beijing Municipal Finance Bureau, and Beijing Municipal Tax Service, State Taxation Administration since 2021, and are entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2021 to 31 December 2023.

IV. TAXATION (CONTINUED)

2. Tax preferential (continued)

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

China Railway Construction Electrification Bureau Group Co., Ltd. (中國鐵建電氣化局集團有限公司): (1) China Railway Construction Electrification Bureau Group Co., Ltd. (中國鐵建電氣化局集團有限公司) and its subsidiary Beijing China Railway Construction Electrification Design Institute Co., Ltd. (北京中鐵建電氣化設計研究院有限公司) have been recognised as High-tech Enterprises by Beijing Municipal Science & Technology Commission, Beijing Municipal Finance Bureau, and Beijing Municipal Tax Service, State Taxation Administration since 2021, and are entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2021 to 31 December 2023; (2) 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 Henan Provincial Science and Technology Department, Henan Provincial Department of Finance, and Henan Provincial Tax Service, State Taxation Administration since 2022, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2022 to 31 December 2024; (3) 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; (4) 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 2022, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2022 to 31 December 2024; (5) 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; (6) 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 2022, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2022 to 31 December 2024; (7) 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 Jiangsu Provincial Department of Science and Technology, 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; (8) its subsidiary China Railway Construction Electrification Bureau Group South Engineering Co., Ltd. (中鐵建電氣化局集團南方工程有限公司) has been recognised as High-tech Enterprises by Department of Science and Technology of Hubei Province, Department of Finance of Hubei Province, and Hubei Provincial Tax Service, State Taxation Administration since 2021, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2021 to 31 December 2023; (9) its subsidiary China Railway Construction Electrification Bureau Group Rail Transit

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

IV. TAXATION (CONTINUED)

2. Tax preferential (continued)

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

Equipment Co., Ltd. (中鐵建電氣化局集團軌道交通器材有限公司) has been recognised as High-tech Enterprises by Jiangsu Provincial Department of Science and Technology, Department of Finance of Jiangsu Province, and Jiangsu Provincial Tax Service, State Taxation Administration since 2021, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2021 to 31 December 2023; (10) its subsidiary China Railway Construction Electrification Bureau Group Xi'an Electrification Product Co., Ltd. (中鐵建電氣化局集團西安電氣化製品有限公司) has been recognized as High-tech Enterprises by Shaanxi Provincial Department of Science and Technology, Financial Department of Shaanxi Province, and Shaanxi Provincial Tax Service, State Taxation Administration since 2022, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2022 to 31 December 2024; and (11) its subsidiary China Railway Construction Electrification Bureau Group Technology Co., Ltd. (中鐵建電氣化局集團科技有限公司) has been recognized 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 2021, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2021 to 31 December 2023.

CRCC Harbour and Channel Engineering Bureau Group Co., Ltd. (中國鐵建港航局集團有限公司): (1) 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; and (2) its subsidiary CRCC Harbour & Channel Engineering Bureau Group Survey & Design Institute Co., Ltd. (中鐵建港航局集團勘察設計院有限公司) has been recognised as a High-tech Enterprise by Department of Science & Technology of Guangdong Province, Department of Finance of Guangdong Province, and Guangdong Provincial Tax Service, State Taxation Administration since 2021, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2021 to 31 December 2023;

IV. TAXATION (CONTINUED)

2. Tax preferential (continued)

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

China Railway Urban Construction Group Co., Ltd. (中鐵城建集團有限公司): (1) China Railway Urban Construction Group Co., Ltd. (中鐵城建集團有限公司) has been recognised as a High-tech Enterprise by Hunan Provincial Science and Technology Department, Hunan Provincial Department of Finance, and Hunan Provincial Tax Service, State Taxation Administration since 2021, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2021 to 31 December 2023; (2) 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 Municipal 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; (3) 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; (4) its subsidiary China Railway Urban Construction Group 1st Engineering Co., Ltd. (中鐵城建集團第一工程有限公司) has been recognised as a High-tech Enterprise by Shanxi Provincial Science and Technology Department, Shanxi Provincial Department of Finance, and Shanxi Provincial Tax Service, State Taxation Administration since 2021, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2021 to 31 December 2023; (5) its subsidiary China Railway Urban Construction Group 2nd Engineering Co., Ltd. (中鐵城建集團第二工程有限公司) has been recognised as 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 2021, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2021 to 31 December 2023; and (6) its subsidiary China Railway Urban Construction Group 3rd Engineering Co., Ltd. (中鐵城建集團第三工程有限公司) has been recognised as a High-tech enterprise by Tianjin Municipal Science and Technology Bureau, Tianjin Finance Bureau, and Tianjin Municipal Tax Service, State Taxation Administration since 2021, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2021 to 31 December 2023.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

IV. TAXATION (CONTINUED)

2. Tax preferential (continued)

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

China Railway SIYUAN Survey and Design Group Co., Ltd. (中鐵第四勘察設計院集團有限公司): (1) 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 2022 and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2022 to 31 December 2024; (3) its subsidiary Guangzhou Holding Company of 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; (5) its subsidiary China Railway SIYUAN Survey and Design Group Engineering Construction Co., Ltd. (中鐵四院集團工程建設有限責任公司) has been recognised as High-tech Enterprises by Department of Science and Technology of Hubei Province, Department of Finance of Hubei Province, and Hubei Provincial Tax Service, State Taxation Administration since 2021 and are entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2021 to 31 December 2023; (6) its subsidiary China Railway SIYUAN Survey and Design Group Nanning Survey and Design Institute Co., Ltd. (中鐵四院集團南寧勘察設計院有限公司) 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 2021, and is entitled to enjoy the preferential income tax rate at 15% from 1 January 2021 to 31 December 2023; (7) its subsidiary China Railway SIYUAN Survey and Design Group Southwest Survey and Design Co., Ltd. (中鐵四院集團西南勘察設計有限公司) has been recognised as a High-tech Enterprise by Yunnan Province Science and Technology Department, Yunnan Provincial Department of Finance, and Yunnan Provincial Tax Service, State Taxation Administration since 2021, and is entitled to enjoy the preferential income tax rate at 15% from 1 January 2021 to 31 December 2023; and (8) its subsidiary China Railway SIYUAN Survey and Design Group New Type Rail Transit Design & Research Co., Ltd. (中鐵四院集團新型軌道交通設計研究有限公司) has been recognised as High-tech Enterprises by Jiangsu Provincial Department of Science and Technology, Department of Finance of Jiangsu Province, and Jiangsu Provincial Tax Service, State Taxation Administration since 2021, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2021 to 31 December 2023.

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): (1) 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 Tieyan Construction Supervision Co., Ltd. (北京鐵研建設監理有限責任公司), 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 Municipal 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 subsidiary Beijing Tiecheng Construction Supervision Co., Ltd. (北京鐵城建設監理有限責任公司) has been recognised as High-tech Enterprises by Beijing Municipal Science & Technology Commission, Beijing Municipal Finance Bureau, and Beijing Municipal Tax Service, State Taxation Administration since 2021, and are entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2021 to 31 December 2023; and (3) its subsidiary Quzhou Communication Design Co., Ltd (衢州市交通設計有限公司) has been recognized 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.

China Railway Shanghai Design Institute Group Corporation Limited (中鐵上海設計院集團有限公司): China Railway Shanghai Design Institute Group Corporation Limited (中鐵上海設計院集團有限公司) 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 2022, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2022 to 31 December 2024.

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.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

IV. TAXATION (CONTINUED)

2. Tax preferential (continued)

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

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 High-tech Equipment Corporation Limited (中鐵建高新裝備股份有限公司): its subsidiary Beijing Ruiweitong Engineering Machinery Co., Ltd. (北京瑞維通工程機械有限公司) has been recognised as a High-tech Enterprise by Beijing Municipal Science & Technology Commission, Beijing Municipal Finance Bureau, and Beijing Municipal Tax Service, State Taxation Administration since 2021, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2021 to 31 December 2023.

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

1. Cash and bank balances

RMB '000

Item	30 June 2022 (unaudited)	31 December 2021
Cash on hand	63,848	59,533
Cash at banks	136,534,978	115,249,713
Other cash and bank balances	9,209,064	7,099,547
Mandatory reserves placed by CRCC Finance Company Limited with the central bank	5,140,288	4,412,361
Total	150,948,178	126,821,154

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

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

1. Cash and bank balances (continued)

The restricted cash and bank balances of the Group are stated in Note V 62.

As at 30 June 2022, the Group held foreign cash and bank balances amounting to RMB12,485,681,000 (31 December 2021: RMB12,562,879,000), and held no restricted deposits. (31 December 2021: Nil).

RMB '000

Item	30 June 2022 (unaudited)	31 December 2021
Cash and bank balances at the end of the period/year	150,948,178	126,821,154
Less: Mandatory reserves placed by CRCC Finance Company Limited with the central bank	5,140,288	4,412,361
Less: Other restricted cash and bank balances	9,188,178	6,808,858
Less: Non-pledged time deposits with original maturity of three months or more when acquired	454,107	5,858,074
Cash and cash equivalents at the end of the period/year	136,165,605	109,741,861

2. Held-for-trading financial assets

RMB '000

Item	30 June 2022 (unaudited)	31 December 2021
Monetary fund products	2,017,869	–
Equity instruments	220,306	259,605
Others	280,396	200,458
Total	2,518,571	460,063

3. Bills receivable

RMB '000

Item	30 June 2022 (unaudited)	31 December 2021
Commercial acceptance bills	5,464,546	13,387,919
Bank acceptance bills	257,736	294,612
Less: Impairment of credit losses	228,675	953,291
Total	5,493,607	12,729,240

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

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

3. Bills receivable (continued)

Bills receivable and impairment of credit losses by category are listed as follows:

RMB '000

Category	30 June 2022 (unaudited)				Carrying amount
	Gross carrying amount		Impairment of credit losses		
	Amount	Percentage (%)	Amount	Provision percentage (%)	
Impairment of credit losses assessed individually	1,232,954	21.55	170,340	13.82	1,062,614
Impairment of credit losses assessed by credit risk portfolio	4,489,328	78.45	58,335	1.30	4,430,993
Total	5,722,282	100.00	228,675	4.00	5,493,607

RMB '000

Category	31 December 2021				Carrying amount
	Gross carrying amount		Impairment of credit losses		
	Amount	Percentage (%)	Amount	Provision percentage (%)	
Impairment of credit losses assessed individually	5,013,706	36.64	883,031	17.61	4,130,675
Impairment of credit losses assessed by credit risk portfolio	8,668,825	63.36	70,260	0.81	8,598,565
Total	13,682,531	100.00	953,291	6.97	12,729,240

The restricted bills receivable of the Group are stated in Note V, 62.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

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

4. Receivables at FVTOCI

RMB '000

Item	30 June 2022 (unaudited)	31 December 2021
Bank acceptance bills	2,220,622	2,475,096
Total	2,220,622	2,475,096

As at 30 June 2022, the Group had RMB2,535,643,000 (31 December 2021: RMB4,839,418,000) 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 2022 (unaudited)	31 December 2021
Within 1 year	150,496,441	131,449,832
1 to 2 years	28,013,568	19,877,853
2 to 3 years	8,531,483	8,295,475
Over 3 years	9,053,977	8,523,216
Subtotal	196,095,469	168,146,376
Less: Impairment of credit losses	14,321,511	12,469,078
Total	181,773,958	155,677,298

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

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 2022 (unaudited)	2021
Closing balance of prior period/year	12,469,078	8,267,822
Provision for the period/year	2,125,912	7,431,766
Less: Reversal for the period/year	1,010,430	1,746,008
Less: Write-off for the period/year	7,192	1,231,418
Transferred from bills receivable	753,464	–
Others	(9,321)	(253,084)
Closing balance of current period/year	14,321,511	12,469,078

The movements in detail of impairment of credit losses for the six months ended 30 June 2022 are presented in Note VIII, 3.

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

RMB '000

Category	30 June 2022 (unaudited)				Carrying amount
	Gross carrying amount		Impairment of credit losses		
	Amount	Percentage (%)	Amount	Percentage (%)	
Impairment of credit losses assessed individually	30,635,975	15.62	8,928,590	29.14	21,707,385
Impairment of credit losses assessed by credit risk portfolio	165,459,494	84.38	5,392,921	3.26	160,066,573
Total	196,095,469	100.00	14,321,511	7.30	181,773,958

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

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

5. Trade receivables (continued)

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

RMB '000

Category	31 December 2021				Carrying amount
	Gross carrying amount		Impairment of credit losses		
	Amount	Percentage (%)	Amount	Percentage (%)	
Impairment of credit losses assessed individually	22,275,994	13.25	7,297,787	32.76	14,978,207
Impairment of credit losses assessed by credit risk portfolio	145,870,382	86.75	5,171,291	3.55	140,699,091
Total	168,146,376	100.00	12,469,078	7.42	155,677,298

As at 30 June 2022, 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	701,281	168,532	24.03	Note
Company 2	609,569	90,800	14.90	Note
Company 3	609,566	104,230	17.10	Note
Company 4	575,639	385,496	66.97	Note
Company 5	548,819	67,175	12.24	Note
Others	27,591,101	8,112,357	29.40	–
Total	30,635,975	8,928,590	29.14	–

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 2022

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

5. Trade receivables (continued)

As at 30 June 2022, trade receivables whose impairment of credit losses were assessed by credit risk portfolio are listed as follows:

Portfolio 1:

RMB '000

Aging	30 June 2022 (unaudited)			
	Gross carrying amount		Impairment of credit losses	
	Amount	Percentage (%)	Amount	Provision percentage (%)
Within 1 year	87,123,521	84.06	972,210	1.12
1 to 2 years	10,402,506	10.04	611,513	5.88
2 to 3 years	3,963,400	3.82	485,707	12.25
Over 3 years	2,157,458	2.08	982,906	45.56
Total	103,646,885	100.00	3,052,336	2.94

Portfolio 2:

RMB '000

Aging	30 June 2022 (unaudited)			
	Gross carrying amount		Impairment of credit losses	
	Amount	Percentage (%)	Amount	Provision percentage (%)
Within 1 year	8,511,556	85.16	83,200	0.98
1 to 2 years	819,131	8.20	44,573	5.44
2 to 3 years	453,467	4.54	47,028	10.37
Over 3 years	209,672	2.10	134,559	64.18
Total	9,993,826	100.00	309,360	3.10

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

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

5. Trade receivables (continued)

As at 30 June 2022, trade receivables whose impairment of credit losses were assessed by credit risk portfolio are listed as follows: (continued)

Portfolio 3:

RMB '000

Aging	30 June 2022 (unaudited)			
	Gross carrying amount		Impairment of credit losses	
	Amount	Percentage (%)	Amount	Provision percentage (%)
Within 1 year	3,748,348	72.85	84,061	2.24
1 to 2 years	1,022,060	19.86	67,327	6.59
2 to 3 years	218,211	4.24	25,603	11.73
Over 3 years	156,841	3.05	95,411	60.83
Total	5,145,460	100.00	272,402	5.29

Portfolio 4:

RMB '000

Aging	30 June 2022 (unaudited)			
	Gross carrying amount		Impairment of credit losses	
	Amount	Percentage (%)	Amount	Provision percentage (%)
Within 1 year	10,697,377	86.79	44,298	0.41
1 to 2 years	1,485,613	12.05	8,291	0.56
2 to 3 years	29,709	0.24	196	0.66
Over 3 years	113,059	0.92	1,013	0.90
Total	12,325,758	100.00	53,798	0.44

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

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

5. Trade receivables (continued)

As at 30 June 2022, trade receivables whose impairment of credit losses were assessed by credit risk portfolio are listed as follows: (continued)

Portfolio 5:

RMB '000

Aging	30 June 2022 (unaudited)			
	Gross carrying amount		Impairment of credit losses	
	Amount	Percentage (%)	Amount	Provision percentage (%)
Within 1 year	28,122,220	81.88	616,074	2.19
1 to 2 years	3,681,908	10.72	249,975	6.79
2 to 3 years	1,748,592	5.09	298,265	17.06
Over 3 years	794,845	2.31	540,711	68.03
Total	34,347,565	100.00	1,705,025	4.96

As at 30 June 2022, trade receivables from the five largest customers are listed as follows (unaudited):

RMB '000

Company name	Relationship with the Group	Amount	Aging	Percentage of total trade receivables (%)
Company 1	Third party	2,430,100	Within 1 year	1.24
Company 2	Third party	1,217,942	Within 1 year	0.62
Company 3	Third party	1,034,503	Within 1 year	0.53
Company 4	Third party	1,018,121	Within 1 year	0.52
Company 5	Third party	1,056,291	Within 1 year	0.54
Total	-	6,756,957	-	3.45

For the six months ended 30 June 2022, the write-off of trade receivables amounted to RMB7,192,000 (For the six months ended 30 June 2021: RMB2,723,000)

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

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:

For the six months ended 30 June 2022, the Group derecognised trade receivables of RMB35,178,745,000 (For the six months ended 30 June 2021: RMB21,824,523,000) due to transfer of financial assets and recognised losses from derecognition of financial assets of RMB1,532,138,000 (For the six months ended 30 June 2021: RMB1,056,860,000).

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

As at 30 June 2022, the Group recognised assets of RMB612,207,000 and liabilities of RMB612,207,000 (As at 31 December 2021: RMB502,207,000 and RMB502,207,000) related to continuing involvement of transferred trade receivables.

The restricted trade receivables of the Group are stated in Note V, 62.

6. Advances to suppliers

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

RMB '000

Aging	30 June 2022 (unaudited)		31 December 2021	
	Gross carrying amount	Percentage (%)	Gross carrying amount	Percentage (%)
Within 1 year	29,869,442	97.58	24,893,422	97.49
1 to 2 years	460,920	1.51	440,576	1.73
2 to 3 years	257,537	0.84	175,280	0.69
Over 3 years	20,938	0.07	24,184	0.09
Total	30,608,837	100.00	25,533,462	100.00

As at 30 June 2022, there were no significant advances to suppliers aged over one year.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

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

6. Advances to suppliers (continued)

As at 30 June 2022, 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	275,000	Within 1 year	0.90
Company 2	Third party	197,794	Within 1 year	0.65
Company 3	Third party	174,117	Within 1 year	0.57
Company 4	Third party	155,386	Within 1 year	0.51
Company 5	Third party	141,145	Within 1 year	0.45
Total	–	943,442	–	3.08

7. Other receivables

An aging analysis of other receivables is listed as follows:

RMB '000

Aging	30 June 2022 (unaudited)	31 December 2021
Within 1 year	52,427,339	44,099,766
1 to 2 years	8,708,287	10,903,920
2 to 3 years	4,292,458	5,452,240
Over 3 years	8,076,658	8,063,607
Subtotal	73,504,742	68,519,533
Less: Impairment of credit losses	4,829,697	4,733,087
Total	68,675,045	63,786,446

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

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 2022 (unaudited)	2021
Opening balance of the period/year	4,733,087	5,155,972
Provision for the period/year	456,419	1,596,124
Less: Reversal for the period/year	362,235	691,965
Less: Write-off for the period/year	5,414	1,320,828
Others	7,840	(6,216)
Closing balance of the current period/year	4,829,697	4,733,087

- (1) As at 30 June 2022, 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	39,044,896	323,283	0.83
Security deposit and cash pledged	16,937,193	835,106	4.93
Advance payments	5,443,736	119,764	2.20
Others	7,156,308	329,431	4.60
Total	68,582,133	1,607,584	2.34

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

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

7. Other receivables (continued)

- (2) As at 30 June 2022, analysis of impairment of credit losses of other receivables at phase II are listed as follows:

RMB '000

Category	30 June 2022 (unaudited)				Carrying amount
	Gross carrying amount		Impairment of credit losses		
	Amount	Percentage (%)	Amount	Provision percentage (%)	
Impairment of credit losses assessed by credit risk portfolio	1,975,734	100.00	600,365	30.39	1,375,369
Total	1,975,734	100.00	600,365	30.39	1,375,369

- (3) As at 30 June 2022, analysis of impairment of credit losses of other receivables at phase III are listed as follows:

RMB '000

Category	30 June 2022 (unaudited)				Carrying amount
	Gross carrying amount		Impairment of credit losses		
	Amount	Percentage (%)	Amount	Provision percentage (%)	
Impairment of credit losses assessed individually	2,658,591	90.22	2,343,034	88.13	315,557
Impairment of credit losses assessed by credit risk portfolio	288,284	9.78	278,714	96.68	9,570
Total	2,946,875	100.00	2,621,748	88.97	325,127

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

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

7. Other receivables (continued)

- (3) As at 30 June 2022, 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	284,158	284,158	100.00	Note
Company 2	241,100	77,430	32.12	Note
Company 3	168,765	168,765	100.00	Note
Company 4	118,947	118,947	100.00	Note
Company 5	96,000	29,412	30.64	Note
Others	1,749,621	1,664,322	95.12	–
Total	2,658,591	2,343,034	88.13	–

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 2022, the write-off of other receivables amounted to RMB5,414,000 (for the six months ended 30 June 2021: RMB6,379,000).

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

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 2022 (unaudited)	31 December 2020
Loans for cooperative development project	39,044,896	35,204,838
Security deposit and cash pledged	18,530,345	17,608,240
Advance payments	6,021,973	6,425,517
Others	9,907,528	9,280,938
Total	73,504,742	68,519,533

As at 30 June 2022, other receivables from the five largest customers are listed as follows (unaudited):

RMB '000

Company name	Relationship with the Group	Gross carrying amount	Percentage of total other receivables (%)	Nature	Aging	Impairment of credit losses
Company 1	Joint venture	2,704,913	3.68	Loans for cooperative development project	Within 4 years	177,729
Company 2	Joint venture	2,382,126	3.24	Loans for cooperative development project	Within 3 years	76,484
Company 3	Associate	2,280,313	3.10	Loans for cooperative development project	Within 2 years	2,280
Company 4	Joint venture	1,675,041	2.28	Loans for cooperative development project	Within 2 years	1,732
Company 5	Joint venture	1,277,330	1.74	Loans for cooperative development project	Within 3 years	1,277
Total	-	10,319,723	14.04	-	-	259,502

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

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

8. Inventories

RMB '000

Item	30 June 2022 (unaudited)		
	Gross carrying amount	Provision for decline in value	Carrying amount
Raw materials	27,427,786	25,734	27,402,052
Work in progress	4,856,835	–	4,856,835
Finished goods	7,218,176	83,269	7,134,907
Turnover materials	13,360,726	99,514	13,261,212
Properties under development (1)	205,408,478	678,836	204,729,642
Completed properties held for sale (2)	40,891,602	1,102,629	39,788,973
Total	299,163,603	1,989,982	297,173,621

RMB '000

Item	31 December 2021		
	Gross carrying amount	Provision for decline in value	Carrying amount
Raw materials	23,822,063	24,879	23,797,184
Work in progress	4,144,352	–	4,144,352
Finished goods	6,779,745	83,269	6,696,476
Turnover materials	12,744,588	99,514	12,645,074
Properties under development (1)	190,761,260	677,641	190,083,619
Completed properties held for sale (2)	43,190,534	1,003,223	42,187,311
Total	281,442,542	1,888,526	279,554,016

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

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	Additions	Reductions		30 June 2022
	2022	Provision (unaudited)	Reversal (unaudited)	Write-off and Others (unaudited)	
Raw materials	24,879	1,139	284	-	25,734
Finished goods	83,269	-	-	-	83,269
Turnover materials	99,514	-	-	-	99,514
Properties under development	677,641	3,473	-	2,278	678,836
Completed properties held for sale	1,003,223	164,092	-	64,686	1,102,629
Total	1,888,526	168,704	284	66,964	1,989,982

RMB '000

Item	1 January	Additions	Reductions		31 December
	2021	Provision	Reversal	Write-off and Others	
Raw materials	22,508	3,677	-	1,306	24,879
Finished goods	153,248	32,637	70,275	32,341	83,269
Turnover materials	99,514	-	-	-	99,514
Properties under development	730,436	41,578	87,877	6,496	677,641
Completed properties held for sale	897,527	306,672	10,807	190,169	1,003,223
Total	1,903,233	384,564	168,959	230,312	1,888,526

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

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	31 December
				2022 (unaudited) Gross carrying amount	2021 Gross carrying amount
Tianjin Xipai Guoyin Project	October 2018	October 2022	10,569,200	7,404,971	7,144,243
Wenzhou Lucheng Future Community	September 2020	March 2024	10,705,140	6,822,832	6,746,534
Huayu Yuncui Project	January 2022	April 2024	9,030,790	6,045,860	5,807,580
Xipai Jinsha Residence Project	May 2020	November 2022	6,283,460	5,409,681	5,114,052
International Mansion Project	July 2019	October 2022	6,022,270	5,064,738	4,794,166
CRCC Haiyu Xi'an Project	August 2019	December 2022	11,305,576	4,499,253	4,179,440
Chongqing Dadukou Project	July 2019	October 2022	5,348,630	4,319,760	4,082,970
CRCC Huayutang Project	December 2019	September 2023	6,830,030	3,888,291	3,603,106
Chongqing Shanyu Taoyuan Project	October 2021	October 2023	5,564,884	3,518,081	3,281,145
CRCC City Project	July 2022	December 2023	10,613,160	3,079,287	2,095,536
Shanghai Huayu Lanting Project	October 2021	December 2023	4,379,030	2,991,838	2,774,300
CRCC Huayu City Project	July 2020	December 2022	5,553,727	2,916,767	2,563,728
CRCC Xinda Huayu Tianchen Project	November 2021	December 2023	3,836,220	2,891,420	2,687,979
Jinan Wutongyuan Project	November 2019	June 2023	5,555,000	2,887,408	2,794,472
Suzhou Jingwan - Huayu Tianjing Huating Project	July 2020	December 2022	3,514,830	2,818,945	2,744,277
Xinchuan Yue Project	December 2021	October 2023	3,843,290	2,804,046	2,627,176
Lingxiu Mansion South Zone Project	December 2018	December 2022	3,817,100	2,790,036	2,746,101
Huayu Tianjingfu Project	August 2019	October 2022	2,872,340	2,713,898	2,692,865
CRCC City (Guiyang) Project	August 2020	June 2023	3,792,080	2,654,934	2,476,190
Qingdao CRCC Plaza Project	September 2020	December 2023	5,019,580	2,580,319	2,405,376
Others	-	-	323,905,965	127,306,113	117,400,024
Total	-	-	448,362,302	205,408,478	190,761,260

As at 30 June 2022, the aggregate carrying amount of borrowing costs capitalised in properties under development was RMB13,717,798,000 (31 December 2021: RMB12,024,983,000). Borrowing costs capitalised for the six months ended 30 June 2022 amounted to RMB3,025,251,000 (for the six months ended 30 June 2021: RMB2,581,299,000). The capitalisation rates of borrowing costs ranged from 3.30 % to 7.10 % (for the six months ended 30 June 2021: 3.30% to 8.00%).

