

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



中國中鐵股份有限公司

**CHINA RAILWAY GROUP LIMITED**

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

**(Stock Code: 390)**

## **2023 INTERIM RESULTS ANNOUNCEMENT**

The Board of Directors of China Railway Group Limited (the “**Company**” or “**China Railway**”) is pleased to announce the unaudited interim results of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 June 2023. The Board of Directors and the Audit and Risk Management Committee of the Board of Directors of the Company have reviewed and confirmed the unaudited interim results.

### **1 CORPORATE INFORMATION**

#### **1.1 Basic Information**

|  |   |   |
|--|---|---|
| Stock Name:                                | China Railway (A Share)   | China Railway (H Share)                 |
| Stock Code:                                | 601390  | 390                                     |
| Stock Exchange on which Shares are Listed: | Shanghai Stock Exchange   | The Stock Exchange of Hong Kong Limited |
| Registered Address:                        | 918, Block 1, No. 128,<br>South 4th Ring Road West,<br>Fengtai District, Beijing,<br>People's Republic of China |   |
| Postal Code:                               | 100070  |   |
| Website:                                   | www.crec.cn   |   |
| E-mail:                                    | ir@crec.cn  |   |

#### **1.2 Contact Details**

|              |  |
|--------------|--|
| Name:        | HE Wen (Secretary to the Board of Directors)/DUAN Yinhua (Securities Representative)                     |
| Address:     | Block A, China Railway Square, No. 69 Fuxing Road, Haidian District, Beijing, People's Republic of China |
| Postal Code: | 100039   |
| Telephone:   | 86-10-5187 8413  |
| Facsimile:   | 86-10-5187 8417  |
| E-mail:      | ir@crec.cn/dyh@crec.cn   |

## 2 FINANCIAL HIGHLIGHTS

The financial data contained in this interim results announcement has been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting”. Unless otherwise specified, the financial data of the Company and its subsidiaries are consolidated and presented in RMB.

### 2.1 Key Financial Data Prepared in accordance with International Accounting Standard (“IAS”) 34 “Interim Financial Reporting”

#### 2.1.1 Summary of interim condensed consolidated statement of profit or loss

|  | For the six months ended 30 June |                       |                       |                       |                       | Change          |
|--|----------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------|
|  | 2023                             | 2022                  | 2021                  | 2020                  | 2019                  | 2023 vs<br>2022 |
|  | (Restated)                       |                       |                       |                       |                       |                 |
|  | <i>RMB million</i>               |                       |                       |                       |                       | <i>(%)</i>      |
| <b>Revenue</b>   |                                  |                       |                       |                       |                       |                 |
| Infrastructure Construction  | 526,649                          | 495,908               | 459,516               | 385,934               | 324,150               | 6.2             |
| Design and Consulting  | 9,622                            | 9,232                 | 7,701                 | 7,967                 | 7,978                 | 4.2             |
| Equipment Manufacturing  | 17,519                           | 16,767                | 16,466                | 13,351                | 11,147                | 4.5             |
| Property Development   | 21,187                           | 23,709                | 14,122                | 13,001                | 13,898                | -10.6           |
| Other Businesses   | 55,031                           | 50,314                | 45,039                | 29,418                | 30,741                | 9.4             |
| Inter-segment Eliminations and<br>Adjustments                          | <u>(39,242)</u>                  | <u>(35,343)</u>       | <u>(44,617)</u>       | <u>(33,368)</u>       | <u>(26,027)</u>       |                 |
| <b>Total</b>   | <b><u>590,766</u></b>            | <b><u>560,587</u></b> | <b><u>498,227</u></b> | <b><u>416,303</u></b> | <b><u>361,887</u></b> | 5.4             |
| <b>Gross Profit</b>  | <b>50,906</b>                    | 46,550                | 41,767                | 36,381                | 34,818                | 9.4             |
| <b>Profit before Income Tax</b>  | <b>22,972</b>                    | 21,897                | 18,412                | 16,098                | 14,634                | 4.9             |
| <b>Profit for the Period</b>   | <b><u>18,264</u></b>             | <b><u>16,808</u></b>  | <b><u>14,350</u></b>  | <b><u>12,398</u></b>  | <b><u>11,263</u></b>  | 8.7             |
| <b>Profit for the Period Attributable to<br/>Owners of the Company</b> | <b>16,239</b>                    | 15,115                | 13,095                | 11,697                | 10,514                | 7.4             |
| <b>Basic Earnings per Share (RMB)</b>                                  | <b><u>0.605</u></b>              | <b><u>0.551</u></b>   | <b><u>0.454</u></b>   | <b><u>0.425</u></b>   | <b><u>0.399</u></b>   | 9.8             |

## 2.1.2 Summary of interim condensed consolidated balance sheet

|                                     | 30 June<br>2023         | As at<br>31 December<br>2022<br>(Restated)<br><i>RMB million</i> | 30 June<br>2022         | Change<br>30 June<br>2023 vs<br>31 December<br>2022<br>(%) | 30 June<br>2023 vs<br>30 June<br>2022<br>(%) |
|-------------------------------------|-------------------------|--|-------------------------|--|--|
| <b>Assets</b>                       |                         |  |                         |  |  |
| Current Assets                      | 938,560                 | 898,566  | 904,951                 | 4.5  | 3.7  |
| Non-current Assets                  | <u>764,173</u>          | <u>714,569</u>   | <u>627,615</u>          | 6.9  | 21.8   |
| <b>Total Assets</b>                 | <u><u>1,702,733</u></u> | <u><u>1,613,135</u></u>  | <u><u>1,532,566</u></u> | 5.6  | 11.1   |
| <b>Liabilities</b>                  |                         |  |                         |  |  |
| Current Liabilities                 | 928,994                 | 873,375  | 854,334                 | 6.4  | 8.7  |
| Non-current Liabilities             | <u>342,961</u>          | <u>316,891</u>   | <u>281,203</u>          | 8.2  | 22.0   |
| <b>Total Liabilities</b>            | <u><u>1,271,955</u></u> | <u><u>1,190,266</u></u>  | <u><u>1,135,537</u></u> | 6.9  | 12.0   |
| <b>Total Equity</b>                 | <u><u>430,778</u></u>   | <u><u>422,869</u></u>  | <u><u>397,029</u></u>   | 1.9  | 8.5  |
| <b>Total Equity and Liabilities</b> | <u><u>1,702,733</u></u> | <u><u>1,613,135</u></u>  | <u><u>1,532,566</u></u> | 5.6  | 11.1   |

## 2.2 Differences between Financial Data Prepared in accordance with IAS 34 and Chinese Accounting Standard (“CAS”)

|  | Net assets<br>as at<br>30 June<br>2023<br><i>RMB million</i> | Profit for<br>the period<br>for the six<br>months ended<br>30 June 2023<br><i>RMB million</i> |
|--|--|---|
| Amounts attributable to owners of the Company<br>stated in the financial statements prepared in<br>accordance with CAS                 | 305,823  | 16,239  |
| Adjustments as required by IAS 34:   |  |   |
| – Recognition of loss on shares conversion scheme<br>of a subsidiary   | <u>(148)</u>   | <u>–</u>  |
| Amounts attributable to owners of the Company<br>stated in the interim financial information prepared<br>in accordance with the IAS 34 | <u><u>305,675</u></u>  | <u><u>16,239</u></u>  |

### **3 CHANGES IN SHARES AND INFORMATION ON SHAREHOLDERS**

#### **3.1 Changes in Shares**

##### *3.1.1 Changes in shares*

During the reporting period, there was no change in the total number of shares or share capital structure of the Company.

##### *3.1.2 Explanation to the changes in shares*

Not applicable

##### *3.1.3 Impact of changes in shares after the reporting period and prior to the date of the interim report on earnings per share, net asset value per share or other financial indicators (if any)*

Not applicable

##### *3.1.4 Other information considered necessary by the Company or required by securities regulators that should be disclosed*

Not applicable

#### **3.2 Information on Shareholders**

##### *3.2.1 Total number of shareholders*

|  |         |
|--|---------|
| Total number of holders of ordinary shares as at the end of the reporting period                                 | 513,852 |
| Total number of holders of preference shares with reinstated voting rights as at the end of the reporting period | 0       |

### 3.2.2 Shareholdings of the top ten shareholders

Unit: Shares

| No. | Name of shareholder  | Shareholdings of the top ten shareholders                  |  |                                   |   |  |        |                             |
|-----|--|--|--|-----------------------------------|---|--|--------|-----------------------------|
|     |  | Increase/<br>decrease<br>during the<br>reporting<br>period | Total number<br>of shares held<br>at the end of<br>the reporting<br>period | Shareholding<br>percentage<br>(%) | Number<br>of shares<br>with selling<br>restrictions | Number of pledged<br>or frozen shares<br>Conditions<br>of shares | Number | Nature of<br>shareholder    |
| 1   | China Railway Engineering Group<br>Company Limited (“CREC”) (Note 1)   | 0  | 11,623,119,890   | 46.96                             | 0   | Nil  | 0      | State-owned<br>legal person |
| 2   | HKSCC Nominees Limited (Note 2)  | -302,000   | 4,009,290,922  | 16.20                             | 0   | Nil  | 0      | Other                       |
| 3   | Hong Kong Securities Clearing Company<br>Limited (Note 3)  | 93,349,331   | 641,379,102  | 2.59                              | 0   | Nil  | 0      | Other                       |
| 4   | China Securities Finance Corporation Limited   | 0  | 619,264,325  | 2.50                              | 0   | Nil  | 0      | State-owned<br>legal person |
| 5   | China Reform Holdings Corporation Ltd.   | 0  | 387,050,131  | 1.56                              | 0   | Nil  | 0      | State-owned<br>legal person |
| 6   | Central Huijin Assets Management Co., Ltd.   | 0  | 230,435,700  | 0.93                              | 0   | Nil  | 0      | State-owned<br>legal person |
| 7   | China Great Wall Asset Management Co., Ltd.  | -38,041,200  | 138,762,835  | 0.56                              | 0   | Nil  | 0      | State-owned<br>legal person |
| 8   | Boshi Fund – Agricultural Bank of China –<br>Boshi China Securities Financial Asset<br>Management Plan                       | 0  | 131,135,600  | 0.53                              | 0   | Nil  | 0      | Other                       |
| 8   | Yifangda Fund – Agricultural Bank of China –<br>Yifangda China Securities Financial Asset<br>Management Plan                 | 0  | 131,135,600  | 0.53                              | 0   | Nil  | 0      | Other                       |
| 8   | Dacheng Fund – Agricultural Bank of China –<br>Dacheng China Securities Financial Asset<br>Management Plan                   | 0  | 131,135,600  | 0.53                              | 0   | Nil  | 0      | Other                       |
| 8   | Jiashi Fund – Agricultural Bank of China –<br>Jiashi China Securities Financial Asset<br>Management Plan                     | 0  | 131,135,600  | 0.53                              | 0   | Nil  | 0      | Other                       |
| 8   | Guangfa Fund – Agricultural Bank of China –<br>Guangfa China Securities Financial Asset<br>Management Plan                   | 0  | 131,135,600  | 0.53                              | 0   | Nil  | 0      | Other                       |
| 8   | Central European Fund – Agricultural Bank<br>of China – Central European China Securities<br>Financial Asset Management Plan | 0  | 131,135,600  | 0.53                              | 0   | Nil  | 0      | Other                       |
| 8   | Huaxia Fund – Agricultural Bank of China –<br>Huaxia China Securities Financial Asset<br>Management Plan                     | 0  | 131,135,600  | 0.53                              | 0   | Nil  | 0      | Other                       |
| 8   | Yinhua Fund – Agricultural Bank of China –<br>Yinhua Fund China Securities Financial<br>Asset Management Plan                | 0  | 131,135,600  | 0.53                              | 0   | Nil  | 0      | Other                       |
| 8   | Southern Fund – Agricultural Bank of China<br>– Southern China Securities Financial Asset<br>Management Plan                 | 0  | 131,135,600  | 0.53                              | 0   | Nil  | 0      | Other                       |

Statement on the related relations and concerted actions between the shareholders above

CREC, the largest shareholder, does not have related relations or perform concerted actions with the above other shareholders. The Company is not aware of any related relationships or concerted action relationships among the above other shareholders.

*Note 1: CREC held 11,623,119,890 shares of the Company, including 11,458,725,890 A shares and 164,394,000 H shares of the Company.*

*Note 2: H shares held by HKSCC Nominees Limited are held on behalf of its various clients, and the number of H shares held by CREC has already been deducted.*

*Note 3: A shares held by Hong Kong Securities Clearing Company Limited are held on behalf of its various clients.*

*Note 4: The numbers shown in the table are based on the register of members of the Company as at 30 June 2023.*

### 3.2.3 Shareholdings of the top ten shareholders without selling restrictions

*Unit: Shares*

| Shareholdings of the top ten shareholders without selling restrictions |  |  |                                 |                |
|--|--|--|---------------------------------|----------------|
| No.  | Name of shareholder  | Number of shares held without selling restrictions   | Type and number of shares       |                |
|  |  |  | Type                            | Quantity       |
| 1  | CREC ( <i>Note 1</i> )   | 11,458,725,890   | RMB-denominated ordinary shares | 11,458,725,890 |
|  |  |  | Overseas listed foreign shares  | 164,394,000    |
| 2  | HKSCC Nominees Limited ( <i>Note 2</i> )   | 4,009,290,922  | Overseas listed foreign shares  | 4,009,290,922  |
| 3  | Hong Kong Securities Clearing Company Limited ( <i>Note 3</i> )  | 641,379,102  | RMB-denominated ordinary shares | 641,379,102    |
| 4  | China Securities Finance Corporation Limited   | 619,264,325  | RMB-denominated ordinary shares | 619,264,325    |
| 5  | China Reform Holdings Corporation Ltd.   | 387,050,131  | RMB-denominated ordinary shares | 387,050,131    |
| 6  | Central Huijin Assets Management Co., Ltd.   | 230,435,700  | RMB-denominated ordinary shares | 230,435,700    |
| 7  | China Great Wall Asset Management Co., Ltd.  | 138,762,835  | RMB-denominated ordinary shares | 138,762,835    |
| 8  | Boshi Fund – Agricultural Bank of China – Boshi China Securities Financial Asset Management Plan                       | 131,135,600  | RMB-denominated ordinary shares | 131,135,600    |
| 8  | Yifangda Fund – Agricultural Bank of China – Yifangda China Securities Financial Asset Management Plan                 | 131,135,600  | RMB-denominated ordinary shares | 131,135,600    |
| 8  | Dacheng Fund – Agricultural Bank of China – Dacheng China Securities Financial Asset Management Plan                   | 131,135,600  | RMB-denominated ordinary shares | 131,135,600    |
| 8  | Jiashi Fund – Agricultural Bank of China – Jiashi China Securities Financial Asset Management Plan                     | 131,135,600  | RMB-denominated ordinary shares | 131,135,600    |
| 8  | Guangfa Fund – Agricultural Bank of China – Guangfa China Securities Financial Asset Management Plan                   | 131,135,600  | RMB-denominated ordinary shares | 131,135,600    |
| 8  | Central European Fund – Agricultural Bank of China – Central European China Securities Financial Asset Management Plan | 131,135,600  | RMB-denominated ordinary shares | 131,135,600    |
| 8  | Huaxia Fund – Agricultural Bank of China – Huaxia China Securities Financial Asset Management Plan                     | 131,135,600  | RMB-denominated ordinary shares | 131,135,600    |
| 8  | Yinhua Fund – Agricultural Bank of China – Yinhua Fund China Securities Financial Asset Management Plan                | 131,135,600  | RMB-denominated ordinary shares | 131,135,600    |
| 8  | Southern Fund – Agricultural Bank of China – Southern China Securities Financial Asset Management Plan                 | 131,135,600  | RMB-denominated ordinary shares | 131,135,600    |
|  | Statement on the special accounts for repurchase of the top ten shareholders   | Nil  |                                 |                |
|  | Statement on entrustment of voting right, voting right by proxy and abstaining from voting of the shareholders above   | Nil  |                                 |                |
|  | Statement on the related relations and concerted actions among the shareholders above                                  | CREC, the largest shareholder, does not have related relations or perform concerted actions with the other above shareholders. The Company is not aware of any related relationships or concerted action relationships among the other above shareholders. |                                 |                |
|  | Statement on the shareholders of preferred shares with reinstated voting rights and the number of shares held          | Nil  |                                 |                |

*Note 1: CREC held 11,623,119,890 shares of the Company, including 11,458,725,890 A shares and 164,394,000 H shares.*

*Note 2: H shares held by HKSCC Nominees Limited are held on behalf of its various clients, and the number of H shares held by CREC has already been deducted.*

*Note 3: A shares held by Hong Kong Securities Clearing Company Limited are held on behalf of its various clients.*

*Note 4: The numbers shown in the table are based on the register of members of the Company as at 30 June 2023.*

#### *3.2.4 Shareholdings of the top ten shareholders with selling restrictions*

Not applicable

#### *3.2.5 Strategic investors or general legal persons becoming the top ten shareholders by placing of new shares*

Not applicable

### **3.3 Information on Directors, Supervisors and Senior Management**

#### *3.3.1 Changes in the shareholdings of incumbent directors, supervisors and senior management and those departed during the reporting period*

Not applicable

#### *3.3.2 Share incentives granted to the directors, supervisors and senior management during the reporting period*

Not applicable

### **3.4 Changes in the Controlling Shareholder or the Ultimate Controller**

Not applicable

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

During the six months ended 30 June 2023, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

### 3.6 Interests and Short Positions of Directors, Supervisors and Chief Executive in Shares, Underlying Shares and Debentures

As at 30 June 2023, none of the directors, supervisors and chief executive of the Company had any interests and short position in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “SFO”) which will have to be notified to the Company and The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”) pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or which will be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or which will be required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

### 3.7 Interests and Short Positions of Substantial Shareholders and Other Persons in Shares and Underlying Shares

As at 30 June 2023, the Company has been notified of the following interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be maintained under Section 336 of the SFO:

#### Holders of A Shares

| Name of substantial shareholder | Capacity         | Number of A shares held<br>(shares) | Nature of interest | Approximate percentage of issued A shares<br>(%) | Approximate percentage of total issued shares<br>(%) |
|---------------------------------|------------------|-------------------------------------|--------------------|--|--|
| CREC                            | Beneficial owner | 11,458,725,890                      | Long position      | 55.77  | 46.29  |

#### Holders of H Shares

| Name of substantial shareholder  | Capacity                           | Number of H shares held<br>(shares) | Nature of interest | Approximate percentage of issued H shares<br>(%) | Approximate percentage of total issued shares<br>(%) |
|----------------------------------|------------------------------------|-------------------------------------|--------------------|--|--|
| BlackRock, Inc.                  | Interest of controlled corporation | 244,526,033                         | Long position      | 5.81   | 0.99   |
| JPMorgan Chase & Co.             | Interest of controlled corporation | 6,879,000                           | Short position     | 0.16   | 0.03   |
|                                  |                                    | 198,764,535                         | Long position      | 4.72   | 0.80   |
|                                  |                                    | 58,631,138                          | Short position     | 1.39   | 0.24   |
| Deutsche Bank Aktiengesellschaft | (Note 1)                           | 63,944,732                          | Lending pool       | 1.51   | 0.26   |
|                                  |                                    | 229,803,271                         | Long position      | 5.46   | 0.93   |
|                                  |                                    | 123,424,962                         | Short position     | 2.93   | 0.50   |
| Lehman Brothers Holdings Inc.    | Interest of controlled corporation | 10,406,000                          | Lending pool       | 0.25   | 0.04   |
|                                  |                                    | 210,186,560                         | Long position      | 5.00   | 0.85   |
|                                  |                                    | 94,560,550                          | Short position     | 2.25   | 0.38   |

Notes:

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

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

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

| <i>Name of substantial<br/>shareholder</i>  | <i>Long position</i>   |  |  |  | <i>Short position</i>  |  |  |  |
|---|--|--|--|--|--|--|--|--|
|   | <i>Listed equity<br/>derivatives<br/>payment<br/>in kind</i> | <i>Listed equity<br/>derivatives<br/>settled<br/>in cash</i> | <i>Non-listed<br/>equity<br/>derivatives<br/>payment<br/>in kind</i> | <i>Non-listed<br/>equity<br/>derivatives<br/>settled<br/>in cash</i> | <i>Listed equity<br/>derivatives<br/>payment<br/>in kind</i> | <i>Listed equity<br/>derivatives<br/>settled<br/>in cash</i> | <i>Non-listed<br/>equity<br/>derivatives<br/>payment<br/>in kind</i> | <i>Non-listed<br/>equity<br/>derivatives<br/>settled<br/>in cash</i> |
| <i>BlackRock, Inc.</i>                      | <i>–</i>   | <i>–</i>   | <i>–</i>   | <i>5,885,000</i>   | <i>–</i>   | <i>–</i>   | <i>–</i>   | <i>1,116,000</i>   |
| <i>Deutsche Bank<br/>Aktiengesellschaft</i> | <i>–</i>   | <i>–</i>   | <i>–</i>   | <i>17,624,000</i>  | <i>–</i>   | <i>–</i>   | <i>–</i>   | <i>10,166,000</i>  |
| <i>Lehman Brothers<br/>Holdings Inc.</i>    | <i>–</i>   | <i>–</i>   | <i>10,000,000</i>  | <i>–</i>   | <i>–</i>   | <i>–</i>   | <i>60,000</i>  | <i>–</i>   |

Apart from the foregoing, as at 30 June 2023, no person or corporation had any interest in the share capital of the Company as recorded in the register required to be kept under section 336 of the SFO as having an interest of or any short position in the issued share capital of the Company that would fall to be disclosed by the Company under Divisions 2 and 3 of Part XV of the SFO.

### 3.8 Dealings of securities by Directors and Supervisors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 (the “**Model Code**”) to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Listing Rules**”), as amended, as the code of conduct regarding securities transactions by directors and supervisors. The Company has made enquiries to all directors and supervisors, each director and supervisor confirmed that he has complied with the required standard set out in the Model Code throughout the period from 1 January 2023 to 30 June 2023.

## 4 MANAGEMENT DISCUSSION AND ANALYSIS

The Group is one of the largest multi-functional integrated construction groups in the world, which enables us to offer a full range of construction and industrial products and related services to our customers. The Group holds an industrial leading position in fields such as infrastructure construction, design and consulting, and equipment manufacturing. The Group also diversifies its business and expands its value-added services by exploiting into other business such as property development, merchandise trading, investment and operation of infrastructure, mining development and finance. After years of practice and development, the Group's businesses have established a close upstream-downstream relationship among themselves, with the infrastructure construction business supporting equipment manufacturing, design and consulting, merchandise trading, infrastructure investment, property development; the mining development businesses supporting design and consulting and infrastructure construction; design and consulting supporting infrastructure construction; equipment manufacturing providing construction equipment (such as bridge girder erection machine and shield) and the necessary components (such as turnout, bridge steel structure and rail transit electrification equipment) for infrastructure construction; merchandise trading supplying materials (such as steel and cement) for infrastructure construction; and finance business offering financing services for the main businesses. All these have gradually formed a vertically integrated construction industry chain with outstanding principal business supplemented by relevant diversified business horizontally.

During the reporting period, the value of new contracts of the Group was RMB1,273.75 billion, representing a year-on-year increase of 5.1%; the Group achieved revenue of RMB590.766 billion, representing a year-on-year increase of 5.4%, and profit before income tax of RMB22.972 billion, representing a year-on-year increase of 4.9%; the profit for the period was RMB18.264 billion, representing a year-on-year increase of 8.7%; the profit for the period attributable to owners of the Company was RMB16.239 billion, representing a year-on-year increase of 7.4%; the basic earnings per share were RMB0.605, representing a year-on-year increase of 9.8%; the gearing ratio was 74.7%, within the annual budget target range. The Group's operating scale, efficiency and quality have advanced to new levels year after year.

The Group has been one of the top 500 enterprises in the world for 18 consecutive years. The Group ranked 39th on the latest Fortune Global 500 list, 11th on the Fortune China 500 list and 4th on the list of top 500 Listed Companies in China; ranked 2nd among the top 250 global contractors by Engineering News-Record. The Group was awarded Grade A in the business performance assessment and evaluation of State-owned Assets Supervision and Administration Commission (SASAC) for 10 consecutive years; and obtained Grade A evaluation for information disclosure from Shanghai Stock Exchange for 9 consecutive years. The three top international rating agencies (Moody's, Fitch and Standard & Poor's) rated China Railway as A3/A-/BBB+, and maintained the outlook of "stable".

## 4.1 Industry Development Overview

### *Engineering construction*

Domestically, 2023 marks the opening year for implementing the spirit of the 20th Party Congress and promoting Chinese-style modernization. In the first half of the year, the GDP grew by 5.5% year-on-year amid a complicated and severe external environment, and China's economy continued to recover, with an overall upturn towards improvement. However, the economy faces new difficulties and challenges in operation, mainly due to the scant domestic demand, various risks and hidden dangers in key areas, and the complicated and severe external environment. According to the data released by the National Bureau of Statistics, in the first half of the year, the fixed assets investments nationwide (excluding rural households) amounted to RMB24.31 trillion, representing a year-on-year increase of 3.8%. By industry, the investment in infrastructure (excluding the production and supply of electricity, heat, gas and water) in the tertiary industry grew by 7.2%, of which the investment in rail transport grew by 20.5%, in water conservancy management grew by 9.6%, in road transport grew by 3.1%, and in public facilities management grew by 2.1%. By field, the national fixed asset investment in transportation increased by 9.1% year-on-year to approximately RMB1.83 trillion, providing a strong guarantee for the economic recovery. In particular, the investment in railways increased by 6.9% year-on-year to RMB304.9 billion, the first rebound after three consecutive years of decline; the investment in highways increased by 8.9% year-on-year to RMB1,383.0 billion; the investment in waterways increased by 26.7% year-on-year to RMB93.6 billion. With regard to urban rail transit, in the first half of the year, a total of 10,566.55 kilometers of urban rail transit lines were put into operation in 57 cities in Mainland China, of which two new cities with eight new lines were added to the list of cities operating urban rail transit lines. The new operating mileage amounted to 236.55 kilometers. Since July, with the Party Central Committee and the State Council intensively releasing new and successive measures to stabilize the economy, infrastructure construction will continue to play an active role in increasing effective investment, stabilizing the economy, and encouraging improvement to economic quality and reasonable growth in quantity.

Internationally, the world unprecedented changes in a century have accelerated its evolution, the international balance of power is experiencing profound adjustments, and economic globalization is encountering adverse trends. The complicated and severe external environment adds to the difficulty of China's foreign contracted engineering projects and labour cooperation industries. According to the statistics issued by the Ministry of Commerce, in the first half of 2023, China's overseas contracted engineering projects achieved a turnover of RMB490.1 billion, a year-on-year increase of 7%, and newly signed contracts amounted to RMB655.98 billion, a year-on-year decrease of 2.3%. Among them, Chinese enterprises signed new contracts of RMB330.1 billion for overseas contracted engineering projects in countries along the "Belt and Road", a year-on-year decrease of 2.5%, accounting for 50.3% of the amount of China's new contracts for overseas contracted engineering projects in the same period. The turnover achieved RMB277.72 billion, a year-on-year increase of 11.5%, accounting for 56.7% of the total amount in the same period. This year marks the 10th anniversary of the "Belt and Road" initiative. The third "Belt and Road" Forum for International Cooperation will be hosted by China in the second half of the year, the "Belt and Road" initiative will continue to play a vital role in deepening the policy communication among countries, promoting global interconnectivity, reshaping the pattern of international trade, and boosting global economic growth.

### *Design and consulting*

Being a technology- and intelligence-intensive and production-based service industry, design and consulting stays in the front of the engineering construction projects of various industries, including construction, transportation, electricity and water conservancy, serves the whole lifecycle of the construction projects, and offers technical and management services throughout the decision-making and implementation process of the projects. It plays an important supporting role in improving the investment benefits and social benefits of construction projects, as a key link in project construction. With the issuance of Guiding Opinions on Informatization in the 14th Five-Year Plan for the Engineering Survey and Design Industry and the 14th Five-Year Plan for the Development of the Engineering Survey and Design Industry as well as the Overall Layout Plan for the Construction of Digital China in February, the direction of the industry's development is further clarified. At present, the State promotes the construction of high-speed railways, urban rail transit, water conservancy and hydropower, underground utility tunnels and sponge cities. In particular, with the mutual progress, promotion, integration and connectivity of the major regional strategies, such as the Belt and Road Initiative, the coordinated development of the Beijing-Tianjin-Hebei region, the Yangtze River Economic Belt, and the construction of Guangdong-Hong Kong-Macao Greater Bay Area, the integrated development of the Yangtze River Delta, and the ecological protection and high-quality development of the Yellow River basin, the construction of new economic belts will continue to pick up. The next few years will be a critical period for our infrastructure construction and development and bound to offer more market opportunities for enterprises.

### *Equipment manufacturing*

In the first half of 2023, the pace of high-end, smart, green and service-oriented development of China's manufacturing sector was accelerated, structural adjustment, transformation and upgrading were further advanced, the industrial economy stabilized, and industrial development became more resilient. The value added of industrial enterprises above national business scale recorded a year-on-year increase of 3.8%, in which the added value of general equipment manufacturing industry increased by 3.6% year-on-year and that of specialized equipment manufacturing industry increased by 5.5% year-on-year; manufacturing investment grew by 6.0% year-on-year, 2.2 percentage points higher than China's fixed asset investments. With the Five-Year Action Plan for Accelerating the Construction of a Strong Transportation Country (2023-2027), the Outline of the Construction of a Strong Quality Nation, the Overall Layout Plan for the Construction of Digital China and other policy documents released one after another, the State has invested more in the weak links of equipment manufacturing field, and reinforced and upgraded weak links in the industrial chains of the manufacturing industry. The State has also encouraged breakthroughs in major technology and equipment, which creates advantageous conditions for developing the equipment industry. A slew of national strategies and major plans, such as those on a strong transportation country, digital China and new infrastructure, will stimulate the Company to accelerate industrial transformation and upgrading in the areas of intercity railways, urban rail transport and the construction of new infrastructure carriers, by using the new-generation information technology and modern service industries. The Outline of the Plan for the Construction of National Water Network proposes to scientifically advance the planning and construction of a batch of major water diversion and drainage projects, which also provides broader application scenarios for professional equipment such as tunnel boring machines in emerging businesses areas such as water conservancy and pumped storage. Meanwhile, guided and driven by the national "dual carbon" policy, the application of steel structure and other energy saving and environmental friendly materials has become an important lever to promote the green and industrial development of construction and achieve the transformation and upgrading of traditional industries. The application also helps to realize low-carbon environmental protection, energy conservation and emission reduction throughout the construction process.

### *Property development*

Since 2023, sticking to the long-term mechanism of city-specific policies, the Party Central Committee and the State Council have supported the reasonable demand for rigid and improved housing, and ensured the delivery of properties, met basic living needs and maintained stability. As a result, the property market has been generally stable. According to the data released by the National Bureau of Statistics, in the first half of the year, the property development investments nationwide amounted to RMB5,855.0 billion, representing a year-on-year decline of 7.9%. The investments in residential housing amounted to RMB4,443.9 billion, representing a year-on-year decline of 7.3%. The housing construction area of property development enterprises amounted to 7,915.48 million square meters, representing a year-on-year decrease of 6.6%. The housing area that have commenced construction amounted to 498.80 million square meters, representing a year-on-year decrease of 24.3%. The residential housing area that have commenced construction reached 363.40 million square meters, representing a year-on-year decrease of 24.9%. The housing completion area amounted to 339.04 million square meters, representing a year-on-year increase of 19.0%. The completion area of residential housing amounted to 246.04 million square meters, representing a year-on-year increase of 18.5%. The commercial housing sales area amounted to 595.15 million square meters, representing a year-on-year decrease of 5.3%. The sales area of residential housing decreased by 2.8% year on year. The commercial housing sales amount reached RMB6,309.2 billion, representing a year-on-year increase of 1.1%. The sales amount of residential housing increased by 3.7% year-on-year. The meeting of the Political Bureau of the Central Committee on 24 July pointed out that risks in key areas should be earnestly prevented and resolved to adapt to significant changes in the supply and demand relationship in China's property market. The property policy should be adjusted and optimized in time, the policy toolkit should be used in accordance with city-specific policies, to better satisfy residents' demand for rigid and improved housing, and the construction and supply of subsidized housing should be increased. The renovation of urban villages and the construction of public infrastructure facilities for "ordinary and urgent use" should be promoted, and various types of idle properties should be put into good use, to propel the stable and sound development of the property market.

### *Asset operation*

During the "14th Five-Year Plan" period, the country will accelerate the construction of a new development pattern mainly based on the domestic circulation, by maintaining the strategic focus of expanding domestic demand and accelerating the cultivation of the domestic demand system. In this regard, the country will continuously expand the space for investment, and deepen the reform of the investment and financing system, to cement the market confidence of various investors, thereby strengthening the internal momentum of the investment market. In the current stage of sustained recovery of the national economy, the country will accelerate the construction of "new infrastructure and new urbanization initiatives and major projects", actively promote the transformation of urban villages and the construction of public infrastructure for both daily and emergency use, and shore up weak spots in the areas of infrastructure, municipal engineering, rural areas and agriculture, public safety, ecological protection, public health, material reserves, disaster prevention and mitigation, and ensuring the people's livelihood. The standardized and orderly promotion of the sound development of PPP and infrastructure REITs will help put stock assets into good use and form a virtuous circle between stock assets and new investments. This series of policy directions has defined the development of infrastructure investment business.

### *Resource utilization*

In the first half of 2023, the global economy continued its low growth trend. Due to factors such as the persistence of the high interest rate overseas, the deterioration of the conflicts between Russia and Ukraine, the weak domestic economic recovery, and the decline in overseas manufacturing activities, the overall sentiment of the non-ferrous metal market was bearish, and the price generally showed a trend of weak volatility. In terms of copper products, in the first quarter, because the market had strong expectations for the domestic economic recovery, copper prices remained high with wide fluctuations; in the second quarter, due to the weak recovery of domestic economy, risk events in the overseas banking industry, the US debt approaching the ceiling and other risk factors, copper prices entered the downward range, and as risk events cooled, copper prices recovered. In terms of cobalt products, because the performance of the new energy automobile industry chain was less than expected at the beginning of the year, the price of MB metal cobalt continued to decline; in the second quarter, thanks to the stabilization and recovery of battery market demands, the price recovered, and the overall trend in the first half of the year was characterized by a decline and then a rise. In terms of molybdenum products, due to overseas supply constraints and the steady increase in demand of steel mills for molybdenum triggered by the upgrade of domestic manufacturing industry, molybdenum concentrate prices rose rapidly to nearly 20-year highs at the beginning of the year. Later, due to the increased resistance of steel mills and end users, the price gradually fell. In the second quarter, some mining plants cut production to protect prices, and prices gradually recovered and rebounded. In terms of lead products, the production of lead products continued to rebound year-on-year, but the recovery speed was slow, and LME lead price was maintained at \$2200-2310/ton, showing a stable trend. In terms of zinc products, due to gradual resumption of production at the overseas supply side and the expected increase in production at the domestic smelting supply side, the overall price trend of zinc products showed a downward pattern of shocks, especially in the second quarter, the price fell drastically.

### *Financial and merchandise trading*

Since 2023, the State has put into practice a prudent monetary policy with precision and vigor to effectively guard against and control financial risks. The State has continuously deepened financial reforms and practically improved financial services. Total monetary credit and financing have maintained a reasonable growth, and liquidity remained reasonably abundant. The cost of financing for the real economy has declined steadily, whereas the financial support for the real economy has remained stable. The key areas with high quality development and weak links have been supported, the RMB exchange rate has remained basically stable at an appropriate and balanced level, and financial risks in key areas have been addressed in an orderly manner. The application period of the relevant policies under the “16 Financial Articles” has been extended. Financial reform and opening up have been pushed forward, international financial co-operation has been deepened, and the quality and efficiency of financial services and management have been lifted. In the trust industry, the CBIRC issued the Circular on Regulating the Classification of Trust Business of Trust Companies in March, prompting trust organizations to get rid of the dependence on traditional paths and return to the post of trustees. In the finance company industry, the National Administration of Financial Regulation printed and issued the Measures for the Supervision and Rating of Financial Companies of Enterprise Groups in June, increasing the weight of the assessment of information technology and data governance. Paying more attention to preventing the transmission of group operational risks to finance companies, the measures guide finance companies to further raise their awareness of risk, compliance and business.

With the comprehensive application of information technology, the global cooperation in merchandise trading has been further promoted. Due to the high variety of products, frequent price changes, high degree of homogeneity, relatively low entry threshold, fierce market competition and other factors, the overall profit margin of the merchandise trading industry is low. The profit space of merchandise trading industry is gradually narrowing, which leads to the increasing demand for cost saving through supply chain management. More and more merchandise traders have begun to integrate the industrial chain of upstream and downstream, gradually transformed to supply chain management, and improved profit margin by providing multi-variety, full-chain and one-stop services for end users.

### *Emerging businesses*

China's 14th Five-Year Plan and the Long-Range Objectives through the Year 2035 pointed out that it is necessary to promote the construction of traditional and new infrastructure in a well-coordinated way, and build a modernized infrastructure system that is systematic and complete, efficient and practical, intelligent and green, and safe and reliable. It is proposed to expedite the construction of new infrastructure and a strong transportation country, build a modern energy system, and strengthen the construction of water conservancy infrastructure. As for water conservancy and hydropower, in the first half of 2023, the country invested RMB525.4 billion in water conservancy construction, a year-on-year increase of 18.1%; commenced the construction of 17,600 new water conservancy projects, an increase of 3,707 over the same period last year; and the investment scale was RMB720.8 billion, an increase of RMB111.3 billion over the same period last year. The number of new major water conservancy projects hit a record high. On the clean energy front, since the release and implementation of the "Medium and Long-term Development Plan of Pumped Storage (2021-2035)", the planning and construction of pumped storage has achieved remarkable results and entered a new stage of development. In the first half of the year, the National Energy Administration issued the "Notice on Matters Concerning Progress in the Planning and Construction of Pumped Storage Energy", and the National Development and Reform Commission issued the "Notice on the Electricity Price of Pumped Storage Power Stations and Related Matters", which clearly stated that according to the needs of new energy development and power system operation, new energy system will be built scientifically, rationally and orderly, and the high-quality development of pumped storage will be used to promote and ensure high-quality energy development. In the first half of 2023, the installed capacity of renewable energy in China topped 1.3 billion kW to reach 1.322 billion kW, a year-on-year growth of 18.2%, historically exceeding that of coal power generation and accounting for 48.8% of the country's total installed capacity. The installed capacity includes 418 million kW of hydroelectricity, 389 million kW of wind power, 470 million kW of photovoltaic power generation, and 43 million kW of biomass power generation. Wind power and photovoltaic power generation register a faster growth.

## 4.2 Business Development Overview

Since the beginning of this year, facing the severe and complicated external environment and risks and challenges, the Company has focused on the primary task of high-quality development and anchored in the goal of “three increases, two controls and four upgrades” by being engrossed in “benefit increase and value creation” and rising to the challenges. The Company has achieved a positive growth in major economic indicators such as the value of new contracts, operating income and net profit, and basically realized the expected goals of operation, production, reform, and Party building.

**First, the Group’s operation and development reached new heights.** Bearing in mind the country’s most fundamental interests, the Group has conscientiously implemented the national requirements for stable growth and employment to ensure its role as a “pillar” and “ballast” in stabilizing the overall economic situation. In the first half of the year, all employees of the Group were united as one and earnestly implemented the decisions and plans of the Central Committee of the CPC and the State Council. They adhered to the general principle of pursuing progress while ensuring stability and applied the new development philosophy completely, precisely and fully, thus getting off to a good start early. The Group made every effort to secure operations and markets by rationally allocating operating resources and continuously optimizing its business structure. While continuing to consolidate its traditional areas of strength, such as railways, highways and urban rail transit, the Group branched out into new areas such as water conservancy and hydropower and urban renewal in alignment with the country’s macro-policies. Facing fierce competition in the market environment, the Group insisted on strategic leadership and maintained the strategic focus to secure the outstanding principal business with equal emphasis on quantity and quality. Thanks to these efforts, the Group won bids for such domestic landmark projects as the Tianjin-Weifang High-speed Railway, Xiongan-Xinzhou High-speed Railway, the north extension of Guangzhou Metro Line 8, and the Guangdong Water Resources Allocation Project around the north Gulf as well as key overseas projects such as the second phase of the New Tonkolili Iron Mine in Sierra Leone, and the 500 MW photovoltaic power plant in Meiktila, Myanmar. All in all, the Group endeavored to achieve better quality and reasonable growth in its development, striving to be the pioneer of Chinese-style modernization. In the first half of the year, the Group’s new contracts reached RMB1,273.75 billion, representing a year-on-year increase of 5.1%. Among which, domestic new contracts reached RMB1,189.39 billion, representing a year-on-year increase of 5.1% while overseas new contracts reached RMB84.36 billion, representing a year-on-year increase of 5.7%.

**Second, the Group achieved significant results in quality and efficiency improvement.** Under the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics in the New Era, the Group anchored on the primary task of high-quality development, and set the development goals of “three increases, two controls and four upgrades” according to the assessment index system of “one profit and five ratios” by the State-owned Assets Supervision and Administration Commission of the State Council (“SASAC”). Focusing on “benefit increase and value creation”, the Group made every endeavor to advance large-scale business management and enhance project efficiency, and carried out comprehensive governance projects for continuously improving the quality of economic operation. The Group implemented large-scale business management across the board. Specifically, the Group constructed a large business management system, set up an engineering economics research institute to guide the work of efficiency creation, and organized large-scale business management

training in a hierarchical manner with full coverage. In addition, the Group strengthened horizontal synergy and vertical penetration, and promoted quality and efficiency improvement in all aspects of operation and development, project performance, finishing touches and settlement, with the average profit rate of engineering projects continuously rising. The Group deeply launched “special campaigns” to clear the backlog of projects, dispose of inefficient and ineffective assets in the investment segment. Paying close attention to problem identification and rectification, the Group continued to inject new and stronger impetus into “benefit increase and value creation”, which helped drive the construction of a new development pattern and enhance the development quality. The Group achieved revenue of RMB590.766 billion, representing a year-on-year increase of 5.4%, and profit before income tax of RMB22.972 billion, representing a year-on-year increase of 4.9%; the profit for the period was RMB18.264 billion, representing a year-on-year increase of 8.7%; the profit for the period attributable to owners of the Company was RMB16.239 billion, representing a year-on-year increase of 7.4%.

**Third, the Group continued to strengthen its efforts in enterprise reform.** The Group continued to consolidate the achievements of the three-year SOE reform campaign, with the advantages of which the Group launched a new round of campaign to deepen and upgrade the SOE reform. The Group also deployed a new round of enterprise reform in the aspects of enhancing industrial leadership, upgrading scientific and technological innovation, and building a new modern SOE. The Group further improved the “1+5+N” governance system and implemented the “Three Major and One Big” decision-making mechanism. The Group faithfully implemented the resolutions and authorizations of the Board, optimized the decision-making process of President Office Meetings, and improved the exercise of power by the management. With these efforts, the quality and effectiveness of decision-making improved on a continual basis. The Group fully implemented the tenure system and contractual management for the management, perfected the market-based employment mechanism, and broadened the pipeline of medium- and long-term incentives. In addition, the Group established a diversified career development system for high-end talents with three parallel and interconnected channels for leaders, experts and professional managers. The Group reformed the “larger department system” and audit management system at the headquarters, and bettered the supervision system of safety, quality and environmental protection. The Group launched a systematic assessment of the overseas “double excellence” strategy and the “one body, two wings and N drive” pattern, and further optimized the system and mechanism of overseas operations. China Railway Major Bridge Engineering Group Co., Ltd., China Railway Electrification Engineering Group Co., Ltd. and China Railway Engineering Equipment Group Co., Ltd. were selected as one of the first batch of national demonstration enterprises to blossom into world-class specialized and sophisticated enterprises that produce new and unique products. China Railway No.1 Engineering Group Co., Ltd., China Railway Communications Investment Group Co., Ltd., and China Railway Construction Engineering Group No.4 Construction Co., Ltd. were shortlisted as “Double Hundred Enterprises”, and the digital intelligence research institute of China Railway No.4 Engineering Group Co., Ltd. and China Railway High-Speed Electrification Equipment Corporation were shortlisted as “Enterprises that Undergo Scientific and Technological Transformation”. The Company has been actively engaged in brand building and promotion, and has cooperated with the SASAC in holding the China Intelligent Brand Forum for four years in a row. More than 100 diplomatic envoys have “stepped into China Railway” to experience the brand strength of “Shouldering the Responsibility of China Construction”, on which they also heaped praise. During the reporting period, the Group was ranked among the “Top 30 Central Enterprises in Brand Building Capability” for the first time.

**Fourth, the Group achieved fruitful results in scientific and technological innovation.** The Group has put into practice the spirit of the important instructions of General Secretary Xi Jinping on “Three Transformations” by strengthening self-reliance in science and technology and advancing toward the higher end of the value chain. The Group has also quickened the pace of transformation and upgrading of industrialization, intelligence and greenization, and achieved key breakthroughs in the construction of a high-level think-tank and a cradle of original technologies. The Group has stepped up scientific and technological research, with seven tasks selected for the critical projects of central enterprises (phase II), ranking first in the construction sector. Moreover, the Group has achieved phased results on major special scientific research projects by relying on plateau railway and water conservancy projects. The Group has sped up the construction of scientific and technological innovation platforms, and has been approved to set up the national operation center for intelligent property rights of underground works in the transportation field. The professional R&D center for intelligent construction and the professional R&D center for the “dual carbon” policy have been officially established. Consolidating the advantages in industrial equipment manufacturing, the Group has launched the world’s first green shield machine, the first downhill mining TBM with a large inclination angle, and the largest cross-section assembled rectangular push bench. The Group has won awards in the first professional competition on digital scenario innovation of central enterprises for its seventeen cases of scenario innovation and won one gold and two silver medals in the 48th International Exhibition of Inventions of Geneva.