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

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 2022			30 June 2022
		Gross carrying amount	Additions (unaudited)	Reductions (unaudited)	Gross carrying amount (unaudited)
CRCC Wutong Garden Project	December 2021	2,019,535	–	169,422	1,850,113
Qingyangpeng Project	December 2021	1,581,196	63,899	479	1,644,616
CRCC Xipai City Project	December 2021	2,305,741	–	695,540	1,610,201
Changchun Xipai Tangsong Project	December 2021	1,559,539	74,148	49,093	1,584,594
Lingxiu Mansion North Zone Project	December 2020	2,025,879	–	452,395	1,573,484
Huayu Jinjun Project	February 2022	–	2,316,020	807,407	1,508,613
Tianjin CRCC International City Project	April 2019	1,444,011	–	33,830	1,410,181
Chengdu Beihu Xinqu Project	December 2019	1,344,299	–	8,338	1,335,961
Wutong Qianshan Project	June 2022	264,654	1,407,048	353,048	1,318,654
Guiyang CRCC International City Project	December 2019	1,391,869	–	147,193	1,244,676
CRCC Fuzhou Langqi Shanyucheng Project	December 2020	889,858	–	43,970	845,888
Wutong Bay Project	December 2021	808,022	12,269	–	820,291
Jiucheng Yihao Project	November 2021	784,029	7,437	–	791,466
Nananhuayu Project	October 2018	824,225	–	102,371	721,854
CRCC Tower Project	December 2020	810,254	–	110,400	699,854
Tianjin Xipai Guoyin Project	December 2021	689,378	–	–	689,378
Guian Shanyucheng Project	December 2021	684,454	–	22,261	662,193
CRCC Shanyulantang Project	January 2022	254,103	499,189	127,894	625,398
CRCC Southern Headquarter Base Project	June 2019	820,053	–	217,519	602,534
Xiangxie International Project	February 2021	1,372,426	–	794,636	577,790
Others	–	21,317,009	10,757,078	13,300,224	18,773,863
Total	–	43,190,534	15,137,088	17,436,020	40,891,602

The restricted inventories of the Group are stated in Note V, 62.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

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 2022 (unaudited)	31 December 2021
Contract assets	224,385,043	202,167,164
Less: Impairment of credit losses	6,260,777	5,851,536
Total	218,124,266	196,315,628

Movements in impairment losses on assets for contract assets are listed as follows:

RMB '000

Item	For the six months ended 30 June 2022 (unaudited)	2021
Closing balance of prior period/year	5,851,536	5,468,257
Provision for the period/year	673,380	1,159,138
Less: Reversal for the period/year	249,968	701,974
Others	(14,171)	(73,885)
Closing balance of current period/year	6,260,777	5,851,536

The movements of impairment losses on assets for contract assets for the six months ended 30 June 2022 are presented in Note VIII, 3.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

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

9. Contract assets (continued)

Contract assets and impairment losses on assets for contract assets by category are listed as follows:

RMB '000

Category	30 June 2022 (unaudited)				
	Gross carrying amount		Impairment losses on assets		Carrying amount
	Amount	Percentage (%)	Amount	Provision percentage (%)	
Impairment of credit losses assessed individually	26,783,007	11.94	5,078,549	18.96	21,704,458
Impairment of credit losses assessed by credit risk portfolio	197,602,036	88.06	1,182,228	0.60	196,419,808
Total	224,385,043	100.00	6,260,777	2.79	218,124,266

RMB '000

Category	31 December 2021				
	Gross carrying amount		Impairment losses on assets		Carrying amount
	Amount	Percentage (%)	Amount	Provision percentage (%)	
Impairment of credit losses assessed individually	25,051,791	12.39	4,886,117	19.50	20,165,674
Impairment of credit losses assessed by credit risk portfolio	177,115,373	87.61	965,419	0.55	176,149,954
Total	202,167,164	100.00	5,851,536	2.89	196,315,628

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

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

9. Contract assets (continued)

As at 30 June 2022, the analysis of contract assets whose impairment losses were assessed by portfolio is as follows (unaudited):

RMB '000

	Gross carrying amount	Impairment losses on assets		Reasons
		Amount	Provision percentage (%)	
Portfolio 1	160,434,541	872,429	0.54	Expected credit loss
Portfolio 2	10,063,247	50,896	0.51	Expected credit loss
Portfolio 3	2,545,357	9,370	0.37	Expected credit loss
Portfolio 4	24,558,891	249,533	1.02	Expected credit loss
Total	197,602,036	1,182,228	0.60	-

10. Other current assets

RMB '000

Item	30 June 2022 (unaudited)	31 December 2021
Prepaid taxes and VAT input to be deducted	23,456,606	21,558,327
Reverse repurchase of treasury bonds	5,703,428	2,000,000
Fund investment prepayments (Note)	2,444,430	-
Others	1,046,869	1,304,254
Total	32,651,333	24,862,581

Note: Guojin CRCC Chongqing Yusui Highway Closed-end Infrastructure Securities Investment Fund had completed the offering on 22 June 2022, CRCC Chongqing Investment Group Co., Ltd., a subsidiary of the Company, subscribed 255 million fund units as the original rights and interests owner and paid subscription capital of RMB2,444,430,000. The fund had been listed on Shanghai Stock Exchange on 8 July 2022.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

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

11. Loans and advances to customers

RMB '000

Item	30 June 2022 (unaudited)	31 December 2021
Loans to customers	2,386,524	2,981,281

12. Long-term receivables

RMB '000

Item	30 June 2022 (unaudited)		
	Gross carrying amount	Impairment of credit losses	Carrying amount
Long-term project receivables	32,486,780	781,374	31,705,406
PPP project receivables	10,030,625	40,611	9,990,014
Land development receivables	9,060,382	37,263	9,023,119
Others	19,197,878	145,717	19,052,161
Total	70,775,665	1,004,965	69,770,700
Less: Current portion of non-current assets:	9,263,181	53,362	9,209,819
Including: Long-term project receivables	1,978,194	16,778	1,961,416
PPP project receivables	1,817,107	9,210	1,807,897
Land development receivables	916,969	4,585	912,384
Others	4,550,911	22,789	4,528,122
Long-term receivables due after one year	61,512,484	951,603	60,560,881

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

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

12. Long-term receivables (continued)

RMB '000

Item	31 December 2021		Carrying amount
	Gross carrying amount	Impairment of credit losses	
Long-term project receivables	29,169,455	725,036	28,444,419
PPP project receivables	9,437,711	35,879	9,401,832
Land development receivables	6,956,181	34,430	6,921,751
Others	20,893,043	165,173	20,727,870
Total	66,456,390	960,518	65,495,872
Less: Current portion of non-current assets:			
Including: Long-term project receivables	10,396,823	51,039	10,345,784
PPP project receivables	1,864,059	11,006	1,853,053
PPP project receivables	1,533,667	7,668	1,525,999
Land development receivables	963,983	4,820	959,163
Others	6,035,114	27,545	6,007,569
Long-term receivables due after one year	56,059,567	909,479	55,150,088

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

RMB '000

Category	30 June 2022 (unaudited)				Carrying amount
	Gross carrying amount		Impairment of credit losses		
	Amount	Percentage (%)	Amount	Provision percentage (%)	
Impairment of credit losses assessed individually	994,479	1.41	499,326	50.21	495,153
Impairment of credit losses assessed by credit risk portfolio	69,781,186	98.59	505,639	0.72	69,275,547
Total	70,775,665	100.00	1,004,965	1.42	69,770,700

As at 30 June 2022, long-term receivables with significant financing component were presented in accordance with the net amount after discount. The discount rate is 4.35%-5.50% (31 December 2021: 4.35%-5.50%).

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

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 2022 (unaudited)	2021
Closing balance of the prior period/year	960,518	756,081
Provision for the period/year	108,605	324,989
Less: Reversal for the period/year	64,158	104,426
Less: Write-off for the period/year	-	4,651
Others	-	(11,475)
Closing balance of the current period/year	1,004,965	960,518

The analysis of long-term receivables derecognized due to transfer of financial assets is as follows:

For the six months ended 30 June 2022, the Group derecognized long-term receivables of RMB537,947,000 (for the six months ended 30 June 2021: nil) due to transfer of financial assets, and derecognized losses of RMB35,257,000 (for the six months ended 30 June 2021: nil).

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

As at 30 June 2022, the Group had assets of RMB7,793,000 and liabilities of RMB7,793,000 (As at 31 December 2021: assets of RMB23,043,000 and liabilities of RMB23,043,000) related to continuing involvement of transferred trade receivables from transfer of long-term receivables in previous years.

13. Long-term equity investments

RMB '000

Item		30 June 2022 (unaudited)	31 December 2021
Investments in unlisted companies – equity method			
Joint ventures	(1)	49,404,056	45,633,608
Associates	(2)	59,594,994	52,579,117
Less: Provision for impairment of long-term equity investments		49,208	49,208
Total		108,949,842	98,163,517

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

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

13. Long-term equity investments (continued)

(1) Investment in joint ventures

30 June 2022:

RMB '000

Investee	Investment cost	1 January 2022	Transfer to/ Increase in investment (unaudited)	Decrease in investment (unaudited)	Changes for the period			30 June 2022 (unaudited)	Provision for impairment at the end of period (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	3,703,600	-	-	-	-	-	3,703,600	-
Sichuan Tianfu Airport Expressway Co., Ltd.	3,624,600	3,520,838	-	-	(204,321)	-	-	3,316,517	-
Kunming Metro Line 5 Construction & Operation Co., Ltd.	3,287,980	3,137,980	150,000	-	-	-	-	3,287,980	-
Sichuan Chengdu Mianyang Cangba Expressway Co., Ltd.	2,408,274	1,593,634	814,640	-	-	-	-	2,408,274	-
Qingdao Blue Silicon Valley Intercity Rail Transit Co., Ltd.	1,688,159	1,688,101	-	-	-	-	-	1,688,101	-
CRCC Shanxi Highway Co., Ltd.	1,597,200	1,544,830	-	-	(37,122)	-	-	1,507,708	-
Chongqing Yuxiang Fuxian Highway Co., Ltd.	1,537,500	1,000,000	537,500	-	-	-	-	1,537,500	-
Sichuan Nansuitong Expressway Co., Ltd.	1,358,709	1,358,709	-	-	-	-	-	1,358,709	-
Chongqing Rail Transit Line 18 Construction and Operation Co., Ltd.	1,132,036	1,132,036	-	-	-	-	-	1,132,036	-
Guizhou Guijin Expressway Co., Ltd.	1,050,336	901,681	148,656	-	-	-	-	1,050,337	-
Others	-	26,002,991	2,911,574	(306,106)	(204,314)	(34,204)	(5,855)	28,364,086	(49,208)
Total	-	45,584,400	4,562,370	(306,106)	(445,757)	(34,204)	(5,855)	49,354,848	(49,208)

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

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 2021:

RMB '000

Investee	Investment cost	1 January 2021	Increase in investment	Decrease in investment	Changes for the year		Others	31 December 2021	Provision for impairment at the end of year
					Investment profits or losses under equity method	Declaration of cash dividends			
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	-	-	(103,762)	-	-	3,520,838	-
Kunming Metro Line 5 Construction & Operation Co., Ltd	3,137,980	-	3,137,980	-	-	-	-	3,137,980	-
Qingdao Blue Silicon Valley Intercity Rail Transit Co., Ltd.	1,688,159	1,688,101	-	-	-	-	-	1,688,101	-
Sichuan Chengdu Mianyang Cangba Expressway Co., Ltd	1,593,634	598,500	995,134	-	-	-	-	1,593,634	-
CRCC Shaanxi Highway Co., Ltd.	1,597,200	1,597,163	-	-	(52,333)	-	-	1,544,830	-
Sichuan Nansuitong Expressway Co., Ltd	1,358,709	108,400	1,250,309	-	-	-	-	1,358,709	-
Chongqing Tiefsa Jianxin Highway Co., Ltd.	1,554,400	1,355,386	-	-	(151,264)	-	-	1,204,122	-
Chongqing Rail Transit Line 18 Construction and Operation Co., Ltd.	1,132,036	671,073	460,963	-	-	-	-	1,132,036	-
Tianjin line 1 Rail Transit Operation Co., Ltd	981,320	-	981,320	-	24,240	-	-	1,005,560	-
Yunnan Yulin Expressway Construction Co., Ltd (Note 2)	-	3,192,991	-	(3,192,991)	-	-	-	-	-
Others	-	16,244,915	9,397,163	(844,570)	1,926,264	(976,098)	(52,684)	25,694,990	(49,208)
Total	-	32,691,793	16,222,869	(4,037,561)	1,736,081	(976,098)	(52,684)	45,584,400	(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: China Railway Construction Kunlun Investment Group Co., Ltd., a subsidiary of the company, entered into an equity transfer agreement with Yunnan communications investment and Construction Group Co., Ltd. on July 3, 2021 to transfer all the equity of Yunnan Yulin Expressway Construction Co., Ltd. held by it to Yunnan communications investment and Construction Group Co., Ltd.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

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

13. Long-term equity investments (continued)

(2) Investment in associates

30 June 2022:

RMB '000

Investee	Investment cost	1 January 2022	Transfer to/ Increase in investment (unaudited)	Decrease in investment (unaudited)	Changes for the period				30 June 2022 (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)		
CRCC Financial Leasing Co., Ltd. (Note 1)	1,747,618	2,622,806	-	-	96,163	-	-	19,253	2,738,222	-
CRCC-Tongguan Investment Co., Ltd.	1,472,366	1,822,473	-	-	222,741	154,312	-	-	2,199,526	-
Hengda Real Estate (Shenzhen) Co., Ltd.	2,313,506	2,185,523	-	-	-	-	-	-	2,185,523	-
Hangqiu Railway Co., Ltd.	2,181,195	1,927,863	253,000	-	-	-	-	-	2,180,863	-
Yunnan Kunchu Highway Investment & Development Co., Ltd.	2,029,494	2,029,494	-	-	(28,491)	-	-	-	2,001,003	-
Ningxia Inter-City Railway Co., Ltd.	1,701,025	1,812,850	-	(111,825)	19,521	-	(19,521)	-	1,701,025	-
China Railway Construction Sichuan Dejian Expressway Co., Ltd.	1,735,304	1,735,304	-	-	(46,509)	-	-	-	1,688,795	-
CRCC Gansu Zhangbian Highway Co., Ltd.	1,469,650	1,532,899	-	-	13,170	-	-	-	1,546,069	-
CRCC Tianjin Hongtu Fengchuang investment partnership (limited partnership)	1,475,017	1,475,017	-	-	-	-	-	-	1,475,017	-
Hangzhou Fanyue Jingxin Real Estate Co., Ltd	1,470,000	1,470,000	-	-	(366)	-	-	-	1,469,634	-
Others	-	33,964,888	6,379,591	(109,207)	282,364	971	(94,081)	(15,209)	40,409,317	-
Total	-	52,579,117	6,632,591	(221,032)	558,593	155,283	(113,602)	4,044	59,594,994	-

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

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

13. Long-term equity investments (continued)

(2) Investment in associates (continued)

31 December 2021:

RMB '000

Investee	Investment cost	1 January 2021	Transfer to/ Increase in investment	Decrease in investment	Changes for the year				31 December 2021	Provision for impairment at the end of year
					Investment profits or losses under equity method	Other comprehensive income	Declaration of cash dividends	Others		
CRCC Financial Leasing Co., Ltd. (Note 1)	1,747,618	2,450,549	-	-	226,769	-	(84,031)	29,519	2,622,806	-
Hengda Real Estate (Shenzhen) Co., Ltd.	2,313,506	2,185,523	-	-	-	-	-	-	2,185,523	-
Yunnan Kunchu Highway Investment & Development Co., Ltd.	2,029,494	930,494	1,099,000	-	-	-	-	-	2,029,494	-
Hanggu Railway Co., Ltd.	1,928,195	971,194	952,470	-	4,199	-	-	-	1,927,863	-
CRCC-Tongguan Investment Co., Ltd.	1,472,366	1,433,413	-	-	480,508	(91,448)	-	-	1,822,473	-
Ningxia Inter-City Railway Co., Ltd.	1,812,850	1,924,675	-	(111,825)	72,484	-	(72,484)	-	1,812,850	-
CRCC Sichuan Dejian Expressway Co., Ltd.	1,735,304	-	1,735,304	-	-	-	-	-	1,735,304	-
CRCC Gansu Zhangbian Highway Co., Ltd.	1,469,650	1,502,928	3,850	-	26,121	-	-	-	1,532,899	-
CRCC Tianjin Hongtu Fengchuang investment partnership (limited partnership)	1,475,017	675,017	800,000	-	75,591	-	(75,591)	-	1,475,017	-
Hangzhou fanyue Jingxin Real Estate Co., Ltd.	1,470,000	-	1,470,000	-	-	-	-	-	1,470,000	-
Others	-	25,855,453	12,510,520	(4,250,607)	148,005	-	(283,032)	(15,451)	33,964,888	-
Total	-	37,929,246	18,571,144	(4,362,432)	1,033,677	(91,448)	(515,138)	14,068	52,579,117	-

Note 1: According to the articles of association of CRCC Financial Leasing Co., Ltd. ("CRCCFL"), the decisions of amending the company's articles of association, increasing the registered capital, resolutions of the company merger, division, dissolution, changing the company form, scope of operations, issuing corporate bonds and selecting the directors shall be subject to more than two-thirds of voting rights of shareholders. Others shall be subject to more than half of voting rights of shareholders. As the Group holds 50.00% 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.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

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

14. Debt investments

RMB '000

Item	30 June 2022 (unaudited)		
	Gross carrying amount	Impairment of credit losses	Carrying amount
Long-term loans receivable	9,298,492	779,207	8,519,285
Others	41	–	41
Total	9,298,533	779,207	8,519,326
Less: Current portion of non-current assets:	396,000	1,100	394,900
Including: Long-term loans receivable	396,000	1,100	394,900
Debt investments due after one year	8,902,533	778,107	8,124,426

RMB '000

Item	31 December 2021		
	Gross carrying amount	Impairment of credit losses	Carrying amount
Long-term loans receivable	9,039,292	522,560	8,516,732
Others	2,069,765	–	2,069,765
Total	11,109,057	522,560	10,586,497
Less: Current portion of non-current assets:	612,670	565	612,105
Including: Long-term loans receivable	565,352	565	564,787
Others	47,318	–	47,318
Debt investments due after one year	10,496,387	521,995	9,974,392

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

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

14. Debt investments (continued)

Debt investments and impairment of credit losses by category are listed as follows:

RMB '000

Category	30 June 2022 (unaudited)				Carrying amount
	Gross carrying amount		Impairment of credit losses		
	Amount	Percentage (%)	Amount	Provision percentage (%)	
Impairment of credit losses assessed individually	3,281,979	35.30	770,592	23.48	2,511,387
Impairment of credit losses assessed by credit risk portfolio	6,016,554	64.70	8,615	0.14	6,007,939
Total	9,298,533	100.00	779,207	8.38	8,519,326

RMB '000

Category	31 December 2021				Carrying amount
	Gross carrying amount		Impairment of credit losses		
	Amount	Percentage (%)	Amount	Provision percentage (%)	
Impairment of credit losses assessed individually	2,927,356	26.35	514,839	17.59	2,412,517
Impairment of credit losses assessed by credit risk portfolio	8,181,701	73.65	7,721	0.09	8,173,980
Total	11,109,057	100.00	522,560	4.70	10,586,497

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

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

15. Other non-current financial assets

RMB '000

Item	30 June 2022 (unaudited)	31 December 2021
Investments in unlisted fund product	3,381,557	1,962,945
Equity investments in listed companies	113,509	92,416
Others	2,849,576	2,476,442
Total	6,344,642	4,531,803

16. Other equity instrument investments

RMB '000

Item	30 June 2022 (unaudited)	31 December 2021
Equity investments in unlisted companies	9,081,821	9,236,814
Equity investments in listed companies	2,108,334	2,384,871
Total	11,190,155	11,621,685

For the six months ended 30 June 2022 (unaudited):

RMB '000

Item	1 January 2022	Increase of investment	Changes for the period			30 June 2022	Dividends recognized for the period
			Decrease of investment	Changes in fair value	Others		
Other equity instrument investments	11,621,685	630,901	(934,309)	(114,388)	(13,734)	11,190,155	48,582

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

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

16. Other equity instrument investments (continued)

2021:

RMB '000

Item	1 January 2021	Increase of investment	Decrease of investment	Changes for the year Decrease of investment Changes in fair value	Others	31 December 2021	Dividends recognized for the year
Other equity instrument investments	10,510,397	1,106,333	(663,648)	663,541	5,062	11,621,685	180,576

17. Investment properties

Subsequent measurement under cost method

For the six months ended 30 June 2022 (unaudited):

RMB '000

	Buildings and land use right	Total
I. Original costs		
1 January 2022	9,586,037	9,586,037
Increase	865,850	865,850
Additions	230,393	230,393
Transferred from inventories	309,814	309,814
Transferred from fixed assets	286,030	286,030
Transferred in	39,613	39,613
Decrease	92,073	92,073
Disposal	88,358	88,358
Transferred out to fixed assets	3,715	3,715
30 June 2022	10,359,814	10,359,814
II. Accumulated depreciation and amortization		
1 January 2022	1,299,693	1,299,693
Increase	148,486	148,486
Provision	138,325	138,325
Transferred from fixed assets	10,161	10,161
Decrease	21,604	21,604
Disposal	20,382	20,382
Transferred out to fixed assets	1,222	1,222
30 June 2022	1,426,575	1,426,575
III. Provision for impairment		
1 January 2022	276,696	276,696
Transfer out upon disposal	1,575	1,575
30 June 2022	275,121	275,121
IV. Carrying amount		
Closing balance	8,658,118	8,658,118
Opening balance	8,009,648	8,009,648

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

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

17. Investment properties (continued)

Subsequent measurement under cost method (continued)

2021:

	Buildings and land use right	Total
<i>RMB '000</i>		
I. Original costs		
1 January 2021	8,585,369	8,585,369
Increase	1,425,811	1,425,811
Additions	364,283	364,283
Transferred from inventories	579,464	579,464
Transferred from fixed assets	96,884	96,884
Transferred from Construction in progress	380,912	380,912
Transferred in	4,268	4,268
Decrease	425,143	425,143
Disposal	338,479	338,479
Transferred out to fixed assets	79,278	79,278
Transferred out	7,386	7,386
31 December 2021	9,586,037	9,586,037
II. Accumulated depreciation and amortization		
1 January 2021	1,050,604	1,050,604
Increase	296,756	296,756
Provision	269,610	269,610
Transferred from fixed assets	27,146	27,146
Decrease	47,667	47,667
Disposal	42,483	42,483
Transferred out to fixed assets	5,184	5,184
31 December 2021	1,299,693	1,299,693
III. Provision for impairment		
1 January 2021	280,525	280,525
Provision	54,865	54,865
Decrease	58,694	58,694
31 December 2021	276,696	276,696
IV. Carrying amount		
Closing balance	8,009,648	8,009,648
Opening balance	7,254,240	7,254,240

As at 30 June 2022, 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 2021: Nil).

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

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

18. Fixed assets

For the six months ended 30 June 2022 (unaudited):

RMB '000

Item	Buildings	Machinery	Vehicles	Other equipment	Total
I. Original costs					
1 January 2022	26,766,460	51,022,790	15,710,220	60,581,405	154,080,875
Increase	548,964	3,927,245	866,239	5,783,687	11,126,135
Additions	251,146	1,727,258	665,507	5,243,800	7,887,711
Transferred from construction in progress	232,758	1,630,985	49,030	363,487	2,276,260
Transferred from investment properties	3,715	–	–	–	3,715
Transferred from right-of-use assets	–	364,179	–	–	364,179
Others	61,345	204,823	151,702	176,400	594,270
Decrease	518,345	2,557,472	375,957	2,331,460	5,783,234
Disposal or retirement	147,217	1,507,273	372,024	2,311,949	4,338,463
Transferred to construction in progress	85,098	1,050,199	3,933	19,511	1,158,741
Transferred to investment properties	286,030	–	–	–	286,030
30 June 2022	26,797,079	52,392,563	16,200,502	64,033,632	159,423,776
II. Accumulated depreciation					
1 January 2022	6,117,492	30,727,249	12,099,659	43,795,111	92,739,511
Increase	441,001	1,992,916	722,965	5,009,453	8,166,335
Provision	432,535	1,913,434	661,215	4,916,399	7,923,583
Transferred from investment properties	1,222	–	–	–	1,222
Others	7,244	79,482	61,750	93,054	241,530
Decrease	127,688	1,599,626	405,067	2,172,755	4,305,136
Disposal or retirement	116,155	1,129,446	352,982	2,163,117	3,761,700
Transferred to construction in progress	1,372	470,180	52,085	9,638	533,275
Transferred to investment properties	10,161	–	–	–	10,161
30 June 2022	6,430,805	31,120,539	12,417,557	46,631,809	96,600,710
III. Provision for impairment					
1 January 2022	77,580	71,544	725	23,843	173,692
Disposal or retirement	–	–	–	234	234
Others	4,267	–	–	–	4,267
30 June 2022	81,847	71,544	725	23,609	177,725
IV. Carrying amount					
Closing balance	20,284,427	21,200,480	3,782,220	17,378,214	62,645,341
Opening balance	20,571,388	20,223,997	3,609,836	16,762,451	61,167,672

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

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

18. Fixed assets (continued)

2021:

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	2,277,191	6,070,082	1,683,440	11,564,580	21,595,293
Additions	405,299	4,157,886	1,283,556	10,500,295	16,347,036
Transferred from construction in progress	1,766,970	1,828,317	331,250	1,060,939	4,987,476
Others	104,922	83,879	68,634	3,346	260,781
Decrease	513,471	3,746,662	863,974	6,550,714	11,674,821
Disposal or retirement	196,750	3,089,688	850,562	6,514,216	10,651,216
Transferred to Construction in progress	188,968	656,974	–	–	845,942
Others	127,753	–	13,412	36,498	177,663
31 December 2021	26,766,460	51,022,790	15,710,220	60,581,405	154,080,875
II. Accumulated depreciation					
1 January 2021	5,506,602	29,908,848	11,644,234	40,821,211	87,880,895
Increase	814,319	3,640,237	1,300,591	9,108,530	14,863,677
Provision	809,135	3,640,237	1,298,371	9,106,626	14,854,369
Others	5,184	–	2,220	1,904	9,308
Decrease	203,429	2,821,836	845,166	6,134,630	10,005,061
Disposal or retirement	98,551	2,522,682	833,417	6,120,990	9,575,640
Transferred to construction in progress	74,521	299,154	–	–	373,675
Others	30,357	–	11,749	13,640	55,746
31 December 2021	6,117,492	30,727,249	12,099,659	43,795,111	92,739,511
III. Provision for impairment					
1 January 2021	71,082	71,787	830	23,889	167,588
Provision	10,057	–	–	–	10,057
Others	3,559	243	105	46	3,953
31 December 2021	77,580	71,544	725	23,843	173,692
IV. Carrying amount					
31 December 2021	20,571,388	20,223,997	3,609,836	16,762,451	61,167,672
1 January 2021	19,425,056	18,718,735	3,245,690	14,722,439	56,111,920

The restricted fixed assets of the Group are stated in Note V, 62.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

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

18. Fixed assets (continued)

As at 30 June 2022, the amount of interest expenses capitalized in the balance of fixed assets was RMB126,213,000 (31 December 2021: RMB126,213,000). For the six months ended 30 June 2022, there is no capitalized borrowing costs included in the balance transferred from construction in progress to fixed assets (2021: RMB66,060,000).

As at 30 June 2022, the Group had no significant fixed assets that were temporarily idle (31 December 2021: Nil).

As at 30 June 2022, the Group was in the process of applying for and handling registration or transfer of the title certificates of certain buildings with an aggregate carrying amount of RMB1,996,741,000 (31 December 2021: RMB2,182,162,000). 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 2022.