In the second half of the year, the nation will adhere to the overall work theme of seeking progress while maintaining stability, focus on expanding domestic demand, boost confidence, and prevent risks, and continue to implement positive fiscal policy and prudent monetary policy continue to promote the continuous improvement of economic operation, the continuous enhancement of endogenous power, the continuous improvement of social expectations, and the continuous resolution of hidden risks. Infrastructure construction will continue to play an active role in expanding effective investment, stabilizing the overall economic market, and promoting the effective improvement of quality and reasonable growth of the economy. The Group will grasp the changes in the market, unswervingly stabilize the operation and market, complete the annual tasks and objectives with high quality, improve the level of self-reliance and self-improvement in science and technology, and fully promote the high-quality development of the enterprise.

In the first half of 2023, the value of new contracts of the Group was RMB1,273.75 billion, representing a year-on-year increase of 5.1%. The value of new contracts of domestic business amounted to RMB1,189.39 billion, representing a year-on-year increase of 5.1%; the value of new contracts of overseas business amounted to RMB84.36 billion, representing a year-on-year increase of 5.7%. As at the end of the reporting period, the value of the Group's contract backlog was RMB5,510.28 billion, representing an increase of 11.8% from the end of 2022. The value of new contracts by business segment is set out as below:

### Value of New Contracts

Unit: 100 million Currency: RMB

| Business type                     | First half<br>of 2023 | First half<br>of 2022 | Year-on-year<br>increase/<br>decrease |
|-----------------------------------|-----------------------|-----------------------|---------------------------------------|
| Engineering construction (Note 1) | 9,291.7               | 6,484.3               | 43.3%                                 |
| Design and consulting             | 155.3                 | 209.6                 | -25.9%                                |
| Equipment manufacturing           | 358.1                 | 347.9                 | 2.9%                                  |
| Property development              | 361.2                 | 216.4                 | 66.9%                                 |
| Asset operation                   | 780.3                 | 2,317.5               | -66.3%                                |
| Resource utilization              | 117.8                 | 70.4                  | 67.3%                                 |
| Financial and merchandise trading | 414.4                 | 355.8                 | 16.5%                                 |
| Emerging businesses (Note 2)      | 1,258.7               | 2,117.5               | -40.6%                                |
| <b>Total</b>                      | <b>12,737.5</b>       | <b>12,119.4</b>       | <b>5.1%</b>                           |
| Including: Domestic               | 11,893.9              | 11,321.1              | 5.1%                                  |
| Overseas                          | 843.6                 | 798.3                 | 5.7%                                  |

Note 1: During the reporting period, the value of new contracts for the engineering construction business of the Group was RMB929.17 billion, representing a year-on-year increase of 43.3%. From a business segment perspective: ①The value of new contracts for railway construction business amounted to RMB128.10 billion, representing a year-on-year increase of 31.7%. ②The value of new contracts for highways construction business amounted to RMB64.86 billion, representing a year-on-year increase of 6.3%. ③The value of new contracts for municipal works business amounted to RMB102.05 billion, representing a year-on-year increase of 20.7%. ④The value of new contracts for urban rail business amounted to RMB71.50 billion, representing a year-on-year increase of 55.1%. ⑤The value of new contracts for housing construction business amounted to RMB537.50 billion, representing a year-on-year increase of 58.3%. ⑥The value of new contracts for other businesses amounted to RMB25.16 billion, representing a year-on-year increase of 26.9%.

Note 2: The emerging businesses includes water conservancy and hydropower, clean energy, ecological and environmental protection, urban operations, airport and port waterways, and other new infrastructure business. During the reporting period, the value of new contracts for the emerging businesses of the Group was RMB125.87 billion, representing a year-on-year decrease of 40.6%. From a business segment perspective: ①The value of new contracts for water conservancy and hydropower business amounted to RMB27.72 billion, representing a year-on-year increase of 5.8%. ②The value of new contracts for clean energy business amounted to RMB21.99 billion, representing a year-on-year increase of 5.9%. ③The value of new contracts for ecological and environmental protection business amounted to RMB34.43 billion, representing a year-on-year increase of 28.6%. ④The value of new contracts for urban operations business amounted to RMB5.39 billion, representing a year-on-year decrease of 89.9%. ⑤The value of new contracts for airport and port waterways business amounted to RMB12.51 billion, representing a year-on-year decrease of 7.7%. ⑥The value of new contracts for other businesses amounted to RMB23.83 billion, representing a year-on-year decrease of 66.6%.

## *Engineering construction*

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

The Group has always been a leader in China's infrastructure construction industry and one of the largest construction contractors in the world. As of the end of the reporting period, the Group has 18 general contracting projects for railway construction at special grade, accounting for over 50% of the total number of general contracting projects for railway construction at special grade in China; 32 general contracting projects for highway construction at special grade; 19 general contracting projects for engineering construction at special grade, and 9 general contracting projects for municipal public engineering at special grade. The Group has the National Engineering Research Center of High Speed Railway Construction Technology, National Key Laboratory of Bridge Intelligence and Green Construction, National Key Laboratory of Tunnel Boring Machine and Intelligent Operation and Maintenance, and National and Local Joint Engineering Research Center for the Research and Application of Digital Rail Transit Technologies, representing the most advanced technological level in terms of railway, bridges, tunnels and rail transit construction in China. The Group is one of the major infrastructure construction forces in the construction of the "Belt and Road" Initiative. It is the main contractor of the representative projects along the "Belt and Road" including China-Laos Railway, Indonesian Jakarta-Bandung High-speed Railway, Budapest-Belgrade Railway and Padma Bridge in Bangladesh.

## *Design and consulting*

Design and consulting is the core area of the Group, an important engine for leading the upgrading of technology and industry of the Group and driving the development of other businesses, an important basis for enhancing the brand influence of the Group, and an important support for promoting industrial coordination and improving the innovation ability of the whole industrial chain. Our design and consulting business covers the whole process of basic construction services such as research, planning, consulting, cost, survey and design, supervision, general engineering contracting, and product industrialization, mainly involving industries such as railways, urban rail transit, highways, municipal works, housing construction, water conservancy and hydropower, water transport survey and design. The Group constantly expands into new industries and new fields such as modern tramcars, medium and low speed maglev, intelligent transportation, civil airports, ports and wharfs, power, energy conservation and environmental protection. The basic operation mode is to obtain survey and design orders through market competition at home and abroad, and complete the tasks such as survey and design and relevant services of engineering projects as agreed in the contract. At the same time, the Group constantly innovates the operation mode of design and consulting business, makes full use of the advantages of urban transport infrastructure planning, strives to obtain design projects and general contracting projects, and promotes the development of the entire industrial chain. As a backbone enterprise in China's design and consulting industry, the Group has played an important guiding and leading role in the field of engineering construction, especially in assisting in the formulation of construction codes and quality acceptance standards of the railway industry. The Group has won 154 National Excellent Engineering Survey and Design Awards, 109 National Excellent Engineering Consulting Achievement Awards, and 34 International Engineering Consulting (FIDIC) and Engineering Design Awards. On the ENR 2022 list of Top 150 Global Design Firms and Top 225 International Design Firms, the Group ranked 16th and 119th respectively.

## *Equipment manufacturing*

Equipment manufacturing is the core business segment of the Group, an important carrier for practicing the “three transformations” and promoting the high-end brand of the Group, an important force for boosting the transformation and upgrading of the Group, and an important support for reinforcing and upgrading weak links in the industrial chains as well as improving the core competitiveness. The Group’s equipment manufacturing business mainly serves the infrastructure construction at home and abroad, and its products cover turnouts, tunnel construction equipment, bridge construction steel structure, engineering construction machinery, fabricated building components and rail transit electrification equipment, etc. The basic operation mode is mainly to obtain orders through market competition at home and abroad, and provide relevant products and services with guaranteed quality and quantity on schedule according to the contract. **In terms of turnout products**, the Group has the core competitive advantages of the whole industry chain from design, research and development to manufacturing, and has the annual production capacity of 20,000 turnouts of various types. The products are widely used in railways, subways, tramcars and other fields. **In terms of tunnel construction equipment and services**, the Group provides relevant products and supporting services covering various series of tunnel boring machines such as the composite shield machine, hard rock TBM and supporting equipment, and tunnel construction machinery, and has established the whole industrial chain layout of design, research and development, manufacturing and supporting services of spare parts and supporting equipment. **In terms of steel structure manufacturing and installation**, the manufacturing and installation business of the Group’s bridge steel structure mainly focuses on manufacturing and installing various large-scale bridge steel structures, which has obvious advantages in the steel structure market of bridges crossing rivers. The bridge steel structures and steel-pylons manufactured have reached the international advanced standard. **In terms of construction machinery**, the Group is a large-sized, leading scientific and technological enterprise specialized in manufacturing and research and development of special construction machinery for railways, highways, urban rail transits, etc. in China and even in the world. Its products include railway construction equipment such as the rail laying machine, bridge erecting machine, and girder carrier, and other large-scale engineering machinery such as the lifting machinery. In terms of electrification equipment for railways and urban rail transits, the Group’s rail transit electrification equipment mainly includes complete sets of catenary equipment for the regular railway, acceleration railway, and high-speed railway, and complete sets of power supply equipment of all power supply forms of urban rail transit. Among them, the catenary equipment for railway passenger lines and high-speed railways are at the international advanced level.

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

#### *Property development*

The Group is one of the central enterprises that the SASAC has identified as a key player in the property development field. Featured property is the goal of the Group's property development business and is the development priority of China Railway and an important carrier for diversified brands of China Railway during the "14th Five-Year Plan" period. The Group shifts to the model of "property + infrastructure" and "property + industry" relying on its main business advantages, striving to be an excellent comprehensive urban development operator. The Group also accelerates the transformation from traditional commercial property development to the comprehensive multi-industry and multi-function development model. Giving full play to industrial chain integration, the Group innovates business models and creates special development models, with the focus on expanding integrated infrastructure and property projects, area development, industrial property, cultural tourism property, TOD (Transit-oriented development) projects, and property for old-age care and health preserving.

The Group's property development business includes primary land development and secondary property development. The operation mode of primary land development refers to that the local government or its authorized department and platform company entrusts the Company to legally expropriate the land in a certain area, and construct urban infrastructures and social public facilities according to the planning requirements by means of competition, so as to make the land within the area meet the specified supply conditions, and the government or its authorized department obtains the land transfer income by transferring the land with compensation, and pays the Company's investment and income according to the agreement. The secondary property development is to obtain the authorization of property development through market competition at home and abroad and sell or lease the newly built commercial housing.

In the first half of 2023, the Group's property development business achieved a sales amount of RMB36.12 billion, representing a year-on-year increase of 66.9%, and its sales area was 2.316 million square meters, representing a year-on-year increase of 54.7%. The area that we have commenced construction was 1.630 million square meters, representing a year-on-year decrease of 1.2%; the area that we have completed construction was 2.204 million square meters, representing a year-on-year increase of 39.5%; and the newly acquired land reserve was 0.266 million square meters, representing a year-on-year decrease of 52.6%. As of the end of the reporting period, the Group's land reserve to be developed covered 18.21 million square meters.

#### *Asset operation*

The Group's asset operation business is to acquire projects and obtain concession rights by leveraging the integrated advantages of "investment, construction and operation". In the concession period, the Group provides domestic first-class planning, design, construction, construction management, and operation services in the PRC. The scope of the Group's asset operation business mainly covers the operation, maintenance and management of infrastructure investment projects and asset operation, involving three modes of independent operation, joint operation and entrusted operation. At present, the Group operates such infrastructure projects as rail transit, expressway, underground pipe corridors, water and environmental protection, municipal roads, sponge cities, industrial parks, etc., across most cities and regions in China, with the operation period ranging from 8 to 40 years.

## Resource utilization

The Group's mining resource business is mainly based on the management and development of mining entities. Currently, it wholly owns, controls or holds shares to invest in the construction of five modern mines at home and abroad, including Luming Molybdenum Mine, Heilongjiang, Luishia Copper-Cobalt Mine, Comagnie Minière de Luisha S.A.S, Congo, MKM Copper-Cobalt Mine, SICOMINES Copper-Cobalt Mine, and Wulan Lead and Zinc Mine, Mongolia, all of which are in good conditions. Currently, the world is still encountering uncertainties of market supply and demand, international economy and politics. In this context, the Group will further strengthen the risk control and management of overseas mineral resources business to ensure safe production and stable income of mines in production. The main mineral products produced and sold by the Company include concentrate of varieties involving copper, cobalt, molybdenum, lead, zinc and others, copper cathode and cobalt hydroxide. Currently, the retained reserves of copper, cobalt and molybdenum are in the leading position in the same industry in China, and the mines' production capacity for copper and molybdenum has been at the forefront in the same industry in China.

In the first half of 2023, the Group's overall development and sales of mineral resources remained stable. The Group produced 148,300 tons of copper (year-on-year decrease of 5.75%), 2,500 tons of cobalt (year-on-year decrease of 5.25%), 8,100 tons of molybdenum (year-on-year increase of 4%), 6,000 tons of lead (year-on-year increase of 32.68%), 16,300 tons of zinc (year-on-year increase of 50.32%), and 30.67 tons of silver (year-on-year increase of 32.48%).

### Mining Resource Project

| No. | Project name   | Type                   | Grade                       | Mining resource           |                | Equity ratio (%) | Planned total investment (RMB100 million) | Accumulated investment of the project (RMB100 million) | Production quantity in the reporting period (tons) | Project progress |
|-----|--|------------------------|-----------------------------|---------------------------|----------------|------------------|---|--|--|------------------|
|     |  |                        |                             | Resource/ Reserve (tons)  | Reserve (tons) |                  |   |  |  |                  |
| 1   | Luming Molybdenum Mine, Yichun City of Heilongjiang                    | Molybdenum<br>Copper   | 0.087                       | 632,715                   | 83             | 60.17            | 60.26                                     | 8,114<br>577   | In normal<br>production                            |                  |
| 2   | SICOMINES Copper-Cobalt Mine   | Copper<br>Cobalt       | 3.153<br>0.253              | 7,093,774<br>570,065      | 41.72          | 45.86            | 30.92                                     | 126,700<br>1,981                                       | In normal<br>production                            |                  |
| 3   | Luishia Copper-Cobalt Mine   | Copper<br>Cobalt       | 2.235<br>0.063              | 452,609<br>12,764         | 72             | 21.38            | 21.60                                     | 13,581<br>364  | In normal<br>production                            |                  |
| 4   | MKM Copper-Cobalt Mine   | Copper<br>Cobalt       | 2.078<br>0.211              | 31,049<br>3,159           | 80.2           | 11.95            | 12.35                                     | 8,002<br>169   | In normal<br>production                            |                  |
| 5   | Wulan Lead and Zinc Mine, Xinxin Company                               | Lead<br>Zinc<br>Silver | 1.133<br>2.769<br>53.465    | 172,378<br>421,234<br>813 | 100            | 15.4             | 15.4                                      | 5,956<br>16,313<br>30.67                               | In normal<br>production                            |                  |
| 6   | Muhaer Lead and Zinc Mine, Xinxin Company                              | Lead<br>Zinc<br>Silver | 0.63%<br>2.37%<br>118.17g/t | 41,141<br>154,709<br>770  | 100            | /                | /   | /  | Not yet<br>exploited                               |                  |
| 7   | Wurile Owoo and Zhanggai Tolgoi Gold Mine, Xinxin Company              | Gold                   | 3g/t                        | 3                         | 100            | /                | /   | /  | Not yet<br>exploited                               |                  |
| 8   | Silver-Lead-Zinc polymetallic Mine, Chafu, Xianglong Mineral Co., Ltd. | Lead<br>Zinc<br>Silver | 7%<br>5.09%<br>200.39g/t    | 89,693<br>65,190<br>257   | 100            | 3.3              | 3.3                                       | /  | Ceased<br>production                               |                  |

### *Financial and merchandise trading*

When carrying out financial business, the Group has strictly implemented the State regulatory policies and adhered to the overall guidelines of integration of industry and finance. Centering on the target of serving internal financial needs, promoting the development of principal construction business and creating value and adhering to the principle of giving priority to benefits in the allocation of financial resources, the Group's financial business segment has effectively promoted the flow of financial resources to efficient assets, while firmly holding the bottom line of avoiding financial risks. The Group holds the financial licenses for trust, finance company, and public fund, and is approved to engage in such financial business as assets management, private equity fund, insurance brokerage, finance lease, and commercial factoring, which the SASAC allows to be conducted in a prudent and regulated manner. The Group has built a multi-level, wide-span and differentiated institutional service system of "finance and quasi-finance" represented by China Railway Trust Co., Ltd., China Railway Finance Co., Ltd., and China Railway Capital Co., Ltd. The three companies actively explore new ways to integrate industry and finance to serve internal financial needs.

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

### *Emerging businesses*

Emerging businesses is the Group's key cultivation segment, mainly covering water conservancy and hydropower, clean energy, ecological protection, airport and waterway, and urban operation. It is a crucial support for the Company to build brand clusters and enhance brand influence; a new growth pole to form competitive advantages, enlarge market scale and create economic benefits; a key area to shape the future and promote transformation and upgrading. At the same time, with the new round of scientific and technological revolution and industrial transformation, digital technology green technology give birth to new industries, forms and models, and the high-quality development of the construction industry offers greater potential for the future development of the Group. The Group will continue optimizing the organizational system for the development of emerging businesses, strengthen the support policies for emerging businesses, clarify the responsible parties, key areas and development objectives of emerging businesses, and guide the rapid development of emerging businesses. Furthermore, the Group will step up technological innovation, accelerate patent layout in emerging businesses areas, and actively participate in the formulation of technical standards for emerging businesses. By giving full play to the supporting role of professional R&D centers and other platforms, the Group will strengthen the capability of whole-chain integration. In addition, the Group will reinforce innovation-driven management and explore new business models to rapidly enhance the market competitiveness of emerging businesses.

### 4.3 Scientific Research Investment and Technological Achievements

As one of the country's first "innovation-oriented enterprises" awarded by the Ministry of Science and Technology, the State-owned Assets Supervision and Administration Commission and the All-china Federation of Trade Unions, China Railway has built a scientific research and innovation system integrating basic research, technological innovation, achievement transformation, and industrial application of new and high technologies. China Railway has 3 national laboratories (engineering research centers) including the "National Engineering Research Center of High-speed Railway Construction Technology", the "National Key Laboratory of Tunnel Boring Machine and Intelligent Operation and Maintenance" and the "National Key Laboratory of Intelligent and Green Bridge Construction", as well as the "National and Local Joint Engineering Research Center for Research and Application of Digital Rail Transit Technology"; in addition, China Railway has 10 post-doctoral workstations, 49 provincial and ministerial research and development centers (laboratories), 18 nationally recognized enterprise technology centers and 137 provincially recognized enterprise technology centers. Besides, China Railway has also set up 22 professional R&D centers and invested in the national technology innovation center for Sichuan-Tibet railway. In the first half of 2023, the Group made scientific and technological breakthroughs in major projects, and implemented research projects focusing on railway construction technology for plateau and alpine regions, high-speed railway construction technology, bridge construction technology, tunnel and underground project construction technology, communications engineering, signal engineering, electrical engineering and electrification engineering technology, construction equipment and industrial product manufacturing technology, building technology, smart manufacturing and information technology, energy conservation and emissions reduction technology, and other key areas. In response to the actual needs for production and operation, the Group conducted technical research based on key difficult engineering projects, such as the Dianzhong Water Diversion Project, Chengdu-Chongqing Middle Line High-speed Railway, Zhoushan Xihoumen Road-Railway Bridge, Chongqi Road-Railway Yangtze River Bridge, Hangzhou Bay Cross-sea Railway Bridge, and Luhong Mountain-Cili High-speed Railway Cili Tunnel, with focus on bridge survey and design theories and methods, new bridge structures and materials, and bridge intelligent construction technologies and equipment, complete technologies for fast construction of the hard rock large-span underground chambers, development of through-type synchronous power supply devices, intelligent assessment and performance improvement of serviceability of high-speed railway ballastless track-bridge structure system, and new components, materials, and industrial software for industrial manufacturing. We also carried out research based on highland engineering projects such as the Daduhe Bridge, the construction technologies of roadbeds under complex environment and disaster prevention, key technologies for railway suspension bridges spanning plateau canyons for a kilometer or above, drilling and blasting construction technology for high-altitude and deep-buried complex geological and environmental tunnels, and we have developed high-end engineering construction equipment such as the "Loyalty" shield tunneling machine and the "Yong'an" two-model shield tunneling machine (i.e., earth pressure balance and TBM) with largest diameter domestically.

#### 4.4 Consolidated Results of Operations

A comparison of the financial results for the six months ended 30 June 2023 and the corresponding period of 2022 is set forth below.

##### *Revenue*

In the first half of 2023, the Group's revenue increased year-on-year by 5.4% to RMB590.766 billion, mainly due to the increase in revenue from infrastructure construction. Among which, the revenue generated from overseas was RMB32.157 billion, representing a year-on-year increase of 16.0%.

##### *Cost of sales and services and gross profit*

The Group's cost of sales and services primarily includes cost of raw materials and consumables, subcontracting cost, equipment usage cost (consisting of maintenance, rental and fuel), employee compensation and benefits and depreciation and amortization expenses. For the six months ended 30 June 2023, the Group's cost of sales and services increased year-on-year by 5.0% to RMB539.860 billion. In the first half of 2023, gross profit of the Group increased year-on-year by 9.4% to RMB50.906 billion. The gross profit margin for the first half of 2023 was 8.6%, remained at a similar level as compared to 8.3% for the same period of last year.

##### *Other income*

The Group's other income primarily consists of interest income from other financial assets at amortised cost and subsidies from government. For the six months ended 30 June 2023, the Group's other income was RMB1.525 billion, representing an increase of 2.1% from the same period of last year. It was mainly due to the increase in interest income from other financial assets at amortised cost.

##### *Other expenses*

The Group's other expenses primarily includes penalty cost, lawsuit expenditures and others. For the six months ended 30 June 2023, other expenses increased by 33.8% to RMB0.384 billion from the same period of last year, mainly due to the increase in others.

##### *Net impairment losses on financial assets and contract assets*

The Group's net impairment losses on financial assets and contract assets mainly includes impairment losses on trade and other receivables, contract assets and other financial assets at amortised cost. For the six months ended 30 June 2023, the Group's net impairment losses on financial assets and contract assets was RMB1.855 billion, representing a year-on-year increase of 31.3%. It was mainly due to the increase in impairment losses on trade and other receivables.

### *Other gains, net*

The Group's net other gains mainly include gains and losses on disposal and/or write-off of right-of-use assets and property, plant and equipment, foreign exchange gains/losses, and changes in the fair value of financial assets/liabilities through profit and loss. The net other gains for the first half of 2023 was RMB0.426 billion (first half of 2022: RMB0.735 billion), which mainly includes foreign exchange gains of RMB0.277 billion and gains on disposal/write-off of right-of-use assets of RMB0.133 billion.

### *Losses from derecognition of financial assets at amortised cost*

The Group's losses from derecognition of financial assets at amortised cost mainly include the losses arising on derecognition of trade receivables and bills receivables which were transferred in accordance with asset-backed medium-term notes ("ABN") and asset-backed securities ("ABS") issuance, non-recourse factoring agreements and bills receivables discounting arrangements. In the first half of 2023, the Group's losses from derecognition of financial assets at amortised cost was RMB1.476 billion, representing a year-on-year decrease of 7.3%. For the six months ended 30 June 2023, the Group transferred trade receivables and long-term trade receivables of RMB22.757 billion and RMB1.080 billion, respectively (first half of 2022: RMB23.643 billion and nil, respectively) under the issuance of ABN and ABS and transferred trade receivables of RMB3.178 billion under non-recourse factoring agreements (first half of 2022: RMB3.937 billion).

### *Selling and marketing expenses*

The Group's selling and marketing expenses primarily consist of employee compensation and benefits, and advertising costs. For the six months ended 30 June 2023, the Group's selling and marketing expenses was RMB3.066 billion, representing an increase of 13.3% from the same period of last year. It was mainly due to the increase of investment in marketing resulting from the Group's strengthened effort in business development. Selling and marketing expenses as a percentage of the total revenue was 0.5% for the first half of 2023, basically the same as compared to the same period of last year.

### *Administrative expenses*

The Group's administrative expenses mainly consist of employee compensation and benefits and the depreciation and amortization of its assets related to administration. For the six months ended 30 June 2023, the Group's administrative expenses was RMB13.130 billion, representing an increase of 7.4% from the same period of last year. Such increase was mainly due to the increase in staff salary and traveling expenses brought by the expansion of business scale, the increase of business activities and the improvement of profitability. Administrative expenses as a percentage of the total revenue for the first half of 2023 was 2.2%, basically the same as compared to the same period of last year.

### *Research and development expenditures*

For the six months ended 30 June 2023, the Group's research and development expenditures were RMB10.291 billion, representing an increase of 14.6% from the same period of last year. Such increase was mainly due to the Group's continuous advancement on scientific research and technological innovation and further increased input in research and development.

### *Finance costs, net*

In the first half of 2023, the Group's net finance costs (finance costs less finance income) was RMB1.232 billion, representing an increase of 5.8% from the same period of last year. It was mainly because although there was a continuous decrease in the Group's cost of financing, the increase in scale of financing contributed to the increase in interest expense.

### *Profit before income tax*

As a result of the foregoing factors, the Group's profit before income tax for the six months ended 30 June 2023 increased by 4.9% to RMB22.972 billion from RMB21.897 billion for the corresponding period of 2022.

### *Income tax expense*

For the six months ended 30 June 2023, the Group's income tax expense was RMB4.708 billion, representing a decrease of 7.5% from the same period of last year. By excluding the effect of land appreciation tax, the effective enterprise income tax rate of the Group was 17.4% for the first half of 2023, a decrease of 1.8 percentage points from 19.2% for the same period of last year.

### *Profit for the period attributable to owners of the Company*

The profit for the period attributable to owners of the Company for the six months ended 30 June 2023 increased by 7.4% to RMB16.239 billion from RMB15.115 billion for the same period of 2022. The profit margin of the profit for the period attributable to owners of the Company for the first half of 2023 was 2.7%, basically the same as compared to the same period of last year.

## 4.5 Segment Results

The revenue and results of each segment of the Group's business for the six months ended 30 June 2023 are set forth in the table below.

| Business segment                              | Revenue<br><i>RMB</i><br><i>million</i> | Growth<br>rate<br><i>(%)</i> | Profit/<br>(losses)<br>before<br>income<br>tax<br><i>RMB</i><br><i>million</i> | Growth<br>rate<br><i>(%)</i> | Profit/<br>losses<br>before<br>income<br>tax<br>margin <sup>1</sup><br><i>(%)</i> | Revenue<br>as a<br>percentage<br>of total<br><i>(%)</i> | Profit/<br>losses<br>before<br>income<br>tax as a<br>percentage<br>of total<br><i>(%)</i> |
|---|---|------------------------------|--|------------------------------|---|---|---|
| Infrastructure Construction                   | 526,649                                 | 6.2                          | 19,596   | 0.4                          | 3.7   | 83.6  | 79.2  |
| Design and Consulting                         | 9,622                                   | 4.2                          | 761  | -18.8                        | 7.9   | 1.5   | 3.1   |
| Equipment Manufacturing                       | 17,519                                  | 4.5                          | 1,118  | 0.7                          | 6.4   | 2.8   | 4.5   |
| Property Development                          | 21,187                                  | -10.6                        | (523)  | -77.2                        | -2.5  | 3.4   | -2.1  |
| Other Businesses                              | 55,031                                  | 9.4                          | 3,772  | -6.0                         | 6.9   | 8.7   | 15.3  |
| Inter-segment Eliminations<br>and Adjustments | <u>(39,242)</u>                         |                              | <u>(1,752)</u>   |                              |   |   |   |
| <b>Total</b>                                  | <b><u>590,766</u></b>                   | <b>5.4</b>                   | <b><u>22,972</u></b>   | <b>4.9</b>                   | <b>3.9</b>  | <b><u>100.0</u></b>                                     | <b><u>100.0</u></b>   |

<sup>1</sup> Profit/losses before income tax margin is the profit/(losses) before income tax divided by revenue.

### *Infrastructure construction*

The revenue from the operation of the Group's infrastructure construction business is mainly derived from railway, highway and municipal works construction. The revenue from the operation of the infrastructure construction business continues to account for a high percentage of the total revenue of the Group. In the first half of 2023, the revenue from the infrastructure construction business accounted for 83.6% of the total revenue of the Group (first half of 2022: 83.3%). In the first half of 2023, the Group coordinated and promoted various tasks of production and operation, accelerated the progress of production and operation, and proceeded steadily and orderly. The revenue of the infrastructure construction business was RMB526.649 billion, an increase of 6.2% as compared to the same period of last year. The gross profit margin and the profit before income tax margin of the infrastructure construction segment for the first half of 2023 were 7.4% and 3.7%, respectively (first half of 2022: 7.3% and 3.9%, respectively), basically the same as compared to the same period of last year.

### *Design and consulting*

The revenue from the operation of the design and consulting business primarily derives from providing a full range of survey, design and consulting services, research and development, feasibility studies and compliance certification services on infrastructure construction projects. In the first half of 2023, the Group's design and consulting business developed continuously and steadily and its revenue recorded RMB9.622 billion, increasing by 4.2% as compared to the same period of last year. In the first half of 2023, the gross profit margin and the profit before income tax margin for the segment were 27.3% and 7.9%, respectively (first half of 2022: 27.4% and 10.1%, respectively). The decrease in the profit before income tax margin was mainly due to the increase in research and development expenditures and foreign exchange losses.

### *Equipment manufacturing*

The revenue from the operation of the equipment manufacturing business primarily derives from the design, research and development, manufacture and sale of turnouts and other railway related equipment, bridge steel structures and engineering machinery. In the first half of 2023, the Group continued to strengthen efforts in market development. The revenue of the equipment manufacturing business of the Group increased by 4.5% year on year to RMB17.519 billion. Gross profit margin and profit before income tax margin were 19.5% and 6.4%, respectively (first half of 2022: 19.3% and 6.6%, respectively), basically remained the same as compared to the same period of last year.

### *Property development*

In the first half of 2023, the revenue of property development business decreased by 10.6% year on year to RMB21.187 billion. The gross profit margin and the profit before income tax margin were 13.6% and -2.5%, respectively (first half of 2022: 4.7% and -9.7%, respectively). Such increase in the gross profit margin and the profit before income tax margin was mainly due to the increase in profitability resulting from the changing product mix for revenue recognition.

### *Other businesses*

In the first half of 2023, the Group has progressively implemented the limited and interrelated diversification strategy. The revenue of other businesses increased year on year by 9.4% to RMB55.031 billion. In the first half of 2023, the gross profit margin and the profit before income tax margin were 14.2% and 6.9%, respectively (the first half of 2022: 16.6% and 8.0%, respectively). Details are as follows: 1) The revenue from infrastructure operation business increased year on year by 5.9% to RMB1.844 billion with the gross profit margin decreased year on year by 25.0 percentage points to -6.8%. 2) The revenue from mining business decreased year on year by 6.3% to RMB4.026 billion with the gross profit margin increased year on year by 2.8 percentage points to 58.0%. 3) The revenue from merchandise trading business increased year on year by 4.8% to RMB37.164 billion with the gross profit margin increased year on year by 0.2 percentage point to 2.6%. 4) The revenue from financial business decreased year on year by 2.0% to RMB2.004 billion.

## 4.6 Cash Flow

For the six months ended 30 June 2023, the net cash outflow from operating activities of the Group amounted to RMB29.967 billion, a decrease of net cash outflow from operating activities of RMB37.716 billion for the first half of 2022. It was because the Group actively strengthened cash flow control and strived to improve the funding position. For the six months ended 30 June 2023, the net cash outflow from investing activities of the Group amounted to RMB34.491 billion, an increase of net cash outflow from investing activities of RMB31.601 billion for the first half of 2022. It was mainly due to the increase in investment of long-term assets. For the six months ended 30 June 2023, the net cash inflow from financing activities of the Group amounted to RMB32.650 billion, a decrease in the net cash inflow from financing activities of RMB76.022 billion for first half of 2022. It was primarily due to the year-on-year decrease in external financing resulting from the Group's further strengthening in financing control.

### *Capital expenditure*

The capital expenditure of the Group primarily comprises the expenditure on purchases of equipment and the upgrading of the Group's production facilities. The Group's capital expenditure for the first half of 2023 was RMB26.270 billion (among which, RMB16.208 billion was for purchasing intangible assets and RMB9.101 billion was for purchasing fixed assets), representing a decrease of 52.1% from RMB54.802 billion for the same period of last year.

### *Working capital*

|   | As at              |                     |
|---|--------------------|---------------------|
|   | 30 June<br>2023    | 31 December<br>2022 |
|   | <i>RMB million</i> | <i>RMB million</i>  |
| Inventories   | <b>59,258</b>      | 49,198              |
| Trade and bills receivables                             | <b>195,787</b>     | 160,574             |
| Trade and bills payables                                | <b>498,402</b>     | 480,430             |
| Turnover of inventory ( <i>days</i> )                   | <b>18</b>          | 16                  |
| Turnover of trade and bills receivables ( <i>days</i> ) | <b>54</b>          | 50                  |
| Turnover of trade and bills payables ( <i>days</i> )    | <b>163</b>         | 153                 |

As at 30 June 2023, the Group's inventories were RMB59.258 billion, increasing by 20.4% as compared to the end of 2022. The inventory turnover days for the first half of 2023 increased to 18 days from 16 days for the year of 2022.

### *Trade and bills receivables*

As at 30 June 2023, trade and bills receivables were RMB195.787 billion, an increase of 21.9% from RMB160.574 billion as at the end of 2022. Such increase was mainly due to ① the normal increase in balance of trade and bills receivable resulting from the increase in operating scale; ② the slowdown in the repayment from certain project owners. The turnover days of trade and bills receivables increased from 50 days for the year of 2022 to 54 days for the first half of 2023. According to the ageing analysis of the trade and bills receivables, most of the Group's trade and bills receivables were of less than one year and the trade and bills receivables of more than one year accounted for 25.5% (31 December 2022: 27.6%) of the total amount, reflecting the sound receivables management capability of the Group.

The following table sets forth the ageing analysis of the Group's trade and bills receivables as at 30 June 2023 and 31 December 2022, based on invoice date.

|                    | <b>As at</b>              |                     |
|--------------------|---------------------------|---------------------|
|                    | <b>30 June<br/>2023</b>   | 31 December<br>2022 |
|                    | <b><i>RMB million</i></b> | <i>RMB million</i>  |
| Less than 1 year   | <b>145,879</b>            | 116,291             |
| 1 year to 2 years  | <b>23,823</b>             | 19,811              |
| 2 years to 3 years | <b>8,583</b>              | 7,853               |
| 3 years to 4 years | <b>4,017</b>              | 5,587               |
| 4 years to 5 years | <b>4,851</b>              | 3,245               |
| More than 5 years  | <b>8,634</b>              | 7,787               |
|                    | <hr/>                     | <hr/>               |
| <b>Total</b>       | <b>195,787</b>            | 160,574             |
|                    | <hr/> <hr/>               | <hr/> <hr/>         |

### *Trade and bills payables*

The Group's trade and bills payables primarily consist of amounts owed to the Group's suppliers of raw materials, machinery and equipment. As at 30 June 2023, the Group's trade and bills payables were RMB498.402 billion, an increase of 3.7% from the end of 2022. The turnover days of trade and bills payables for the first half of 2023 were 163 days, an increase of 10 days from 153 days for the year of 2022. According to the ageing analysis of the trade and bills payables, most of the Group's trade and bills payables were of less than one year and the trade and bills payables of more than one year accounted for 8.7% (31 December 2022: 8.5%) of the total amount.

The following table sets forth the ageing analysis of the Group's trade and bills payables as at 30 June 2023 and 31 December 2022, based on invoice date.

|                    | As at              |                     |
|--------------------|--------------------|---------------------|
|                    | 30 June<br>2023    | 31 December<br>2022 |
|                    | <i>RMB million</i> | <i>RMB million</i>  |
| Less than 1 year   | 455,257            | 439,796             |
| 1 year to 2 years  | 21,734             | 22,478              |
| 2 years to 3 years | 10,090             | 9,311               |
| More than 3 years  | 11,321             | 8,845               |
| <b>Total</b>       | <b>498,402</b>     | <b>480,430</b>      |

#### 4.7 Borrowings

The following table sets forth the Group's total borrowings as at 30 June 2023 and 31 December 2022.

|                                 | As at              |                     |
|---------------------------------|--------------------|---------------------|
|                                 | 30 June<br>2023    | 31 December<br>2022 |
|                                 | <i>RMB million</i> | <i>RMB million</i>  |
| Bank borrowings                 |                    |                     |
| Secured                         | 126,339            | 120,449             |
| Unsecured                       | 249,649            | 205,020             |
|                                 | <b>375,988</b>     | 325,469             |
| Long-term debentures, unsecured | 46,652             | 53,122              |
| Other borrowings                |                    |                     |
| Secured                         | 1,994              | 1,895               |
| Unsecured                       | 14,492             | 11,756              |
| <b>Total</b>                    | <b>439,126</b>     | <b>392,242</b>      |
| Long-term borrowings            | 310,946            | 282,508             |
| Short-term borrowings           | 128,180            | 109,734             |
| <b>Total</b>                    | <b>439,126</b>     | <b>392,242</b>      |

As at 30 June 2023, the Group's long-term borrowings were RMB310.946 billion, representing an increase of 10.1% from the end of 2022. It was mainly due to the increase in loans for infrastructure investment projects as construction progressed. As at 30 June 2023, the Group's short-term borrowings were RMB128.180 billion, representing an increase of 16.8% from the end of 2022, mainly due to the fulfillment of liquidity needs. The Group is generally capable of making timely repayments.

Bank borrowings carry interest rates ranging from 0.75% to 10.71% per annum (31 December 2022: 0.75% to 6.65%). Long-term debentures carry fixed interest rates ranging from 2.58% to 4.80% per annum (31 December 2022: 2.14% to 4.80%). Other borrowings carry interest rates ranging from 3.06% to 4.43% per annum (31 December 2022: 2.90% to 4.43%). For the first half of 2023, the average cost of financing was 3.59%, representing a year-on-year decrease of 0.26 percentage points.

The following table sets forth the maturity of the Group's borrowings as at 30 June 2023 and 31 December 2022.

|                    | <b>As at</b>              |                     |
|--------------------|---------------------------|---------------------|
|                    | <b>30 June<br/>2023</b>   | 31 December<br>2022 |
|                    | <b><i>RMB million</i></b> | <i>RMB million</i>  |
| Less than 1 year   | <b>128,180</b>            | 109,734             |
| 1 year to 2 years  | <b>42,429</b>             | 42,096              |
| 2 years to 5 years | <b>89,690</b>             | 71,435              |
| More than 5 years  | <b>178,827</b>            | 168,977             |
| <b>Total</b>       | <b><u>439,126</u></b>     | <u>392,242</u>      |

As at 30 June 2023 and 31 December 2022, the Group's bank borrowings comprised floating-rate bank borrowings amounting to RMB263.467 billion and RMB233.856 billion, respectively. The Group's borrowings are primarily denominated in Renminbi and foreign currency borrowings are primarily denominated in U.S. dollars.

The following table sets forth the details of the Group's secured borrowings as at 30 June 2023 and 31 December 2022.

|   | As at 30 June 2023                       |   | As at 31 December 2022                   |   |
|---|--|---|--|---|
|   | Secured borrowings<br><i>RMB million</i> | Carrying value of pledged assets and contract value of certain rights<br><i>RMB million</i> | Secured borrowings<br><i>RMB million</i> | Carrying value of pledged assets and contract value of certain rights<br><i>RMB million</i> |
| Property, plant and equipment                           | 1,006                                    | 3,452   | 2,205                                    | 3,878   |
| Intangible assets                                       | 76,796                                   | 100,788   | 75,252                                   | 96,955  |
| Properties under development for sale                   | 5,997                                    | 14,043  | 5,013                                    | 13,420  |
| Trade and bills receivables                             | 300                                      | 300   | 319                                      | 319   |
| Trade receivables from fellow subsidiaries of the Group | 4  | 375   | 14                                       | 375   |
| Contract assets   | 44,230                                   | 65,646  | 39,541                                   | 63,529  |
| <b>Total</b>  | <b>128,333</b>                           | <b>184,604</b>  | <b>122,344</b>                           | <b>178,476</b>  |

As at 30 June 2023, the Group's unused credit line facilities from banks amounted to approximately RMB1,597.778 billion (31 December 2022: RMB1,505.574 billion).

As at 30 June 2023, the Group's gearing ratio (total liabilities/total assets) was 74.7%, an increase of 0.9 percentage points from 73.8% as at 31 December 2022.

## 4.8 Contingent Liabilities

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

|  | <b>As at</b>       |             |
|--|--------------------|-------------|
|  | <b>30 June</b>     | 31 December |
|  | <b>2023</b>        | 2022        |
|  | <b>RMB million</b> | RMB million |
| Pending lawsuits <sup>(Note 1)</sup>         |                    |             |
| – arising in the ordinary course of business | <b>4,146</b>       | 5,116       |

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

## 4.9 Business Risks

The risks faced by the Group include investment and operation risks, international operation risks, cash flow risks, and health, safety and environmental protection risks in the ordinary course of business.

- (1) **Investment risk:** It refers to the risk that due to the uncertainty of investment results arising from uncontrollable external factors, insufficient feasibility analysis and argument prior to project investment, inappropriate project implementation and management, significant changes in external macro environment and policies and other factors, an investment return may be lower than expected or an investment failure of the Group may be possible, and the scale risk may be brought about by the increase in the Group's investment projects; among which, the overseas investment risk refers to the risk that overseas investment may be affected by factors including local society, politics, economy, culture, policies and regulations, as well as relevant domestic policies and the corporate internationalization talent pool, which may lead to investment failure, lower-than-expected investment return, lower personnel security, damage to the reputation of the enterprise, etc.

- (2) **International operation risk:** It refers to the risk that due to the influence of international political situation, foreign policy changes, administrative policy intervention from government, economic, social, environmental or technological standard changes and other factors, which may lead to the failure to normally carry out the Group's overseas construction projects.
- (3) **Cash flow risk:** It refers to the possibility that the Group may incur economic losses or damage of reputation in the event of failure to meet the requirements of timely payment, investment expenses or timely repayment of the Group's debts in its operations due to improper management of cash flow.
- (4) **Health, safety and environmental protection risk:** The health, safety and environmental protection risks faced by the Group are mainly concentrated in the construction safety risks of construction engineering projects, which mainly refer to the risk that due to the lack of effective management in management system implementation, measure implementation, technical management, subcontract management, equipment management and accident management of the Group, which may lead to major production safety accidents and safety hazards in the enterprise.

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

#### *Foreign exchange risk*

The business operations of the Group are mainly in China with most of its transactions settled in RMB. Nevertheless, the Group continually monitors its exposure to foreign exchange and will take appropriate actions to mitigate the foreign exchange risk when necessary.

## 5 SIGNIFICANT EVENTS

### 5.1 Overview of General Meeting

| Session of meeting          | Date of meeting | References of designated websites for the publication of resolutions  | Date of publication of the resolutions |
|-----------------------------|-----------------|---|--|
| 2022 Annual General Meeting | 28 June 2023    | China Securities Journal, Shanghai Securities News, Securities Daily, Securities Times and the website of the Shanghai Stock Exchange | 29 June 2023                           |
|                             |                 | The website of the Hong Kong Stock Exchange   | 28 June 2023                           |

Description of the general meeting:

The 2022 annual general meeting of the Company was held on 28 June 2023 with a combination of onsite meeting and online voting. During the meeting, “Proposal on the Report of the Board of Directors of the Company for the Year 2022”, “Proposal on the Profit Distribution of the Company for the Year 2022” and other proposals were reviewed and approved, and resolutions were formed. The announcement of the resolutions was published in China Securities Journal, Shanghai Securities News, Securities Daily and Securities Times and on the website of the Shanghai Stock Exchange and on the website of Hong Kong Stock Exchange on 29 June 2023.

### 5.2 The Plan for Profit Distribution or Capitalisation of Capital Reserves

|   |                |
|---|----------------|
| Whether distributed or capitalised  | No             |
| Number of bonus shares for every 10 shares (share)                                    | 0              |
| Dividend amount per 10 shares (RMB) (tax inclusive)                                   | 0              |
| Number of shares capitalised for every 10 shares (share)                              | 0              |
| Information on the plan for profit distribution or capitalisation of capital reserves | Not applicable |

### 5.3 Share Incentive Scheme, Employee Stock Ownership Plan and Other Incentive Measures and the Impacts Thereof

As of 31 December 2022, the 2021 restricted share incentive scheme (“**2021 Incentive Scheme**”) was implemented completely, including the initial grant of 170.7244 million restricted shares on 17 January 2022 and the grant of 11.922 million reserved restricted shares on 2 November 2022. Regarding 5 participants of the initial grant, 2 participants were transferred from the Company and ceased to take office in the Company due to organisational arrangements, 3 participants were disqualified from the 2021 Incentive Scheme due to incompetence in the position, disqualification in performance appraisal, negligence, violation of laws, non-compliance of laws, etc.. Therefore, the Company completed the repurchase and cancellation of 1,379,700 restricted shares that had been granted to the above five participants but not yet unlocked on 28 December 2022.

#### *5.3.1 The summary of the 2021 Incentive Scheme*

##### (i) Purpose of the 2021 Incentive Scheme

In order to further promote the establishment and improvement of the long-term incentive mechanism of the Company, attract and retain talents, fully incentivize the senior management personnel, middle management personnel and core personnel of the Group, effectively align the interests of the Shareholders, the Company with the individual interests of the operators to focus on and work collectively for the long-term development of the Company, the 2021 Incentive Scheme was formulated in accordance with the relevant requirements under the Securities Law, the Company Law, the Articles of Association and other relevant laws and regulations as well as in conjunction with the current management systems such as the remuneration system and performance appraisal system of the Company.

##### (ii) Participants of the 2021 Incentive Scheme

The incentive participants of the 2021 Incentive Scheme are the employees of the Group, including (1) senior management of the Group; (2) middle management of the Group; and (3) core key personnel of the Group.

- (iii) Total number of shares available for issue under the 2021 Incentive Scheme and their percentage in the total shares issued as at the publication dates of the annual report of 2022 and this interim results announcement.