19. Construction in progress

RMB '000

Item	30 June 2022 (unaudited)			31 December 2021		
	Gross carrying amount	Provision for impairment	Carrying amount	Gross carrying amount	Provision for impairment	Carrying amount
Hengqin CRCC Plaza Project	980,695	-	980,695	892,495	-	892,495
CRCC Wisdom Port	934,454	-	934,454	912,946	-	912,946
CRCC South China Headquarters Building Project	812,696	-	812,696	784,058	-	784,058
CRCC Shanghai Lingang Jiayuan project	798,746	-	798,746	410,815	-	410,815
Guanggu Hi-Tech Innovation Base Project	593,971	-	593,971	525,011	-	525,011
New office building of Jian'an Company	451,022	-	451,022	450,005	-	450,005
Public Wharf of Qiwei Operating Area, Taixing Port Area, Taizhou Port	407,547	-	407,547	374,466	-	374,466
Yangtze River Wharf Project	384,026	-	384,026	370,339	-	370,339
Jingjiang Bridge Science and Technology Industrial Park	257,495	-	257,495	214,649	-	214,649
Nanjing Base Construction Project of Great Shield Machine Engineering Co., Ltd.	215,968	-	215,968	186,116	-	186,116
Others	4,189,969	9,563	4,180,406	4,162,511	9,563	4,152,948
Total	10,026,589	9,563	10,017,026	9,283,411	9,563	9,273,848

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

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

19. Construction in progress (continued)

For the six months ended 30 June 2022 (unaudited):

RMB '000

Item	Budget	1 January 2022	Additions	Transfer out	Others	30 June 2022	Source of funds	Proportion of investment to budget (%)
Hengqin CRCC Plaza Project	2,056,000	892,495	88,200	-	-	980,695	Self-funding/ loan	48
CRCC Wisdom Port	1,207,543	912,946	21,508	-	-	934,454	Self-funding/ loan	77
CRCC South China Headquarters Building Project	1,032,170	784,058	28,638	-	-	812,696	Self-funding	79
CRCC Shanghai Lingang Jiayuan project	1,522,364	410,815	387,931	-	-	798,746	Self-funding/ loan	52
Guanggu Hi-Tech Innovation Base Project	822,482	525,011	68,960	-	-	593,971	Self-funding	72
New office building of Jian'an Company	455,541	450,005	1,017	-	-	451,022	Self-funding	99
Public Wharf of Qiwei Operating Area, Taixing Port Area, Taizhou Port	876,297	374,466	33,081	-	-	407,547	Self-funding	47
Yangtze River Wharf Project	461,250	370,339	13,687	-	-	384,026	Self-funding/ loan	83
Jingjiang Bridge Science and Technology Industrial Park	435,260	214,649	42,846	-	-	257,495	Self-funding/ loan	59
Nanjing Base Construction Project of Great Shield Machine Engineering Co., Ltd.	230,000	186,116	29,852	-	-	215,968	Self-funding	94
Others	-	4,162,511	2,312,162	2,283,841	(863)	4,189,969	Self-funding/ loan	-
Total	-	9,283,411	3,027,882	2,283,841	(863)	10,026,589	-	-
Less: Provision for impairment	-	9,563	-	-	-	9,563	-	-
Net value at the end of the period	-	9,273,848	3,027,882	2,283,841	(863)	10,017,026	-	-

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

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

19. Construction in progress (continued)

2021:

Item	Budget	1 January				31 December		Source of funds	Proportion of investment to budget (%)
		2021	Additions	Transfer out	Others	2021			
CRCC Wisdom Port	1,207,543	752,509	160,437	-	-	912,946	Self-funding/loan	76	
Hengqin CRCC Plaza Project	2,056,000	681,746	210,749	-	-	892,495	Self-funding/loan	43	
CRCC South China									
Headquarters Building Project	1,032,170	-	784,058	-	-	784,058	Self-funding	76	
Guanggu Hi-Tech Innovation									
Base Project	822,482	451,041	73,970	-	-	525,011	Self-funding	64	
New office building of Jian'an									
Company	450,936	297,064	152,941	-	-	450,005	Self-funding	99	
CRCC Shanghai Lingang									
Jiayuan project	1,522,364	-	410,815	-	-	410,815	Self-funding/loan	27	
Public Wharf of Qiwei Operating									
Area, Taixing Port Area,									
Taizhou Port	1,211,836	644,771	178,398	448,703	-	374,466	Self-funding	68	
Yangtze River Wharf Project	461,250	300,856	69,483	-	-	370,339	Self-funding/loan	80	
CRCC Cloud Data Center									
Computer Room									
Construction Project	400,000	-	352,020	-	-	352,020	Self-funding	88	
Renovation of S-1068									
Shield Machine Project	320,000	-	311,085	-	-	311,085	Self-funding	97	
Others	-	4,433,688	4,551,979	5,037,742	(47,754)	3,900,171	Self-funding/loan	-	
Total	-	7,561,675	7,255,935	5,486,445	(47,754)	9,283,411	-	-	
Less: Provision for impairment	-	9,563	-	-	-	9,563	-	-	
Net value at the end of the year	-	7,552,112	7,255,935	5,486,445	(47,754)	9,273,848	-	-	

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

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

19. Construction in progress (continued)

For the six months ended 30 June 2022, construction in progress with a carrying amount of RMB2,276,260,000 (2021: RMB4,987,476,000), RMB7,581,000 (2021: RMB118,057,000) and RMB nil (2021: RMB380,912,000) 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, 62.

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 2022 (unaudited):

RMB '000

Item	Progress as at 30 June 2022 (%)	Accumulated amount of interest capitalized as at 30 June 2022	Interest capitalized during the period	Capitalization rate during the period (%)
Jingjiang Bridge Science and Technology Industrial Park	59	49,836	10,084	4.19
CRCC Wisdom Port	77	42,091	6,197	4.35
Yangtze River Wharf Project	83	32,291	7,706	3.91
Hengqin CRCC Plaza Project	48	13,604	5,399	4.89
CRCC Shanghai Lingang Jiayuan project	52	8,902	6,749	3.70
Others	-	4,429	143	-
Total	-	151,153	36,278	-

2021:

RMB '000

Item	Progress as at 31 December 2021 (%)	Accumulated amount of interest capitalized as at 31 December 2021	Interest capitalized during the year	Capitalization rate during the year (%)
CRCC Wisdom Port	76	35,894	9,655	4.67
Yangtze River Wharf Project	80	24,585	12,152	3.45
Hengqin CRCC Plaza Project	43	8,205	7,110	4.90
Others	-	46,191	17,480	-
Total	-	114,875	46,397	-

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

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

20. Right-of-use assets

For the six months ended 30 June 2022 (unaudited):

RMB '000

Item	Buildings	Machinery	Vehicles	Other equipment	Total
I. Original costs					
1 January 2022	3,395,225	6,370,704	640,547	168,638	10,575,114
Additions	587,977	395,917	11,080	29,971	1,024,945
Decrease	333,944	1,190,407	63,900	5,782	1,594,033
30 June 2022	3,649,258	5,576,214	587,727	192,827	10,006,026
II. Accumulated depreciation					
1 January 2022	1,355,144	3,017,347	252,710	42,888	4,668,089
Provision	388,197	614,851	70,381	21,706	1,095,135
Decrease	255,522	722,683	14,631	5,650	998,486
30 June 2022	1,487,819	2,909,515	308,460	58,944	4,764,738
III. Carrying amount					
Closing balance	2,161,439	2,666,699	279,267	133,883	5,241,288
Opening balance	2,040,081	3,353,357	387,837	125,750	5,907,025

2021:

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	1,629,316	1,139,583	134,853	154,152	3,057,904
Decrease	369,272	775,248	9,606	112,990	1,267,116
31 December 2021	3,395,225	6,370,704	640,547	168,638	10,575,114
II. Accumulated depreciation					
1 January 2021	805,083	2,493,467	148,894	44,550	3,491,994
Provision	749,432	982,446	106,348	27,834	1,866,060
Decrease	199,371	458,566	2,532	29,496	689,965
31 December 2021	1,355,144	3,017,347	252,710	42,888	4,668,089
III. Carrying amount					
Closing balance	2,040,081	3,353,357	387,837	125,750	5,907,025
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 2022

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

21. Intangible assets

For the six months ended 30 June 2022 (unaudited):

RMB '000

Item	Land use rights	Concession rights	Software licenses	Mining rights and Others	Total
I. Original costs					
1 January 2022	8,759,558	64,136,600	1,130,602	1,608,012	75,634,772
Increase	214,036	4,258,370	92,828	24,344	4,589,578
Additions	214,036	3,755,172	85,142	24,344	4,078,694
Others	–	503,198	7,686	–	510,884
Decrease	17,453	–	17,240	28,213	62,906
Disposal or retirement	17,453	–	17,240	28,213	62,906
30 June 2022	8,956,141	68,394,970	1,206,190	1,604,143	80,161,444
II. Accumulated amortization					
1 January 2022	1,808,791	3,036,253	710,418	583,898	6,139,360
Increase	98,107	388,698	98,638	101,233	686,676
Provision	98,107	388,698	98,638	101,233	686,676
Decrease	15,845	–	14,792	12,384	43,021
Disposal or retirement	15,845	–	14,792	12,384	43,021
30 June 2022	1,891,053	3,424,951	794,264	672,747	6,783,015
III. Provision for impairment					
1 January 2022 and 30 June 2022	9,043	1,060,130	–	165,080	1,234,253
IV. Carrying amount					
Closing balance	7,056,045	63,909,889	411,926	766,316	72,144,176
Opening balance	6,941,724	60,040,217	420,184	859,034	68,261,159

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

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

21. Intangible assets (continued)

2021:

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	706,094	15,589,603	161,146	63,040	16,519,883
Additions	679,383	15,589,603	49,530	63,040	16,381,556
Transferred from construction in progress	26,711	–	91,346	–	118,057
Others	–	–	20,270	–	20,270
Decrease	245,519	16,896,711	11,988	47,333	17,201,551
Disposal or retirement	83,237	–	11,907	47,333	142,477
Disposal of subsidiaries	–	12,987,711	81	–	12,987,792
Transfer out to inventory	162,282	–	–	–	162,282
Other	–	3,909,000	–	–	3,909,000
31 December 2021	8,759,558	64,136,600	1,130,602	1,608,012	75,634,772
II. Accumulated amortization					
1 January 2021	1,646,847	2,379,379	536,610	311,136	4,873,972
Increase	187,837	696,878	181,633	296,606	1,362,954
Provision	187,837	696,878	181,633	296,606	1,362,954
Decrease	25,893	40,004	7,825	23,844	97,566
Disposal or retirement	19,514	–	7,825	23,844	51,183
Disposal of subsidiaries	–	40,004	–	–	40,004
Transfer out to inventory	6,379	–	–	–	6,379
31 December 2021	1,808,791	3,036,253	710,418	583,898	6,139,360
III. Provision for impairment					
1 January 2021	9,043	1,060,130	–	878	1,070,051
Increase	–	–	–	164,202	164,202
Provision	–	–	–	164,202	164,202
Decrease	–	–	–	–	–
Disposal or retirement	–	–	–	–	–
31 December 2021	9,043	1,060,130	–	165,080	1,234,253
IV. Carrying amount					
Closing balance	6,941,724	60,040,217	420,184	859,034	68,261,159
Opening balance	6,643,093	62,004,199	444,834	1,280,291	70,372,417

As at 30 June 2022, there were no intangible assets recognized through internal research and development (31 December 2021: Nil).

The restricted intangible assets of the Group are stated in Note V, 62.

As at 30 June 2022, 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 RMB17,830,000 (31 December 2021: RMB93,793,000). 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 2022.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

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

21. Intangible assets (continued)

The amounts of interest capitalised in the balance of intangible assets and the capitalisation rates are analyzed as follows:

For the six months ended 30 June 2022 (unaudited):

RMB '000

Item	Progress as at 30 June 2022 (%)	Accumulated amount of interest capitalized as at 30 June 2022 (note)	Interest capitalized during the period	Capitalization rate during the period (%)
Sichuan Jianpu Highway Project concession rights	100	1,151,795	-	-
Sichuan Dedu Highway Project concession rights	99	787,225	136,767	4.38
Guangxi Ziyuan (Meixi) to Xing'an Highway BOT project concession rights	100	546,609	-	-
Hunan Anxiang to Cili Highway Project concession rights	100	423,184	-	-
Yusui Highway Project concession rights	100	192,971	-	-
Guizhou Anshun to Ziyun Highway Project concession rights	100	165,669	-	-
Henan Lanyuan Expressway Project concession rights	77	80,217	34,818	4.20
Beijing New Airport North Line Highway project (middle part)	100	57,579	-	-
Beijing Xingyan Highway Project concession rights	100	45,554	-	-
Chongqing rail transit Jiangtiao Line construction and operation project	97	43,765	23,877	3.99
Non-core medical charges of Xixiang people's Hospital Project concession rights	100	29,254	-	-
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	-	72,749	29,561	-
Total	-	3,640,855	225,023	-

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

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

21. Intangible assets (continued)

2021:

RMB '000

Item	Progress as at 31 December 2021 (%)	Accumulated amount of interest capitalized as at 31 December 2021 (note)	Interest capitalized during the period	Capitalization rate during the period (%)
Sichuan Jianpu Highway Project concession rights	100	1,151,795	–	–
Sichuan Dedu Highway Project concession rights	98	650,458	241,256	4.45
Guangxi Ziyuan (Meixi) to Xing'an Highway BOT project concession rights	100	546,609	–	–
Hunan Anxiang to Cili Highway Project concession rights	100	423,184	169,694	4.34
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	–	–
Henan Lanyuan Expressway Project concession rights	66	45,399	40,012	4.24
Non-core medical charges of Xixiang people's Hospital Project concession rights	100	29,254	29,254	4.33
Jiyang Yellow River Bridge concession rights	100	23,564	–	–
S404 from Sucheng, Suzhou to demarcation between Anhui and Jiangsu concession rights	100	20,720	–	–
Chongqing rail transit Jiangtiao Line construction and operation project	85	19,888	19,730	4.40
Others	–	43,188	26,045	–
Total	–	3,415,832	525,991	–

Note: It is accumulated during the construction of the concession rights and will be amortized according to the expected realization of the economic benefits of the project during its operation.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

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

22. Goodwill

For the six months ended 30 June 2022 (unaudited):

Original costs

RMB '000

Item	1 January 2022	Increase (unaudited)	Decrease (unaudited)	Exchange differences arising on translation of foreign operations	30 June 2022 (unaudited)
Acquisition of ALDESA Company (Note 1)	388,149	-	-	(11,360)	376,789
Acquisition of CIDEON Company (Note 2)	91,369	-	-	-	91,369
Others	43,128	-	-	-	43,128
Total	522,646	-	-	(11,360)	511,286

Provision for impairment

RMB '000

Item	1 January 2022	Increase (unaudited)	Decrease (unaudited)	Exchange differences arising on translation of foreign operations	30 June 2022 (unaudited)
Acquisition of ALDESA Company (Note 1)	115,511	-	-	(3,381)	112,130
Acquisition of CIDEON Company (Note 2)	47,636	-	-	-	47,636
Total	163,147	-	-	(3,381)	159,766

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

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

22. Goodwill (continued)

2021:

Original costs

RMB '000

Item	1 January 2021	Increase	Decrease	Exchange differences on translation of foreign operations	31 December 2021
Acquisition of ALDESA Company (Note 1)	431,444	-	-	(43,295)	388,149
Acquisition of Hangsheng Company	100,135	-	100,135	-	-
Acquisition of CIDEON Company (Note 2)	91,369	-	-	-	91,369
Others	44,199	-	1,071	-	43,128
Total	667,147	-	101,206	(43,295)	522,646

Provision for impairment

RMB '000

Item	1 January 2021	Increase	Decrease	31 December 2021
Acquisition of ALDESA Company (Note 1)	-	115,511	-	115,511
Acquisition of Hangsheng Company	100,135	-	100,135	-
Acquisition of CIDEON Company (Note 2)	24,236	23,400	-	47,636
Others	1,071	-	1,071	-
Total	125,442	138,911	101,206	163,147

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. As at 30 June 2022, the Group cumulatively accrued impairment of the goodwill of RMB115,511,000.

Note 2: On 29 February 2016, the Group purchased CIDEON Engineering GmbH&Co.KG, CIDEON Engineering Verwaltungs GmbH and CIDEON Schweiz AG (collectively referred to as "CIDEON Company"), which is a business combination involving entities not under common control and resulted in the increase in goodwill by RMB91,369,000. As at 30 June 2022, the Group cumulatively accrued impairment of the goodwill of RMB47,636,000.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

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

23. Deferred tax assets/liabilities

RMB '000

Item	30 June 2022 (unaudited)		31 December 2021	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Deferred tax assets				
Provision for long-term post-leaving benefits	142,650	33,320	169,186	39,886
Provision for impairment of assets and credit losses	21,173,823	4,155,134	19,500,455	3,862,322
Deductible tax losses	3,235,993	794,544	3,993,748	770,502
Revaluation surplus from restructuring	1,118,236	279,779	1,241,243	309,264
Unrealized profits of intra-group transactions	7,725,631	1,772,919	7,012,366	1,655,715
Changes in fair value of other equity instrument investments	186,696	45,733	405,680	80,861
Others	6,708,056	1,661,277	6,782,198	1,643,909
Total	40,291,085	8,742,706	39,104,876	8,362,459
Item	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Deferred tax liabilities				
Changes in fair value of other equity instrument investments	1,548,897	286,041	2,045,886	348,644
Asset appreciation from appraisal for business combinations involving entities not under common control	634,128	158,532	530,088	138,734
Book-tax temporary differences for revenue recognition	3,769,105	1,010,280	3,574,096	893,524
Others	1,717,580	354,532	2,080,950	413,972
Total	7,669,710	1,809,385	8,231,020	1,794,874

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

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	232,062	8,510,644	287,321	8,075,138
Deferred tax liabilities	232,062	1,577,323	287,321	1,507,553

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

RMB '000

Item	30 June 2022 (unaudited)	31 December 2021
Deductible temporary differences	12,358,294	11,578,483
Deductible tax losses	18,887,325	17,210,432
Total	31,245,619	28,788,915

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

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 2022 (unaudited)	31 December 2021
2022	1,382,294	1,393,804
2023	2,982,285	3,029,643
2024	2,221,793	2,352,776
2025	3,438,335	3,463,360
2026	4,730,530	4,923,972
2027	2,037,433	130,889
2028	291,970	294,123
2029	273,579	292,739
2030	864,622	869,230
2031	459,896	459,896
2032	204,588	–
Total	18,887,325	17,210,432

24. Other non-current assets

RMB '000

Item	30 June 2022 (unaudited)	31 December 2021
Retention receivables	71,029,975	71,728,766
Contract assets derived from land development receivables and other project receivables	43,468,525	32,447,887
Others	4,164,958	4,475,408
Subtotal	118,663,458	108,652,061
Less: Current portion of non-current assets	7,773,295	9,210,194
Including: Retention receivables	7,773,295	9,210,194
Total	110,890,163	99,441,867

The restricted other non-current assets of the Group are stated in Note V, 62.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

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

25. Short-term loans

RMB '000

Item	30 June 2022 (unaudited)	31 December 2021
Pledged loans (Note 1, Note 2)	901,918	557,174
Guaranteed loans (Note 3)	3,073,400	4,466,190
Credit loans	94,708,518	41,034,036
Total	98,683,836	46,057,400

Note 1: As at 30 June 2022, short-term loans with carrying amounts of RMB684,908,000 (31 December 2021: RMB425,424,000) were secured by the pledge of the Group's trade receivables with a carrying amount of RMB684,908,000 (31 December 2021: RMB425,424,000) and all the equity and revenue under the contract to which the trade receivables belong.

Note 2: As at 30 June 2022, short-term loans with carrying amounts of RMB217,010,000 (31 December 2021: RMB131,750,000) were secured by the pledge of the Group's bills receivable with a carrying amount of RMB217,010,000 (31 December 2021: RMB131,750,000).

Note 3: As at 30 June 2022 and 31 December 2021, all guaranteed loans were guaranteed by the entities comprising the Group.

As at 30 June 2022, annual interest rates of above short-term loans ranged from 0.35% to 6.00% (31 December 2021: 0.35% to 6.40%).

As at 30 June 2022, the Group had no overdue short-term loans (31 December 2021: Nil).

26. Due to customers

RMB '000

Item	30 June 2022 (unaudited)	31 December 2021
Due to customers	1,266,223	1,588,529

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

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

27. Bills payable

RMB '000

Item	30 June 2022 (unaudited)	31 December 2021
Commercial acceptance bills	32,034,234	26,105,276
Bank acceptance bills	66,781,706	64,628,125
Total	98,815,940	90,733,401

As at 30 June 2022, the Group had no unpaid overdue bills payable (31 December 2021: Nil).

28. Trade payables

Aging of trade payables is listed as follows:

RMB '000

Item	30 June 2022 (unaudited)	31 December 2021
Within 1 year	379,674,823	352,926,302
1 to 2 years	6,600,810	6,359,877
2 to 3 years	2,241,943	1,971,334
Over 3 years	852,829	806,053
Total	389,370,405	362,063,566

As at 30 June 2022, trade payables aged over one year amounted to RMB9,695,582,000 (31 December 2021: RMB9,137,264,000), 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 2022

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

29. Contract liabilities

RMB '000

Item	30 June 2022 (unaudited)	31 December 2021
Advances for construction contracts	53,371,934	75,482,310
Advances for the sale of properties (Note)	79,348,826	68,954,587
Advances for the sale of materials	3,903,928	4,330,833
Advances for the sale of goods	918,151	868,053
Others	556,032	1,031,558
Total	138,098,871	150,667,341

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

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 2022 (unaudited)	Percentage of accumulated pre-sales as at 30 June 2022 %	Estimated completion date
Wenzhou Lucheng Future Community	6,578,985	85	March 2024
CRCC Haiyu Xi'an Project	4,757,922	69	December 2022
International Mansion Project	4,746,569	66	October 2022
CRCC Shuxiang Yaoting Project	3,625,516	97	July 2022
Shanghai Huayu Lanting Project	3,359,108	52	December 2023
Suzhou Jingwan – Huayu Tianjing Huating Project	3,352,040	90	December 2022
Huayu Tianjingfu Project	2,894,899	96	October 2022
Wutonggang Jiayuan Project	2,659,606	69	September 2022
Xipai Guoyue Project	2,312,190	54	December 2023
Xi'an CRCC International City III Project	2,134,232	91	December 2023
CRCC Xiangyumeixi Project	1,756,230	76	November 2022
Xi'an CRCC International City II Project	1,742,635	94	September 2022
CRCC Shengxing Bay Project	1,602,315	34	March 2023
Huayu Lingnanyuan Project	1,601,605	91	August 2022
CRCC Yuhu Project	1,383,097	94	December 2023
CRCC Nanshaiyue International Project	1,336,330	49	September 2022
Tianjin Xipai Guoyin Project (Original name: Tianjin Xipai Guoyin Wenyuan Project)	1,243,069	30	October 2022
Xipai Jinsha Residence Project	1,202,580	38	November 2022
CRCC Donglindao Project	1,110,471	74	December 2022
CRCC Huayu Tianzhuyuan Project	1,106,460	74	December 2022
Others	28,842,967	–	–
Total	79,348,826	–	–

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

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 2022 (unaudited)	Reasons
Company 1	Third party	489,653	Work performed but not billed
Company 2	Third party	427,052	Work performed but not billed
Company 3	Third party	426,713	Work performed but not billed
Company 4	Third party	347,558	Work performed but not billed
Company 5	Third party	285,419	Work performed but not billed
Total	–	1,976,395	–

30. Employee benefits payable

For the six months ended 30 June 2022:

RMB '000

Item	1 January 2022	Accrued (unaudited)	Paid (unaudited)	30 June 2022 (unaudited)
Short-term benefits	10,440,532	33,897,856	34,060,939	10,277,449
Post-employment benefits (defined contribution plans)	1,740,572	3,938,697	3,685,476	1,993,793
Total	12,181,104	37,836,553	37,746,415	12,271,242

2021:

RMB '000

Item	1 January 2021	Accrued	Paid	31 December 2021
Short-term benefits	10,354,655	68,708,733	68,622,856	10,440,532
Post-employment benefits (defined contribution plans)	1,618,657	7,761,532	7,639,617	1,740,572
Total	11,973,312	76,470,265	76,262,473	12,181,104

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

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 2022:

RMB '000

Item	1 January 2022	Accrued (unaudited)	Paid (unaudited)	30 June 2022 (unaudited)
Salaries, bonuses, allowances and subsidies	7,282,318	23,647,318	24,212,492	6,717,144
Staff welfare	–	1,851,708	1,851,708	–
Social insurance	1,066,770	2,030,351	1,860,067	1,237,054
Including: Medical insurance	927,671	1,845,092	1,678,949	1,093,814
Work injury insurance	98,831	146,227	139,377	105,681
Maternity insurance	40,268	39,032	41,741	37,559
Housing funds	773,898	1,955,819	1,844,220	885,497
Union fund and employee education fund	683,303	485,832	459,902	709,233
Others	634,243	3,926,828	3,832,550	728,521
Total	10,440,532	33,897,856	34,060,939	10,277,449

2021:

RMB '000

Item	1 January 2021	Accrued	Paid	31 December 2021
Salaries, bonuses, allowances and subsidies	7,393,925	47,459,350	47,570,957	7,282,318
Staff welfare	–	4,265,740	4,265,740	–
Social insurance	1,039,590	4,062,748	4,035,568	1,066,770
Including: Medical insurance	915,438	3,676,899	3,664,666	927,671
Work injury insurance	82,627	284,410	268,206	98,831
Maternity insurance	41,525	101,439	102,696	40,268
Housing funds	651,810	3,891,516	3,769,428	773,898
Union fund and employee education fund	659,766	1,349,602	1,326,065	683,303
Others	609,564	7,679,777	7,655,098	634,243
Total	10,354,655	68,708,733	68,622,856	10,440,532

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

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 2022:

RMB '000

Item	1 January 2022	Accrued (unaudited)	Paid (unaudited)	30 June 2022 (unaudited)
Basic pension insurance	1,192,473	2,861,958	2,684,793	1,369,638
Unemployment insurance	83,415	102,736	97,087	89,064
Supplementary pension insurance	464,684	974,003	903,596	535,091
Total	1,740,572	3,938,697	3,685,476	1,993,793

2021:

RMB '000

Item	1 January 2021	Accrued	Paid	31 December 2021
Basic pension insurance	1,078,969	5,605,262	5,491,758	1,192,473
Unemployment insurance	77,585	216,453	210,623	83,415
Supplementary pension insurance	462,103	1,939,817	1,937,236	464,684
Total	1,618,657	7,761,532	7,639,617	1,740,572

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 2022

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

31. Taxes payable

RMB '000

Item	30 June 2022 (unaudited)	31 December 2021
VAT	3,571,592	4,300,236
EIT	2,363,283	3,193,492
Others	1,322,657	2,017,098
Total	7,257,532	9,510,826

32. Other payables

RMB '000

Item	30 June 2022 (unaudited)	31 December 2021
Payables for advances	32,265,239	29,111,785
Guarantees and deposits	25,837,431	25,301,556
Amounts due to related parties	13,303,028	9,686,589
Project financing received	7,886,106	7,252,843
Dividends payable	5,560,540	905,252
Others	18,087,426	22,133,279
Total	102,939,770	94,391,304

As at 30 June 2022, significant other payables aged over one year are listed as follows:

RMB '000

Company name	Relationship with the Group	30 June 2022 (unaudited)	Reasons
Company 1	Third party	213,576	Payables not settled
Company 2	Third party	212,945	Payables not settled
Company 3	Third party	173,969	Payables not settled
Company 4	Third party	146,964	Payables not settled
Company 5	Third party	145,784	Payables not settled
Total	-	893,238	-

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

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

33. Current portion of non-current liabilities

RMB '000

Item	30 June 2022 (unaudited)	31 December 2021
Current portion of long-term loans (Note V, 35)	27,425,942	26,251,890
Current portion of bonds payable (Note V, 36)	13,119,208	6,825,326
Current portion of long-term payables	4,162,575	3,689,053
Current portion of lease liabilities (Note V, 37)	1,668,560	1,673,793
Current portion of provisions	188,979	202,591
Current portion of post-employment benefits payable	43,327	60,837
Total	46,608,591	38,703,490

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

RMB '000

Item	30 June 2022 (unaudited)	31 December 2021
Credit loans	16,813,054	10,485,076
Guaranteed loans (Note V, 35 (Note 8))	6,451,651	11,064,917
Mortgaged loans (Note V, 35 (Note 4, 5, 7))	3,612,786	4,119,866
Pledged loans (Note V, 35 (Note 1, 2, 3))	548,451	582,031
Total	27,425,942	26,251,890

34. Other current liabilities

RMB '000

Item	30 June 2022 (unaudited)	31 December 2021
Amounts to be transferred to output VAT	27,348,493	24,884,361
Short-term unsecured financing bonds (Note 1)	525,167	407,986
Others	276,236	797,577
Total	28,149,896	26,089,924

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 2022

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 premium and effects of exchange rate	Repayments	Closing balance
Aldesa Agrupación Empresarial, S.A.U. EUR 18.60 million short-term commercial bills	EUR 18.60 million	14 May 2022	12 months	128,058	-	-	(1,627)	-	126,431
Aldesa Agrupación Empresarial, S.A.U. EUR 28.05 million short-term commercial bills	EUR 28.05 million	08 June 2022	12 months	-	181,337	-	1,556	-	182,893
Others	-	-	-	279,928	135,774	-	(5,328)	194,531	215,843
Total	-	-	-	407,986	317,111	-	(5,399)	194,531	525,167

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

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

35. Long-term loans

RMB '000

Item	30 June 2022 (unaudited)	31 December 2021
Pledged loans (Note 1, Note 2, Note 3)	46,815,467	44,206,255
Mortgaged loans (Note 4, Note 5, Note 6, Note 7)	22,850,726	13,676,113
Guaranteed loans (Note 8)	9,113,990	11,654,930
Credit loans	60,315,859	45,507,276
Total	139,096,042	115,044,574

Note 1: As at 30 June 2022, long-term loans with a carrying amount of RMB43,063,252,000, including current portion of long-term loans of RMB369,821,000 (31 December 2021: RMB35,069,342,000, including current portion of long-term loans of RMB223,000,000) were secured by pledges of the Group's concession rights with a carrying amount of RMB65,918,438,000 (31 December 2021: RMB47,728,490,000).