The number of restricted shares to be granted under the 2021 Incentive Scheme is not more than 200,000,000 A shares, of which 180,000,000 A shares are to be initially granted and 20,000,000 A shares are reserved. As of 31 December 2022, the 2021 Incentive Scheme was implemented completely. 181,266,700 A shares have been granted under the 2021 Incentive Scheme, accounting for approximately 0.88% of the total A share capital and 0.73% of the total share capital of the Company as of the publication dates of the annual report of 2022 and this interim results announcement.

- (iv) Cap of restricted shares available for grant to each participant in the 2021 Incentive Scheme

The total number of the Company's shares granted under the 2021 Incentive Scheme to any of the participants shall not exceed 1% of the total A share capital of the Company at the time when the 2021 Incentive Scheme was submitted for approval at the general meetings. The value of the entitlements granted to senior management shall be determined at no more than 40% of the total remuneration level (including the value of interests granted) at the time of grant, and the value of the interests granted to other participants such as the core members in management, technology and business shall be determined reasonably by the Board.

- (v) The period within which the option may be exercised by the grantee under the 2021 Incentive Scheme

No option which may be exercised was granted under the 2021 Incentive Scheme.

- (vi) Vesting period and lock-up period of restricted shares granted under the 2021 Incentive Scheme

The restricted shares granted under the 2021 Incentive Scheme do not have any vesting period per se as they were all vested with the participants at the same time as they were granted. The restricted shares have lock-up period. The restricted shares of the 2021 Incentive Scheme shall be released in three batches. Lock-up period shall be 24 months, 36 months and 48 months from the relevant completion date of registration of the restricted shares under the corresponding grant. After the expiry of each of the three lock-up periods, 1/3 of the restricted shares granted under the first grant and the grant of the reserved shares will be unlocked. The restricted shares granted to the incentive participants under the 2021 Incentive Scheme shall not be transferred, used for guarantee or debt repayment until the selling restrictions are released.

- (vii) Amount (if any) payable for the acceptance of restricted shares and period within which the payment or call for payment must be made

The amount payable for the acceptance of restricted shares is the grant price multiplied by the number of restricted shares granted. The total grant price was RMB645,046,645 (excluding the 1,379,700 restricted shares that were repurchased and cancelled by the Company. The incentive participants of the restricted shares of the first grant remitted the payment into the Company's fund-raising special account before the payment deadline of 28 January 2022, and the incentive participants of the grant of the reserved restricted shares remitted the payment into the Company's fund-raising special account before the payment deadline of 16 November 2022.

- (viii) Basis of determining the grant price

The grant price of the restricted shares under the first grant shall not be less than the nominal value of the shares, and shall not be lower than 60% of the fair market value. The fair market value shall be the higher of the following prices: 1. the average trading price of the A shares of the Company on the last trading day immediately preceding the date of the relevant announcement of the first grant (the total transaction value for the last trading day/total volume of the shares of the Company traded for the last trading day); or 2. any of the average trading price of the A shares of the Company for the last 20 trading days, 60 trading days and 120 trading days immediately preceding the date of the relevant announcement.

The grant of the restricted shares under the reserved grant is subject to the consideration and passing of related resolutions by the Board and the disclosure of related information. The grant price of the restricted shares under the reserved grant shall not be less than the nominal value of the shares, and shall not be lower than 60% of the fair market value. The fair market value shall be the higher of the following prices: 1. the average trading price of the A shares on the last trading day immediately preceding the date of the announcement of Board resolutions on the reserved grant; or 2. any of the average trading price of the A shares for the last 20 trading days, 60 trading days and 120 trading days immediately preceding the date of the announcement of Board resolutions on the reserved grant.

- (ix) The remaining life of the 2021 Incentive Scheme

The term of the Incentive Scheme commenced from the completion date of registration of the restricted shares under the first grant and will end on the date when all restricted shares granted to the participants have been unlocked or repurchased and cancelled, the maximum period of which shall not exceed 72 months. Therefore, the validity period of the 2021 Incentive Scheme is from 23 February 2022 (the date when the registration of the restricted shares of the first grant was completed) to 30 November 2026 (the date when all reserved restricted shares are unlocked).

- (x) Agreement on the granting of restricted shares

The Company entered into an agreement on the granting of restricted shares with the participants in order to determine their respective rights and obligations pursuant to the 2021 Incentive Scheme.

### 5.3.2 The details of the restricted shares granted under the 2021 Incentive Scheme

Except for the 2021 Incentive Scheme which was implemented completely during the financial year ended 31 December 2022, the Company did not have any other share scheme which is applicable for the disclosure requirements of Chapter 17 of the Hong Kong Listing Rules during the report period.

| Category of grantees  | Particulars of outstanding options and unvested awards at the beginning and at the end of 2022 | Number of shares with selling restrictions at the beginning of 2022 | Number of shares released from selling restrictions during 2022 | Number of shares with selling restrictions granted during 2022 | Number of shares with selling restrictions at the end of 2022 | Date of grant   | Vesting period                   | Exercise period                  | Date of releasing selling restrictions            | Closing price immediately prior to the date of grant | Price of grant                   | Reasons for selling restrictions  | Fair value of share-based payment (RMB) | Weighted average closing price   | The restricted class in shares which issue for lapsed during 2022 | Weighted average number of shares of the relevant class in shares which issue for lapsed during 2022 |
|---|--|---|---|--|---|-----------------|----------------------------------|----------------------------------|---|--|----------------------------------|-----------------------------------|---|----------------------------------|---|--|
|   |  |   |   |  |   |                 |                                  |                                  |   |  |                                  |                                   |   |                                  |   | 2022   |
| 692 incentive participants (employees) <sup>Note 1</sup> (excluding 5 participants whose restricted shares have been repurchased and cancelled) <sup>Note 2</sup> | Not applicable <sup>Note 3</sup>   | 0   | 0   | 169,344,700 <sup>Note 4</sup>                                  | 169,344,700   | 17 January 2022 | Not applicable <sup>Note 5</sup> | Not applicable <sup>Note 6</sup> | 24 months, 36 months, 48 months <sup>Note 7</sup> | RMB3.55/ <sup>Note 8</sup> share                     | RMB5.94/ <sup>Note 8</sup> share | Restricted Share Incentive Scheme | 414.9 million <sup>Note 9</sup>         | RMB5.88/ <sup>Note 9</sup> share | 0.88% <sup>Note 10</sup>  | Not applicable   |
| 50 incentive participants (employees) <sup>Note 1</sup>   |  | 0   | 0   | 11,922,000 <sup>Note 4</sup>                                   | 11,922,000  | 2 November 2022 |                                  |                                  | 24 months, 36 months, 48 months <sup>Note 7</sup> | RMB3.68/ <sup>Note 8</sup> share                     | RMB5.06/ <sup>Note 8</sup> share | Restricted Share Incentive Scheme | 16.3 million <sup>Note 9</sup>          |                                  |   |  |

Notes:

1. *The incentive participants of the 2021 Incentive Scheme are the employees of the Group, including (1) senior management of the Group; (2) middle management of the Group; and (3) core key personnel of the Group. The participants do not include (1) each of the directors, chief executive or substantial shareholders of the Company, or their respective associates; (2) each participant with options and awards granted and to be granted in excess of 1% individual limit; or (3) each related entity participant or service provider with options and awards granted and to be granted in any 12-month period exceeding 0.1% of the relevant class of shares in issue.*
2. *Regarding 5 participants of the initial grant, 2 participants were transferred from the Company and ceased to take office in the Company due to organisational arrangements, 3 participants were disqualified from the 2021 Incentive Scheme due to incompetence in the position, disqualification in performance appraisal, negligence, violation of laws, non-compliance of laws, etc.. The Company completed the repurchase and cancellation of 1,379,700 restricted shares that had been granted to the above five participants but not yet unlocked on 28 December 2022. The 1,379,700 restricted shares were granted to the incentive participants on 17 January 2022 at the price of grant of RMB3.55 per share. The repurchase price of the restricted shares repurchased from 3 participants was RMB3.354 per share. The repurchase price of the restricted shares repurchased from 2 participants was RMB3.354 per share, plus interests calculated according to the benchmark deposit interest rate published by the People's Bank of China for the same period.*
3. *Under the 2021 Incentive Scheme, the restricted shares were granted to the participants directly, and it did not involve the grant of any options or awards in respect of which shares may be issued. Therefore, particulars of the outstanding options and unvested awards at the beginning and at the end of 2022 are inapplicable. The 2021 Incentive Scheme was only approved by the A Share Class Meeting on 30 December 2021 and the H Share Class Meeting on 12 January 2022, which means that no shares would have been available for grant at the beginning of 2022. The number of restricted shares to be granted under the 2021 Incentive Scheme is not more than 200,000,000 A shares and, as at 31 December 2022, 181,266,700 A shares have been granted and the 2021 Incentive Scheme was implemented completely (which means that no shares were available for grant under the 2021 Incentive Scheme as at the end of 2022).*

4. *Conditions of grant of the restricted shares: The Company granted restricted shares to the participants upon satisfaction of all of the following conditions of grant, and no restricted shares would be granted to the participants if any of the following conditions of grant has not been satisfied. 1. None of the following events with respect to the Company has occurred: i. issue of an auditors' report with adverse opinion or which indicates an inability to give an opinion by a certified public accountant with respect to the financial and accounting report of the Company for the latest accounting year; ii. issue of an auditors' report with adverse opinion or which indicates an inability to give an opinion by a certified public accountant with respect to the internal control of the financial report of the Company for the latest accounting year; iii. failure to conduct profit distribution in accordance with laws and regulations, the Articles of Association and public undertakings during the 36 months after listing; iv. prohibition from implementation of a share incentive scheme by laws and regulations; v. other circumstance as determined by the CSRC. 2. None of the following events with respect to the participant has occurred: i. he or she has been determined by the Shanghai Stock Exchange as an ineligible person in the past 12 months; ii. he or she has been determined by the CSRC or any of its delegated agencies as an ineligible person in the past 12 months; iii. he or she has been imposed with administrative penalties or measures prohibiting access into the securities market by the CSRC or any of its delegated agencies due to material non-compliance of laws and regulations in the past 12 months; iv. he or she is prohibited from being a director or senior management of a company under the Company Law; v. he or she is prohibited from participating in any share incentive scheme of listed companies as required by laws and regulations; vi. he or she falls under any other circumstances as determined by the CSRC. 3. The Company is deemed to have achieved the performance target if all of the following conditions are satisfied: i. the average growth rate of the net profit for 2018 to 2020 shall not be less than 11.75%; ii. the average return on net assets for 2018 to 2020 shall not be less than 9.86%; iii. the economic value added performance targets set by SASAC in 2020 is achieved. 4. The individual performance appraisal of the participants: the individual performance appraisal result of the participants in 2020 is competent or above.*
5. *The restricted shares granted under the 2021 Incentive Scheme do not have any vesting period per se as they were all vested with the participants at the same time as they were granted.*
6. *No options which may be exercised were granted under the 2021 Incentive Scheme.*
7. *The restricted shares of the 2021 Incentive Scheme shall be released in three batches. Lock-up Period shall be 24 months, 36 months and 48 months from the relevant completion date of registration of the restricted shares under the corresponding grant. After the expiry of each of the three lock-up periods, 1/3 of the restricted shares granted under the first grant and the grant of the reserved shares will be unlocked.*

8. *In accordance with the relevant requirements of the “Accounting Standards for Enterprises No.11 – Share-based Payment” of the PRC, the Company shall measure the fair value of the restricted shares based on the market prices of the shares. On the measurement date, the fair value of share-based payment per restricted share shall equal the market price of the shares of the Company minus the grant price. Based on the data on 17 January 2022, the total amount of the fair value of share-based payment of the restricted shares first granted by the Company to the participants was RMB414.9 million. The accounting treatment of the reserved restricted shares granted to the participants subsequently is the same as that of the restricted shares under the abovementioned first grant. Based on the data on 2 November 2022, the total amount of the fair value of share-based payment of the reserved restricted shares granted by the Company to the participants was RMB16.3 million.*
9. *As at the respective dates of grants of restricted shares, the weighted average closing price immediately before the dates on which the restricted shares were granted during 2022 is RMB5.88/share.*
10. *The total number of restricted shares granted under the 2021 Incentive Scheme by the Company represents 0.88% of the weighted average number of A shares of the Company in issue during 2022.*
11. *Under the 2021 Incentive Scheme, the restricted shares were granted to the participants directly, and except for the restricted shares canceled in 2022, it did not involve the grant of any options or awards which could lapse.*

## 5.4 Performance Status of Undertakings

### 5.4.1 Undertakings made by undertaking parties, including the ultimate controller, shareholders, related parties, acquirers of the Company and the Company given or subsisting in the reporting period or continuing during the reporting period

| Undertaking Background              | Type of Undertaking | Undertaking party | Content of the undertaking  | Timing and duration of undertaking | Whether there is a deadline for performance | Whether duly performed | If not duly performed, describe the specific reasons | If not duly performed, describe future plans |
|-------------------------------------|---------------------|-------------------|---|------------------------------------|---|------------------------|--|--|
| IPO-related undertakings            | Non-competition     | CREC              | Upon the establishment of China Railway in accordance with the law, CREC and its subsidiaries (other than China Railway) will not in any form, directly or indirectly, engage in or participate in or assist in the engagement or participation in any business that competes, or is likely to compete with the core businesses of China Railway and its subsidiaries. If CREC or its subsidiaries (other than China Railway) become(s) aware of any new business opportunity which directly or indirectly competes, or is likely to compete, with the core businesses of China Railway, it shall notify China Railway in writing of such business opportunity immediately upon becoming aware of it, and undertakes that priority and a preemptive right of first refusal in respect of the business opportunity shall be available to China Railway or its subsidiaries. If CREC or any of its subsidiaries intends to transfer, sell, lease or license or otherwise assign to any third parties or permit them any new business opportunity, assets or interests that it may acquire in future and which may compete or is likely to compete, directly or indirectly, with the core businesses of China Railway, CREC warrants that such business opportunity, assets or interests will first be offered to China Railway or its subsidiaries. | None                               | No  | Yes                    | /  | /  |
| Undertakings related to refinancing | Others              | CREC              | If China Railway is subject to administrative penalties or currently under formal investigation due to any undisclosed violation of laws and regulations in respect of the delay in developing acquired land, land speculation, hoarding of properties and driving up of property prices by price-rigging, which cause losses to China Railway and its investors, CREC shall bear the liability for compensation according to the requirements of the relevant laws and administrative regulations and as required by the securities regulatory authorities.  | Long-term                          | No  | Yes                    | /  | /  |

Notes:

1. *For details of the relevant undertakings made by the Company and CREC during the material asset restructuring of China Railway Erju Co., Ltd. (renamed as China Railway Hi-Tech Industry Co., Ltd. in March 2017, stock code: 600528.SH), a subsidiary of the Company, please refer to the Report on the Material Asset Swap and Share Issuance for Asset Acquisition, Fundraising and Related Party Transaction of China Railway Erju Co., Ltd. (Revision) published on the website of the Shanghai Stock Exchange (<http://www.sse.com.cn>) on 21 September 2016. The Company and CREC are currently duly complying with all the undertakings.*
2. *The Company issued the Letter on Modifying the Undertakings on Certain Contingencies to CRHIC on 25 November 2020, pursuant to which, the performance term of the undertaking in relation to apply for ownership certificates for defective real estate was changed to long term, which was considered and approved by the first extraordinary general meeting for 2020 of CRHIC on 25 December 2020. For details of the relevant undertakings, please refer to the Announcement of CRHIC on Modifying the Performance Term of Undertakings on Certain Contingencies by the Controlling Shareholder of CRHIC published at the website of Shanghai Stock Exchange (<http://www.sse.com.cn>) on 8 December 2020. The Company is currently duly complying with all the undertakings.*
3. *For details of the relevant undertakings made by the Company and CREC during the share issuance for asset acquisition, please refer to the Report on the Share Issuance for Asset Acquisition of China Railway Group Limited (Revision) published on the website of the Shanghai Stock Exchange (<http://www.sse.com.cn>) on 31 May 2019. The Company and CREC are currently duly complying with all the undertakings.*
4. *When acquiring the control of CRPCC, the Company and CREC respectively issued the Undertakings on Avoiding Horizontal Competition with Beijing Hengtong Innovation Luxwood Technology Co Ltd., the Undertakings on Regulating the Related Party Transactions with Beijing Hengtong Innovation Luxwood Technology Co Ltd., and the Undertakings on Ensuring the Independence of Beijing Hengtong Innovation Luxwood Technology Co Ltd. The Company and CREC are currently duly complying with the undertakings.*
5. *When spinning off and listing CRHEEC on the STAR Market, the Company and CREC respectively issued the Undertakings on Avoiding Horizontal Competition, the Undertakings on Reducing and Regulating the Related Party Transactions, and the Undertakings on Covering the Diluted Immediate Return. For details of the relevant undertakings, please refer to the Plan for China Railway Group Limited on the Spin-off of Its Subsidiary China Railway Highspeed Electrification Equipment Corporation Limited to Go Listing on the STAR Market (Revised) published on the website of the Shanghai Stock Exchange on 30 September 2020. The Company and CREC are currently duly complying with all the undertakings.*

## **5.5 Non-operating Appropriation of Funds by the Controlling Shareholder and Other Related Parties during the Reporting Period**

Not applicable

## **5.6 Illegal Guarantee**

Not applicable

## **5.7 Auditors**

### *5.7.1 The description of appointment and removal of auditors*

Resolutions including the Resolution on the Appointment of Auditors for 2023 and Resolution on the Appointment of Internal Control Auditors for 2023 were considered and passed at the twenty-sixth meeting of the fifth session of the Board of Directors held on 29 and 30 March 2023. For details of the appointment of auditors, please see the Announcement of China Railway Group Limited on Reappointment of Auditors published on the website of the Shanghai Stock Exchange on 31 March 2023. These resolutions were then considered and passed at the 2022 annual general meeting of the Company on 28 June 2023. The Company has engaged PricewaterhouseCoopers Zhong Tian LLP and PricewaterhouseCoopers as the auditors of the Company for 2023 and engaged PricewaterhouseCoopers Zhong Tian LLP as the internal control auditor for 2023. For details, please refer to the Announcement of China Railway Group Limited on Resolutions of Annual General Meeting of 2022 disclosed by the Company on the website of the Shanghai Stock Exchange on 29 June 2023.

### *5.7.2 Explanation of the Company on the “Modified Audit Report” from auditors*

Not applicable

### *5.7.3 Changes in and handling of the matters related to the qualified auditing opinions in the annual report for the previous year*

Not applicable

## **5.8 Matters Relating to Insolvency or Restructuring**

Not applicable

## **5.9 Material Litigation and Arbitration**

The Company had no material litigation or arbitration during the reporting period.

## **5.10 Penalty and Rectification Order against the Company and its Directors, Supervisors, Senior Management, Controlling Shareholders, Ultimate Controller and Acquirer**

Not applicable

## **5.11 Integrity of the Company and its Controlling Shareholders and Ultimate Controllers During the Reporting Period**

During the reporting period, the Company and its controlling shareholder and ultimate controller operated legally by strictly following the requirements of the laws and regulations and normative documents, such as the Company Law and the Securities Law, and duly fulfilled all the undertakings without committing any default.

## **5.12 Significant Related Party Transactions**

### *5.12.1 Related party transactions in ordinary course of business*

- (i) Matters which were disclosed in an announcement without subsequent progress or changes

Not applicable

- (ii) Matters which were disclosed in an announcement with subsequent progress or changes

*Unit: Thousand Currency: RMB*

| Related Party                                   | Related relationship                          | Type of related party transaction | Particulars of related party transaction | Pricing method of related party transaction | Price of related party transaction | Amount of related party transaction | Percentage of transaction value to the same type of transactions (%) |
|---|---|-----------------------------------|--|---|------------------------------------|-------------------------------------|--|
| China Railway State Assets Management Co., Ltd. | Wholly-owned subsidiary of the parent company | Leasing service                   | Lease of office premises, etc.           | Contract price                              | 2,933                              | 2,933                               | Less than 1%   |
| China Railway State Assets Management Co., Ltd. | Wholly-owned subsidiary of the parent company | Receipt of labor services         | Receipt of comprehensive services        | Contract price                              | 25,523                             | 25,523                              | Less than 1%   |
| Total   |   |                                   |  |   | <u>28,456</u>                      | <u>28,456</u>                       |  |

Description of related party transactions

The above two transactions resulted from the implementation during the reporting period of the Premises Leasing Agreement and Comprehensive Services Agreement renewed by the Company and CREC on 30 December 2021. The terms of both agreements are three years. The total transaction amount involved was within the decision-making authority of the Board and was considered and approved at the 12th meeting of the fifth session of the Board, which complied with the relevant requirements of The Rules Governing the Listing of Stock on Shanghai Stock Exchange. Meanwhile, the Premises Leasing Agreement and Comprehensive Services Agreement were exempted from the requirements of reporting, annual review, announcement and independent shareholders' approval as the annual caps of such transactions were within the de minimis exemption under the Hong Kong Listing Rules. In addition, the interest expense on lease liabilities recognized by the Company's subsidiaries arisen from the housing lease with China Railway State Assets Management Co., Ltd. was RMB76,000.

- (iii) Matters undisclosed in announcement

Not applicable

#### 5.12.2 *Related party transactions in relation to acquisition and disposal of assets or equity interests*

- (i) Matters which were disclosed in an announcement without subsequent progress or changes

Not applicable

- (ii) Matters which were disclosed in an announcement with subsequent progress or changes  
Not applicable
- (iii) Matters undisclosed in announcement  
Not applicable
- (iv) Discloseable performance for the reporting period of related party transactions with agreed-upon performance targets  
Not applicable

*5.12.3 Significant related party transactions in relation to joint external investment*

- (i) Matters which were disclosed in an announcement without subsequent progress or changes  
Not applicable
- (ii) Matters which were disclosed in an announcement with subsequent progress or changes  
Not applicable
- (iii) Matters undisclosed in announcement  
Not applicable

*5.12.4 Amounts due from/to related parties*

- (i) Matters which were disclosed in an announcement without subsequent progress or changes  
Not applicable
- (ii) Matters which were disclosed in an announcement with subsequent progress or changes  
Not applicable
- (iii) Matters undisclosed in announcement  
Not applicable

*5.12.5 Financial business between the Company and the finance company with which there is a related relationship, and between the Company's controlling finance company and related parties*

China Railway Finance Co., Ltd. provides financial services to the Company's controlling shareholder, CREC and its subsidiaries, which enables the Company to use part of its financing funds to improve the efficiency of capital utilization and increase the benefits through the net interest and service fees earned by China Railway Finance Co., Ltd.. The Proposal on the Related Party Transaction of Financial Services Framework Agreement between China Railway Finance Co., Ltd. and China Railway Engineering Group Co., Ltd. was considered and adopted at the 12th meeting of the fifth session of the Board convened by the Company on 22 December 2021, in which it was agreed that China Railway Finance Co., Ltd., a subsidiary of the Company, would renew the Financial Services Framework Agreement (the agreement would expire on 31 December 2024) with CREC, the controlling shareholder of the Company, and provide deposits, loans and other financial services to CREC and its subsidiaries pursuant to the agreement. For details, please refer to the relevant announcement of the Company dated 31 December 2021 disclosed on the website of the Shanghai Stock Exchange. During the reporting period, the daily deposit balance (including interest accrued) of CREC and its subsidiaries with China Railway Finance Co., Ltd. did not exceed the maximum amount stipulated in the Financial Services Framework Agreement; the maximum daily loan balance (including interest accrued) obtained by CREC and its subsidiaries from China Railway Finance Co., Ltd. did not exceed the maximum amount stipulated in the Financial Services Framework Agreement; and the service fee collected by China Railway Finance Co., Ltd. from CREC and its subsidiaries for other financial services did not exceed the maximum amount stipulated in the Financial Services Framework Agreement.

(i) Deposit business

*Unit: Thousand Currency: RMB*

| Related Party   | Related relationship                            | Maximum daily deposit limit | Range of deposit interest rate | Opening balance | Amount for the current period         |  | Closing balance |
|---|---|-----------------------------|--------------------------------|-----------------|---------------------------------------|--|-----------------|
|   |   |                             |                                |                 | Total deposits for the current period | Total withdrawals for the current period |                 |
| CREC  | Parent company                                  |                             | 1.265%                         | 593,430         | 1,813,843                             | 1,746,541                                | 660,732         |
| China Railway State Assets Management Co., Ltd.           | Wholly-owned subsidiaries of the parent company | 20,000,000                  | 1.265%                         | 21,212          | 2,079,802                             | 2,071,744                                | 29,270          |
| Party school of China Railway Engineering Group Co., Ltd. | Wholly-owned subsidiaries of the parent company |                             | 1.265%                         | 12,135          | 36,358                                | 29,462                                   | 19,031          |
| <b>Total</b>  |   |                             |                                | <b>626,777</b>  | <b>3,930,003</b>                      | <b>3,847,747</b>                         | <b>709,033</b>  |

(ii) Loan business

*Unit: Thousand Currency: RMB*

| Related Party | Related relationship | Line of credit | Range of loan interest rate | Opening balance  | Amount for the current period      |   | Closing balance |
|---------------|----------------------|----------------|-----------------------------|------------------|------------------------------------|---|-----------------|
|               |                      |                |                             |                  | Total loans for the current period | Total repayments for the current period |                 |
| CREC          | Parent company       | 3,500,000      | 3.3%-3.45%                  | 1,100,000        | 0                                  | 1,100,000                               | 0               |
| <b>Total</b>  |                      |                |                             | <b>1,100,000</b> | <b>0</b>                           | <b>1,100,000</b>                        | <b>0</b>        |

## (iii) Credit granting business or other financial business

*Unit: Thousand Currency: RMB*

| <b>Related Party</b> | <b>Related relationship</b> | <b>Business type</b>          | <b>Total</b>     | <b>Amount incurred</b> |
|----------------------|-----------------------------|-------------------------------|------------------|------------------------|
| CREC                 | Parent company              | Comprehensive credit granting | 3,500,000        | 0                      |
| <b>Total</b>         |                             |                               | <b>3,500,000</b> | <b>0</b>               |

## (iv) Others notes

*Unit: Thousand Currency: RMB*

| <b>Item</b>       | <b>Related Party</b>                                      | <b>Amount for the current period</b> | <b>Amount of the corresponding period of last year</b> |
|-------------------|---|--------------------------------------|--|
| Interest income   | CREC  | 12,478                               | 22,785   |
| Interest expenses | CREC  | 10,687                               | 3,581  |
| Interest expenses | China Railway State Assets Management Co., Ltd.           | 173                                  | 822  |
| Interest expenses | Party school of China Railway Engineering Group Co., Ltd. | 147                                  | 98   |

*Note: The interest income represents the interest receivable by China Railway Finance Co., Ltd., a subsidiary of the Company, from CREC for the loans to CREC. The interest expenses represent the interest payable by China Railway Finance Co., Ltd. to CREC and China Railway State Assets Management Co., Ltd. and party school of CREC for deposit-taking.*

### 5.12.6 Other significant related party transactions

Unit: Thousand Currency: RMB

| Guarantor | Secured party | Guarantee amount | Guarantee start date | Guarantee expiration date | Whether the guarantee has been fulfilled |
|-----------|---------------|------------------|----------------------|---------------------------|--|
| CREC      | China Railway | 3,500,000        | October 2010         | April 2026                | No                                       |

*Note: These are unconditional and irrevocable joint and several liability guarantees provided by CREC for the entire amount of the 15-year 2010 Corporate Bonds (Tranche 2) issued by the Company in October 2010. As of 30 June 2023, the guarantee liability undertaken by CREC as the guarantor of the 15-year 2010 Corporate Bonds (Tranche 2) has not expired. As at 30 June 2023, the remaining payable amount of the above-mentioned bonds was RMB3,605,056 thousand (31 December 2022: RMB3,526,101 thousand).*

## 5.13 Material Contracts and Their Performance

### 5.13.1 Trusteeship, contracting and leasing

Not applicable

### 5.13.2 Material guarantees performed and not performed during the reporting period

Unit: 0'000 Currency: RMB

| Guarantor  | Relationship between guarantor and the listed company | Secured party   | Guarantees provided by the Company (excluding the guarantees to subsidiaries) |  |                          |                                       | Main debt condition | Collateral (if any) | Guarantee fully performed | Overdue amount | Counter guarantee available | Guarantee provided to related parties | Related relationship |
|--|---|---|---|--|--------------------------|---------------------------------------|---------------------|---------------------|---------------------------|----------------|-----------------------------|---------------------------------------|----------------------|
|  |   |   | Guarantee amount  | Commencement date of guarantee (date of agreement) | Expiry date of guarantee | Type of guarantee                     |                     |                     |                           |                |                             |                                       |                      |
| China Railway Group Limited                            | The Company   | Linha Railway Co., Ltd.   | 41,789.00   | 30 June 2008                                       | 20 June 2027             | Joint and several liability guarantee | No                  | No                  | /                         | Yes            | No                          | /                                     |                      |
| China Railway No.4 Engineering Group Co., Ltd.         | Wholly-owned subsidiary                               | Xuzhou Yingbin Expressway Construction Co., Ltd.                          | 119,000.00  | 22 October 2018                                    | 30 October 2018          | Joint and several liability guarantee | Equity pledge       | No                  | /                         | None           | No                          | /                                     |                      |
| China Railway No.5 Engineering Group Co., Ltd.         | Wholly-owned subsidiary                               | Qinghai Minmetals China Railway Highway Construction Management Co., Ltd. | 14,850.00   | 14 January 2020                                    | 14 January 2020          | Joint and several liability guarantee | Equity pledge       | No                  | /                         | None           | No                          | /                                     |                      |
| China Railway No.5 Engineering Group Co., Ltd.         | Wholly-owned subsidiary                               | Jiangxi Chengde Yunchuang Real Estate Co., Ltd.                           | 4,079.05  | 22 September 2021                                  | 21 September 2029        | Joint and several liability guarantee | No                  | No                  | /                         | None           | No                          | /                                     |                      |
| China Railway No.10 Engineering Group Co., Ltd.        | Wholly-owned subsidiary                               | Chongqing CREC Renzhi Pension Industry Co., Ltd.                          | 50,000.00   | 12 January 2017                                    | 12 January 2017          | Joint and several liability guarantee | No                  | No                  | /                         | None           | No                          | /                                     |                      |
| China Railway Major Bridge Engineering Group Co., Ltd. | Wholly-owned subsidiary                               | Wuhan Yangsigang Bridge Co., Ltd.   | 60,541.06   | 30 May 2016  | 30 May 2016              | Joint and several liability guarantee | No                  | No                  | /                         | None           | No                          | /                                     |                      |
| China Railway Major Bridge Engineering Group Co., Ltd. | Wholly-owned subsidiary                               | Shantou Niutianyang Expressway Investment Development Co., Ltd.           | 7,881.64  | 14 November 2019                                   | 23 August 2019           | Joint and several liability guarantee | Equity pledge       | No                  | /                         | None           | No                          | /                                     |                      |
| China Railway Shanghai Engineering Group Co. Ltd.      | Wholly-owned subsidiary                               | Fangchenggang China Railway Diliyuan Investment Development Co., Ltd.     | 5,000.00  | 8 May 2019   | 31 December 2030         | Joint and several liability guarantee | Equity pledge       | No                  | /                         | None           | No                          | /                                     |                      |

Guarantees provided by the Company (excluding the guarantees to subsidiaries)

| Relationship between guarantor and the listed company   | Secured party           | Guarantee amount | Guarantee agreement date | Commencement date of guarantee | Expiry date of guarantee | Type of guarantee                     | Main debt condition | Collateral (if any) | Guarantee fully performed | Overdue amount | Counter guarantee available | Guarantee provided to related parties | Related relationship |
|---|-------------------------|------------------|--------------------------|--------------------------------|--------------------------|---------------------------------------|---------------------|---------------------|---------------------------|----------------|-----------------------------|---------------------------------------|----------------------|
|   |                         |                  |                          |                                |                          |                                       |                     |                     |                           |                |                             |                                       |                      |
| China Railway International Group Co., Ltd.   | Wholly-owned subsidiary | 5,800.50         | 3 July 2015              | 3 July 2015                    | 3 November 2023          | Joint and several liability guarantee | Normal performance  | No                  | No                        | /              | None                        | No                                    | /                    |
| China Southern Investment Group Co., Ltd  | Wholly-owned subsidiary | 353,885.50       | 14 November 2019         | 14 November 2019               | 23 August 2039           | Joint and several liability guarantee | Normal performance  | Equity pledge       | No                        | /              | None                        | No                                    | /                    |
| Development Co., Ltd.   |                         |                  |                          |                                |                          |                                       |                     |                     |                           |                |                             |                                       |                      |
| Total amount of guarantees incurred during the reporting period (excluding the guarantees provided to subsidiaries)       |                         |                  |                          |                                |                          |                                       |                     |                     |                           |                |                             |                                       |                      |
| Total balance of guarantees as at the end of the reporting period (A) (excluding the guarantees provided to subsidiaries) |                         |                  |                          |                                |                          |                                       |                     |                     |                           |                |                             |                                       |                      |
| <b>Guarantees provided by the Company and its subsidiaries to its subsidiaries</b>  |                         |                  |                          |                                |                          |                                       |                     |                     |                           |                |                             |                                       |                      |
| Total amount of guarantees provided to subsidiaries during the reporting period   |                         |                  |                          |                                |                          |                                       |                     |                     |                           |                |                             |                                       |                      |
| Total balance of guarantees provided to subsidiaries at the end of the reporting period (B)                               |                         |                  |                          |                                |                          |                                       |                     |                     |                           |                |                             |                                       |                      |
| <b>Total amount of guarantees provided by the Company (including the guarantees for subsidiaries)</b>                     |                         |                  |                          |                                |                          |                                       |                     |                     |                           |                |                             |                                       |                      |
| Total amount of guarantees (A+B)  |                         |                  |                          |                                |                          |                                       |                     |                     |                           |                |                             |                                       |                      |
| Percentage of total guarantees over the net assets of the Company (%)   |                         |                  |                          |                                |                          |                                       |                     |                     |                           |                |                             |                                       |                      |
| Of which:   |                         |                  |                          |                                |                          |                                       |                     |                     |                           |                |                             |                                       |                      |
| Amount of guarantees provided to shareholders, de facto controller and their related parties (C)                          |                         |                  |                          |                                |                          |                                       |                     |                     |                           |                |                             |                                       |                      |
| Amount of debt guarantees directly or indirectly provided to the parties with the gearing ratio exceeding 70% (D)         |                         |                  |                          |                                |                          |                                       |                     |                     |                           |                |                             |                                       |                      |
| Total amount of guarantees exceeding 50% of net assets (E)  |                         |                  |                          |                                |                          |                                       |                     |                     |                           |                |                             |                                       |                      |
| Total amount of the above three types of guarantees (C+D+E)   |                         |                  |                          |                                |                          |                                       |                     |                     |                           |                |                             |                                       |                      |
| Statement on the contingent joint and several liability in connection with unexpired guarantee                            |                         |                  |                          |                                |                          |                                       |                     |                     |                           |                |                             |                                       |                      |
| Explanations on guarantees  |                         |                  |                          |                                |                          |                                       |                     |                     |                           |                |                             |                                       |                      |

1. The aggregate guarantee included the commitment to make up the difference of RMB96,235.6028 million provided to its subsidiaries;

2. As at 30 June 2023, the balance of guarantee of China Railway Group Limited (consolidated) in relation to real estate mortgage was RMB49,661.8119 million.

## 5.14 Other material contracts

### 5.14.1 Material contracts signed by the Group during the reporting period

#### (i) Engineering construction

| No.             | Signatory   | Name of contract   | Date of winning the bidding/<br>contract signature | Contract sum<br>(RMB'0,000) | Construction period       |
|-----------------|---|--|--|-----------------------------|---------------------------|
| <b>Railways</b> |   |  |  |                             |                           |
| 1               | China Railway No. 3 Engineering, China Railway No. 5 Engineering, China Railway Construction      | Sections XADXDSG-2, XADXDSG-3 and XADXDSG-5 of civil works and related supporting works of Xiong'an New Area underground section for Xiong'an-Xinzhou High-speed Railway | April 2023   | 958,591                     | 1,096/1,463 calendar days |
| 2               | China Railway No. 2 Engineering, China Railway No. 3 Engineering, China Railway No. 7 Engineering | Sections GZZQ-12, GZZQ-17 and GZZQ-18 of Pearl River Delta Hub Airport Station Engineering for the newly built Guangzhou-Zhanjiang High-speed Railway                    | February 2023                                      | 594,180                     | 1,035 calendar days       |
| 3               | China Railway No. 3 Engineering, China Railway No. 10 Engineering                                 | Sections BWZH-1 and BWZH-3 of Binzhou, South Dongying, Weifang North Hub and related projects for the newly built Tianjin-Weifang High-speed Railway                     | January 2023                                       | 553,274                     | 57.5 months               |

| No.                               | Signatory   | Name of contract   | Date of winning the bidding/<br>contract signature | Contract sum<br>(RMB'0,000) | Construction period |
|-----------------------------------|---|--|--|-----------------------------|---------------------|
| <b>Highways</b>                   |   |  |  |                             |                     |
| 1.                                | China Railway No. 5 Engineering   | Section HM-SG2 of Henan-Zuomao highway project for G1816 Wuhai-Maquin Highway  | February 2023                                      | 148,746                     | 1,096 days          |
| 2                                 | China Railway No. 1 Engineering   | Hezhou North Transit Line (Guangxi Mailing (Hunan-Guangxi Boundary) to Hezhou Highway Hezhou Branch Line) financing + general contracting of No.4 Section      | March 2023   | 123,053                     | 36 months           |
| 3                                 | China Railway No. 7 Engineering   | Provincial Highway – Helong-Nanping Highway  | March 2023   | 121,980                     | 1,186 calendar days |
| <b>Municipal works and others</b> |   |  |  |                             |                     |
| 1                                 | China Railway Group, China Railway (Guangzhou) Investment & Development, China Railway No. 1 Engineering, China Railway No. 2 Engineering, China Railway No. 3 Engineering, China Railway No. 4 Engineering, China Railway No. 6 Engineering, China Railway No. 10 Engineering, and other parties | General contract for Guangzhou Urban Rail Transit Line 8 north extension project (Jiangfu~Memorial Hall) and simultaneous implementation of construction works | June 2023  | 776,385                     | 1,785 calendar days |
| 2                                 | China Railway Group, China Railway No. 2 Engineering, China Railway No. 8 Engineering   | General contract for the construction of Chengdu-Deyang Line of municipal (suburban) railway project   | May 2023   | 769,078                     | 1,373 calendar days |
| 3                                 | China Southern Railway Construction Investment, China Railway No. 4 Engineering, China Railway No. 7 Engineering, China Railway Tunnel  | Third Section of North Extension Access Project, Qiaocheng East Road , Shenzhen city   | April 2023   | 662,047                     | 63 months           |

(ii) Design and consulting

| No. | Signatory                              | Name of contract   | Date of winning the bidding/<br>contract signature | Contract sum<br>(RMB'0,000) | Construction period   |
|-----|--|--|--|-----------------------------|---|
| 1   | China Railway Major Bridge Engineering | Preliminary work and survey and design of the section from Shanghai Baoshan Station (inclusive) to the Suzhou-Anhui provincial boundary of the newly built Shanghai-Nanjing-Hefei High-speed Railway project | January 2023                                       | 45,023                      | Until both parties have fulfilled their responsibilities under the contract |
| 2   | China Railway Consulting               | Preliminary work and survey and design of the section Zhangjiagang-Suzhou-Zhejiang provincial boundary of the newly built Nantong-Ningbo High-speed Railway project  | May 2023   | 39,300                      | To 30 November 2028   |
| 3   | China Railway Consulting               | Survey and design of Jingbian-Shenmu Railway double-track project  | February 2023                                      | 10,717                      | Within 30 days after one year of completion and acceptance                  |

(iii) Engineering manufacturing

| No.                     | Signatory | Name of contract   | Date of winning the bidding/<br>contract signature | Contract sum<br>(RMB'0,000) | Construction period   |
|-------------------------|-----------|--|--|-----------------------------|---|
| <b>Steel structures</b> |           |  |  |                             |   |
| 1                       | CRHIC     | Manufacturing and installation of steel girders for Jiujiang-Nanchang section CJZQ-6 of the newly built Beijing-Hong Kong High-speed Railway   | May 2023   | 33,904                      | 10 May 2023-10 January 2024                                       |
| 2                       | CRHIC     | Construction contract for steel box girder processing and ancillary processing, manufacturing and installation for the sub-management division II of civil construction of Pingnan-Cenxi Highway | March 2023   | 26,739                      | 641 calendar days from the date of Party B's actual entry on site |
| 3                       | CRHIC     | Contract agreement for professional subcontracting of steel structure fabrication and installation of bridge on the south bank of Qinyang-Yichuan Highway QYTJ-2 section project                 | June 2023  | 25,921                      | 15 June 2023-24 February 2025                                     |

| No.  | Signatory | Name of contract   | Date of winning the bidding/<br>contract signature | Contract sum<br>(RMB'0,000) | Construction period                             |
|--|-----------|--|--|-----------------------------|---|
| <b>Turnout</b>   |           |  |  |                             |   |
| 1  | CRHIC     | Hangzhou-Wenzhou Railway product purchase contract   | January 2023                                       | 33,800                      | As required by the customer                     |
| 2  | CRHIC     | Procurement contract of customer-supplied materials for the management of State Railway Group for the newly built Shanghai-Nanjing-Hefei High-speed Railway Nanjing Hub (Jiangbei Area) and Nantong area project | April 2023   | 11,230                      | From June 2023 to the completion of the project |
| 3  | CRHIC     | Purchase and sale contract for turnout products and fasteners (Shanghai Airport Line China Railway Longchang Fasteners and Yongkang South Station Project)   | April 2023   | 10,975                      | Supply according to construction progress       |
| <b>Engineering machinery (including track equipment and shields)</b> |           |  |  |                             |   |
| 1  | CRHIC     | Shield machine procurement contract  | June 2023  | 22,500                      | One month after contract signing                |
| 2  | CRHIC     | Procurement of a shield with 14.29m earth pressure-TBM dual mode   | February 2023                                      | 21,800                      | 1 February 2024                                 |
| 3  | CRHIC     | Procurement contract of $\phi$ 14.33m mud-water balanced shield machine for SSSG-6 section of Shenzhen-Shenshan Cooperation Zone Railway   | June 2023  | 19,500                      | 15 August 2023                                  |

(iv) Property development business

**Land purchases**

| No. | Project name  | Project location | Project type                 | Planned area<br>(0'000 square meters) |
|-----|---|------------------|------------------------------|---------------------------------------|
| 1   | Plot 167-02, Tianlin Subdistrict, Xuhui District, Shanghai  | Shanghai         | Residential                  | 3.73                                  |
| 2   | Plot DX04-0102-6005 & 6007, Block A, Lot 1, Xihongmen Town, Daxing District   | Beijing          | Residential                  | 14.45                                 |
| 3   | Resettlement house, phase I, renovation of urban villages, Jinsheng Village, Shihudang Town, Songjiang District, Shanghai | Shanghai         | Renovation of urban villages | /                                     |

**Property held for development**

*Unit: 10,000 m<sup>2</sup>*

| Name of building or project                   | Address  | Current land use  | Area   | Floor area | State of completion | Expected completion date | Interests of the Company and its subsidiaries |
|---|--|---|--------|------------|---------------------|--------------------------|---|
| China Railway Caishi Project                  | South of Jingshidong Road, north of Guangfu Avenue and west of Panlong Road, Licheng District, Jinan City, Shandong Province | Commercial housing land, commercial land  | 58.81  | 106.58     | Under construction  | 2027                     | 100%  |
| Guangzhou Nuode Cloud City                    | North of Jiangfu Road and west of Guanghua Road, Jianggao Town, Baiyun District, Guangzhou City, Guangdong Province          | Urban residential land  | 11.7   | 35         | Under construction  | 2024                     | 80%   |
| Yipin Garden                                  | Lane 1758, Huqingping Highway, Xujing Town, Qingpu District, Shanghai  | Ordinary commercial housing   | 6.04   | 15.4       | Under construction  | 2024                     | 100%  |
| Beijing Daxing District Huangcun Town Project | Huangcun Town, Daxing District, Beijing  | Public service facilities, underground garage, underground storage, residential, commercial | 4.64   | 19.79      | Under construction  | 2024                     | 100%  |
| China Railway Changchun Expo City             | No.6888 Yongchun Street, Yongchun Town, Chaoyang District, Changchun City, Jilin Province                                    | Urban residential land, other land for commercial use, land for cultural facilities         | 232.71 | 447.16     | Under construction  | 2032                     | 90%   |

## Property held for investment

| Name   | Location  | Use        | Tenure        | Interests of the Company and its subsidiaries |
|--|---|------------|---------------|---|
| Beijing Nuode Center Phase III Building S1, S2, 16 and 19  | No. 1 South Yuren Road, Fengtai District, Beijing   | Commercial | November 2054 | 100%  |
| Tianjin Nuode Center No. 1 Building, No. 2 Building and equipped facilities                          | No. 50 Lvwei Road, Hebei District, Tianjin  | Commercial | January 2054  | 100%  |
| Guiyang Huaguoyuan Shopping Center   | Huaguoyuan, Nanming District, Guiyang City, Guizhou Province  | Commercial | April 2052    | 100%  |
| Guangzhou Nuode Center   | No. 477 East Hanxi Avenue, Nancun Town, Panyu District, Guangzhou City, Guangdong                       | Commercial | May 2053      | 100%  |
| Lot AT090904, Starting Area, Financial City, Tianhe District   | Lot AT090904, Starting Area, Financial City, Huangpu Avenue, Tianhe District, Guangzhou City, Guangdong | Commercial | December 2068 | 100%  |
| Chengdu Nuode No. 1  | Intersection of Guangxi Road and Huanhu Road, Shuangliu District, Chengdu City, Sichuan                 | Commercial | January 2065  | 100%  |
| Shanghai Nuode International Plaza   | 3/5 Block, 219 Lane, Xinzhuang Town, Minhang District, Shanghai   | Commercial | March 2064    | 100%  |
| China Railway Real Estate Qingdao Center   | No. 8 Hong Kong Middle Road, South City District, Qingdao, Shandong                                     | Commercial | July 2046     | 100%  |
| Reeda Plaza  | No. 46 South Shengli Road, Heping District, Shenyang, Liaoning  | Commercial | April 2051    | 100%  |
| Neighborhood No. 564, Rental Housing, Taopu Town, Putuo District (Lots 50-07 and 51-09, Unit W12301) | Blocks 3 and 5, Neighborhood No. 564, Taopu Town, Putuo District, Shanghai                              | Commercial | January 2090  | 100%  |