Note 2: As at 30 June 2022, long-term loans with a carrying amount of RMB689,851,000, including current portion of long-term loans of RMB1,630,000 (31 December 2021: RMB617,591,000, current portion of long-term loans is nil) were secured by pledges of the Group's trade receivables with a carrying amount of RMB859,881,000 (31 December 2021: RMB633,653,000).

Note 3: As at 30 June 2022, long-term loans with a carrying amount of RMB3,610,815,000, including current portion of long-term loans of RMB177,000,000 (31 December 2021: RMB9,101,353,000, including current portion of long-term loans of RMB359,031,000) were secured by pledges of the Group's contract assets of BT projects with a carrying amount of RMB6,161,701,000 (31 December 2021: RMB25,963,981,000).

Note 4: As at 30 June 2022, long-term loans with a carrying amount of RMB1,622,955,000, including current portion of long-term loans of RMB144,624,000 (31 December 2021: RMB140,577,000, including current portion of long-term loans of RMB3,124,000) were secured by mortgages of the Group's fixed assets with a carrying amount of RMB1,643,898,000 (31 December 2021: RMB273,348,000).

Note 5: As at 30 June 2022, long-term loans with a carrying amount of RMB7,627,241,000, including current portion of long-term loans of RMB1,730,959,000 (31 December 2021: long-term loans with a carrying amount of RMB16,233,187,000, including current portion of long-term loans of RMB4,104,292,000) were secured by mortgages of the Group's inventories with a carrying amount of RMB23,157,979,000 (31 December 2021: RMB45,426,209,000).

Note 6: As at 30 June 2022, long-term loans with a carrying amount of RMB124,895,000 (31 December 2021: 586,592,000) were secured by mortgages of the Group's construction in progress with a carrying amount of RMB716,992,000 (31 December 2021: RMB1,391,992,000).

Note 7: As at 30 June 2022, long-term loans with a carrying amount of RMB17,088,421,000, including current portion of long-term loans of RMB1,737,203,000 (31 December 2021: RMB835,623,000, including current portion of long-term loans of RMB12,450,000) were secured by mortgages of the Group's land use rights with a carrying amount of RMB38,471,984,000 (31 December 2021: RMB3,139,066,000).

Note 8: As at 30 June 2022, the guaranteed long-term loans, including current portion of long-term loans of RMB6,451,651,000 (31 December 2021: RMB11,064,917,000), were all internally guaranteed by the entities comprising the Group.

As at 30 June 2022, the Group had no overdue long-term loans (31 December 2021: Nil).

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

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 2022 (unaudited)	31 December 2021
Within one year or paid on demand (<i>Note V, 33</i>)	27,425,942	26,251,890
In the second year (inclusive)	30,012,522	27,787,627
In the second to fifth year (inclusive)	58,138,380	40,509,857
Over five years	50,945,140	46,747,090
Total	166,521,984	141,296,464

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 in each period/year 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 2022 (unaudited)	31 December 2021
Bonds payable	43,775,265	36,360,201
Less: Current portion of bonds payable (<i>Note V, 33</i>)	13,119,208	6,825,326
Non-current portion of bonds payable	30,656,057	29,534,875

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

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

36. Bonds payable (continued)

As at 30 June 2022, balances of bonds payable are listed as follows (unaudited):

Bonds	Par value	Issue date	Maturity	Amount	Annual interest rate	1 January 2022	Amount issued	Interest accrued in the year	Discount or premium amortization and exchange effects	Principle and interest paid in the year	30 June 2022
CRCC Yuxiang Limited Guaranteed Note due in 2023 with principal of USD800 million and interest rate of 3.5%	USD800,000	16 May 2013	10 years	USD800,000	3.50%	5,114,572	-	94,060	271,288	89,395	5,386,475
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	3+2 years	3,590,000	4.05%	3,119,995	500,000	72,688	-	-	3,692,683
China Railway Construction Real Estate Group Co., Ltd. - 2022 first issue of public placement corporate bonds to professional investors	3,000,000	18 March 2022	3+2 years	3,000,000	3.65%	-	3,000,000	27,375	(8,095)	-	3,019,340
China Railway Construction Real Estate Group Co., Ltd. - 2019 first issue of public placement Corporate bond (variety I)	2,700,000	15 March 2019	3+2 years	2,700,000	4.25%	2,780,751	-	57,375	-	114,750	2,723,376
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%	2,281,110	-	47,300	5,607	94,600	2,294,417
China Railway Construction Real Estate Group Co., Ltd. - 2020 first issue of medium term note	2,100,000	12 March 2020	3+2 years	2,100,000	3.20%	2,146,496	-	33,600	-	67,200	2,112,896
CRCC Hean Limited Guaranteed Note due in 2026 with principal of EUR 300 million and interest rate of 0.875%	EUR300,000	20 May 2021	5 years	EUR300,000	0.88%	2,169,905	-	3,781	(82,519)	18,397	2,097,770
China Railway Construction Investment Group Co., Ltd. - 2021 first issue of public placement Corporate bond	2,000,000	18 October 2021	3 years	2,000,000	3.52%	2,015,414	-	35,200	501	-	2,051,115
China Railway Construction Real Estate Group Co., Ltd. - 2021 first issue of medium term note	2,000,000	02 March 2021	3+2 years	2,000,000	4.17%	2,057,655	-	41,700	5,210	83,400	2,021,165
CRCC Hean Limited Guaranteed Note due in 2026 with principal of USD300 million and interest rate of 1.875%	US\$300,000	20 May 2021	5 years	USD300,000	1.88%	1,911,100	-	19,906	101,155	18,877	2,012,284
China Railway Construction Real Estate Group Co., Ltd. - 2022 second issue of public corporate bonds for professional investors	1,700,000	25 March 2022	3+2 years	1,700,000	3.67%	-	1,700,000	15,598	(4,554)	-	1,711,044
China Railway Construction Real Estate Group Co., Ltd. - 2021 first issue of public corporate bonds for professional investors	1,300,000	22 January 2021	3+2 years	1,300,000	3.78%	1,342,836	-	24,570	-	48,140	1,318,266
China Railway Construction Real Estate Group Co., Ltd. - 2021 second issue of public corporate bonds for professional investors	1,300,000	03 February 2021	3+2 years	1,300,000	3.95%	1,340,541	-	25,675	-	51,350	1,314,866
China Railway Construction Real Estate Group Co., Ltd. - 2022 first issue of medium term note	1,200,000	27 June 2022	3+2 years	1,200,000	3.45%	-	1,200,000	-	(5,969)	-	1,194,011
China Railway Construction Real Estate Group Co., Ltd. - 2022 fourth issue of public corporate bonds for professional investors	1,160,000	18 May 2022	3+2 years	1,160,000	3.30%	-	1,160,000	4,125	(4,492)	-	1,159,633
China Railway Construction Real Estate Group Co., Ltd. - 2021 third issue of public corporate bonds for professional investors	1,110,000	01 September 2021	3+2 years	1,110,000	3.28%	1,119,829	-	18,204	-	-	1,138,033
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%	1,007,863	-	23,650	-	-	1,031,533

RMB '000

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

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

36. Bonds payable (continued)

Bonds	Par value	Issue date	Maturity	Amount	Annual interest rate	1 January 2022	Amount issued	Interest accrued in the year	Discount or premium amortization and exchange effects	Principle and interest paid in the year	30 June 2022
China Railway Construction Investment Group Co., Ltd. - 2019 first issue of public placement Corporate bond (issuance of bonds in 2022)	1,000,000	10 April 2022	2 years	1,000,000	3.19%	-	1,003,588	7,144	(22)	-	1,010,710
China Railway Construction Investment Group Co., Ltd. - 2020 first issue of public placement Corporate bond (variety I)	800,000	11 March 2020	3+2 years	800,000	3.18%	818,664	-	12,720	222	25,439	806,167
China Railway Construction Real Estate Group Co., Ltd. - 2022 fifth issue of public corporate bonds for professional investors	770,000	27 May 2022	3 years	770,000	3.20%	-	770,000	2,667	(2,965)	-	769,672
China Railway SIJUAN Survey and Design Group Co., Ltd. - 2020 first issue of medium term note	700,000	24 April 2020	3 years	700,000	2.50%	716,736	-	12,839	-	25,000	704,375
China Railway Construction Real Estate Group Co., Ltd. - 2019 first phase of debt financing plan	654,000	05 December 2019	3 years	654,000	6.10%	654,000	-	14,022	-	14,022	654,000
China Railway Construction Real Estate Group Co., Ltd. - 2020 second issue of medium term note	600,000	23 March 2020	3+2 years	600,000	3.28%	620,488	-	14,760	-	29,520	605,728
China Railway Construction Investment Group Co., Ltd. - 2020 first issue of public placement Corporate bond (variety II)	600,000	11 March 2020	5+2 years	600,000	3.45%	615,058	-	10,350	97	20,700	604,805
China Railway Construction Real Estate Group Co., Ltd. - 2022 first issue of debt financing instrument	500,000	06 January 2022	3+2 years	500,000	3.70%	-	500,000	7,708	(1,339)	-	506,369
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+2 years	500,000	3.20%	511,741	-	8,000	138	16,000	503,879
China Railway Construction Real Estate Group Co., Ltd. - 2022 fifth issue of public corporate bonds for professional investors	320,000	27 May 2022	5 years	320,000	3.68%	-	320,000	1,533	(2,495)	-	319,038
China Railway Construction Real Estate Group Co., Ltd. - 2019 second issue of private placement Corporate bond	300,000	18 March 2019	3+2 years	300,000	4.90%	310,450	-	7,350	-	14,700	303,080
China Railway Construction Real Estate Group Co., Ltd. - 2022 third issue of public corporate bonds for professional investors	300,000	25 March 2022	3+2 years	300,000	3.95%	-	300,000	2,993	(804)	-	302,189
China Railway Construction Investment Group Co., Ltd. - 2019 first issue of public placement Corporate bond	1,200,000	09 April 2019	3+2 years	1,200,000	3.19%	1,235,657	-	14,366	112	1,050,760	199,375
China Railway Construction Investment Group Co., Ltd. - 2022 second issue of debt financing instrument	160,000	28 March 2022	3+2 years	160,000	3.70%	-	160,000	2,775	(804)	-	161,971
China Railway Construction Real Estate Group Co., Ltd. Beijing Financial Assets Exchange debt financing plan - 21 Jing China Railway Construction Real Estate Co., Ltd. ZFR001	100,000	27 March 2020	3 years	100,000	5.50%	99,792	-	2,742	208	2,742	100,000
China Railway Construction Real Estate Group Co., Ltd. - 2019 first issue of private placement Corporate bond (variety II)	1,500,000	10 January 2019	3+2 years	1,500,000	4.90%	1,564,581	-	6,825	2,920	1,573,576	-
CRCC (Beijing) Property Management Co., Ltd. - 2017 first issue of private placement assets-backed note	980,000	13 December 2017	6 years	980,000	6.90%	503,600	-	1,311	1,076	505,987	-
China Railway Construction Real Estate Group Co., Ltd. Beijing Financial Assets Exchange debt financing plan - 21 Jing China Railway Construction Real Estate Co., Ltd. ZFR002	300,000	16 April 2020	3 years	300,000	5.20%	301,427	-	5,157	1,195	307,779	-
Total	-	-	-	-	-	36,560,201	10,613,588	683,179	295,681	4,177,334	43,775,265
Less: Current portion of bonds payable	-	-	-	-	-	6,825,326	-	-	-	-	13,119,208
Non-current portion of bonds payable	-	-	-	-	-	29,534,875	-	-	-	-	30,656,057

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

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

36. Bonds payable (continued)

As at 31 December 2021, balances of bonds payable are listed as follows:

Bonds	Par value	issue date	Maturity	Amount	Annual interest rate	1 January 2021	Amount issued	Interest accrued in the year	Discount or premium amortization and exchange effects	Principle and interest paid in the year	31 December 2021
CRCC Yuxiang Limited Guaranteed Note due in 2023 with principal of USD800 million and interest rate of 3.5%	USD800,000	16 May 2013	10 years	USD800,000	3.50%	5,228,336	-	179,124	(113,241)	179,647	5,114,572
China Railway Construction Real Estate Group Co., Ltd. - 2020 first issue of public placement corporate bonds for professional investors	3,590,000	15 September 2020	3-2 years	3,590,000	4.05%	3,119,356	-	145,385	629	145,395	3,119,985
China Railway Construction Real Estate Group Co., Ltd. - 2019 first issue of public placement Corporate bond (variety I)	2,700,000	15 March 2019	3-2 years	2,700,000	4.25%	2,776,548	-	114,750	2,203	114,750	2,780,751
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	-	97,607	(1,540)	130,660	2,281,110
CRCC Hean Limited Guaranteed Note due in 2026 with principal of EUR 300 million and interest rate of 0.875%	EUR300,000	20 May 2021	5 years	EUR300,000	0.88%	-	2,344,961	11,683	(186,739)	-	2,168,905
China Railway Construction Real Estate Group Co., Ltd. - 2020 first issue of medium term note	2,100,000	12 March 2020	3-2 years	2,100,000	3.20%	2,145,323	-	67,200	1,173	67,200	2,146,496
China Railway Construction Real Estate Group Co., Ltd. - 2021 first issue of medium term note	2,000,000	2 March 2021	3-2 years	2,000,000	4.17%	-	1,994,338	62,550	767	-	2,057,655
China Railway Construction Investment Group Co., Ltd. - 2021 first issue of public placement Corporate bond	2,000,000	18 October 2021	3 years	2,000,000	3.52%	-	1,987,600	17,600	214	-	2,015,414
CRCC Hean Limited Guaranteed Note due in 2026 with principal of USD300 million and interest rate of 1.875%	USD300,000	20 May 2021	5 years	USD300,000	1.88%	-	1,931,488	22,108	(24,564)	17,932	1,911,100
China Railway Construction Real Estate Group Co., Ltd. - 2019 first issue of private placement Corporate bond (variety II)	1,500,000	10 January 2019	3-2 years	1,500,000	4.90%	1,568,468	-	73,500	1,063	73,500	1,564,531
China Railway Construction Real Estate Group Co., Ltd. - 2021 first issue of public corporate bonds for professional investors	1,300,000	22 January 2021	3-2 years	1,300,000	3.76%	-	1,297,248	45,045	543	-	1,342,836
China Railway Construction Real Estate Group Co., Ltd. - 2021 second issue of public corporate bonds for professional investors	1,300,000	3 February 2021	3-2 years	1,300,000	3.95%	-	1,287,296	42,792	453	-	1,340,541
China Railway Construction Investment Group Co., Ltd. - 2019 first issue of public placement Corporate bond	1,200,000	9 April 2019	3-2 years	1,200,000	3.99%	1,235,215	-	47,760	442	47,760	1,235,657
China Railway Construction Real Estate Group Co., Ltd. - 2021 third issue of public corporate bonds for professional investors	1,110,000	1 September 2021	3-2 years	1,110,000	3.25%	-	1,107,540	12,186	153	-	1,119,829
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%	1,007,883	-	47,300	-	47,300	1,007,883
China Railway Construction Investment Group Co., Ltd. - 2020 first issue of public placement Corporate bond (variety I)	800,000	11 March 2020	3-2 years	800,000	3.16%	820,552	-	23,320	232	25,440	818,664

RMB '000

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

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

36. Bonds payable (continued)

Bonds	Par value	Issue date	Maturity	Amount	Annual interest rate	1 January 2021	Amount issued	Interest accrued in the year	Discount or premium amortization and exchange effects	Principle and interest paid in the year	31 December 2021
China Railway SIJUAN Survey and Design Group Co., Ltd. - 2020 first issue of medium term note	700,000	24 April 2020	3 years	700,000	2.50%	711,805	-	25,000	-	20,069	716,736
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%	662,384	-	39,894	1,616	39,894	654,000
China Railway Construction Real Estate Group Co., Ltd. - 2020 second issue of medium term note	600,000	23 March 2020	3-2 years	600,000	3.28%	620,008	-	29,520	480	29,520	620,488
China Railway Construction Investment Group Co., Ltd. - 2020 first issue of public placement Corporate bond (variety I)	600,000	11 March 2020	5-2 years	600,000	3.45%	616,683	-	18,975	100	20,700	615,088
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	3-2 years	500,000	3.20%	512,928	-	14,667	146	16,000	511,741
CRCC (Beijing) Property Management Co., Ltd. - 2017 first issue of private placement assets-backed note	960,000	13 December 2017	6 years	960,000	6.90%	691,144	-	37,934	903	226,381	503,600
China Railway Construction Real Estate Group Co., Ltd. 2019 second issue of private placement Corporate bond	300,000	18 March 2019	3-2 years	300,000	4.90%	310,185	-	14,700	245	14,700	310,430
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	5.20%	301,615	-	15,600	(188)	15,800	301,427
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	5.50%	99,679	-	5,500	113	5,500	99,792
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%	3,262,450	-	-	(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%	2,745,652	-	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	3-2 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 bond	1,500,000	19 April 2016	5 years	1,500,000	4.75%	1,177,941	-	19,950	1,959	1,199,850	-
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%	974,344	-	18,604	1,702	994,650	-
Total	-	-	-	-	-	34,454,741	11,970,471	1,264,760	(329,390)	11,000,381	36,360,201
Less: Current portion of bonds payable	-	-	-	-	-	8,342,887	-	-	-	-	6,825,326
Non-current portion of bonds payable	-	-	-	-	-	26,111,854	-	-	-	-	29,534,875

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

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 exceed 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.

37. Lease liabilities

RMB '000

Item	30 June 2022 (unaudited)	31 December 2021
Lease liabilities	4,339,511	4,563,171
Less: Current portion of lease liabilities (<i>Note V, 33</i>)	1,668,560	1,673,793
Non-current portion of lease liabilities	2,670,951	2,889,378

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

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

38. Long-term payables

RMB '000

Item	30 June 2022 (unaudited)	31 December 2021
Retention payables	21,223,279	16,356,101
Payables for specific items	4,415,035	4,172,215
Special payables	79,122	74,003
Others	3,247,641	2,538,785
Total	28,965,077	23,141,104

39. Share capital

For the six months ended 30 June 2022:

RMB '000

Item	1 January 2022	Increase (unaudited)	Decrease (unaudited)	30 June 2022 (unaudited)
Unrestricted shares				
– RMB ordinary shares	11,503,246	–	–	11,503,246
– Overseas listed foreign shares	2,076,296	–	–	2,076,296
Total	13,579,542	–	–	13,579,542

2021:

RMB '000

Item	1 January 2021	Increase	Decrease	31 December 2021
Unrestricted shares				
– RMB ordinary shares	11,503,246	–	–	11,503,246
– Overseas listed foreign shares	2,076,296	–	–	2,076,296
Total	13,579,542	–	–	13,579,542

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

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

40. Other equity instruments

RMB '000

Item		30 June 2022 (unaudited)	31 December 2021
2019 & 2020 renewable loans	<i>Note 1</i>	25,200,000	25,200,000
2019 renewable corporate bonds	<i>Note 2</i>	11,994,417	11,994,417
2021 renewable corporate bonds	<i>Note 3</i>	9,593,972	9,593,972
2019 CRCC medium-term notes	<i>Note 4</i>	5,982,651	5,982,651
2020 renewable corporate bonds	<i>Note 5</i>	4,697,404	4,697,404
2022 renewable corporate bonds	<i>Note 6</i>	2,998,220	–
2020 medium-term notes Phase I	<i>Note 7</i>	2,991,242	2,991,242
2021 CRCC medium-term notes	<i>Note 8</i>	1,994,120	1,994,120
2021 renewable loans	<i>Note 9</i>	800,000	800,000
Total		66,252,026	63,253,806

Note 1: 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 RMB10,400,000,000.

Note 2: 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 3: In 2021, the Company issued 9,600,000,000 in an aggregate principal amount of four 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. The net proceeds from the issuance amounting to RMB9,593,972,000, net of the relevant expenses of issuance of RMB6,028,000 were included in other equity instruments.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

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

40. Other equity instruments (continued)

Note 4: 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. 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 5: 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.

Note 6: In 2022, the Company issued RMB3,000,000,000 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 RMB2,998,220,000, net of the relevant expenses of issuance of RMB1,780,000 were included in other equity instruments.

Note 7: 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 8: In 2021, the Company issued RMB2,000,000,000 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 RMB1,994,120,000, net of the relevant expenses of issuance of RMB5,880,000 were included in other equity instruments.

Note 9: In 2021, the Company issued RMB800,000,000 in an aggregate principal amount of renewable loans. According to the terms of the contract, the Company had no contractual obligation to deliver cash or other financial assets to the holders. The Company considered that the notes did not satisfy the definition of financial liabilities. The issuance were included in other equity instruments.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

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

41. Capital reserve

For the six months ended 30 June 2022:

RMB '000

Item	1 January 2022	Increase (unaudited)	Decrease (unaudited)	30 June 2022 (unaudited)
Share premium	41,956,599	–	–	41,956,599
Relocation compensation granted by government	160,961	–	–	160,961
Equity transactions with non- controlling shareholders	2,891,541	–	195	2,891,346
Others	(122,516)	149	–	(122,367)
Total	44,886,585	149	195	44,886,539

2021:

RMB '000

Item	1 January 2021	Increase	Decrease	31 December 2021
Share premium	41,241,813	714,786	–	41,956,599
Relocation compensation granted by government	160,961	–	–	160,961
Equity transactions with non- controlling shareholders	2,878,729	12,812	–	2,891,541
Others	(122,654)	7,449	7,311	(122,516)
Total	44,158,849	735,047	7,311	44,886,585

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

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

42. 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 2021	Increase/ (decrease)	Less: Other comprehensive income carried forward to retained earnings	1 January	Increase/ (decrease) (unaudited)	Less: Other comprehensive income carried forward to retained earnings	30 June 2022
				2022			(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	(68,802)	(91,448)	-	(160,250)	155,134	-	(5,116)
Changes in fair value of other debt investments and effect of deferred income tax	(1,068)	4,589	-	3,521	(22,411)	-	(18,890)
Changes in fair value of receivables financing	(4,766)	1,218	-	(3,548)	(345)	-	(3,893)
Effect of deferred tax from changes in fair value of receivables financing	824	(277)	-	547	68	-	615
Exchange differences on translation of foreign operation	(1,696,194)	(190,155)	-	(1,886,349)	270,239	-	(1,616,110)
Changes in fair value of other equity instruments investments at FVTOCI	634,542	514,288	158,003	990,827	(96,696)	1,582	892,549
Effect of deferred tax from changes in fair value of other equity instruments investments at FVTOCI	(142,900)	(87,779)	-	(230,679)	27,475	-	(203,204)
Others	(13,898)	(4,474)	(27,811)	9,439	20	1,297	8,162
Total	(1,292,262)	145,962	130,192	(1,276,492)	333,484	2,879	(945,887)

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

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

42. Other comprehensive income (continued)

Other comprehensive income in the statement of profit or loss:

For the six months ended 30 June 2022 (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	(114,388)	(27,475)	(69,221)	(17,692)
Others	606	586	20	-
Other comprehensive income to be reclassified to profit or loss				
Share of other comprehensive income of the investee under the equity method	155,134	-	155,134	-
Losses from changes in fair value of other debt investments	(27,699)	(4,481)	(22,411)	(807)
Changes in fair value of receivables at FVTOCI	(456)	(68)	(277)	(111)
Exchange differences on translation of foreign operations	320,540	-	270,239	50,301
Total	333,737	(31,438)	333,484	31,691

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

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

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

43. 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.

44. Surplus reserve

For the six months ended 30 June 2022:

RMB '000

Item	1 January 2022	Increase (unaudited)	30 June 2022 (unaudited)
Statutory surplus reserve (Note)	6,789,771	–	6,789,771

2021:

RMB '000

Item	1 January 2021	Increase	31 December 2021
Statutory surplus reserve (Note)	6,139,569	650,202	6,789,771

Note: In accordance with the Company Law and the Company's articles of association, the Company appropriated 10% of the net profit after making up for losses to the statutory surplus reserve, which is limited to 50% of the Company's registered capital.

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 2022

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

45. Retained earnings

RMB '000

Item	For the six months ended 30 June 2022 (unaudited)	2021
Retained earnings at the beginning of period/year	141,556,080	123,453,661
Net profit attributable to the owners	13,473,989	24,690,556
Less: Appropriation to statutory surplus reserve	–	650,202
Cash dividend declared for ordinary Shares (Note 1)	3,340,567	3,123,295
Interest distributed to other equity instrument holders (Note 2)	1,395,692	2,954,557
Others (Note V · 42)	2,879	139,917
Retained earnings at the end of the period/year (Note 3)	150,296,689	141,556,080

Note 1: In accordance with the resolution at the 2021 annual general meeting of shareholders on 23 June 2022, the Company declared a cash dividend of RMB0.246 per share (2021: RMB0.23 per share), which amounted to RMB3,340,567,000 (2021: RMB3,123,295,000) 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 2022, the Company accrued interest of other equity instruments holders amounting to RMB1,395,692,000 (2021: RMB2,954,557,000).

Note 3: As at 30 June 2022 the Group's retained earnings did not include any amount that belonged to holders of renewable loans (31 December 2021: Nil).

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

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

46. Revenue and cost of sales

RMB '000

Item	For the six months ended 30 June 2022 (unaudited)		For the six months ended 30 June 2021 (unaudited)	
	Revenue	Cost of sales	Revenue	Cost of sales
Revenue from principal operations	535,759,839	489,876,082	484,367,810	444,548,473
Other operating revenue	4,736,695	3,778,340	4,147,055	2,876,964
Total	540,496,534	493,654,422	488,514,865	447,425,437

(1) Revenue is listed as follows:

RMB '000

Sector	For the six months ended 30 June 2022 (unaudited)	For the six months ended 30 June 2021 (unaudited)
Construction operations	476,753,971	427,744,411
Real estate development operations	21,382,902	11,896,212
Manufacturing operations	9,782,592	9,014,271
Survey, design and consultancy operations	9,107,781	8,641,058
Other business operations	23,469,288	31,218,913
Total	540,496,534	488,514,865

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

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

46. 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	476,753,971	–	–	7,850,630	2,833,873	487,438,474
A point in time	–	21,382,902	9,782,592	1,257,151	20,635,415	53,058,060
Total	476,753,971	21,382,902	9,782,592	9,107,781	23,469,288	540,496,534

- (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 2022, 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.