(v) Emerging businesses

| No.                                     | Signatory  | Name of contract   | Date of winning the bidding/<br>contract signature | Contract sum<br>(RMB'0,000) | Construction period                   |
|---|--|--|--|-----------------------------|---------------------------------------|
| <b>Water conservancy and hydropower</b> |  |  |  |                             |                                       |
| 1                                       | China Railway No. 4 Engineering, China Railway No. 5 Engineering, China Railway Tunnel | Sections A5 & A6 of Guangdong water resources allocation project in the North Gulf Rim   | February 2023                                      | 418,477                     | March 2023-<br>August 2030            |
| 2                                       | China Railway No. 5 Engineering  | Engineering, Procurement, Construction (EPC) of Tongguzibulong reservoir project in Keping County, Aksu Region, Xinjiang   | January 2023                                       | 78,000                      | 28 February 2023-<br>30 December 2025 |
| 3                                       | China Railway No. 5 Engineering  | General contract for design and construction of the integrated urban and rural water supply construction project in Cangyuan Wa Autonomous County, Yunnan Province | May 2023   | 68,674                      | 1,095 calendar days                   |
| <b>Ecological protection</b>            |  |  |  |                             |                                       |
| 1                                       | China Railway No. 4 Engineering  | Section I of EPC contract project (construction) of initial stormwater management and rainwater resource utilization of Dezhou City Center                         | March 2023   | 141,748                     | 730 calendar days                     |
| 2                                       | China Railway Guangzhou  | Section I of general contract project of pipeline network and supporting municipal infrastructure of Baoding City (Lianchi District)                               | May 2023   | 117,730                     | 31 October 2024                       |
| 3                                       | China Railway No. 4 Engineering  | Phase I ancillary outlet trunk pipe project of Shibu Water Treatment Plant   | May 2023   | 87,693                      | 1,095 calendar days                   |

| No.                 | Signatory                              | Name of contract  | Date of winning the bidding/<br>contract signature | Contract sum<br>(RMB'0,000) | Construction period |
|---------------------|--|---|--|-----------------------------|---------------------|
| <b>Clean energy</b> |  |   |  |                             |                     |
| 1                   | China Railway Major Bridge Engineering | General contract of design and construction for Phase II Project of Zhangpu Liuaao Offshore Wind Farm | February 2023                                      | 283,368                     | 884 calendar days   |
| 2                   | China Railway Beijing                  | EPC contract for Shangsi Hongsheng Wind Farm Project  | May 2023   | 166,717                     | 730 calendar days   |
| 3                   | China Railway No. 10 Engineering       | EPC contract for Hehui Dashiqiao 200MW Wind Power Project   | May 2023   | 135,400                     | 470 calendar days   |

*5.14.2 Material infrastructure investment projects (BOT and PPP projects) signed during the reporting period*

| No. | Name of Contract   | Signatory  | Contract sum<br>(RMB<br>100 million) | Shareholding of the<br>project company      | Signing date | Construction<br>period<br>(year(s)) | Concession<br>period<br>(year(s)) |
|-----|--|--|--------------------------------------|---|--------------|-------------------------------------|-----------------------------------|
| 1   | Contract of PPP project of the newly built Ningbo-Zhoushan Railway | China Railway (Shanghai) Investment Group Co., Ltd. and other parties (project companies) (“China Railway (Shanghai) Party”) | 269.89                               | China Railway (Shanghai) Party holds 24.14% | January 2023 | 6                                   | 30                                |

*5.14.3 Investment projects (BOT and PPP projects) that were operating during the reporting period*

| No. | Name of Contract   | Signatory                                     | Contract sum<br>(RMB<br>100 million) | Signing date     | Time of entering<br>the operation<br>period | Operation<br>period<br>(year(s)) |
|-----|--|---|--------------------------------------|------------------|---|----------------------------------|
| 1   | Lianyungang-Horgos Erenhot-Guangzhou Highway Link (Xin'an-Yichuan Highway) project                     | China Railway Group Limited and other parties | 205.4                                | 1 June 2019      | 26 December 2022                            | 40                               |
| 2   | PPP project of west section of Yibin Urban Transit Highway and Yibin-Yiliang Highway (Sichuan section) | China Railway Group Limited and other parties | 205.4                                | 26 March 2019    | 19 August 2022                              | 30                               |
| 3   | PPP project of Phase I Urban Rail Transit Line 1 of Hohhot City  | China Railway Group Limited and other parties | 139.8                                | 3 September 2016 | 29 December 2019                            | 25                               |

*5.14.4 Strategic framework agreements signed during the reporting period*

| No. | Signing date | Agreement name   | Main contents of the Agreement   |
|-----|--------------|--|--|
| 1   | March 2023   | Strategic Cooperation Agreement between the People's Government of Wanzhou District, Chongqing and China Railway Group Limited | According to the overall urban planning, mid- and long-term development planning, key areas for urban value enhancement and recent construction tasks of Wanzhou District, to carry out in-depth cooperation in projects including but not limited to highways, ports and terminals, urban construction, urban renewal, water conservancy, ecological and environmental protection, industrial parks, education and healthcare infrastructures, cultural, tourism, recreational and cultural rejuvenation and rural revitalization in the premise of compliance with law and regulations |
| 2   | March 2023   | Strategic Cooperation Agreement between China Forestry Group Corporation and China Railway Group Limited                       | Cooperation in the fields of "dual carbon", construction of national reserve forests, construction of industrial infrastructure, development of eco-tourism resources, realization of the value of ecological products, and biomass energy   |

| No. | Signing date | Agreement name   | Main contents of the Agreement   |
|-----|--------------|--|--|
| 3   | March 2023   | Strategic Cooperation Agreement between State Development & Investment Corporation and China Railway Group Limited | To carry out comprehensive and in-depth strategic cooperation in various aspects such as power industry, transportation, ecological and environmental protection, health and pension, new materials, financial and monetary affairs, human resources and offshore projects, etc., so as to form a strategic partnership of win-win cooperation |

## 5.15 Environmental and Social Responsibilities

### *5.15.1 Description of environmental protection efforts of the highly polluting companies and their principal subsidiaries as announced by the environmental protection authorities*

Not applicable

### *5.15.2 Description of environmental protection efforts of companies other than highly polluting companies*

#### (i) Administrative penalties due to environmental issues

In the first half of 2023, due to the illegal land seizure and failure to strictly implement measures to control the sewage discharge and dust generation in certain construction projects during construction, the Company's subsidiaries were subject to administrative penalties by local environmental protection regulatory authorities. The penalty totalled approximately RMB1.3059 million and involved 6 construction project departments. At present, all the penalties have been rectified in accordance with the requirements of the local government. The Company will further strengthen the Company's ecological and environmental protection. By identifying and evaluating the environmental factors of projects under construction and workplaces, the Company will strengthen the control over the risk sources and emissions of ecological and environmental pollution during production, to effectively protect and improve the living and ecological environment.

#### (ii) Disclosure of other environmental information with reference to highly polluting companies

Not applicable

#### (iii) Reasons for not disclosing other environmental information

Not applicable

### *5.15.3 Description of follow-up progress or changes in the disclosure of environmental information during the reporting period*

Not applicable

#### *5.15.4 Information on ecological protection, pollution prevention and fulfillment of environmental responsibilities*

The Company strictly abode by the Environmental Protection Law of the People's Republic of China and the Law on Energy Conservation of the People's Republic of China. Guided by Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, the Company thoroughly implemented Xi Jinping Thought on Ecological Civilization and the "3060" dual-carbon goal. That means adhering to the concept of "lucid waters and lush mountains are invaluable assets" by basing itself on the new development stage, implementing the new development concept, and building a new development landscape in order to solidly promote the construction of ecological civilization. In addition, focusing on the strategic positioning of "China Railway with five characteristics in the new era, the "123456" development strategy, and the "four strong capabilities and five excellent aspects" and "world-class" strategic objectives, the Company strove to overcome the challenges of carbon peak and carbon neutrality. To that end, the Company, by integrating the concept of green development into all aspects and the whole process of the development of China Railway, improved the risk prevention and emergency response to pollution with energy-saving technological innovation as the support and ecological environmental protection as the starting point. The Company unswervingly took the high-quality development path featuring ecological priority, green and low-carbon, for the sake of improving its green construction. In order to improve its supervision and management of ecological and environmental protection, the Company revised the Provisions on Supervision and Management of Energy Conservation and Ecological and Environmental Protection of China Railway, issued the Work Plan for Special Supervision and Inspection of Ecological and Environmental Protection of China Railway, and organized special supervision and inspection of ecological and environmental protection. Based on systematic environmental management, the Company obtained ISO14001 environmental management system certification issued by China Certification Center Co., Ltd.

The main energy consumed by the Company is electricity, gasoline, diesel fuel and natural gas used in the construction and office processes. The Company has been promoting energy saving and efficiency enhancement solidly. In accordance with the provisions of the Regulations on the Supervision and Management of Energy Saving and Emission Reduction and the "14th Five-Year Plan" for Energy Conservation and Emission Reduction, the Company has issued the Quantitative Indicators of Energy Saving and Ecological Environment Protection for 2023. In the first half of 2023, the comprehensive energy consumption (comparable price) per ten-thousand yuan of operating income of the Company was 0.041 ton of standard coal/RMB10,000, 3.3% lower than the same period last year; and the emissions of CO<sub>2</sub> per ten-thousand yuan were 0.1429 ton/RMB10,000, 3.5% lower than the same period last year. The following table shows the specific energy consumption.

## Key Performance Indicators for Energy and Resource Consumption

| Type of energy/resource       | Indicator  | First half of 2023 | Increase/Decrease as compared to the same period (%) |
|-------------------------------|--|--------------------|--|
| Direct energy consumption     | Gasoline (10,000 tons)   | 23.07              | 1.75   |
|                               | Diesel (10,000 tons)   | 86.21              | 0.7868   |
|                               | Natural gas (10,000 cubic meters)                              | 2,250              | 1.35   |
| Indirect energy consumption   | Electricity (10,000 kWh)                                       | 519,650            | 0.3573   |
| Integrated energy consumption | Integrated energy consumption (10,000 tons of standard coal)   | 232.2              | 1.25   |
|                               | Integrated energy consumption (ton of standard coal/RMB10,000) | 0.0410             | -3.3   |
|                               | Integrated energy consumption (10,000 kWh)                     | 1,889,341          | 1.25   |
|                               | Integrated energy consumption (kWh/income of RMB10,000)        | 333.9              | -3.29  |
| Water                         | Total new water consumption (10,000 tons)                      | 13,232.56          | -0.0076  |

*Note: Based on business characteristic of the Company, it is not applicable to calculate energy consumption density using unit of production (UOP) or per facility. Therefore, the Company adopts comprehensive energy consumption (comparable price) per RMB10,000 operating income to calculate and disclose energy consumption density.*

#### *5.15.5 Measures taken to reduce carbon emissions during the reporting period and their effects*

The Company attached great importance to energy conservation and environmental protection and implemented thoroughly Xi Jinping's thought on ecological civilization, and the major decisions of the CPC Central Committee and the State Council on energy conservation and environmental protection. Focusing on the requirements of SASAC for energy conservation and environmental protection, the Company effectively fulfilled the main responsibility of energy conservation and environmental protection as a central enterprise, promoted the green sustainable development of the enterprise, and made every effort in advancing ecological environmental protection and energy conservation. **First, the Company has developed special programs to clarify the carbon peaking targets.** In accordance with the requirements of SASAC, the Company prepared the China Railway Carbon Peaking Action Plan, which clarifies the overall requirements of China Railway Carbon Peaking Action, describes the current situation of carbon emission of China Railway, and specifies the time and measures for peaking of carbon emission in four sectors, namely, design and consulting, equipment manufacturing, and assets operation. **Second, the Company will ensure the effective operation of the statistical monitoring system for energy conservation and ecological and environmental protection.** The Company attaches great importance to energy conservation and ecological and environmental protection system construction. We have developed the energy conservation and ecological environment protection system of China Railway based on the new energy conservation and emission reduction system standards for central enterprises issued by the SACAC. At present, online filling has become the norm. The Company will pay close attention to the subsequent requirements of the SACAC for energy conservation and environmental protection of central enterprises during the 14th Five-Year Plan period, consolidate and improve the statistical monitoring system, and ensure effective statistics of energy conservation and environmental protection data. **Third, the Company will promote green development by building low-carbon environmental protection projects.** The Company will drive the green development of high-quality infrastructure construction in terms of saving energy resources, protecting the ecological environment and promoting green construction technologies. In the survey and design stage, the Company will strengthen the ecological and environmental protection of line siting, and implement measures for ecological protection and soil and water conservation according to law. In the construction process, the Company will enhance the efficiency of the integrated use of energy and the utilization of clean energy and renewable energy, promote the recovery and recycling of construction materials and waste materials, and facilitate the resource utilization of construction slag, sludge and sewage. Moreover, the Company will fully implement ecological environment restoration, geo-environmental management and restoration and land reclamation, and promote the ecological greening along the railroad line, and the construction of a green railroad corridor.

## Key Performance Indicators for Emissions and Waste

| Indicator  | First half<br>of 2023 | Increase/Decrease<br>as compared to<br>the same period<br>(%) |
|--|-----------------------|---|
| Total carbon dioxide emissions (10,000 tons)                     | <b>808.28</b>         | 0.85  |
| CO <sub>2</sub> emission intensity (tons/RMB10,000)              | <b>0.1429</b>         | -3.5  |
| NO <sub>x</sub> emissions (tons)                                 | <b>4.774</b>          | 2.287   |
| Smoke (powder) dust emissions (tons)                             | <b>31.9535</b>        | 965   |
| SO <sub>2</sub> (tons)   | <b>2.146</b>          | /   |
| Total hazardous wastes (tons)                                    | <b>693.063</b>        | 171.79  |
| Discharge of hazardous waste per RMB10,000<br>(kg/RMB10,000)     | <b>0.012</b>          | 166.67  |
| Total non-hazardous waste (10,000 tons)                          | <b>245</b>            | 4.25  |
| Discharge of non-hazardous waste per<br>RMB10,000 (kg/RMB10,000) | <b>41.3</b>           | -6.13   |

### Notes:

- The Company is a central construction enterprise under SASAC, and its CO<sub>2</sub> emissions are indirect greenhouse gas emissions.*
- The emissions of nitrogen oxides, sulfur dioxide, smoke (powder) dust and volatile organic compounds are calculated according to the pollutant discharge permit.*
- In the first half of 2023, China Railway's industrial segment added China Railway Baoji Bridge (Zhoushan) Co., Ltd. (中鐵寶橋(舟山)有限公司) and the processing workshop of Zhengzhou Industrial Park of CREG, with the operating income of the industrial segment rising further, and the licensed pollutant discharge data increased to certain extent. The industrial enterprises strictly complied with the local requirements of discharge, with the key performance indicators of the discharges and wastes in line with the requirements of the environmental impact assessment report and the licensed discharge.*
- Due to rounding, the numbers of individual items may differ slightly from the total.*

### *5.15.6 Details of consolidating the results of poverty alleviation and rural revitalization*

In the first half of 2023, China Railway deeply implemented the new requirements and deployments of the CPC Central Committee, the State Council and the SASAC on the strategy of consolidating poverty alleviation results and effectively linking poverty alleviation with rural revitalization. On the basis of summarizing the results and experiences of the previous targeted assistance, China Railway continued to carry forward its pioneering spirit by focusing on the revitalization of the five aspects of “industry, organization, talents, ecology, and culture”. That means improving the mechanism of targeted assistance and improving the policy system. All these efforts will make further contribution to the promotion of rural revitalization strategy, the realization of common prosperity, and the construction of a modernized socialist country.

**First, raising the political status and strengthening organizational leadership.** China Railway held a meeting of the leadership team members to comprehensively implement the spirit of the important instructions of General Secretary Xi Jinping and thoroughly study the Guidelines on the Key Work of Comprehensively Promoting Rural Revitalization in 2023, the Key Points of the Central Enterprises Helping Rural Revitalization in 2023, and other documents. We developed Plan for the Use of Funds for Targeted Assistance and Key Assistance Projects in 2023, in order to ensure that targeted assistance work for the year is organized efficiently and implemented accurately.

**Second, completing the work handover of cadres efficiently to continue the assistance.** In accordance with the relevant requirements of the Organization Department of the CPC Central Committee and SASAC on the management of temporary cadres, a new batch of 6 excellent young cadres were selected from the units of China Railway and sent to the three counties for succeeding the targeted assistance of temporary cadres at the expiration of the term. Both new and old temporary cadres, with a high sense of responsibility and mission, and adhering to the spirit of accomplishing tasks one after another, completed the work handover in a timely manner, summarized the work of the previous period, and planned the future tasks and objectives.

**Third, focusing on industrial support and injecting development momentum.** Based on local resource endowment, we supported the development of local characteristic industries, including the planting industry of Gangmei medicinal herbs in Guidong County; the branding, scaling and industrialization development of white wool tea of Rucheng County; and the second photovoltaic power station project in Baode County. In addition, we funded the construction of the second phase of the reconstruction and extension project for Naitong Village Primary School in Yoba Town, Karuo District, and the new central health center project in Tuoba Town, Karuo District, in an effort to create a symbol project of China Railway’s targeted support. The relevant funds have been allocated in a timely manner.

**Fourth, targeting harmonious and beautiful countryside villages to improve the living environment in rural areas.** We worked on the construction of livable, work-friendly and beautiful villages. By virtue of the previous work results, we carried out in-depth rural construction and rural habitat improvement action. Leveraging on assistance funds that makes greater local financial support available, coupled with the advantages of the local red tourism, we promoted the synchronous improvement of characteristic agriculture, living environment, and public welfare infrastructure, with an aim to jointly build a provincial-level model village of rural revitalization.

**Fifth, strengthening research and studies to promote revitalization in depth.** We carried out the spirit of investigation and research of the CPC Central Committee. To that end, we organized special research groups consisting of Company leaders, department heads at headquarters and internal and external experts to conduct work research in targeted regions of support and assistance for many times. In this way, we gained a deeper understanding of the effectiveness of the industrial assistance, explored the possibilities of further business cooperation, and developed more than 10 high-quality research reports.

**Sixth, deepening Party building and revitalizing organizational strength.** We continued to work on joint building activities between China Railway and Rucheng grass-roots Party organizations, transmitted the story of “Half a Quilt” in Rucheng County into China Railway, and organized a delegation to visit China Railway Guangzhou and China Railway No.5 Engineering to spread the red culture. That is how more enterprise workers deeply understood the original desire and mission of communists, and how the entrepreneurial enthusiasm of officers got stimulated. We invested RMB150,000 in Guidong County to support grass-roots villagers, strengthen grass-roots village organizations, sympathize with Party members and people in need, and thus to build a strong grass-roots fighting fortress.

#### **5.16 Compliance with Corporate Governance Code**

During the six months ended 30 June 2023, the Company had complied with all code provisions set out in Part II, Appendix 14 to the Hong Kong Listing Rules.

#### **5.17 Review of Interim Financial Report**

The 2023 interim financial statements for the six months ended 30 June 2023 of the Company prepared in accordance with CAS and the 2023 interim condensed financial information prepared in accordance with IAS 34 (collectively referred as “**2023 Interim Financial Report**”) have not been audited. The 2023 Interim Financial Report has been reviewed by the Board of Directors and the Audit and Risk Management Committee under the Board of Directors of the Company.

#### **5.18 Event after the Reporting Period**

On 12 July 2023, the Company issued the Science and Technology Innovation Renewable Bonds with an aggregate principal amount of RMB3.5 billion. Pursuant to the terms and conditions of the Renewable Bonds, these Renewable Bonds bear the initial interest rate of 3.39% per annum.

On 24 July 2023, the Company issued the Science and Technology Innovation Renewable Corporate Bonds with an aggregate principal amount of RMB3.0 billion. Pursuant to the terms and conditions of the Renewable Bonds, these Renewable Bonds bear the initial interest rate of 2.95% per annum (category one) and 3.30% per annum (category two).

On 11 August 2023, the Company issued the Science and Technology Innovation Renewable Corporate Bonds with an aggregate principal amount of RMB3.5 billion. Pursuant to the terms and conditions of the Renewable Bonds, these Renewable Bonds bear the initial interest rate of 2.94% per annum (category one) and 3.30% per annum (category two).

On 25 August 2023, the Company issued the Science and Technology Innovation Renewable Corporate Bonds with an aggregate principal amount of RMB3.0 billion. Pursuant to the terms and conditions of the Renewable Bonds, these Renewable Bonds bear the initial interest rate of 2.88% per annum (category one) and 3.19% per annum (category two).