47. Taxes and surcharges

RMB '000

Item	For the six months ended 30 June 2022 (unaudited)	For the six months ended 30 June 2021 (unaudited)
City maintenance and construction tax	323,590	303,804
Stamp duty	359,126	259,760
Property tax	149,121	133,710
Others	857,816	760,837
Total	1,689,653	1,458,111

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

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

48. Selling and distribution expenses

RMB '000

Item	For the six months ended 30 June 2022 (unaudited)	For the six months ended 30 June 2021 (unaudited)
Employee compensation costs	1,538,092	1,470,558
Advertising and publicity expenses	845,907	865,131
Others	522,897	592,303
Total	2,906,896	2,927,992

49. General and administrative expenses

RMB '000

Item	For the six months ended 30 June 2022 (unaudited)	For the six months ended 30 June 2021 (unaudited)
Employee compensation costs	7,221,099	7,147,563
Depreciation expenses of fixed assets	456,476	401,747
Office, travelling and transportation expenses	374,088	471,494
Others	1,636,851	1,698,620
Total	9,688,514	9,719,424

50. Research and development expenses

RMB '000

Item	For the six months ended 30 June 2022 (unaudited)	For the six months ended 30 June 2021 (unaudited)
Personnel and material expenses	8,396,894	8,598,485

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

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

51. Finance costs

RMB '000

Item	For the six months ended 30 June 2022 (unaudited)	For the six months ended 30 June 2021 (unaudited)
Interest expenses	6,358,723	5,248,221
Less: Interest income	2,095,588	1,986,568
Less: Interest capitalised	3,286,552	2,948,078
Exchange(gains)losses	(223,736)	(82,543)
Bank charges and others	838,730	809,829
Total	1,591,577	1,040,861

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)).

52. Impairment losses on assets

RMB '000

Item	For the six months ended 30 June 2022 (unaudited)	For the six months ended 30 June 2021 (unaudited)
Losses from impairment of contract asset	(706,292)	(357,810)
Losses from decline in value of inventories	(168,420)	(49,323)
Others	(350)	1,141
Total	(875,062)	(405,992)

53. Impairment of credit losses

RMB '000

Item	For the six months ended 30 June 2022 (unaudited)	For the six months ended 30 June 2021 (unaudited)
Losses from impairment of receivables	(1,537,766)	(1,029,165)
Losses from impairment of loans to customers	5,243	(8,180)
Total	(1,532,523)	(1,037,345)

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

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

54. Investment income

RMB '000

Item	For the six months ended 30 June 2022 (unaudited)	For the six months ended 30 June 2021 (unaudited)
Share of profits of long-term equity investments under the equity method	112,836	757,329
Investment income from disposal of long-term equity investments under the equity method	4,220	4,092
Gains from the remaining equity re-measured at fair value after the loss of control	–	142
Losses from derecognition of financial assets measured at amortized cost (Note V, 5)	(1,592,301)	(1,056,860)
Investment income from holding other equity instrument investment	48,582	84,063
Investment income from disposal of held-for-trading financial assets	92,242	37,248
Investment income from holding debt investments	139,545	197,901
Others	28,149	(39,612)
Total	(1,166,727)	(15,697)

55. Non-operating income

RMB '000

Item	For the six months ended 30 June 2022 (unaudited)	For the six months ended 30 June 2021 (unaudited)	Non-recurring profit or loss of the period (unaudited)
Approved unpayable balances	68,281	103,206	68,281
Gains on compensation, penalties and fines	181,210	219,936	181,210
Government grants	92,130	45,512	92,130
Others	155,370	132,275	155,370
Total	496,991	500,929	496,991

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

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

55. Non-operating income (continued)

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

RMB '000

Nature	For the six months ended 30 June 2022 (unaudited)	For the six months ended 30 June 2021 (unaudited)	Related to assets/ income
Enterprise development funds	83,536	104,649	Related to assets/ income
Refund of taxes	13,682	240,449	Related to income
Relocation compensation	47,969	1,352	Related to assets/ income
Others	133,666	133,496	Related to income
Total	278,853	479,946	-
Including: Other income	186,723	434,434	-
Non-operating income	92,130	45,512	-

56. Non-operating expenses

RMB '000

Item	For the six months ended 30 June 2022 (unaudited)	For the six months ended 30 June 2021 (unaudited)	Non-recurring profit or loss of the period (unaudited)
Loss on compensation, penalties and fines	220,548	172,889	220,548
Donations	10,040	7,274	10,040
Others	76,628	101,600	76,628
Total	307,216	281,763	307,216

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

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

57. 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 2022 (unaudited)	For the six months ended 30 June 2021 (unaudited)
Cost of services rendered	414,517,012	374,414,986
Cost of goods sold	43,056,950	38,996,500
Employee benefits (Note V, 30)	37,836,553	36,067,305
Depreciation expenses on fixed assets (Note V, 18)	7,923,583	7,342,320
Depreciation expenses on right-of-use assets (Note V, 20)	1,095,135	999,260
Amortization expenses on intangible assets (Note V, 21)	686,676	701,730
Depreciation of investment properties (Note V, 17)	138,325	134,216

58. Income tax expenses

RMB '000

Item	For the six months ended 30 June 2022 (unaudited)	For the six months ended 30 June 2021 (unaudited)
Current tax expenses	3,955,500	3,116,235
Deferred tax expenses	(361,935)	(321,910)
Total	3,593,565	2,794,325

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

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

58. Income tax expenses (continued)

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 2022 (unaudited)	For the six months ended 30 June 2021 (unaudited)
Profit before tax	19,497,399	16,892,880
Income tax at the statutory income tax rate of 25%	4,874,350	4,223,220
Tax effect of preferential tax rates for some subsidiaries	(1,005,871)	(740,051)
Tax effect of share of profits and losses of joint ventures and associates	(28,209)	(189,332)
Effect of non-taxable income	(247,523)	(112,187)
Effect of non-deductible expenses	158,017	144,963
Effect of utilisation of unrecognised deductible tax losses	(108,560)	(144,678)
Income tax benefits on research and development expenses	(577,907)	(590,777)
Effect of unrecognised deductible tax losses	527,783	478,396
Effect of deductible temporary differences for which the deferred tax assets were not recognized	152,998	124,497
Adjustments in respect of current income tax of previous years	155,812	(66,400)
Interest on perpetual bonds deductible before tax	(184,776)	(209,694)
Others	(122,549)	(123,632)
Income tax expense at the Group's effective tax rate	3,593,565	2,794,325

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 2022

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

59. 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 2022 (unaudited)	For the six months ended 30 June 2021 (unaudited)
Earnings		
Net profit attributable to shareholders of the Company	13,473,989	12,307,363
Including: profit or loss from continuing operations	13,473,989	12,307,363
Less: attributable to holder of other equity instruments (Note V, 45)	1,395,692	1,532,594
Net profit attributable to ordinary shareholders	12,078,297	10,774,769
Shares		
Number of the outstanding ordinary shares of the Company	13,579,541,500	13,579,541,500
Basic earnings per share (RMB/share)	0.89	0.79
Diluted earnings per share (RMB/share) (Note)	0.89	0.79

Note: During the period from January to June 2022, the Company has no diluted common stock. During the period from January to June 2021, the impact on stock conversion arising from issuance of USD500,000,000 convertible bonds on 29 January 2016 has been considered for the diluted earnings per share

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

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

60. Notes to items in the statement of cash flows

RMB '000

Item	For the six months ended 30 June 2022 (unaudited)	For the six months ended 30 June 2021 (unaudited)
(1) Cash received from other operating activities:		
Amounts due from/to related parties	3,616,439	5,081,657
Sale of raw materials	1,775,755	1,188,999
Others	4,379,151	2,228,049
Total	9,771,345	8,498,705

RMB '000

Item	For the six months ended 30 June 2022 (unaudited)	For the six months ended 30 June 2021 (unaudited)
(2) Cash paid for other operating activities:		
Advertising and business promotion expenses	845,907	865,131
Office and travelling expenses	644,031	760,032
Repair and maintenance costs	191,392	188,748
Others	7,406,260	3,974,525
Total	9,087,590	5,788,436

RMB '000

Item	For the six months ended 30 June 2022 (unaudited)	For the six months ended 30 June 2021 (unaudited)
(3) Cash paid for other financing activities:		
Cash paid for lease liabilities	1,093,161	1,178,944
Acquisition of non-controlling interests	46,447	–
Redemption of other equity instruments	–	8,300,000
Total	1,139,608	9,478,944

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

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

61. 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 2022 (unaudited)	For the six months ended 30 June 2021 (unaudited)
Reconciliation of net profit to cash flows generated from operating activities:		
Net profit	15,903,834	14,098,555
Add: Impairment losses on assets	875,062	405,992
Impairment of credit losses	1,532,523	1,037,345
Depreciation of fixed assets	7,923,583	7,342,320
Depreciation of right-of-use assets	1,095,135	999,260
Amortisation of intangible assets	686,676	701,730
Depreciation of investment properties	138,325	134,216
Amortization of long-term deferred expenses	107,326	119,189
Gains from disposal of fixed assets, intangible assets and other long-term assets	(9,173)	(109,086)
Losses (gains) on fair value changes	48,209	(12,448)
Finance costs	1,852,923	1,978,254
Investment income	(421,532)	(1,080,775)
Increase in deferred tax assets	(466,576)	(406,864)
Increase (decrease) in deferred tax liabilities	132,067	(86,177)
Increase in inventories	(17,788,025)	(31,533,465)
Increase in contract assets	(22,232,050)	(27,119,630)
Increase in operating receivables	(44,441,075)	(31,899,452)
Increase in operating payables	36,186,313	8,014,142
(Increase) decrease in the deposits with the central bank	(727,927)	1,230,526
Net cash flows used in operating activities	(19,604,382)	(56,186,368)

Net changes in cash and cash equivalents:

RMB '000

Item	For the six months ended 30 June 2022 (unaudited)	For the six months ended 30 June 2021 (unaudited)
Cash at the end of the period	134,498,439	116,076,346
Less: Opening balance of cash	102,421,626	160,935,485
Add: Closing balance of cash equivalents	1,667,166	4,448,505
Less: Opening balance of cash equivalents	7,320,235	6,734,011
Net increase (decrease) in cash and cash equivalents	26,423,744	(47,144,645)

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

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

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

(2) Cash and cash equivalents

RMB '000

Item	30 June 2022 (unaudited)	31 December 2021
Cash	134,498,439	102,421,626
Including: Cash on hand	63,848	59,533
Cash with banks/financial institutions without restriction	134,434,591	102,362,093
Cash equivalents	1,667,166	7,320,235
Closing balance of cash and cash equivalents	136,165,605	109,741,861

62. Assets with title restrictions

RMB '000

Item	30 June 2022 (unaudited)	31 December 2021	Reason
Inventories	23,157,979	45,426,209	Mortgaged for loans
Intangible assets	104,390,422	50,867,556	Pledged for loans/ Mortgaged for loans
Other non-current assets	6,161,701	25,963,981	Pledged for loans
Cash and bank balances	14,328,466	11,221,219	Note
Bills receivable	217,010	131,750	Pledged for loans
Construction in progress	716,992	1,391,992	Mortgaged for loans
Trade receivables	1,544,789	1,059,077	Pledged for loans
Fixed assets	1,643,898	273,348	Mortgaged for loans
Total	152,161,257	136,335,132	-

Note: As at 30 June 2022, the Group held frozen deposits of RMB2,514,572,000 (31 December 2021: RMB1,928,751,000), the residual amount of RMB6,673,606,000 (31 December 2021: RMB4,880,107,000) was a deposit. CRCC Finance Company Limited placed RMB5,140,288,000 (31 December 2021: RMB4,412,361,000) in the central bank as statutory reserves.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

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

63. Foreign currency monetary items

As at 30 June 2022 (unaudited):

RMB '000

Item	Closing balance of foreign currencies ('000)	Exchange rate	Closing balance in RMB
Cash and bank balances			6,087,593
Including: U.S. Dollar	645,326	6.7114	4,331,043
Euro	61,765	7.0084	432,873
Hong Kong dollar	590,342	0.8552	504,855
Algeria Dinars	11,307,489	0.0457	517,085
Others			301,737
Trade receivables			1,305,060
Including: U.S. Dollar	139,238	6.7114	934,485
Malaysian Ringgit	36,272	1.5250	55,316
Tanzanian Shilling	19,089,515	0.0029	54,861
Algeria Dinars	295,499	0.0457	13,513
Others			246,885
Other receivables			119,230
Including: U.S. Dollar	791	6.7114	5,310
Malaysian Ringgit	27,305	1.5250	41,642
Others			72,278
Trade payables			844,295
Including: U.S. Dollar	45,764	6.7114	307,141
Algeria Dinars	4,523,914	0.0457	206,876
Others			330,278
Other payables			76,882
Including: U.S. Dollar	4,707	6.7114	31,591
Others			45,291
Short-term loans			2,795,656
Including: U.S. Dollar	132,516	6.7114	889,371
Euro	272,000	7.0084	1,906,285
Long-term loans (Including long-term loans due within one year)			2,196,620
Including: U.S. Dollar	137,650	6.7114	923,824
Euro	156,121	7.0084	1,094,157
Others			178,639
Bonds payable (Including bonds payable due within one year)			7,484,245
Including: U.S. Dollar	802,586	6.7114	5,386,475
Euro	299,322	7.0084	2,097,770

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

VI. CHANGES OF CONSOLIDATION SCOPE

The consolidated financial statements of the Group does not change significantly compared with the prior year.

VII. EQUITY IN OTHER ENTITIES

1. Subsidiaries

(1) Particulars of the principal subsidiaries of the Company are listed as follows:

Subsidiaries acquired through establishment or investment

RMB '000

Company name	Principal place of business	Place of registration	Principal activities	Registered capital	Shareholding proportion %	
					Direct	Indirect
China Civil Engineering Construction Corporation	Beijing	Beijing	Construction	3,000,000	100.00	-
China Railway 11th Bureau Group Co., Ltd.	Wuhan, Hubei	Wuhan, Hubei	Construction	6,162,382	81.62	-
China Railway 12th Bureau Group Co., Ltd.	Taiyuan, Shanxi	Taiyuan, Shanxi	Construction	5,060,677	100.00	-
China Railway Construction Bridge Engineering Bureau Group Co., Ltd.	Tianjin	Tianjin	Construction	3,200,000	100.00	-
China Railway 14th Bureau Group Co., Ltd.	Jinan, Shandong	Jinan, Shandong	Construction	3,110,000	100.00	-
China Railway 15th Bureau Group Co., Ltd.	Shanghai	Shanghai	Construction	3,000,000	100.00	-
China Railway 16th Bureau Group Co., Ltd.	Beijing	Beijing	Construction	3,000,000	100.00	-
China Railway 17th Bureau Group Co., Ltd.	Taiyuan, Shanxi	Taiyuan, Shanxi	Construction	3,021,226	100.00	-
China Railway 18th Bureau Group Co., Ltd.	Tianjin	Tianjin	Construction	3,000,000	100.00	-
China Railway 19th Bureau Group Co., Ltd.	Beijing	Beijing	Construction	5,080,000	100.00	-
China Railway 20th Bureau Group Co., Ltd.	Xi'an, Shaanxi	Xi'an, Shaanxi	Construction	3,130,000	100.00	-
China Railway 21st Bureau Group Co., Ltd.	Lanzhou, Gansu	Lanzhou, Gansu	Construction	2,038,000	100.00	-
China Railway 22nd Bureau Group Co., Ltd.	Beijing	Beijing	Construction	2,000,000	100.00	-
China Railway 23rd Bureau Group Co., Ltd.	Chengdu, Sichuan	Chengdu, Sichuan	Construction	2,000,000	100.00	-
China Railway 24th Bureau Group Co., Ltd.	Shanghai	Shanghai	Construction	2,000,000	100.00	-
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	-

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

VII. EQUITY IN OTHER ENTITIES (CONTINUED)

1. Subsidiaries (continued)

(1) Particulars of the principal subsidiaries of the Company are listed as follows:
(continued)

RMB '000

Company name	Principal place of business	Place of registration	Principal activities	Registered capital	Shareholding proportion %	
					Direct	Indirect
China Railway SIYUAN Survey and Design Group Co., Ltd.	Wuhan, Hubei	Wuhan, Hubei	Survey and design	1,052,500	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	5,333,497	71.93	0.36
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 2022

VII. EQUITY IN OTHER ENTITIES (CONTINUED)

1. Subsidiaries (continued)

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

As at 30 June 2022 (unaudited):

RMB '000

Subsidiary	Non-controlling shareholders 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	598,737	475,274	18,677,122
China Railway Construction Kunlun Investment Group Co., Ltd.	29.23	232,681	110,977	4,967,269
China Railway 11th Bureau Group Co., Ltd.	18.38	258,584	188,098	4,040,313
China Railway Construction Heavy Industry Corporation Limited	27.71	281,322	144,846	4,084,506
China Railway Construction Group Co., Ltd.	14.36	38,206	109,854	3,148,712

Note: The mentioned above subsidiaries issued financial instruments, such as outstanding renewable corporate bonds, medium-term notes or renewable loans, which are recognized in other equity instruments and presented under the line item of "non-controlling interests" in the consolidated balance sheet of the Group. The shareholding proportion of minority shareholders of these subsidiaries represents the proportion of equity interests held by minority shareholders other than holders of other equity instruments.

RMB '000

Subsidiary	30 June 2022 (unaudited)					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
China Railway Construction Investment Group Co., Ltd.	35,827,575	123,642,343	159,469,918	54,691,618	65,509,353	120,200,971
China Railway Construction Kunlun Investment Group Co., Ltd.	12,743,430	26,814,705	39,558,135	20,794,179	3,845,823	24,640,002
China Railway 11th Bureau Group Co., Ltd.	49,481,574	13,551,917	63,033,491	46,494,252	1,979,612	48,473,864
China Railway Construction Heavy Industry Corporation Limited	15,250,605	8,511,435	23,762,040	7,666,702	1,410,754	9,077,456
China Railway Construction Group Co., Ltd.	89,622,659	16,196,144	105,818,803	88,464,756	5,890,464	94,355,220

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

VII. EQUITY IN OTHER ENTITIES (CONTINUED)

1. Subsidiaries (continued)

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

As at 30 June 2022 (unaudited): (continued)

RMB '000

Subsidiary	Current assets	Non-current assets	31 December 2021		Non-current liabilities	Total liabilities
			Total assets	Current liabilities		
China Railway Construction Investment Group Co., Ltd.	33,645,273	114,252,790	147,898,063	53,173,830	60,498,922	113,672,752
China Railway Construction Kunlun Investment Group Co., Ltd.	13,006,265	24,942,696	37,948,961	18,246,202	5,181,009	23,427,211
China Railway 11th Bureau Group Co., Ltd.	46,982,576	13,527,596	60,510,172	44,842,966	1,282,240	46,125,206
China Railway Construction Heavy Industry Corporation Limited	14,336,068	8,329,757	22,665,825	7,070,027	1,402,717	8,472,744
China Railway Construction Group Co., Ltd.	75,413,031	14,360,314	89,773,345	74,615,026	3,334,657	77,949,683

RMB '000

Subsidiary	For the six months ended 30 June 2022 (unaudited)			
	Revenue	Net profit	Total comprehensive income	Net cash flows generated from operating activities
China Railway Construction Investment Group Co., Ltd.	17,299,648	1,628,279	1,584,849	922,984
China Railway Construction Kunlun Investment Group Co., Ltd.	16,807,950	1,079,877	1,079,877	2,575,090
China Railway 11th Bureau Group Co., Ltd.	47,834,612	808,588	798,086	(2,762,544)
China Railway Construction Heavy Industry Corporation Limited	5,361,899	1,014,547	1,014,191	212,467
China Railway Construction Group Co., Ltd.	48,476,603	171,898	177,057	(4,757,369)

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

VII. EQUITY IN OTHER ENTITIES (CONTINUED)

1. Subsidiaries (continued)

RMB '000

For the six months ended 30 June 2021 (unaudited)

Subsidiary	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 Construction Kunlun Investment Group Co., Ltd.	10,423,467	671,363	671,363	2,390,325
China Railway 11th Bureau Group Co., Ltd.	42,735,081	601,191	599,313	(3,322,823)
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)

As at 30 June 2022, information on the bonds, renewable corporate bonds and medium-term notes, etc. publicly issued by the above subsidiaries is listed as follows:

RMB '000

Subsidiary	Amount
China Railway Construction Investment Group Co., Ltd.	17,261,106
China Railway 11th Bureau Group Co., Ltd.	2,497,500

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 2022

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 2022(unaudited)/ For the six months ended 30 June 2022(unaudited)		31 December 2021/ For the six months ended 30 June 2021(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	655,765	347,287	932,758	482,376
Including: Cash and cash equivalents	105,705	306,708	149,062	468,988
Non-current assets	14,213,219	40,333,864	14,023,178	36,185,579
Total assets	14,868,984	40,681,151	14,955,936	36,667,955
Current liabilities	1,755,075	3,207,645	2,074,604	1,531,405
Non-current liabilities	5,901,631	30,840,472	5,669,054	28,094,874
Total liabilities	7,656,706	34,048,117	7,743,658	29,626,279
Non-controlling interests	-	-	-	-
Total equity attributable to owners of the company	7,212,278	6,633,034	7,212,278	7,041,676
The net assets multiplied by the shareholding proportion	3,678,262	3,316,517	3,678,262	3,520,838
Adjustment issue				
-- Others	25,338	-	25,338	-
Carrying amount of investments in the joint ventures attributable to the Group	3,703,600	3,316,517	3,703,600	3,520,838
Operating income	478,091	249,988	466,065	-
Financial expenses	137,201	483,981	140,110	-
Income tax expense	-	-	-	-
Net (loss) profit	-	(408,642)	182,228	-
Other comprehensive income	-	-	-	-
Total comprehensive (expense) income	-	(408,642)	182,228	-
Dividends from joint ventures this period	-	-	-	-

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

VII. EQUITY IN OTHER ENTITIES (CONTINUED)

2. Equity in joint ventures and associates (continued)

Major financial information of principle associates

RMB '000

	30 June 2022(unaudited)/ For the six months ended 30 June 2022(unaudited)		31 December 2021/ For the six months ended 30 June 2021 (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	11,833,329	42,906,675	11,696,071	45,571,252
Total liabilities	7,140,943	36,843,610	7,003,975	39,700,512
Non-controlling interests	-	-	-	-
Total equity attributable to owners of the company	4,692,386	6,063,065	4,692,096	5,870,740
The net assets multiplied by the shareholding proportion	2,299,269	3,031,533	2,299,127	2,935,370
Adjustment issue				
– – Unrealised profits of intra- group transactions	(127,849)	(291,417)	(127,849)	(310,670)
– – Others	14,103	(1,894)	14,245	(1,894)
Carrying amount of investments in the associates attributable to the Group	2,185,523	2,738,222	2,185,523	2,622,806
Revenue	365	1,764,047	374	1,954,867
Finance costs	-	-	-	-
Income tax expenses	-	64,108	-	109,647
Net (loss) profit	(75)	192,325	137	241,044
Other comprehensive income	-	-	-	-
Total comprehensive (expense) income	(75)	192,325	137	241,044
Dividends from associates this period	-	-	-	-

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

VII. EQUITY IN OTHER ENTITIES (CONTINUED)

2. Equity in joint ventures and associates (continued)

The aggregate financial information of the individually insignificant joint ventures:

RMB '000

ITEM	30 June 2022 (unaudited)	31 December 2021
Shares of net profit of the joint ventures attributable to the Group	(241,436)	1,746,907
Shares total comprehensive income of the joint ventures attributable to the Group	(241,436)	1,746,907
Carrying amount of investments in the joint ventures attributable to the Group	42,334,731	38,359,962

The aggregate financial information of the individually insignificant associates:

RMB '000

ITEM	30 June 2022 (unaudited)	31 December 2021
Shares of net profit of the associates attributable to the Group	462,430	806,908
Shares of other comprehensive income (loss) of the associates attributable to the Group	155,283	(91,448)
Shares of total comprehensive income of the associates attributable to the Group	617,713	715,460
Carrying amount of investments in the associates attributable to the Group	54,671,249	47,770,788

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

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 2022, the total size of the main structured entities that the Group participated in that was not included in the consolidated financial statements was approximately RMB24,773,598,000 (31 December 2021: RMB23,975,318,000), of which the Group's subscription amount was approximately RMB9,211,996,000 (31 December 2021: RMB8,244,496,000), and the subscription amount of other investors was approximately RMB15,561,602,000 (31 December 2021: RMB15,730,822,000). The Group does not have control over these structured entities, so it has not consolidate these structured entities. As at 30 June 2022, the actual payment amount of the Group was approximately RMB3,370,352,000 (31 December 2021: RMB1,953,541,000) 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 2022, the Group has issued a total of RMB72,310,000,000 (31 December 2021: RMB68,688,020,000) of asset-backed securities and asset-backed notes, and the subordinated share of related asset-backed securities and asset-backed notes amounted to RMB2,975,000,000 (31 December 2021: RMB2,619,000,000). As at 30 June 2022, the subordinated share of asset-backed securities and asset-backed notes held by the Group was RMB625,000,000 (31 December 2021: RMB530,250,000) of which RMB236,000,000 (31 December 2021: RMB156,250,000) was accounted for as transactional financial assets, and RMB389,000,000 (31 December 2021: RMB374,000,000) was accounted for as other non-current financial assets.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

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 2022 (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	-	-	-	5,493,607	5,493,607
Trade receivables	-	-	-	181,773,958	181,773,958
Receivables at FVTOCI	2,220,622	-	-	-	2,220,622
Loans and advances to customers	-	-	-	2,386,524	2,386,524
Other receivables (excluding petty cash)	-	-	-	68,218,446	68,218,446
Other current assets	-	-	-	5,737,572	5,737,572
Long-term receivables	-	-	-	60,560,881	60,560,881
Cash and bank balances	-	-	-	150,948,178	150,948,178
Held-for-trading financial assets	-	-	2,518,571	-	2,518,571
Debt investments	-	-	-	8,124,426	8,124,426
Other debt investments	3,044,052	-	-	-	3,044,052
Other equity instrument investments	-	11,190,155	-	-	11,190,155
Other non-current financial assets	-	-	6,344,642	-	6,344,642
Current portion of non-current assets	6,848,669	-	-	9,604,719	16,453,388
Total	12,113,343	11,190,155	8,863,213	492,848,311	525,015,022

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

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 2022 (unaudited): (continued)

Financial liabilities

RMB '000

Item	Other financial liabilities	Total
Short-term loans	98,683,836	98,683,836
Due to customers	1,266,223	1,266,223
Bills payable	98,815,940	98,815,940
Trade payables	389,370,405	389,370,405
Other payables	102,939,770	102,939,770
Current portion of non-current liabilities (excluding current portion of long-term employee benefits payable, provisions and lease liabilities)	44,707,725	44,707,725
Other current liabilities	757,167	757,167
Long-term loans	139,096,042	139,096,042
Bonds payable	30,656,057	30,656,057
Long-term payables (excluding special payables)	28,885,955	28,885,955
Other non-current liabilities	388,000	388,000
Total	935,567,120	935,567,120

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

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 2021:

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	-	-	-	12,729,240	12,729,240
Trade receivables	-	-	-	155,677,298	155,677,298
Receivables at FVTOCI	2,475,096	-	-	-	2,475,096
Loans and advances to customers	-	-	-	2,981,281	2,981,281
Other receivables (excluding petty cash)	-	-	-	63,338,121	63,338,121
Other current assets	-	-	-	2,712,510	2,712,510
Long-term receivables	-	-	-	55,150,088	55,150,088
Cash and bank balances	-	-	-	126,821,154	126,821,154
Held-for-trading financial assets	-	-	460,063	-	460,063
Debt investments	-	-	-	9,974,392	9,974,392
Other debt investments	1,008,820	-	-	-	1,008,820
Other equity instrument investments	-	11,621,685	-	-	11,621,685
Other non-current financial assets	-	-	4,531,803	-	4,531,803
Current portion of non-current assets	16,660	-	-	10,957,889	10,974,549
Total	3,500,576	11,621,685	4,991,866	440,341,973	460,456,100

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

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 2021: (continued)

Financial liabilities

RMB '000

Item	Other financial liabilities	Total
Short-term loans	46,057,400	46,057,400
Due to customers	1,588,529	1,588,529
Bills payable	90,733,401	90,733,401
Trade payables	362,063,566	362,063,566
Other payables	94,391,304	94,391,304
Current portion of non-current liabilities (excluding current portion of long-term employee benefits payable, provisions and lease liabilities)	36,766,269	36,766,269
Other current liabilities	561,236	561,236
Long-term loans	115,044,574	115,044,574
Bonds payable	29,534,875	29,534,875
Long-term payables (excluding special payables)	23,067,101	23,067,101
Other non-current liabilities	384,057	384,057
Total	800,192,312	800,192,312

2. Transfer of financial assets

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

As at 30 June 2022, the Group had endorsed and discounted bank acceptance bills which are not yet due amounting to RMB2,535,643,000 (31 December 2021: RMB4,839,418,000). As at 30 June 2022, 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 2022, 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 2022, the Group sold underlying assets to the assets-backed specific plan which set up by the financial institute who are also the managers of the assets-backed specific plan. The managers represented the assets-backed specific plan to issue senior assets-backed securities and subordinate assets-backed securities to investors. The Group holds some portion of the subordinate assets-backed securities. Meanwhile, the Group acts as a receivables service provider to provide management services associated with receivables and their collection, contracts revision and other services to the assets-backed specific plan.

As the Group has restriction in the ability of guiding the operations of assets-backed specific plan, resulting in the degree which the Group using substantial rights to influence to obtain variable returns limited, the Group does not need to consolidate the assets-backed specific plan. Meanwhile, the Group has neither transferred nor retained substantially all the risks and rewards of the underlying assets ownership, and it retained control of the underlying assets transferred, the Group recognised the asset and associated liability to the extent of its continuing involvement in the transferred asset. As at 30 June 2022, the carrying amount of the asset the Group recognised to the extent of its continuing involvement in the underlying assets are stated in Note V.5 and Note V.12.

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 cash and bank balances, 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 analyze 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.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

VIII. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (CONTINUED)

3. *Financial instrument risks (continued)*

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, other 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.

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. Customer type and 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 for each portfolio over different aging periods aging periods based on historical data, determines the relationship between (1) certain economic indicators such as growth rate of GDP and CPI and (2) historical actual loss rates by conducting regression analysis, and determines expected loss rates by forecasting future economic indicators. Except for contract assets and long-term receivables that are individually significant and credit-impaired, for which credit losses are separately determined, the Group assesses expected credit losses on contract assets and long-term receivables by dividing them into certain portfolios based on the credit risk characteristics of different types of customers and determining expected loss rates and impairment matrices based on historical actual loss rates, adjusted to take into account the above forward-looking information.

For trade receivables, contract assets and long-term receivables for which credit losses are separately determined, the Group determines credit losses separately based on the difference between the carrying amount of these financial assets and the present value of estimated future cash flows discounted at the original effective interest rate, based on objective evidence that credit impairment has occurred and taking into account forward-looking information.

VIII. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (CONTINUED)

3. *Financial instrument risks (continued)*

Credit risk (continued)

As stringent national financial regulation became the norm and the funding market environment became increasingly complex, individual industries and large state-owned and private enterprises defaulted on their debts, the Group's financial assets such as trade receivables from the relevant customers became credit-impaired financial assets, which were formed by the Company's subsidiaries contracting and performing separately with different customers. The Group reasonably expects the future cash flows recoverable and the timing of recovery based on information such as the respective financial position, liquidity position and collateral of such customers. The Group calculates the expected loss rate on a weighted basis based on different possible economic scenarios in future, scenario weights and loss rates under different economic scenarios, and determines the present value of future cash flows from these financial assets after discounting, and thus determines credit losses. For the period from 1 January 2022 to 30 June 2022, the Group has recognised credit losses of RMB1,074,000,000 on financial assets such as trade receivables and contract assets of a customer in the real estate industry based on the above methodology, cumulatively recognised credit losses of RMB5,821,000,000. The significant assumptions involved in the determination of credit losses are credit loss rate, forward-looking information and discount rate. The Group determines the credit loss rates of the above financial assets with reference to the credit loss rates of bonds with comparable credit rating. Forward-looking information is determined by analyzing historical data to identify the relationship between credit loss rates and macroeconomic indicators. The relevant macroeconomic indicators identified by the Group are the growth rate of GDP and CPI. For the discount rate, the Group uses the effective interest rate, or an approximation thereof, determined at the time of initial recognition of these financial assets as the discount rate.

For other financial assets, the Group calculates expected credit losses by using the exposure at default and the expected credit loss rate over the next 12 months or the lifetime.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

VIII. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (CONTINUED)

3. Financial instrument risks (continued)

Credit risk (continued)

As at 30 June 2022, 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 2022	165,459,494	30,635,975	196,095,469

Impairment of credit losses	Not credit impaired	Credit impaired	Total
1 January 2022	5,171,291	7,297,787	12,469,078
Transferred to impairment of credit losses occurred	(212,011)	212,011	-
Provision for the period	1,391,638	734,274	2,125,912
Reversal for the period	(955,282)	(55,148)	(1,010,430)
Write-off for the period	-	(7,192)	(7,192)
Transferred from bills receivable	-	753,464	753,464
Others	(2,715)	(6,606)	(9,321)
30 June 2022	5,392,921	8,928,590	14,321,511

As at 30 June 2022, the credit risk exposure and expected credit-impairment losses of contract assets are disclosed as follows (unaudited):

RMB '000

Gross carrying amount	Not credit impaired	Credit impaired	Total
30 June 2022	197,602,036	26,783,007	224,385,043

Impairment of credit losses	Not credit impaired	Credit impaired	Total
1 January 2022	965,419	4,886,117	5,851,536
Transferred to impairment of credit losses occurred	(24,569)	24,569	-
Provision for the period	465,112	208,268	673,380
Reversal for the period	(218,726)	(31,242)	(249,968)
Others	(5,008)	(9,163)	(14,171)
30 June 2022	1,182,228	5,078,549	6,260,777

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

VIII. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (CONTINUED)

3. Financial instrument risks (continued)

Credit risk (continued)

As at 30 June 2022, 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 2022	40,552,683	994,479	41,547,162

Impairment of credit losses	Not credit impaired	Credit impaired	Total
1 January 2022	274,538	484,928	759,466
Provision for the year	78,994	14,667	93,661
Reversal for the year	(34,221)	(269)	(34,490)
30 June 2022	319,311	499,326	818,637

As at 30 June 2022, 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 RMB114,498,500,000 (31 December 2021: RMB104,176,653,000), with no credit impaired. The Group recognises loss provision amounting to RMB1,913,242,000 based on lifetime ECL (31 December 2021: RMB1,645,581,000).

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

VIII. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (CONTINUED)

3. *Financial instrument risks (continued)*

Credit risk (continued)

As at 30 June 2022, external financial guarantees and mortgages for real estate development operations provided by the Group amounted to RMB2,563,579,000 and RMB32,440,280,000 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 2022 to 30 June 2022, 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 2022, 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 2022, the Group has 45.0% of loans and bonds payable that would expire within one year (As at 31 December 2021: 35.4%).

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

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 2022 (unaudited)					Total
	On demand	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	
Short-term loans	-	100,313,911	-	-	-	100,313,911
Due to customers	1,266,223	-	-	-	-	1,266,223
Bills payable	-	98,815,940	-	-	-	98,815,940
Trade payables	-	389,370,405	-	-	-	389,370,405
Other payables	-	102,939,770	-	-	-	102,939,770
Current portion of non-current liabilities (excluding current portion of long-term employee benefits payable and provisions)	-	47,418,296	-	-	-	47,418,296
Other current liabilities	-	757,167	-	-	-	757,167
Long-term loans	-	5,847,808	35,290,325	67,660,709	70,456,531	179,255,373
Bonds payable	-	1,450,886	5,206,295	26,311,506	1,110,629	34,079,316
Long-term payables (excluding special payables)	-	-	15,282,379	10,936,785	4,134,672	30,353,836
Lease liabilities	-	-	1,408,786	1,240,941	453,381	3,103,108
Other non-current liabilities	-	-	243,000	145,000	-	388,000
Financial guarantees (Note XI. 3) (excluding the real estate mortgage guarantee)	2,563,579	-	-	-	-	2,563,579
Total	3,829,802	746,914,183	57,430,785	106,294,941	76,155,213	990,624,924

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

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 2021					Total
	On demand	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	
Short-term loans	-	46,872,244	-	-	-	46,872,244
Due to customers	1,588,529	-	-	-	-	1,588,529
Bills payable	-	90,733,401	-	-	-	90,733,401
Trade payables	-	362,063,566	-	-	-	362,063,566
Other payables	-	94,391,304	-	-	-	94,391,304
Current portion of non-current liabilities (excluding current portion of long-term employee benefits payable and provisions)	-	39,313,321	-	-	-	39,313,321
Other current liabilities	-	561,236	-	-	-	561,236
Long-term loans	-	5,418,582	31,651,378	49,122,216	65,543,822	151,735,998
Bonds payable	-	1,525,633	10,154,267	19,846,999	1,134,411	32,661,310
Long-term payables (excluding special payables)	-	-	12,518,402	7,648,373	4,040,959	24,207,734
Lease liabilities	-	-	1,305,402	1,407,542	776,120	3,489,064
Other non-current liabilities	-	-	384,057	-	-	384,057
Financial guarantees (<i>Note XI, 3</i>) (excluding the real estate mortgage guarantee)	2,660,213	-	-	-	-	2,660,213
Total	4,248,742	640,879,287	56,013,506	78,025,130	71,495,312	850,661,977

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 2022, floating interest rate loans and fixed interest rate loans accounted for approximately 85.45% and 14.55% 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 2022

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 2021: 0.25 %), with all other variables held constant, the consolidated operating results would have decreased/increased by approximately RMB111,580,000 for the six months ended 30 June 2022 (For the six months ended 30 June 2021: RMB86,113,000), 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 2022 and the exposure to interest rate risk has been applied to those financial instruments in existence at that date. The estimated 0.25% (2021: 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 2022 in order to reduce the Group's exposure to foreign currency risk in this regard (31 December 2021: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 2022 (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%	(113,599)	(113,599)
Decrease in the United States dollar rate	(4%)	113,599	113,599
Increase in the Euro rate	3%	(113,682)	(113,682)
Decrease in the Euro rate	(3%)	113,682	113,682
Increase in the Algerian dinar rate	7%	19,040	19,040
Decrease in the Algerian dinar rate	(7%)	(19,040)	(19,040)

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

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 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)

The sensitivity analysis above has been determined assuming that the changes in foreign exchange rates had occurred as at 30 June 2022 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 2022 and for the six months ended 30 June 2021.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

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 2022 (unaudited)	31 December 2021
Short-term loans	98,683,836	46,057,400
Long-term loans	139,096,042	115,044,574
Due to customers	1,266,223	1,588,529
Bills payable	98,815,940	90,733,401
Trade payables	389,370,405	362,063,566
Other payables	102,939,770	94,391,304
Current portion of non-current liabilities (excluding current portion of long-term employee benefits payable and provisions)	46,376,285	38,440,062
Other current liabilities	757,167	561,236
Bonds payable	30,656,057	29,534,875
Long-term payables (excluding special payables)	28,885,955	23,067,101
Lease liabilities	2,670,951	2,889,378
Other non-current liabilities	388,000	384,057
Less: Cash and bank balances	150,948,178	126,821,154
Net debt	788,958,453	677,934,329
Attributable to shareholders' equity of the Company	280,858,680	268,789,292
Non-controlling interests	83,337,302	77,703,704
Total equity	364,195,982	346,492,996
Total equity and net debt	1,153,154,435	1,024,427,325
Gearing ratio	68%	66%

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

IX. DISCLOSURE OF FAIR VALUE

1. Assets and liabilities measured at fair value

RMB '000

30 June 2022	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	–	2,220,622	–	2,220,622
Held-for-trading financial assets	220,306	2,017,869	280,396	2,518,571
Other debt investments	–	3,044,052	–	3,044,052
Current portion of other debt investments	–	6,848,669	–	6,848,669
Other equity instrument investments	1,529,677	–	9,660,478	11,190,155
Other non-current financial assets	113,509	–	6,231,133	6,344,642
Sum of assets under continuous measurement of fair value	1,863,492	14,131,212	16,172,007	32,166,711

RMB '000

31 December 2021	Inputs of fair value measurement			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Continuous measurement of fair value				
Receivables at FVTOCI	–	2,475,096	–	2,475,096
Held-for-trading financial assets	259,605	–	200,458	460,063
Other debt investments	–	1,008,820	–	1,008,820
Current portion of other debt investments	–	16,660	–	16,660
Other equity instrument investments	1,756,005	–	9,865,680	11,621,685
Other non-current financial assets	92,416	–	4,439,387	4,531,803
Sum of assets under continuous measurement of fair value	2,108,026	3,500,576	14,505,525	20,114,127

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

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 2022	Valuation technique(s)	Key input(s)
Receivables at FVTOCI	2,220,622	Discounted cash flows	Discount rates for bank acceptance bills in the same term
Held-for-trading financial assets	2,017,869	Discounted cash flows	Market average rate of return with the category in the same term
Other debt investments	3,044,052	Discounted cash flows	Market average rate of return with the category in the same term
Current portion of other debt investments	6,848,669	Discounted cash flows	Market average rate of return with the category in the same term
Total	14,131,212	-	-

Quantitative information of fair value measurement at Level 3:

RMB '000

Item	Fair value as at		
	30 June 2022	Valuation technique(s)	Significant unobservable input(s)
Held-for-trading financial assets	237,188	Discounted cash flows	Future cash flows discounted at rates that reflected the expected risk level
Other equity instrument investments	9,660,478	Market method	Discount rate for lack of market mobility
Held-for-trading financial assets/ Other non-current financial assets – call options for unlisted entities	2,233,367	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	4,040,974	Discounted cash flows	Future cash flows discounted at rates that reflected the expected risk level
Total	16,172,007	-	-

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

For the six months ended 30 June 2022, 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 2022

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 2022 (unaudited)	31 December 2021	30 June 2022 (unaudited)	31 December 2021
Long-term loans	139,096,042	115,044,574	139,594,106	115,610,667
Bonds payable	30,656,057	29,534,875	30,668,220	31,129,380

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 2022, 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	RMB9,000,000,000	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 2022

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

3. Joint venture and associate

Company name	Related party relationship
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 Jingrui Real Estate Development Co., Ltd.	Joint venture
Chengdu Chuangcheng Real Estate Co., Ltd.	Joint venture
Chengdu Wuhou District Yele 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 Wancheng Zhiguang Real Estate Co., Ltd.	Joint venture
CRCC Real Estate Group Ningbo Jingping Real Estate Co., Ltd.	Joint venture
Xi'an China Railway Jingmao Real Estate Co., Ltd.	Joint venture
Chongqing Yonglu Expressway 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 Suiyun Real Estate Co., Ltd.	Joint venture
Guangzhou Zengcheng District Shunxuan Real estate Co., Ltd.	Joint venture
Guangzhou Xintie Xinjian Investment Co., Ltd.	Joint venture
Guiyang Changda Rail Transit Construction Co. Ltd.	Joint venture
Guizhou Guijin Expressway Co., Ltd.	Joint venture
Guizhou Jianli Highway Co., Ltd.	Joint venture
Guizhou Zhongguang Wenchuang City Real Estate Co., Ltd.	Joint venture
Hangzhou Jingke Real Estate Co., Ltd.	Joint venture
Hohhot Metro Line 2 Construction & Management Co., Ltd.	Joint venture
Jiangsu Yancheng Tietou Construction Development Co., Ltd.	Joint venture
Jiangsu Yinbao Gangkai Construction Co., Ltd.	Joint venture
Jiangyin China Railway Construction Kunlun City Development Co., Ltd.	Joint venture
Kunming Metro Line 5 Construction & Operation 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
Nanjing Jingrui Real Estate Investment Co., Ltd.	Joint venture
Nanjing Jiangbei New Area Guanglian Pipeline Corridor Construction Co., Ltd.	Joint venture
Ningbo Jinghai Investment Management Co., Ltd.	Joint venture
Ningbo Jingwan Investment Management Co., Ltd.	Joint venture

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

3. Joint venture and associate (continued)

Company name	Related party relationship
Qingdao Blue Silicon Valley Inter-city Rail Transit Co., Ltd.	Joint venture
Shanghai Hongjun Real Estate 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 Suide Expressway Co., Ltd.	Joint venture
Suzhou Jinghong Real Estate Development Co., Ltd.	Joint venture
Taiyuan Rail Transit Line 1 Construction & Operation Co., Ltd.	Joint venture
Taiyuan Rongchuang Huifeng Real Estate Co., Ltd.	Joint venture
Tianjin Wanhe Real Estate Co., Ltd.	Joint venture
CRCC Chengfa (Shangrao) Development and Construction Co., Ltd.	Joint venture
Changchun Jingde Real Estate Development Co., Ltd.	Joint venture
Changsha Yuchi River Area Development & Investment Co., Ltd.	Joint venture
China Railway Construction Real Estate Group Suzhou Real Estate Co., Ltd.	Joint venture
CRCC (Tianjin) Rail Transit Investment & Development Co., Ltd.	Joint venture
CRCC (Wuxi) Engineering Technology Development Co., Ltd.	Joint venture
CRCC Kunlun Yunnan Real Estate Co., Ltd.	Joint venture
CRCC Shaanxi Highway Co., Ltd.	Joint venture
CRCC Investment (Tianjin) Zhongde Eco-city Development Co., Ltd.	Joint venture
China Railway Construction & Investment Xi'an City Development Co., Ltd.	Joint venture
China Railway First Survey and Design Institution Group Shandong Architecture Design Institute Co., Ltd.	Joint venture
Chongqing Rail Transit Line 18 construction and Operation Co., Ltd.	Joint venture
Chongqing Jianlian New Real Estate Co., Ltd.	Joint venture
Chongqing Rail Transit Jiangtiao Line Operation and Management Co., Ltd.	Joint venture
Chongqing Tiefa Jianxin Highway Co., Ltd.	Joint venture
Chongqing Tiefa Shuanghe Expressway Co., Ltd.	Joint venture
Chongqing Wuzhen Expressway Co., Ltd.	Joint venture
Chongqing Yuxiang Fuxian Highway Co., Ltd.	Joint venture
Guizhou Qianzhong Expressway Development Co., Ltd.	Joint venture
Guizhou Tongxin Expressway Development Co., Ltd.	Joint venture
Nanjing Xincheng Guanghong Real Estate Co., Ltd.	Joint venture
Guangzhou Longguang Junshen Real Estate Co., Ltd.	Joint venture
Jiangmen Jiangwan Nanguang Investment Development Co., Ltd.	Joint venture
Shijiazhuang Jiatai Pipeline Corridor Operation Co., Ltd.	Joint venture
Wuhu Changjiang Tunnel Co., Ltd.	Joint venture
CRCC (Weinan) Chengwei Expressway Co., Ltd.	Joint venture
CRCC Chongqing Investment (Jiangsu) Eco-environment Construction Co., Ltd.	Joint venture
CRCC Investment (Shenyang) urban Development and Construction Co., Ltd.	Joint venture

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

3. Joint venture and associate (continued)

Company name	Related party relationship
Baoding Hongmao Real Estate Development Co., Ltd	Joint venture
CRCC Dazhou Kunlun Investment Construction Management Co., Ltd.	Joint venture
Dongahui City Investment Development and Construction Co., Ltd.	Joint venture
Hangzhou Genshan East Road Crossing Tunnel Management Co., Ltd	Joint venture
Hengyang Hengshan Science City Zhiyuan Development & Construction Co., Ltd.	Joint venture
Longkou Digital Jianlong Construction Project Management Co., Ltd.	Joint venture
Pingdu Characteristic Town Construction Management Co., Ltd	Joint venture
Shenyang Jiabai Real Estate Co., Ltd	Joint venture
Sichuan Danei Expressway Co., Ltd.	Joint venture
Suzhou Ruihua Real Estate Co., Ltd.	Joint venture
Wuhan Tongsui Construction & Investment Co., Ltd.	Joint venture
XiXian New Area Century Pipe Gallery Construction Management Co., Ltd.	Joint venture
Xuanwei Source Cleaning treatment Co., Ltd.	Joint venture
Yunnan Luxun Expressway Co., Ltd	Joint venture
CRCC Kunlun Cangzhou Urban Development Co., Ltd	Joint venture
CRCC Nanjing North river underground space Construction&Development Co., Ltd.	Joint venture
CRCC ShaanXi Meitai Expressway Co., Ltd.	Joint venture
CRCC Investment Airport (Chengdu) Urban Construction Development Co., Ltd	Joint venture
Chongqing Danei Expressway Co., Ltd.	Joint venture
ChongQing Sensor Industrial Park Construction&Operation Co., Ltd.	Joint venture
Nanjing Jingsheng Real Estate Development Co., Ltd.	Joint venture
Xuzhou Metro Line 2 Rail Transit Investment & Development Co., Ltd.	Joint venture
Changzhou China Railway Urban Construction Component Co., Ltd.	Associate
Chengdu Urban Investment & Construction Technology Co., Ltd.	Associate
Chengdu Yueran Real Estate Co., Ltd.	Associate
Fuzhou Donglin Ring Expressway Co., Ltd.	Associate
Yangzhou Wantou Jade Town Co., Ltd.	Associate
Zhejiang Hangyong Multiple Line Ningbo Highway Phase I Co., Ltd.	Associate
Gansu tietou Materials Co., Ltd.	Associate
Guangde Railway Construction Chuangxin Investment Partnership (Limited Partnership)	Associate
Guangde CRCC Daqin Investment Partnership Enterprise (Limited Partnership)	Associate
Guangde CRCC Blue Ocean Fengjian Investment Center (Limited Partnership)	Associate
Guangde CRCC Blue Ocean Longxin Investment Center (Limited Partnership)	Associate

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

3. Joint venture and associate (continued)

Company name	Related party relationship
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 Nansha Kecheng Investment Development Co., Ltd.	Associate
Guangzhou ShengDu Investment Development Co., Ltd.	Associate
Guizhou Jinrentong Expressway Development Co., Ltd.	Associate
Guizhou Wengma Railway Limited Co., Ltd.	Associate
CRCC Guizhou Engineering Investment Co., Ltd.	Associate
Hangqu Railway Co., Ltd.	Associate
Hangzhou Jiandjiang Investment Co., Ltd.	Associate
Hangzhou Xiashalu Tunnel Co., Ltd.	Associate
Hengda Real Estate (Shenzhen) Co., Ltd.	Associate
Huizhou CRCC Harbor & Channel Engineering Bureau Infrastructure Investment Co., Ltd.	Associate
Jiayang Railway Construction Hexing Highway Investment Co., Ltd.	Associate
Jintai infrastructure investment (Tianjin) partnership (limited partnership)	Associate
Kunming Fuyi Highway Co., Ltd.	Associate
Kunming Sanqing Highway Co., Ltd.	Associate
Liaocheng Xurui Municipal Engineering Co., Ltd.	Associate
Linyi xinfenghuang land Co., Ltd.	Associate
CRCC Luoyang guozhan development and Construction Co., Ltd.	Associate
Nanjing Yuanchen Real Estate Co., Ltd.	Associate
Ningxia Inter-City Railway Co., Ltd.	Associate
CRCC Ningxia Ningdong Road And Bridge Investment Development Co., Ltd.	Associate
Pengruili Yunmen (Hangzhou) Real Estate Co., Ltd.	Associate
Qingyuan Maglev Transportation Co., Ltd.	Associate
Shaanxi Huangpu Highway Co., Ltd.	Associate
Shanghai Xinfucheng Real Estate Development Co., Ltd.	Associate
Taiyuan airport hub Real Estate Co., Ltd.	Associate
Taiyuan Existing Residential Energy Saving Transformation Project Management Co., Ltd.	Associate
Tianjin CRCC Hongtu Fengchuang Investment Partnership(Limited Partnership)	Associate
Wuhu China Railway Vossloh Cogifer Rail Co., Ltd.	Associate
Wuhan Zhaorui Real Estate Co., Ltd.	Associate
Yuxi China Railway Infrastructure Construction Co., Ltd.	Associate
Yunnan Chuda Expressway Investment and Development Co., Ltd.	Associate
Yunnan Gangcheng Infrastructure Construction Co., Ltd.	Associate
Yunnan Kunchu Highway Investment & Development Co., Ltd.	Associate

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

3. Joint venture and associate (continued)

Company name	Related party relationship
Zhejiang Jinsheng Constuction Development Co., Ltd.	Associate
CRCC (Guangzhou) North Railway Station Xincheng Investment Construction Co., Ltd.	Associate
CRCC Chanfa (Dongyang) Development and Construction Co., Ltd.	Associate
CRCC Dongfang Investment Construction (Cixi) Co., Ltd.	Associate
China Railway Construction port and Waterway Bureau Group Changshou Changjiang Second Bridge Construction Co., Ltd.	Associate
CRCC Huadong (Cixi) Construction Co., Ltd.	Associate
CRCC Financial Leasing Co., Ltd.	Associate
CRCC Ningxia Highway Co. Ltd.	Associate
CRCC Shandong Jixu Expressway Jiyu Co., Ltd.	Associate
CRCC-Tongguan Investment Co., Ltd.	Associate
CRCC Investment (Tianjin) Development and Construction Co., Ltd.	Associate
CRCC Investment Baoding urban development and Construction Co., Ltd.	Associate
China Railway Construction Investment Huanggang Construction and Development Co., Ltd.	Associate
CRCC Investment Jizhong development and Construction Co., Ltd.	Associate
CRCC Investment Luoyang Urban Development And Construction Co., Ltd.	Associate
CRCC Investment Shandong Xiaoqinghe Development Co., Ltd.	Associate
China Railway Construction and Investment Shanxi Expressway Co., Ltd.	Associate
CRCC Xinjiang Jingxin Expressway Co., Ltd.	Associate
CRCC Real Estate Co., Ltd.	Associate
CITIC Railway Construction (Luoyang) Excavating Equipment Co., Ltd.	Associate
Chongqing Monorail Transit Engineering Co., Ltd.	Associate
Chongqing Tiefu Xiusong Highway Co., Ltd.	Associate
Zuhai Railway Construction Asia Investment Equity Investment Partnership (Limited Partnership)	Associate
CRCC Investment (Tongxiang) Construction Management Co., Ltd.	Associate
CRCC Investment (Zhumadian) City Development Co., Ltd.	Associate
CRCC Investment (Yancheng)urban development and Construction Co., Ltd.	Associate
Guangzhou Jingye Real Estate Co., Ltd.	Associate
Guangzhou Baorui Real Estate Co., Ltd.	Associate
Fuzhou North Railway Station South Square Construction Development Co., Ltd.	Associate
Jiangxi Wanshui Ecology Resource Development Co., Ltd.	Associate
Lanzhou Matan Pipeline Corridor Project Management Co., Ltd.	Associate
Tianshui Tonghao Tram Co., Ltd	Associate
CRCC (Shandong) Gaodong Highway Co., Ltd.	Associate

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

3. Joint venture and associate (continued)

Company name	Related party relationship
Chengdu Trade Kunlun Construction Engineering Co., Ltd	Associate
Gansu GongHanglv JiuJia Expressway Construction Co., Ltd.	Associate
Gansu Gonghanglv Longzhang Expressway Management Co., Ltd.	Associate
Gansu Jingli Expressway Longnan Management Co., Ltd.	Associate
Guangxi Jingcheng Real Estate Development Co., Ltd	Associate
Guigang Western Outer Ring Road Expressway Co., Ltd.	Associate
Hangzhou Qinwang Engineering Construction& Operation Co., Ltd.	Associate
Heshan YiBa Engineering Construction Co., Ltd.	Associate
Hubei Dangyuan Trade Railway Co., Ltd.	Associate
Jining CRCC Sihe Road Management Co., Ltd	Associate
Nantong YangLv railway Development&Construction Co., Ltd.	Associate
Ningxia High-speed rail Urban Development Co., Ltd.	Associate
Qingzhou Wenzhe Cultural Tourism Industry Investment Co., Ltd.	Associate
Shandong Wise Urban Industrial Development Co., Ltd.	Associate
Sichuan Tiexin Zhiyuan Construction Co., Ltd.	Associate
Tianjin Ninghe Rural Roads Engineering Co., Ltd.	Associate
Tianshui Tram Co., Ltd.	Associate
Wuwei Tongda Highway Co., Ltd.	Associate
Wuhan Rail Transit 12th Line Construction& Operating Co., Ltd.	Associate
Xiangyang Loop Line Speed-raising reconstruction Construction& Operating Co., Ltd.	Associate
Xuzhou Xingshanzi Road Composite Pipe Gallery Construction& Operating Co., Ltd.	Associate
Yangjiang Zhongcai Railway Construction Project Management Co., Ltd.	Associate
CRCC Investment (Lianjiang) Development and Construction Co., Ltd.	Associate
CRCC Investment(Weifang)City development Co., Ltd.	Associate
CRCC Investment Jilin Changtai Expressway Co., Ltd.	Associate
CRCC Investment Jingji Baoding Construction Co., Ltd	Associate
CRCC Investment Langfang Development and Construction Co., Ltd.	Associate
Chifeng Chengquan Highway Engineering Management Co., Ltd.	Associate
Sichuan Jintou Project Investment 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 2022

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

5. Major related party transactions

RMB '000

Item	For the six months ended 30 June 2022 (unaudited)	For the six months ended 30 June 2021 (unaudited)
(1) Revenue from construction services	<i>Note 1</i>	
Sichuan Chengmian Cangba Highway Co., Ltd.	3,405,605	2,506,941
CRCC Ningxia Highway Co. Ltd.	2,853,497	1,215,459
Kunming Metro Line 5 Construction & Operation Co., Ltd.	1,825,921	1,633,586
Chongqing Yuxiang Fuxian Highway Co., Ltd.	1,682,241	1,350,249
Guizhou Guijin Expressway Co., Ltd.	1,584,176	205,206
Hangqu Railway Co., Ltd.	1,540,011	1,286,128
Kunming Sanqing Highway Co., Ltd.	1,532,394	904,492
CRCC Investment Jizhong development and Construction Co., Ltd.	1,476,300	95,286
Guizhou Jianli Highway Co., Ltd.	1,137,073	133,880
Taiyuan Rail Transit Line 1 Construction & Operation Co., Ltd.	1,067,726	537,681
Sichuan Suide Expressway Co., Ltd.	1,046,694	737,885
CRCC Xinjiang Jingxin Expressway Co., Ltd.	993,163	1,243,733
Chongqing Wuzhen Expressway Co., Ltd.	875,913	–
CRCC (Tianjin) Rail Transit Investment & Development Co., Ltd.	845,396	370,950
CRCC Luoyang guozhan development and Construction Co., Ltd.	808,427	–
Kunming Fuyi Highway Co., Ltd.	772,091	335,899
Zhejiang Hangyong Multiple Line Ningbo Highway Phase I Co., Ltd.	762,827	547,890
Yunnan Chuda Expressway Investment and Development Co., Ltd.	699,201	1,522,380
CRCC Shaanxi Highway Co., Ltd.	665,449	517,885
CRCC Investment Baoding urban development and Construction Co., Ltd.	659,492	–
CRCC Investment Shandong Xiaoqinghe Development Co., Ltd.	610,097	1,144,430
Guiyang Changda Rail Transit Construction Co. Ltd.	592,312	–
CRCC ShaanXi Meitai Expressway Co., Ltd.	568,418	–
Chongqing Tiefa Shuanghe Expressway Co., Ltd.	495,425	1,753,017
Wuhu Changjiang Tunnel Co., Ltd.	477,850	–

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

5. Major related party transactions (continued)

RMB'000

Item	For the six months ended 30 June 2022 (unaudited)	For the six months ended 30 June 2021 (unaudited)
(1) Revenue from construction services (continued)		
	<i>Note 1</i>	
Shandong Wise Urban Industrial Development Co., Ltd.	472,589	–
Yunnan Kunchu Highway Investment & Development Co., Ltd.	444,165	1,444,268
CRCC Nanjing North river underground space Construction&Development Co., Ltd.	394,967	–
Nantong YangLv railway Development&Construction Co., Ltd.	301,854	–
Gansu Jingli Expressway Longnan Management Co., Ltd.	266,570	–
XiXian New Area Century Pipe Gallery Construction Management Co., Ltd.	264,298	–
Wuhan Tongtui Construction & Investment Co., Ltd.	256,803	59,903
Hubei Danyuan Trade Railway Co., Ltd.	256,173	–
Jiangyin China Railway Construction Kunlun City Development Co., Ltd.	255,368	112,532
Yangjiang Zhongcai Railway Construction Project Management Co., Ltd.	255,062	45,110
Guizhou Qianzhong Expressway Development Co., Ltd.	235,095	–
Shaanxi Huangpu Highway Co., Ltd.	233,364	27,900
Tianshui Tram Co., Ltd.	233,071	–
Heshan YiBa Engineering Construction Co., Ltd.	230,927	72,588
Guizhou Zhongguang Wenchuang City Real Estate Co., Ltd.	227,380	10,119
Chengdu Chuangcheng Real Estate Co., Ltd.	224,356	31,665
Xuanwei Source Cleaning treatment Co., Ltd.	215,084	–
Tianjin Ninghe Rural Roads Engineering Co., Ltd.	211,570	–
CRCC Chongqing Investment(Jiangsu) Eco-environment Construction Co., Ltd.	203,029	14,837
Pingdu Characteristic Town Construction Management Co., Ltd.	199,752	15,531

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

5. Major related party transactions (continued)

RMB'000

Item		For the six months ended 30 June 2022 (unaudited)	For the six months ended 30 June 2021 (unaudited)
(1) Revenue from construction services (continued)	<i>Note 1</i>		
Gansu GongHanglv Jiujiua Expressway Construction Co., Ltd.		188,619	–
CRCC Investment Jilin Changtai Expressway Co., Ltd.		188,214	–
Xiangyang Loop Line Speed-raising reconstruction Construction & Operating Co., Ltd.		180,112	–
Ningxia Inter-City Railway Co., Ltd.		176,156	150,658
Jiangmen Jiangwan Nanguang Investment Development Co., Ltd.		169,691	–
Hangzhou Qinwang Engineering Construction & Operation Co., Ltd.		164,102	–
Longkou Digital Jianlong Construction Project Management Co., Ltd.		151,321	–
Sichuan Danei Expressway Co., Ltd.		150,579	24,372
Guigang Western Outer Ring Road Expressway Co., Ltd.		135,168	–
Wuhan Rail Transit 12th Line Construction & Operating Co., Ltd.		133,820	2,015
Suzhou Ruihua Real Estate Co., Ltd.		130,246	–
Taiyuan Existing Residential Energy Saving Transformation Project Management Co., Ltd.		125,214	1,296,889
Qingzhou Wenzhe Cultural Tourism Industry Investment Co., Ltd.		124,165	–
Chengdu China Railway Huafu Real Estate Co., Ltd.		122,221	157,802
CRCC Dongfang Investment Construction (Cixi) Co., Ltd.		118,572	–
CRCC Investment(Weifang)City development Co., Ltd.		105,550	–
Hengyang Hengshan Science City Zhiyuan Development & Construction Co., Ltd.		100,711	–
Hohhot Metro Line 2 Construction & Management Co., Ltd.		82,399	128,186
CRCC Guizhou Engineering Investment Co., Ltd.		63,652	924,858
Total		36,969,688	22,562,210

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

5. Major related party transactions (continued)

RMB'000

Item		For the six months ended 30 June 2022 (unaudited)	For the six months ended 30 June 2021 (unaudited)
(2) Revenue from sales of goods	<i>Note 2</i>		
CRCC Financial Leasing Co., Ltd.		277,021	322,649
CITIC Railway Construction (Luoyang) Excavating Equipment Co., Ltd.		56,889	–
Gansu Tietou Materials Co., Ltd.		25,781	–
Chengdu Urban Investment & Construction Technology Co., Ltd.		1,212	–
Chongqing Tiefa Jianxin Highway Co., Ltd.		835	97,791
Wuhu China Railway Vossloh Cogifer Rail Co., Ltd.		634	–
Chongqing Tiefa Shuanghe Expressway Co., Ltd.		–	4,779
Shaanxi Huangpu Highway Co., Ltd.		–	354
Total		362,372	425,573
(3) Other income	<i>Note 3</i>		
Guizhou Zhongguang Wenchuang City Real Estate Co., Ltd.		55,233	58,989
Wuhan Zhaorui Real Estate Co., Ltd.		50,923	19,535
China Railway Construction Corporation	<i>Note 4</i>	50,579	51,972
Beijing Xinda Real Estate Co., Ltd.		40,206	21,155
CRCC (Wuxi) Engineering Technology Development Co., Ltd.		34,625	–
CRCC Dongfang Investment Construction (Cixi) Co., Ltd.		32,119	59,096
Chongqing Rail Transit Jiangtiao Line Operation and Management Co., Ltd.		31,500	–
China Railway Construction Real Estate Group Suzhou Real Estate Co., Ltd.		29,901	58,402
Beijing Ruida Real Estate Co., Ltd.		29,337	27,075
Guangzhou ShengDu Investment Development Co., Ltd.		25,575	3,572
Shanghai Xinfucheng Real Estate Development Co., Ltd.		24,998	–
Beijing Jiehai Real Estate Co., Ltd.		14,076	7,643
Total		419,072	307,439

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

5. Major related party transactions (continued)

RMB'000

Item		For the six months ended 30 June 2022 (unaudited)	For the six months ended 30 June 2021 (unaudited)
(4) Purchase of goods and receipt of services			
	<i>Note 5</i>		
Gansu tietou Materials Co., Ltd.		128,132	–
China Railway First Survey and Design Institution Group Shandong Architecture Design Institute Co., Ltd.		22,393	16,726
Total		150,525	16,726
(5) Other expenses			
	<i>Note 5</i>		
Guangzhou Xintie Xinjian Investment Co., Ltd.		68,543	49,510
Chongqing Monorail Transit Engineering Co., Ltd.		54,679	–
China Railway Construction Corporation	<i>Note 4</i>	24,567	19,563
CRCC JinLi Asset Management Co., Ltd.	<i>Note 4</i>	8,541	9,534
Beijing Tongda Jingcheng Highway Co., Ltd.	<i>Note 4</i>	486	836
Jiayang Railway Construction Hexing Highway Investment Co., Ltd.		287	255
CRCC Shaanxi Highway Co., Ltd.		–	5,824
CRCC Ningxia Highway Co. Ltd.		–	2,334
CRCC Investment (Tongxiang) Construction Management Co., Ltd.		–	2,253
CRCC Investment (Zhumadian) City Development Co., Ltd.		–	1,287
CRCC Investment Luoyang Urban Development And Construction Co., Ltd.		–	1,115
CRCC Real Estate Co., Ltd.		–	1,106
Total		157,103	93,617

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

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 2022 (unaudited)	Accrued for the six months ended 30 June 2021 (unaudited)
CRCC Financial Leasing Co., Ltd.	Note 6	Machinery	990,421	933,572
China Railway Construction Corporation	Note 4, 6	Buildings	9,444	17,084
Total		–	999,865	950,656

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

5. Major related party transactions (continued)

(7) Guarantees granted to a related party

30 June 2022 (unaudited):

RMB '000

Secured party	Amount of guarantee	Inception of guarantee	Termination of guarantee	Whether the guarantee is fulfilled
Guizhou Wengma Railway Limited Co., Ltd.	643,162	31 March 2016	31 March 2039	No
CRCC-Tongguan Investment Co., Ltd.	599,999	17 March 2014	30 December 2023	No
CRCC-Tongguan Investment Co., Ltd.	400,671	13 June 2019	13 June 2024	No
Wuhan Zhaorui Real Estate Co., Ltd.	349,027	9 July 2021	27 March 2024	No
Pengruili Yunmen (Hangzhou) Real Estate Co., Ltd.	133,050	14 June 2022	21 December 2031	No
CRCC-Tongguan Investment Co., Ltd.	62,092	20 May 2015	20 November 2023	No
Total	2,188,001	-	-	-

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

5. Major related party transactions (continued)

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

31 December 2021:

				<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.	763,171	17 March 2014	30 December 2023	No
Guizhou Wengma Railway Limited Co., Ltd.	648,511	31 March 2016	31 March 2039	No
CRCC-Tongguan Investment Co., Ltd.	554,686	13 June 2019	13 June 2024	No
Wuhan Zhaorui Real Estate Co., Ltd.	281,750	9 July 2021	27 March 2024	No
CRCC-Tongguan Investment Co., Ltd.	78,663	20 May 2015	20 November 2023	No
Total	2,326,781	-	-	-

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

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 2022 (unaudited)	For the six months ended 30 June 2021 (unaudited)
Key management's remuneration	5,509	4,629

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 recognized 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 2022

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

6. Major amounts due from/to related parties

RMB '000

		30 June 2022 (unaudited)		31 December 2021	
		Gross carrying amount	Impairment of credit losses	Gross carrying amount	Impairment of credit losses
Bills receivable	<i>Note 1</i>				
Guangzhou Huangpu Light Rail Line 1 Investment Construction Co., Ltd.		234,240	2,342	234,240	2,342
CRCC (Guangzhou) North Railway Station Xincheng Investment Construction Co., Ltd.		150,000	750	100,000	500
CRCC Investment (Tianjin) Zhongde Eco-city Development Co., Ltd.		43,000	43	43,000	215
Chongqing Tiefu Shuanghe Expressway Co., Ltd.		8,614	54	395,080	473
China Railway Construction and Investment Shanxi Expressway Co., Ltd.		–	–	276,061	276
Total		435,854	3,189	1,048,381	3,806
Trade receivables	<i>Note 1</i>				
CRCC Investment Jizhong development and Construction Co., Ltd.		763,121	826	–	–
Zhejiang Jinsheng Constuction Development Co., Ltd.		762,423	4,566	873,642	2,040
CRCC (Tianjin) Rail Transit Investment & Development Co., Ltd.		567,668	767	153,591	154
Hohhot Metro Line 2 Construction & Management Co., Ltd.		565,281	594	489,963	541
CRCC Luoyang Guozhan Development and Construction Co., Ltd.		467,030	467	–	–
CRCC Guizhou Engineering Investment Co., Ltd.		426,990	427	357,610	358
Nanjing Jiangbei New Area Guanglian Pipeline Corridor Construction Co., Ltd.		321,598	12,873	351,913	3,519
Yuxi China Railway Infrastructure Construction Co., Ltd.		311,180	8,295	332,178	3,322

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

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

RMB '000

		30 June 2022 (unaudited)		31 December 2021	
		Gross carrying amount	Impairment of credit losses	Gross carrying amount	Impairment of credit losses
Trade receivables(continued)	<i>Note 1</i>				
Shijiazhuang Runshi Ecological Protection Management Service Co., Ltd.		307,863	1,553	525,885	5,645
CRCC Financial Leasing Co., Ltd.		307,252	3,514	157,846	3,247
CRCC Investment Baoding urban development and Construction Co., Ltd.		304,430	328	70	–
Shaanxi Huangpu Highway Co., Ltd.		299,565	300	10,252	–
ChongQing Sensor Industrial Park Construction&Operation Co., Ltd.		297,034	312	47,705	106
Chongqing Tiefa Jianxin Highway Co., Ltd.		288,103	2,597	378,198	378
Qingyuan Maglev Transportation Co., Ltd.		272,201	272	759,793	760
XiXian New Area Century Pipe Gallery Construction Management Co., Ltd.		259,959	260	–	–
China Railway Construction and Investment Shanxi Expressway Co., Ltd.		256,779	257	300	–
Shandong Wise Urban Industrial Development Co., Ltd.		243,588	531	–	–
Jiangyin China Railway Construction Kunlun City Development Co., Ltd.		220,130	288	151,250	220
CRCC Kunlun Yunnan Real Estate Co., Ltd.		197,734	857	78,529	242
Hengyang Hengshan Science City Zhiyuan Development & Construction Co., Ltd.		193,683	968	72,319	362
Hangzhou Xiashalu Tunnel Co., Ltd.		191,375	191	34,047	262
Sichuan Chengmian Cangba Highway Co., Ltd.		172,072	319	142	1
Ningxia Inter-City Railway Co., Ltd.		171,394	604	16,299	169
Chongqing Rail Transit Line 18 construction and Operation Co., Ltd.		164,496	826	–	–
Hangzhou Qinwang Engineering Construction& Operation Co., Ltd.		162,018	162	8,976	–
Sichuan Suide Expressway Co., Ltd.		151,947	320	–	–

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

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

RMB '000

		30 June 2022 (unaudited)		31 December 2021	
		Gross carrying amount	Impairment of credit losses	Gross carrying amount	Impairment of credit losses
Trade receivables(continued)	<i>Note 1</i>				
Chengdu Chuangcheng Real Estate Co., Ltd.		145,591	620	5,209	51
Guizhou Zhongguang Wenchuang City Real Estate Co., Ltd.		143,552	438	50,646	199
Gansu Jingli Expressway Longnan Management Co., Ltd.		116,024	257	53,133	–
Gansu Gonghanglv Longzhang Expressway Management Co., Ltd.		115,808	116	–	–
Sichuan Tiexin Zhiyuan Construction Co., Ltd.		109,213	1,092	–	–
Ningxia High-speed rail Urban Development Co., Ltd.		108,968	48	–	–
Foshan City Shunde District Shunhao Real Estate Co., Ltd.		108,640	527	223	–
Wuwei Tongda Highway Co., Ltd.		107,694	676	–	–
Shijiazhuang Jiatai Pipeline Corridor Operation Co., Ltd.		94,779	209	94,779	209
CRCC Investment (Lianjiang) Development and Construction Co., Ltd.		93,147	466	93,147	466
CRCC Dongfang Investment Construction (Cixi) Co., Ltd.		86,579	433	52,640	263
Hangzhou Genshan East Road Crossing Tunnel Management Co., Ltd		86,145	86	35,633	68
Gansu GongHanglv Jiujia Expressway Construction Co., Ltd.		77,776	389	–	–
Jiangxi Wanshui Ecology Resource Development Co., Ltd.		77,524	78	97,814	98
Nanjing Jingsheng Real Estate Development Co., Ltd.		77,510	399	157	–
Nanjing Jingrui Real Estate Investment Co., Ltd.		74,499	75	69,173	681
China Railway Construction & Investment Xi'an City Development Co., Ltd.		72,474	362	–	–

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

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

RMB '000

	30 June 2022 (unaudited)		31 December 2021	
	Gross carrying amount	Impairment of credit losses	Gross carrying amount	Impairment of credit losses
Trade receivables(continued)				
Chengdu China Railway Huafu Real Estate Co., Ltd.	68,230	480	70,076	206
CRCC Chongqing Investment(Jiangsu) Eco-environment Construction Co., Ltd.	67,847	57	13,120	66
Changzhou Jingrui Real Estate Development Co., Ltd.	66,839	326	61,757	292
Lanzhou Matan Pipeline Corridor Project Management Co., Ltd.	64,855	310	62,069	310
Tianshui Tonghao Tram Co., Ltd	62,286	229	40,473	202
Qingzhou WENZE Cultural Tourism Industry Investment Co., Ltd.	62,283	311	13,223	66
Xuzhou Xingshanzi Road Composite Pipe Gallery Construction& Operating Co., Ltd.	60,724	61	1,720	-
CRCC Dazhou Kunlun Investment Construction Management Co., Ltd.	60,225	120	-	-
Fuzhou North Railway Station South Square Construction Development Co., Ltd.	59,950	60	60,580	61
CRCC Investment(Shenyang)urban Development and Construction Co., Ltd.	59,705	60	37,190	37
CRCC Investment (Tianjin) Development and Construction Co., Ltd.	59,068	60	29,270	153
Chongqing Danei Expressway Co., Ltd.	58,248	20	-	-
Chengdu Wuhou District Yele Real Estate Development Co., Ltd.	58,111	563	4,070	18
Zhejiang Hangyong Multiple Line Ningbo Highway Phase I Co., Ltd.	57,840	58	26,629	94
Wuhan Tongsui Construction & Investment Co., Ltd.	54,319	62	26,084	34
Dongahui City Investment Development and Construction Co., Ltd.	51,775	52	-	-
CITIC Railway Construction (Luoyang) Excavating Equipment Co., Ltd.	51,428	206	3,332	13
China Railway Construction Investment Huanggang Construction and Development Co., Ltd.	51,293	261	91,084	623
Total	11,417,863	52,841	5,893,739	25,536

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

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

RMB '000

	30 June 2022 (unaudited)		31 December 2021	
	Gross carrying amount	Impairment of credit losses	Gross carrying amount	Impairment of credit losses
Loans and advances to related parties <i>Note 3</i>				
China Railway Construction Corporation	2,400,000	71,684	3,000,000	76,563
Hangqu Railway Co., Ltd.	60,000	1,792	60,000	2,156
Total	2,460,000	73,476	3,060,000	78,719
Other receivables				
Tianjin Wanhe Real Estate Co., Ltd. <i>Note 2</i>	2,704,913	177,729	2,750,544	153,143
Beijing Xinda Real Estate Co., Ltd. <i>Note 2</i>	2,382,126	76,484	2,282,663	73,081
Wuhan Zhaorui Real Estate Co., Ltd. <i>Note 2</i>	2,280,313	2,280	2,467,049	2,467
Guizhou Zhongguang Wenchuang City Real Estate Co., Ltd. <i>Note 2</i>	1,675,041	1,732	1,725,878	1,726
Beijing Ruida Real Estate Co., Ltd. <i>Note 2</i>	1,277,330	1,277	1,248,923	1,249
CRCC Real Estate Co., Ltd. <i>Note 2</i>	1,276,753	1,390	1,718,298	1,722
Guangzhou ShengDu Investment Development Co., Ltd.	1,224,739	1,225	1,506,180	1,506
Jiangsu Yancheng tietou Construction Development Co., Ltd.	1,175,985	1,177	168,000	169
CRCC Dongfang Investment Construction (Cixi) Co., Ltd.	1,164,656	1,174	850,508	860
CRCC Investment (Yancheng)urban development and Construction Co., Ltd.	997,832	1,002	763,120	766
CRCC Huadong (Cixi) Construction Co., Ltd.	996,457	996	-	-
Nanjing Yuanchen Real Estate Co., Ltd. <i>Note 2</i>	863,080	863	727,080	727
CRCC Chengfa (Shangrao) Development and Construction Co., Ltd.	844,852	1,019	-	-
Guangzhou Suiyun Real Estate Co., Ltd. <i>Note 2</i>	842,071	657	657,394	657
CRCC Investment (Zhumadian) City Development Co., Ltd.	816,287	968	740,436	770
China Railway Construction & Investment Xi'an City Development Co., Ltd.	732,398	745	569,088	573
Chengdu Yueran Real Estate Co., Ltd. <i>Note 2</i>	730,997	720	512,812	513

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

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

RMB '000

	30 June 2022 (unaudited)		31 December 2021	
	Gross carrying amount	Impairment of credit losses	Gross carrying amount	Impairment of credit losses
Other receivables (continued)				
CRCC Shandong Jixu Expressway Jiyu Co., Ltd.	725,139	987	304	147
CRCC Investment Luoyang Urban Development And Construction Co., Ltd.	645,543	650	615,901	622
Kunming Qiping Real Estate Co., Ltd. <i>Note 2</i>	615,924	633	517,797	518
CRCC Investment (Tianjin) Development and Construction Co., Ltd.	587,796	602	537,423	550
Chengdu Tiecheng Real Estate Co., Ltd. <i>Note 2</i>	580,550	581	60,715	61
CRCC Guizhou Engineering Investment Co., Ltd.	574,069	28,703	443,700	4,437
CRCC Chanfa (Dongyang) Development and Construction Co., Ltd.	517,253	517	–	–
Taiyuan airport hub Real Estate Co., Ltd. <i>Note 2</i>	511,956	512	115,300	115
Suzhou Jinghong Real Estate Development Co., Ltd. <i>Note 2</i>	491,563	492	628,118	628
Nanjing Jingsheng Real Estate Development Co., Ltd. <i>Note 2</i>	460,868	461	67,562	68
Guangzhou Nansha Kecheng Investment Development Co., Ltd. <i>Note 2</i>	452,528	453	385,353	385
CRCC Investment(Weifang)City development Co., Ltd.	447,269	540	–	–
Chengdu Chuangcheng Real Estate Co., Ltd. <i>Note 2</i>	443,987	444	–	–
Ningbo Jingwan Investment Management Co., Ltd. <i>Note 2</i>	438,219	439	364,446	365
Beijing Jiehai Real Estate Co., Ltd. <i>Note 2</i>	422,078	422	331,157	331
Beijing Liuzhuang Real Estate Co., Ltd. <i>Note 2</i>	411,518	412	410,436	410
Deqing Jingsheng Real Estate Development Co., Ltd. <i>Note 2</i>	406,014	406	532,644	533
Changchun Jingde Real Estate Development Co., Ltd. <i>Note 2</i>	401,334	457	386,174	386
Guangzhou Zengcheng District Shunxuan Real estate Co., Ltd. <i>Note 2</i>	395,101	559	393,106	68
Fuzhou Xinchun Real Estate Co., Ltd. <i>Note 2</i>	309,738	309	308,758	309

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

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

RMB '000

	30 June 2022 (unaudited)		31 December 2021	
	Gross carrying amount	Impairment of credit losses	Gross carrying amount	Impairment of credit losses
Other receivables (continued)				
Nanjing Jingrui Real Estate Investment Co., Ltd. <i>Note 2</i>	291,968	292	32	–
China Railway Construction Investment Huanggang Construction and Development Co., Ltd.	276,333	309	342,265	345
CRCC Investment Jingji Baoding Construction Co., Ltd.	269,505	737	–	–
Qingyuan Maglev Transportation Co., Ltd.	265,779	266	260,126	260
CRCC Kunlun Cangzhou Urban Development Co., Ltd.	213,540	214	–	–
Kunming Sanqing Highway Co., Ltd.	200,000	200	–	–
Chongqing Jianlian New Real Estate Co., Ltd. <i>Note 2</i>	142,013	142	152,013	152
CRCC Dazhou Kunlun Investment Construction Management Co., Ltd.	120,900	121	761	–
Ningbo Jinghai Investment Management Co., Ltd. <i>Note 2</i>	76,129	76	75,422	75
Total	33,680,444	312,374	25,617,486	250,694
Long-term receivables (including current portion)				
China Railway Construction Real Estate Group Suzhou Real Estate Co., Ltd. <i>Note 2</i>	1,485,567	1,545	1,395,684	1,405
Qingdao Blue Silicon Valley Inter-city Rail Transit Co., Ltd.	480,000	2,400	480,000	2,400
Yuxi China Railway Infrastructure Construction Co., Ltd.	373,845	1,869	373,845	1,869
Jiangsu Yinbao Gangkai Construction Co., Ltd.	274,417	99	98,686	99
Xuzhou Metro Line 2 Rail Transit Investment & Development Co., Ltd.	252,140	1,258	252,709	258
Taiyuan airport hub Real Estate Co., Ltd. <i>Note 2</i>	128,718	164	86,818	87
Yangzhou Wantou Jade Town Co., Ltd.	100,636	101	–	–
Total	3,095,323	7,436	2,687,742	6,118

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

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

RMB '000

		30 June 2022 (unaudited)		31 December 2021	
		Gross carrying amount	Impairment of credit losses	Gross carrying amount	Impairment of credit losses
Debt investments					
Hengda Real Estate (Shenzhen) Co., Ltd.	Note 2	2,927,357	740,287	2,927,357	514,839
CRCC Investment (Yancheng)urban development and Construction Co., Ltd.		1,094,878	800	808,556	800
CRCC Real Estate Co., Ltd.	Note 2	677,755	678	677,755	678
CRCC-Tongguan Investment Co., Ltd.		623,702	624	611,261	611
Liaocheng Xurui Municipal Engineering Co., Ltd.		535,202	535	587,717	588
Yunnan Gangcheng Infrastructure Construction Co., Ltd.		508,809	474	484,374	484
CRCC Ningxia Ningdong Road And Bridge Investment Development Co., Ltd.		354,622	30,305	305,353	305
China Railway Construction port and Waterway Bureau Group Chongqing Changshou Changjiang Second Bridge Construction Co., Ltd.		336,452	327	316,836	1,384
Linyi Xinfenghuang Land Co., Ltd.		260,000	260	260,000	260
Huizhou CRCC Harbor & Channel Engineering Bureau Infrastructure Investment Co., Ltd.		226,728	186	200,330	200
Changsha Yuchi River Area Development & Investment Co., Ltd.		-	-	576,775	577
Total		7,545,505	774,476	7,756,314	520,726

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

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

RMB '000

		30 June 2022 (unaudited)	31 December 2021
Bills payable	<i>Note 1</i>		
Gansu Tietou Materials Co., Ltd.		165,857	244,050
Total		165,857	244,050
Trade payables	<i>Note 1</i>		
CRCC Financial Leasing Co., Ltd.		186,570	206,352
Kunming Tiexin Construction Management Co., Ltd.		54,123	299,978
Chongqing Monorail Transit Engineering Co., Ltd.		35,727	39,718
China Railway Construction Real Estate Group Suzhou Real Estate Co., Ltd.		32,981	159,230
Changzhou China Railway Urban Construction Component Co., Ltd.		26,599	3,256
China Railway First Survey and Design Institution Group Shandong Architecture Design Institute Co., Ltd.		21,181	36,224
Wuhu China Railway Vossloh Cogifer Rail Co., Ltd.		1,582	4,582
Total		358,763	749,340

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

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

RMB '000

	30 June 2022 (unaudited)	31 December 2021
Contract liabilities		
	<i>Note 4</i>	
Kunming Metro Line 5 Construction & Operation Co., Ltd.	871,493	1,542,635
Guiyang Changda Rail Transit Construction Co. Ltd.	679,318	39,146
Guizhou Qianzhong Expressway Development Co., Ltd.	527,174	–
Sichuan Nansuitong Expressway Co., Ltd.	411,302	595,442
Guizhou Tongxin Expressway Development Co., Ltd.	374,470	179,046
Chongqing Yuxiang Fuxian Highway Co., Ltd.	298,447	842,465
Fuzhou Donglin Ring Expressway Co., Ltd.	198,012	–
CRCC ShaanXi Meitai Expressway Co., Ltd.	158,777	29,251
Chifeng Chengquan Highway Engineering Management Co., Ltd.	148,518	–
Sichuan Danei Expressway Co., Ltd.	136,760	25,434
Jiangsu Yinbao Gangkai Construction Co., Ltd.	117,419	–
Guizhou Guijin Expressway Co., Ltd.	23,321	188,838
Kunming Fuyi Highway Co., Ltd.	14,884	294,831
Sichuan Chengmian Cangba Highway Co., Ltd.	–	974,328
Guizhou Jianli Highway Co., Ltd.	–	374,245
Nanjing Jiangbei New Area Guanglian Pipeline Corridor Construction Co., Ltd.	–	310,000
Kunming Sanqing Highway Co., Ltd.	–	297,654
Guizhou Jinrentong Expressway Development Co., Ltd.	–	296,695
Sichuan Jintou Project Investment Co., Ltd.	–	193,574
Total	3,959,895	6,183,584

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

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

RMB '000

		30 June 2022 (unaudited)	31 December 2021
Other payables	<i>Note 1</i>		
Guangzhou Xintie Xinjian Investment Co., Ltd.		1,487,256	311,400
Sichuan Nansuitong Expressway Co., Ltd.		969,322	1,119,017
Chongqing Tiefa Shuanghe Expressway Co., Ltd.		788,482	15,813
Chongqing Rail Transit Line 18 construction and Operation Co., Ltd.		784,951	74,165
Yunnan Kunchu Highway Investment & Development Co., Ltd.		607,829	19,350
CRCC Xinjiang Jingxin Expressway Co., Ltd.		598,382	65,451
Foshan City Shunde District Shunhao Real Estate Co., Ltd.		399,009	–
China Railway Construction Real Estate Group Suzhou Real Estate Co., Ltd.		367,495	–
Taiyuan Rongchuang Huifeng Real Estate Co., Ltd.		360,000	360,000
Chengdu Zhongwan Yixing Real Estate Co., Ltd.		359,632	397,852
Guizhou Zhongguang Wenchuang City Real Estate Co., Ltd.		352,053	–
Shijiazhuang Runshi Ecological Protection Management Service Co., Ltd.		345,714	549,986
Kunming Kuntun Shouzhi Real Estate Co., Ltd.		324,250	448,995
Changzhou Jingrui Real Estate Development Co., Ltd.		319,551	245,822
Chengdu Wuhou District Yele Real Estate Development Co., Ltd.		297,950	260,450
Qingdao Blue Silicon Valley Inter-city Rail Transit Co., Ltd.		296,825	60,449
CRCC Investment Jizhong development and Construction Co., Ltd.		296,541	–
Chongqing Tiefa Jianxin Highway Co., Ltd.		259,263	52,999
CRCC Ningxia Highway Co. Ltd.		246,442	94,999
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

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

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

RMB '000

		30 June 2022 (unaudited)	31 December 2021
Other payables (continued)	<i>Note 1</i>		
CRCC (Shandong) Gaodong Highway Co., Ltd.		185,873	31,370
Hangzhou Jingke Real Estate Co., Ltd.		173,502	175,542
CRCC Chongqing Investment(Jiangsu)Eco-environment Construction Co., Ltd.		165,447	60,684
Chongqing Tiefa Xiusong Highway Co., Ltd.		159,873	41,833
CRCC Kunlun Yunnan Real Estate Co., Ltd.		151,076	222,171
Chongqing Yonglu Expressway Co., Ltd.		136,754	11,184
Kunming Sanqing Highway Co., Ltd.		126,738	38,506
CRCC (Tianjin) Rail Transit Investment & Development Co., Ltd.		123,094	214,561
Suzhou Jinghong Real Estate Development Co., Ltd.		120,000	–
China Railway Construction and Investment Shanxi Expressway Co., Ltd.		113,047	42,890
Jiangyin China Railway Construction Kunlun City Development Co., Ltd.		110,437	638,347
Dalian Wancheng Zhiguang Real Estate Co., Ltd.		103,383	114,033
Sichuan Suide Expressway Co., Ltd.		100,924	49,356
Xi'an China Railway Jingmao Real Estate Co., Ltd.		90,551	140,529
CRCC Investment Langfang Development and Construction Co., Ltd.		83,998	8,424
Guangxi Jingcheng Real Estate Development Co., Ltd		83,498	83,981
CRCC Real Estate Group Ningbo Jingping Real Estate Co., Ltd.		82,935	129,189
CRCC (Weinan) Chengwei Expressway Co., Ltd		81,916	2,182
Guangzhou Baorui Real Estate Co., Ltd.		80,154	80,154
CRCC Investment Airport (Chengdu) Urban Construction Development Co., Ltd		75,196	–
CRCC Investment Baoding urban development and Construction Co., Ltd.		73,264	–
Chengdu Trade Kunlun Construction Engineering Co., Ltd		70,811	729
Longkou Digital Jianlong Construction Project Management Co., Ltd.		66,442	36,118

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

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

RMB '000

		30 June 2022 (unaudited)	31 December 2021
Other payables (continued)	<i>Note 1</i>		
Jining CRCC Sihe Road Management Co., Ltd		65,041	–
Shijiazhuang Jiatai Pipeline Corridor Operation Co., Ltd.		64,079	55,317
Shenyang Jiabai Real Estate Co., Ltd		63,730	63,937
Yunnan Luxun Expressway Co., Ltd		63,069	70,743
Baoding Hongmao Real Estate Development Co., Ltd		61,700	59,510
Nanjing Xincheng Guanghong Real Estate Co., Ltd.		60,800	60,800
Guangzhou Jingye Real Estate Co., Ltd.		59,589	59,589
China Railway Construction Corporation		55,680	55,680
Guangzhou Longguang Junshen Real Estate Co., Ltd.		55,123	–
Total		13,181,215	7,236,651
Advances to suppliers			
CRCC Financial Leasing Co., Ltd.		86,416	129,422
Total		86,416	129,422
Due to customers	<i>Note 5</i>		
CRCC JinLi Asset Management Co., Ltd.		754,222	742,611
China Railway Construction Corporation		227,276	220,029
Hangzhou Jiandejiang Investment Co., Ltd.		134,932	174,227
Guangzhou Xintie Xinjian Investment Co., Ltd.		63,735	53,297
Guangzhou Shengdu Investment Development Co., Ltd.		34,354	6,390
CRCC Luoyang Guozhan development and Construction Co., Ltd.		–	254,717
Beijing Tongda Jingcheng Highway Co., Ltd.		–	60,088
Total		1,214,519	1,511,359

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

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

RMB '000

	30 June 2022 (unaudited)	31 December 2021
Long-term loans (including current portion) <i>Note 6</i>		
China Railway Construction Corporation	1,163,066	1,163,066
Total	1,163,066	1,163,066
Lease liabilities (including current portion)		
CRCC Financial Leasing Co., Ltd.	1,636,690	1,958,059
China Railway Construction Corporation	75,948	15,595
Total	1,712,638	1,973,654
Long-term payables (including current portion)		
Guangde CRCC Daqin Investment Partnership Enterprise (Limited Partnership)	582,879	561,792
Guangde CRCC Blue Ocean Longxin Investment Center (Limited Partnership)	374,654	180,217
Guangde Railway Construction Chuangxin Investment Partnership (Limited Partnership)	352,907	352,907
Zhuhai Railway Construction Asia Investment Equity Investment Partnership (Limited Partnership)	285,936	340,393
Tianjin CRCC Hongtu Fengchuang Investment Partnership(Limited Partnership)	214,338	209,913
Jintai infrastructure investment (Tianjin) partnership (limited partnership)	173,288	170,998
Guangde CRCC Blue Ocean Fengjian Investment Center (Limited Partnership)	77,353	82,632
Changzhou Jingrui Real Estate Development Co., Ltd.	69,950	–
CRCC Financial Leasing Co., Ltd.	36,534	52,885
Total	2,167,839	1,951,737

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

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 2022 (unaudited)	31 December 2021
Contracted, but not provided for:		
Capital commitments	2,420,290	1,465,402
Investment commitments	59,226,325	55,675,097
Other commitments	260,931	250,931
Total	61,907,546	57,391,430

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 2022

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 2022 (unaudited)	31 December 2021
Associates	2,188,001	2,326,781
Other entities	375,578	333,432
Total	2,563,579	2,660,213

The above guarantees exclude guarantees in respect of the banking facilities other than mortgages. As at 30 June 2022, the Group's guarantees (excluding guarantees in respect of the banking facilities other than mortgages) amounted to RMB2,563,579,000 (31 December 2021: RMB2,660,213,000), the guarantees in respect of mortgages amounted to RMB32,440,280,000 (31 December 2021: RMB26,025,745,000). 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 2022 (unaudited)	31 December 2021
Subsidiaries	18,441,054	19,842,658
Associates	2,188,001	2,326,781
Other entities	375,578	333,432
Total	21,004,633	22,502,871

In addition, no interest-bearing bank and other loans of the Company were guaranteed by the subsidiaries of the Company as at 30 June 2022 (31 December 2021: Nil).

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

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 2022

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 2022: (unaudited)							
Revenue from external customers	476,753,971	9,107,781	9,782,592	21,382,902	23,469,288	-	540,496,534
Inter-segment sales	7,914,491	622	1,020,127	-	21,050,104	(29,985,344)	-
Total	484,668,462	9,108,403	10,802,719	21,382,902	44,519,392	(29,985,344)	540,496,534
Share of profits/(losses) of joint ventures and associates	73,767	(39,752)	83,168	103,578	(107,925)	-	112,836
Impairment (losses) reversal of credit and impairment (losses) reversal on assets	(2,264,554)	(64,107)	9,093	(204,982)	116,965	-	(2,407,585)
Depreciation and amortization	8,637,778	127,050	499,373	21,644	557,874	-	9,843,719
Profit before tax	12,450,108	2,067,429	1,488,242	1,744,609	1,934,097	(187,086)	19,497,399
Other disclosures:							
Increase in non-current assets other than long-term equity investments	9,670,237	60,631	622,547	696,165	3,976,543	-	15,026,123
30 June 2022 (unaudited)							
Segment assets (Note 1)	999,216,168	32,585,536	50,504,974	344,376,389	382,012,930	(314,484,767)	1,494,211,230
Segment liabilities (Note 2)	776,065,835	11,760,363	25,624,077	291,039,968	331,795,752	(306,270,747)	1,130,015,248
Other disclosures:							
Long-term equity investments in joint ventures and associates	93,418,962	2,774,655	1,849,373	7,437,270	3,469,582	-	108,949,842

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

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 amortization	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
31 December 2021							
Segment assets (Note 1)	945,951,919	28,180,914	46,782,514	321,503,668	341,868,650	(331,317,659)	1,352,970,006
Segment liabilities (Note 2)	731,977,285	11,788,020	22,252,847	270,719,352	297,419,914	(327,680,408)	1,006,477,010
Other disclosures:							
Long-term equity investments in joint ventures and associates	82,496,769	2,826,655	1,756,277	7,333,732	3,750,084	-	98,163,517

Note 1: Segment assets do not include deferred tax assets of RMB8,510,644,000 (31 December 2021: RMB8,075,138,000), as the Group does not manage these assets based on operating segments. In addition, inter-segment receivables of RMB322,995,411,000 (31 December 2021: RMB339,392,797,000) are eliminated on consolidation.

Note 2: Segment liabilities do not include deferred tax liabilities of RMB1,577,323,000 (31 December 2021: RMB1,507,553,000) and corporate income tax payable of RMB2,363,283,000 (31 December 2021: RMB3,193,492,000) as the Group does not manage these liabilities based on operating segments. In addition, inter-segment payables of RMB310,211,353,000 (31 December 2021: RMB332,381,453,000) are eliminated on consolidation.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

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 2022 (unaudited)	For the six months ended 30 June 2021 (unaudited)
Mainland China	513,886,833	467,676,892
Outside Mainland China	26,609,701	20,837,973
Total	540,496,534	488,514,865

Total non-current assets (Note)

RMB '000

	30 June 2022 (unaudited)	31 December 2021
Mainland China	257,119,294	240,194,610
Outside Mainland China	11,274,208	11,231,096
Total	268,393,502	251,425,706

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 2022 (for the six months ended 30 June 2021: Nil).

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

XIII. OTHER SIGNIFICANT EVENTS (CONTINUED)

2. Other financial information

(i) Pension scheme contributions

RMB '000

Item	For the six months ended 30 June 2022 (unaudited)	For the six months ended 30 June 2021 (unaudited)
Pension scheme contributions (defined contribution plans)	3,835,961	3,488,172
Pension scheme costs (defined benefit plans)	2,633	2,716

As at 30 June 2022, there were no forfeited contributions available to reduce the Group's contributions to its pension scheme in the next year (31 December 2021: Nil).

(ii) Directors' and supervisors' remuneration

RMB '000

Item	For the six months ended 30 June 2022 (unaudited)	For the six months ended 30 June 2021 (unaudited)
Directors' and supervisors' remuneration	2,681	2,323

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

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 2022 (unaudited)	31 December 2021
Within 1 year	3,559,950	3,746,362
1 to 2 years	647,525	488,141
2 to 3 years	364,367	295,324
Over 3 years	285,524	233,315
Subtotal	4,857,366	4,763,142
Less: Impairment of credit losses	196,894	187,532
Total	4,660,472	4,575,610

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

RMB '000

Category	30 June 2022 (unaudited)				Carrying amount
	Gross carrying amount		Impairment of credit losses		
	Amount	Percentage %	Amount	Provision percentage %	
Impairment of credit losses assessed by credit risk portfolio	4,857,366	100.00	196,894	4.05	4,660,472
Total	4,857,366	100.00	196,894	4.05	4,660,472

RMB '000

Category	31 December 2021				Carrying amount
	Gross carrying amount		Impairment of credit losses		
	Amount	Percentage %	Amount	Provision percentage %	
Impairment of credit losses assessed by credit risk portfolio	4,763,142	100.00	187,532	3.94	4,575,610
Total	4,763,142	100.00	187,532	3.94	4,575,610

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

XIV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

1. Trade receivables (continued)

As at 30 June 2022, trade receivables whose impairment of credit losses were assessed by credit risk portfolio are listed as follows:

Portfolio 1:

RMB '000

Aging	30 June 2022 (unaudited)			
	Gross carrying amount		Impairment of credit losses	
	Amount	Percentage %	Amount	Provision percentage %
Within 1 year	3,559,950	73.29	31,165	0.88
1 to 2 years	647,525	13.33	7,842	1.21
2 to 3 years	364,367	7.50	37,141	10.19
Over 3 years	285,524	5.88	120,746	42.29
Total	4,857,366	100.00	196,894	4.05

As at 30 June 2022, 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	1,691,552	Within 1 year	34.82
Company 2	Joint venture	562,155	Within 2 years	11.57
Company 3	Third party	354,031	Within 1 year	7.29
Company 4	Third party	282,405	Within 4 years	5.81
Company 5	Third party	263,338	Within 1 year	5.43
Total	–	3,153,481	–	64.92

As at 30 June 2022 and 31 December 2021, 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.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

XIV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

2. Other receivables

An aging analysis of other receivables is listed as follows:

RMB '000

Aging	30 June 2022 (unaudited)	31 December 2021
Within 1 year	23,082,053	23,984,785
1 to 2 years	1,077,388	1,644,503
2 to 3 years	558,734	90,422
Over 3 years	774,327	686,546
Subtotal	25,492,502	26,406,256
Less: Impairment of credit losses	1,036	1,284
Total	25,491,466	26,404,972

Details of impairment of credit losses are listed as follows:

- (1) As at 30 June 2022, the Company did not have other receivables at phase II.
- (2) As at 30 June 2022, the Company did not have other receivables at phase III.

For the six months ended 30 June 2022, no impairment of credit losses of other receivables has been written off. (For the six months ended 30 June 2021: Nil)

As at 30 June 2022, 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	10,000,000	Within 1 year	39.23
Company 2	Subsidiary	5,367,809	Within 5 years	21.06
Company 3	Subsidiary	3,947,027	Within 3 years	15.48
Company 4	Subsidiary	1,000,000	Within 1 year	3.92
Company 5	Subsidiary	940,000	Within 1 year	3.69
Total	-	21,254,836	-	83.38

As at 30 June 2022 and 31 December 2021, 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 2022

XIV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

3. Long-term equity investments

RMB '000

Item	30 June 2022 (unaudited)	31 December 2021
Equity investment under cost method – Subsidiaries (i)	105,206,493	103,771,051
Total	105,206,493	103,771,051

Note: All the long-term equity investments are investments in unlisted companies, except for CRCC High-tech Equipment Corporation Limited and CRCC Heavy Industry Corporation Limited.

(i) Subsidiaries

RMB '000

Investee	Carrying amount at 31 December 2021	Changes for the year		Carrying amount at 30 June 2022 (unaudited)	Percentage of the investee's registered capital directly attributable to the Company as at June 2022 (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 2022

XIV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

3. Long-term equity investments (continued)

(i) Subsidiaries (continued)

RMB '000

Investee	Carrying amount at 31 December 2021	Changes for the year		Carrying amount at 30 June 2022 (unaudited)	Percentage of the investee's registered capital directly attributable to the Company as at June 2022 (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.	1,067,809	-	-	1,067,809	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	4,028,004	-	-	4,028,004	71.93	Co., Ltd.
China Railway Construction 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 2022

XIV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

3. Long-term equity investments (continued)

(i) Subsidiaries (continued)

RMB '000

Investee	Carrying amount at 31 December 2021	Changes for the year		Carrying amount at 30 June 2022 (unaudited)	Percentage of the investee's registered capital directly attributable to the Company as at June 2022 (unaudited) (%)	Category
		Transfer to/ Increase in investment	Decrease in investment			
CRCC Southern Construction and Investment Co., Ltd. <i>(Note)</i>	-	1,000,000	-	1,000,000	100.00	Co., Ltd.
CRCC South China Investment Co., Ltd. <i>(Note)</i>	1,300,000	135,442	1,000,000	435,442	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	100.00	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 East Investment & Construction Co., Ltd.	2,000,000	-	-	2,000,000	100.00	Co., Ltd.
CRCC International Investment Co., Ltd.	1,700,000	1,300,000	-	3,000,000	100.00	Co., Ltd.
CRCC Development Group Co., Ltd.	1,498,690	-	-	1,498,690	100.00	Co., Ltd.
CRCC North Investment & Construction Co., Ltd.	200,000	-	-	200,000	100.00	Co., Ltd.
CRCC Yellow River Investment & Construction Co., Ltd.	1,110,000	-	-	1,110,000	100.00	Co., Ltd.
CRCC Capital Holdings Group Co., Ltd.	3,633,290	-	-	3,633,290	100.00	Co., Ltd.
China Railway Construction Treasury Management(Hong Kong) Co., Ltd	4,184	-	-	4,184	100.00	Co., Ltd
China Railway Construction Southwest Investment Co., Ltd.	100,000	-	-	100,000	100.00	Co., Ltd
Total	103,771,051	2,435,442	1,000,000	105,206,493	-	-

Note : CRCC South China Investment Co., Ltd., a subsidiary of the Company, transferred its equity interests in CRCC Southern Construction and Investment Co., Ltd. to the Company in 2022 and CRCC Southern Construction and Investment Co., Ltd. became a subsidiary with 100% equity interests owned directly by the Company.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

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 2022 (unaudited)	31 December 2021
Payables for subsidiaries	15,999,378	14,988,562
Centralized funds payable	2,703,182	3,326,755
Dividends payable	4,706,300	382,251
Guarantees and deposits	111,040	75,179
Others	568,817	288,148
Total	24,088,717	19,060,895

5. Long-term loans

RMB '000

Item	30 June 2022 (unaudited)	31 December 2021
Credit loans	4,290,030	2,328,564
Total	4,290,030	2,328,564

The maturity profile of the long-term loans at the end of the reporting period is listed as follows:

RMB '000

Item	30 June 2022 (unaudited)	31 December 2021
Within one year or paid on demand	636,163	623,502
In the second year (inclusive)	2,396,030	391,564
In the third year (inclusive)	406,000	406,000
Over three years	1,488,000	1,531,000
Total	4,926,193	2,952,066

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

XIV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

6. Revenue and cost of sales

Revenue is presented as follows:

Item	RMB '000	
	For the six months ended 30 June 2022 (unaudited)	For the six months ended 30 June 2021 (unaudited)
Revenue from principal operations	4,374,301	5,960,507
Other operating revenue	25,901	13,554
Total	4,400,202	5,974,061

Operating cost is presented as follows:

Item	RMB '000	
	For the six months ended 30 June 2022 (unaudited)	For the six months ended 30 June 2021 (unaudited)
Cost of sales	4,335,217	5,788,387

Notes to the Financial Statements (continued)

For the six months ended 30 June 2022

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 2022 (unaudited)	For the six months ended 30 June 2021 (unaudited)
Interest expenses	424,147	283,733
Less: Interest income	1,588,050	1,406,638
Exchange losses/(gains)	399,945	(101,198)
Bank charges and others	2,270	18,336
Total	(761,688)	(1,205,767)

8. Investment income

RMB '000

Item	For the six months ended 30 June 2022 (unaudited)	For the six months ended 30 June 2021 (unaudited)
Investment income received from long-term equity investments under cost method	9,757,794	7,853,746
Total	9,757,794	7,853,746

For the six months ended 30 June 2022, the investment income mentioned above was composed of investment income of RMB385,636,000 (For the six months ended 30 June 2021: RMB nil) from listed companies and RMB9,372,158,000 from unlisted companies (For the six months ended 30 June 2021: RMB7,853,746,000).

As at 30 June 2022, 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 2022

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 2022 (unaudited)	For the six months ended 30 June 2021 (unaudited)
Reconciliation of net profit to cash flows from operating activities:		
Net profit	10,298,535	8,929,049
Plus: Impairment of credit losses (gains)	9,705	(3,375)
Impairment losses of assets	(3,772)	(1,199)
Depreciation of fixed assets	6,964	7,872
Amortisation of intangible assets	8,225	4,733
Amortisation of long-term prepayments	684	271
Gains from disposal of fixed assets, intangible assets and other long-term assets	(2)	–
Depreciation of right-of-use assets	16,215	15,289
Losses on retirement of fixed assets	160	449
Losses (gains) on fair value changes	13,529	(5,391)
Finance costs	817,346	165,105
Investment income	(9,757,794)	(7,853,746)
(Decrease) Increase in deferred tax liabilities	(3,382)	1,347
Increase in inventories	(3,316)	(831)
Decrease (Increase) in contract assets	242,667	(242,093)
Decrease (Increase) in operating receivables	2,248,483	(14,658,316)
Decrease in operating payables	(885,636)	(1,913,615)
Net cash flows generated from (used in) operating activities	3,008,611	(15,554,451)

(2) Cash and cash equivalents

RMB '000

Item	30 June 2022 (unaudited)	31 December 2021
Cash	27,443,480	12,423,319
Including: Cash on hand	3	5
Cash with banks/financial institutions without restrictions	27,443,477	12,423,314
Closing balance of cash and cash equivalents	27,443,480	12,423,319

Supplementary Information (continued)

For the six months ended 30 June 2022

XV. SUPPLEMENTARY INFORMATION

1. Summary of non-recurring profit or loss

RMB '000

Item	For the six months ended 30 June 2022 (unaudited)	For the six months ended 30 June 2021 (unaudited)
Gains from disposal of non-current assets	9,173	109,086
Gains from disposal of long-term equity investments	4,220	4,092
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)	278,853	479,946
Net gains from debt restructuring	82,293	127,720
Investment income from holding and disposal of the held-for-trading financial assets	92,242	37,248
Investment income from holding the other equity instrument investments	48,582	84,063
Gains on fair value changes	(48,209)	12,448
Reversal of impairment of receivables	334,741	256,979
Other non-operating income and expenses other than the above items	97,645	173,654
Impact on income tax	(161,465)	(212,620)
Impact on non-controlling interests (after tax)	(31,076)	(32,868)
Non-recurring profit or loss	706,999	1,039,890

Supplementary Information (continued)

For the six months ended 30 June 2022

XV. SUPPLEMENTARY INFORMATION (CONTINUED)

2. Return on net assets and earnings per share ("EPS")

For the six months ended 30 June 2022 (unaudited):

	Weighted average return on net assets (%)	EPS (RMB)	
		Basic	Diluted
Net profit attributable to the Company's ordinary shareholders	5.71	0.89	0.89
Net profit attributable to the Company's ordinary shareholders after deducting non- recurring profit or loss	5.37	0.84	0.84

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

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).

By order of the Board
China Railway Construction Corporation Limited
WANG Jianping
Chairman

Beijing, the PRC
30 August 2022

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. GAO Lieyang (Non-executive Director), Mr. MA Chuanjing (Independent Non-executive Director), Mr. ZHAO Lixin (Independent Non-executive Director), Mr. XIE Guoguang (Independent Non-executive Director) and Mr. TSIN Wai Lun Kenneth (Independent Non-executive Director).