## 6 FINANCIAL REPORT

### INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

|   | Note | Unaudited               |             |
|---|------|-------------------------|-------------|
|   |      | Six month ended 30 June |             |
|   |      | 2023                    | 2022        |
|   |      | RMB million             | RMB million |
|   |      |                         | (Restated)  |
| Revenue   | 5    | 590,766                 | 560,587     |
| Cost of sales and services  |      | (539,860)               | (514,037)   |
| <b>Gross profit</b>   |      | <b>50,906</b>           | 46,550      |
| Other income  | 6    | 1,525                   | 1,494       |
| Other expenses  | 6    | (384)                   | (287)       |
| Net impairment losses on financial assets<br>and contract assets  | 7    | (1,855)                 | (1,413)     |
| Other gains, net  | 8    | 426                     | 735         |
| Losses from derecognition of financial assets<br>at amortised cost  | 9    | (1,476)                 | (1,592)     |
| Selling and marketing expenses  |      | (3,066)                 | (2,706)     |
| Administrative expenses   |      | (13,130)                | (12,226)    |
| Research and development expenditures   |      | (10,291)                | (8,980)     |
| <b>Operating profit</b>   |      | <b>22,655</b>           | 21,575      |
| Finance income  |      | 4,303                   | 2,956       |
| Finance costs   |      | (5,535)                 | (4,121)     |
| Share of post-tax losses of joint ventures  |      | (638)                   | (564)       |
| Share of post-tax profits of associates   |      | 2,187                   | 2,051       |
| <b>Profit before income tax</b>   |      | <b>22,972</b>           | 21,897      |
| Income tax expense  | 10   | (4,708)                 | (5,089)     |
| <b>Profit for the period</b>  |      | <b>18,264</b>           | 16,808      |
| <b>Profit attributable to:</b>  |      |                         |             |
| – Owners of the Company   |      | 16,239                  | 15,115      |
| – Non-controlling interests   |      | 2,025                   | 1,693       |
|   |      | <b>18,264</b>           | 16,808      |
| <b>Earnings per share for profit attributable<br/>to owners of the Company<br/>(expressed in RMB per share)</b> |      |                         |             |
| – Basic   | 12   | 0.605                   | 0.551       |
| – Diluted   | 12   | 0.605                   | 0.551       |

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

|   | Unaudited               |                                  |
|---|-------------------------|----------------------------------|
|   | Six month ended 30 June |                                  |
| <i>Note</i>   | 2023                    | 2022                             |
|   | <i>RMB million</i>      | <i>RMB million</i><br>(Restated) |
| <b>Profit for the period</b>  | <b>18,264</b>           | 16,808                           |
| <b>Other comprehensive expenses,<br/>net of income tax</b>  |                         |                                  |
| <i>Items that will not be reclassified to profit or loss:</i>   |                         |                                  |
| Remeasurement of retirement and other supplemental<br>benefit obligations   | (32)                    | –                                |
| Income tax relating to remeasurement of retirement<br>and other supplemental benefit obligations                              | 5                       | –                                |
| Changes in the fair value of equity investments at<br>fair value through other comprehensive income                           | (110)                   | (27)                             |
| Income tax relating to changes in the fair value of<br>equity investments at fair value through other<br>comprehensive income | 25                      | 4                                |
|   | <u>(112)</u>            | <u>(23)</u>                      |
| <i>Items that may be reclassified subsequently<br/>to profit or loss:</i>   |                         |                                  |
| Exchange differences on translating foreign operations  | 67                      | 35                               |
| Share of other comprehensive income of associates   | 427                     | 368                              |
|   | <u>494</u>              | <u>403</u>                       |
| Other comprehensive income for the period, net of tax   | <u>382</u>              | <u>380</u>                       |
| <b>Total comprehensive income for the period</b>  | <b><u>18,646</u></b>    | <b><u>17,188</u></b>             |
| <b>Total comprehensive income for the period<br/>attributable to:</b>   |                         |                                  |
| – Owners of the Company   | 16,581                  | 15,460                           |
| – Non-controlling interests   | 2,065                   | 1,728                            |
|   | <u>18,646</u>           | <u>17,188</u>                    |

## INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

|  | <i>Note</i> | <b>Unaudited<br/>30 June<br/>2023<br/>RMB million</b> | <b>Audited<br/>31 December<br/>2022<br/>RMB million<br/>(Restated)</b> |
|--|-------------|---|--|
| <b>ASSETS</b>  |             |   |  |
| <b>Non-current assets</b>  |             |   |  |
| Property, plant and equipment  |             | 122,514   | 118,250  |
| Right-of-use assets  |             | 13,814  | 14,603   |
| Deposits for acquisition of property,<br>plant and equipment         |             | 4,378   | 1,918  |
| Investment properties  |             | 15,170  | 15,224   |
| Intangible assets  |             | 168,642   | 155,137  |
| Mining assets  |             | 3,270   | 3,376  |
| Contract assets  |             | 219,988   | 203,132  |
| Investments in joint ventures  |             | 56,666  | 55,122   |
| Investments in associates  |             | 58,890  | 54,611   |
| Goodwill   |             | 1,803   | 1,771  |
| Financial assets at fair value through other<br>comprehensive income |             | 16,041  | 14,945   |
| Other financial assets at amortised cost                             |             | 23,967  | 19,139   |
| Financial assets at fair value through profit or loss                |             | 15,944  | 13,543   |
| Deferred tax assets  |             | 12,637  | 12,225   |
| Other prepayments  |             | 971   | 1,065  |
| Trade and other receivables  | 13          | 29,478  | 30,508   |
|  |             | <u>764,173</u>  | <u>714,569</u>   |
| <b>Current assets</b>  |             |   |  |
| Properties held for sale   |             | 51,402  | 56,979   |
| Properties under development for sale                                |             | 117,326   | 101,694  |
| Inventories  |             | 59,258  | 49,198   |
| Financial assets at fair value through<br>other comprehensive income |             | 718   | 766  |
| Trade and other receivables  | 13          | 291,715   | 252,672  |
| Contract assets  |             | 189,125   | 169,735  |
| Current income tax recoverable                                       |             | 5,024   | 3,849  |
| Other financial assets at amortised cost                             |             | 8,288   | 14,777   |
| Financial assets at fair value through profit or loss                |             | 7,622   | 10,312   |
| Restricted cash and term deposit with maturity<br>over three months  |             | 34,265  | 33,597   |
| Cash and cash equivalents  |             | 173,817   | 204,987  |
|  |             | <u>938,560</u>  | <u>898,566</u>   |
| <b>Total assets</b>  |             | <u><u>1,702,733</u></u>                               | <u><u>1,613,135</u></u>  |

|  | <i>Note</i> | <b>Unaudited<br/>30 June<br/>2023<br/>RMB million</b> | Audited<br>31 December<br>2022<br>RMB million<br>(Restated) |
|--|-------------|---|---|
| <b>EQUITY</b>  |             |   |   |
| <b>Equity attributable to owners of the Company</b>        |             |   |   |
| Share capital  |             | 24,752  | 24,752  |
| Shares held for 2021 Restricted Share Incentive Scheme     |             | (576)   | (612)   |
| Share premium and reserves                                 |             | 241,734   | 231,296   |
| Perpetual notes  |             | 39,765  | 45,621  |
|  |             | <u>305,675</u>  | <u>301,057</u>  |
| Non-controlling interests                                  |             | 125,103   | 121,812   |
|  |             | <u>430,778</u>  | <u>422,869</u>  |
| <b>LIABILITIES</b>   |             |   |   |
| <b>Non-current liabilities</b>                             |             |   |   |
| Trade and other payables                                   | 14          | 23,889  | 26,288  |
| Borrowings   |             | 310,946   | 282,508   |
| Lease liabilities  |             | 1,117   | 1,139   |
| Retirement and other supplemental benefit obligations      |             | 2,038   | 2,050   |
| Provisions   |             | 678   | 578   |
| Deferred government grants and income                      |             | 1,023   | 1,152   |
| Deferred tax liabilities                                   |             | 3,270   | 3,176   |
|  |             | <u>342,961</u>  | <u>316,891</u>  |
| <b>Current liabilities</b>                                 |             |   |   |
| Trade and other payables                                   | 14          | 646,319   | 617,305   |
| Contract liabilities                                       |             | 146,215   | 136,937   |
| Current income tax liabilities                             |             | 7,666   | 8,663   |
| Borrowings   |             | 128,180   | 109,734   |
| Lease liabilities  |             | 256   | 343   |
| Retirement and other supplemental benefit obligations      |             | 181   | 275   |
| Financial liabilities at fair value through profit or loss |             | 158   | 96  |
| Provision  |             | 19  | 22  |
|  |             | <u>928,994</u>  | <u>873,375</u>  |
| <b>Total liabilities</b>                                   |             | <u>1,271,955</u>                                      | <u>1,190,266</u>  |
| <b>Total equity and liabilities</b>                        |             | <u>1,702,733</u>                                      | <u>1,613,135</u>  |

Notes:

## 1. GENERAL INFORMATION

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

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

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

The condensed consolidated interim financial information was approved for issue on 30 August 2023.

This condensed consolidated interim financial information is presented in Renminbi (“**RMB**”), unless otherwise stated.

## 2. BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 June 2023 has been prepared in accordance with International Accounting Standard (“**IAS**”) 34, “Interim Financial Reporting”. The condensed consolidated interim financial information should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2022, which have been prepared in accordance with International Financial Reporting Standards (“**IFRS**”).

## 3. ACCOUNTING POLICIES

Except as described below, the accounting policies applied are consistent with those of the annual consolidated financial statements for the year ended 31 December 2022, as described in the annual consolidated financial statements.

**(a) Amended standards adopted by the Group**

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

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

Except for the new standards as described in Note 4, the adoption of above did not have any material impact on the Group's results for the six months ended 30 June 2023 and the Group's financial position as at 30 June 2023 or result in any significant changes in the Group's accounting policies.

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

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

|   | <b>Effective for<br/>accounting periods<br/>beginning on or after</b> |
|---|---|
| Classification of Liabilities as current or non-current – Amendments to IAS 1   | 1 January 2024  |
| Non-current liabilities with covenants – Amendments to IAS 1  | 1 January 2024  |
| Lease liability in sale and leaseback – amendments to IFRS 16   | 1 January 2024  |
| Sale or contribution of assets between an investor and its associate or joint<br>venture – Amendments to IFRS 10 and IAS 28 | to be determined  |

The adoption of above new and amended standards will have no material impact on the Group's results and financial position.

#### 4. Changes in accounting policies

The amendments to IAS 12 Income Taxes require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. In preparing the financial information for the period ended 30 June 2023, the Group have chosen to adopt the accounting treatment provision, and adopted the retrospective adjustment method to adjust the opening balance of retained earnings in 2022 and other relevant line items in the financial statements. The comparatives for the period ended 30 June 2022 were restated, and the impacts are as follows:

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

| The nature and the reasons of the changes in accounting policies  | The line items affected     | The amounts affected<br>As at<br>1 January 2022<br><i>RMB million</i> |
|---|-----------------------------|---|
| Deferred tax liabilities and deferred tax assets are recognised by the Group for the equal taxable temporary differences and deductible temporary differences arising from lease transactions for which a lease liability is initially recognised and included in right-of-use assets at the lease commencement date. | Deferred tax assets         | 104   |
|   | Deferred tax liabilities    | 140   |
|   | Share premium and reserves  | (22)  |
|   | Non-controlling interests   | (14)  |
|   |                             | As at<br>31 December<br>2022<br><i>RMB million</i>                    |
|   | Deferred tax assets         | 116   |
|   | Deferred tax liabilities    | 157   |
|   | Share premium and reserves  | (25)  |
|   | Non-controlling interests   | (16)  |
|   |                             | Six months ended<br>30 June 2022<br><i>RMB million</i>                |
|   | Income tax expense          | 17  |
|   | Profit for the period       | (17)  |
|   | Profit attributable to:     |   |
|   | – Owners of the Company     | (11)  |
|   | – Non-controlling interests | (6)   |

#### 5. SEGMENT INFORMATION

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

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

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

- (b) Survey, design, consulting, research and development, feasibility study and compliance certification services with respect to infrastructure construction projects (“**Design and consulting**”);
- (c) Design, research and development, manufacture and sale of turnouts, bridge steel structures, and other railway related equipment, engineering equipment, component manufacturing and materials (“**Equipment manufacturing**”);
- (d) Development, sale and management of residential and commercial properties (“**Property development**”); and
- (e) Mining, financial business, operation of service concession arrangements, merchandise trading and other ancillary business (“**Other businesses**”).

Revenue between segments is carried out at actual transaction prices.

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

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

|   | Six months ended 30 June 2023 (Unaudited)     |   |   |  |                                    |                            | Total<br>RMB million |
|---|---|---|---|--|------------------------------------|----------------------------|----------------------|
|   | Infrastructure<br>construction<br>RMB million | Design and<br>consulting<br>RMB million | Equipment<br>manufacturing<br>RMB million | Property<br>development<br>RMB million | Other<br>businesses<br>RMB million | Elimination<br>RMB million |                      |
| External revenue  | 507,323                                       | 9,349                                   | 13,312                                    | 20,919                                 | 34,480                             | -                          | 585,383              |
| Inter-segment revenue   | 15,805  | 199                                     | 3,891                                     | -                                      | 18,196                             | (38,091)                   | -                    |
| Other revenue   | 2,517   | 74                                      | 316                                       | 268                                    | 2,208                              | -                          | 5,383                |
| Inter-segment other revenue   | 1,004   | -                                       | -   | -                                      | 147                                | (1,151)                    | -                    |
| <b>Segment revenue</b>  | <b>526,649</b>                                | <b>9,622</b>                            | <b>17,519</b>                             | <b>21,187</b>                          | <b>55,031</b>                      | <b>(39,242)</b>            | <b>590,766</b>       |
| <b>Segment results</b>  |   |   |   |  |                                    |                            |                      |
| Profit before tax   | 19,596  | 761                                     | 1,118                                     | (523)                                  | 3,772                              | (2,464)                    | 22,260               |
| Segment results included:   |   |   |   |  |                                    |                            |                      |
| Share of post-tax (losses)/<br>profits of joint ventures              | (568)   | (8)                                     | 6   | 24                                     | (92)                               | -                          | (638)                |
| Share of post-tax profits/<br>(losses) of associates                  | 425   | (2)                                     | 12  | 33                                     | 1,719                              | -                          | 2,187                |
| Interest income   | 1,192   | 49                                      | 41  | 101                                    | 3,373                              | (453)                      | 4,303                |
| Interest expenses   | (2,073)                                       | (70)                                    | (41)                                      | (783)                                  | (3,311)                            | 832                        | (5,446)              |
| Losses from derecognition of<br>financial assets at amortised<br>cost | (1,393)                                       | -                                       | -   | -                                      | (83)                               | -                          | (1,476)              |

|   | Six months ended 30 June 2022 (Unaudited)     |   |   |  |                                    |                            | Total<br>RMB million |
|---|---|---|---|--|------------------------------------|----------------------------|----------------------|
|   | Infrastructure<br>construction<br>RMB million | Design and<br>consulting<br>RMB million | Equipment<br>manufacturing<br>RMB million | Property<br>development<br>RMB million | Other<br>businesses<br>RMB million | Elimination<br>RMB million |                      |
| External revenue  | 483,701                                       | 8,705                                   | 12,756                                    | 23,447                                 | 28,180                             | –                          | 556,789              |
| Inter-segment revenue   | 10,169  | 440                                     | 3,686                                     | –                                      | 20,852                             | (35,147)                   | –                    |
| Other revenue   | 1,875   | 87                                      | 325                                       | 262                                    | 1,249                              | –                          | 3,798                |
| Inter-segment other revenue   | 163   | –                                       | –   | –                                      | 33                                 | (196)                      | –                    |
| <b>Segment revenue</b>  | <b>495,908</b>                                | <b>9,232</b>                            | <b>16,767</b>                             | <b>23,709</b>                          | <b>50,314</b>                      | <b>(35,343)</b>            | <b>560,587</b>       |
| <b>Segment results</b>  |   |   |   |  |                                    |                            |                      |
| Profit before tax   | 19,517  | 937                                     | 1,110                                     | (2,296)                                | 4,014                              | (2,259)                    | 21,023               |
| Segment results included:   |   |   |   |  |                                    |                            |                      |
| Share of post-tax losses of<br>joint ventures                         | (326)   | (8)                                     | (18)                                      | (41)                                   | (171)                              | –                          | (564)                |
| Share of post-tax profits/<br>(losses) of associates                  | 365   | (3)                                     | 16  | (23)                                   | 1,696                              | –                          | 2,051                |
| Interest income   | 719   | 39                                      | 49  | 65                                     | 2,445                              | (361)                      | 2,956                |
| Interest expenses   | (1,153)                                       | (17)                                    | (44)                                      | (687)                                  | (2,641)                            | 560                        | (3,982)              |
| Losses from derecognition of<br>financial assets at amortised<br>cost | (1,530)                                       | (3)                                     | –   | –                                      | (59)                               | –                          | (1,592)              |

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

|  | <b>Six months ended 30 June</b> |                    |
|--|---------------------------------|--------------------|
|  | <b>2023</b>                     | 2022               |
|  | <b>RMB million</b>              | <i>RMB million</i> |
|  | <b>(Unaudited)</b>              | (Unaudited)        |
| (i) Segment interest income, before inter-segment elimination  | <b>4,756</b>                    | 3,317              |
| Inter-segment elimination  | <b>(453)</b>                    | (361)              |
|  | <hr/>                           | <hr/>              |
| Total consolidated finance income, as reported   | <b>4,303</b>                    | 2,956              |
|  | <hr/> <hr/>                     | <hr/> <hr/>        |
| (ii) Segment interest expenses, before inter-segment elimination   | <b>6,278</b>                    | 4,542              |
| Inter-segment elimination  | <b>(832)</b>                    | (560)              |
|  | <hr/>                           | <hr/>              |
|  | <b>5,446</b>                    | 3,982              |
| Reconciling item:  |                                 |                    |
| Imputed interest expenses on retention payables  | <b>89</b>                       | 139                |
|  | <hr/>                           | <hr/>              |
| Total consolidated finance costs, as reported  | <b>5,535</b>                    | 4,121              |
|  | <hr/> <hr/>                     | <hr/> <hr/>        |
| (iii) Segment results, before inter-segment elimination  | <b>24,724</b>                   | 23,282             |
| Inter-segment elimination  | <b>(2,464)</b>                  | (2,259)            |
|  | <hr/>                           | <hr/>              |
|  | <b>22,260</b>                   | 21,023             |
| Reconciling item:  |                                 |                    |
| Land appreciation tax (a)  | <b>712</b>                      | 874                |
|  | <hr/>                           | <hr/>              |
| Total consolidated profit before tax, as reported  | <b>22,972</b>                   | 21,897             |
|  | <hr/> <hr/>                     | <hr/> <hr/>        |
| (a) Land appreciation tax is included as charge to segment results under segment reporting and is classified as income tax expense in the consolidated income statement. |                                 |                    |

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

### Segment assets

|                             | As at  |  |
|-----------------------------|--|--|
|                             | 30 June<br>2023<br><i>RMB million</i><br>(Unaudited) | 31 December<br>2022<br><i>RMB million</i><br>(Audited) |
| Infrastructure construction | 1,006,695  | 922,257  |
| Design and consulting       | 32,473   | 30,215   |
| Equipment manufacturing     | 68,650   | 66,955   |
| Property development        | 288,570  | 277,774  |
| Other businesses            | 664,431  | 707,986  |
| Inter-segment elimination   | <u>(373,703)</u>                                     | <u>(406,989)</u>                                       |
| Total segment assets        | <u><u>1,687,116</u></u>                              | <u><u>1,598,198</u></u>                                |

### Segment liabilities

|                             | As at  |  |
|-----------------------------|--|--|
|                             | 30 June<br>2023<br><i>RMB million</i><br>(Unaudited) | 31 December<br>2022<br><i>RMB million</i><br>(Audited) |
| Infrastructure construction | 903,059  | 769,946  |
| Design and consulting       | 17,499   | 14,963   |
| Equipment manufacturing     | 40,143   | 39,301   |
| Property development        | 228,337  | 222,627  |
| Other businesses            | 442,652  | 539,223  |
| Inter-segment elimination   | <u>(366,534)</u>                                     | <u>(403,698)</u>                                       |
| Total segment liabilities   | <u><u>1,265,156</u></u>                              | <u><u>1,182,362</u></u>                                |

For the purposes of monitoring segment performances and allocating resources between segments:

- (a) all assets are allocated to operating segments other than deferred tax assets and current income tax recoverable excluding prepaid land appreciation tax which is allocated to operating segments; and
- (b) all liabilities are allocated to operating segments other than deferred tax liabilities and current income tax liabilities excluding land appreciation tax payable which is allocated to operating segments.

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

|  | As at  |  |
|--|--|--|
|  | 30 June<br>2023<br><i>RMB million</i><br>(Unaudited) | 31 December<br>2022<br><i>RMB million</i><br>(Audited) |
| Segment assets, before inter-segment elimination                         | 2,060,819  | 2,005,187  |
| Inter-segment elimination  | <u>(373,703)</u>                                     | <u>(406,989)</u>                                       |
|  | <b>1,687,116</b>                                     | 1,598,198  |
| Reconciling items:   |  |  |
| Deferred tax assets  | 12,637   | 12,225   |
| Non-tradable shares reform of subsidiaries ( <i>Note (a)</i> )           | (148)  | (148)  |
| Current income tax recoverable   | 5,024  | 3,849  |
| Prepaid land appreciation tax included in current income tax recoverable | <u>(1,896)</u>                                       | <u>(989)</u>   |
|  | <u>15,617</u>  | <u>14,937</u>  |
| Total consolidated assets, as reported                                   | <u><b>1,702,733</b></u>                              | <u>1,613,135</u>                                       |
| Segment liabilities, before inter-segment elimination                    | 1,631,690  | 1,586,060  |
| Inter-segment elimination  | <u>(366,534)</u>                                     | <u>(403,698)</u>                                       |
|  | <b>1,265,156</b>                                     | 1,182,362  |
| Reconciling items:   |  |  |
| Deferred tax liabilities   | 3,270  | 3,176  |
| Current income tax liabilities   | 7,666  | 8,663  |
| Land appreciation tax payable included in current income tax liabilities | <u>(4,137)</u>                                       | <u>(3,935)</u>   |
|  | <u>6,799</u>   | <u>7,904</u>   |
| Total consolidated liabilities, as reported                              | <u><b>1,271,955</b></u>                              | <u>1,190,266</u>                                       |

- (a) Losses on non-tradable shares reform of subsidiaries are recorded in segment assets in segment reporting and were adjusted to other gains and losses in profit or loss in prior years.

(i) Disaggregation of revenue from contracts with customers

| Type of services and products                      | Six months ended 30 June 2023 (Unaudited)  |                                      |  |                                     |                                 | Total<br>RMB million |
|--|--|--------------------------------------|--|-------------------------------------|---------------------------------|----------------------|
|  | Infrastructure construction<br>RMB million | Design and consulting<br>RMB million | Equipment manufacturing<br>RMB million | Property development<br>RMB million | Other businesses<br>RMB million |                      |
| Infrastructure construction contracts              | 507,323                                    | -                                    | -                                      | -                                   | -                               | 507,323              |
| Manufacturing and sales of equipment               | -  | -                                    | 13,312                                 | -                                   | -                               | 13,312               |
| Rendering of services                              | -  | 9,349                                | -                                      | -                                   | 3,195                           | 12,544               |
| Sales of properties                                | -  | -                                    | -                                      | 20,919                              | -                               | 20,919               |
| Sales of goods and others                          | 2,517                                      | 74                                   | 316                                    | 268                                 | 33,493                          | 36,668               |
| <b>Total revenue</b>                               | <b>509,840</b>                             | <b>9,423</b>                         | <b>13,628</b>                          | <b>21,187</b>                       | <b>36,688</b>                   | <b>590,766</b>       |
| Timing of revenue recognition:                     |  |                                      |  |                                     |                                 |                      |
| - At a point of time                               | 2,517                                      | 74                                   | 8,661                                  | 20,523                              | 35,636                          | 67,411               |
| - Over time  | 507,323                                    | 9,349                                | 4,813                                  | 664                                 | -                               | 522,149              |
| Rental income                                      | -  | -                                    | 154                                    | -                                   | 1,052                           | 1,206                |
| <b>Total revenue from contracts with customers</b> | <b>509,840</b>                             | <b>9,423</b>                         | <b>13,628</b>                          | <b>21,187</b>                       | <b>36,688</b>                   | <b>590,766</b>       |
| Type of services and products                      | Six months ended 30 June 2022 (Unaudited)  |                                      |  |                                     |                                 | Total<br>RMB million |
|  | Infrastructure construction<br>RMB million | Design and consulting<br>RMB million | Equipment manufacturing<br>RMB million | Property development<br>RMB million | Other businesses<br>RMB million |                      |
| Infrastructure construction contracts              | 483,701                                    | -                                    | -                                      | -                                   | -                               | 483,701              |
| Manufacturing and sales of equipment               | -  | -                                    | 12,756                                 | -                                   | -                               | 12,756               |
| Rendering of services                              | -  | 8,705                                | -                                      | -                                   | 2,993                           | 11,698               |
| Sales of properties                                | -  | -                                    | -                                      | 23,447                              | -                               | 23,447               |
| Sales of goods and others                          | 1,875                                      | 87                                   | 325                                    | 262                                 | 26,436                          | 28,985               |
| <b>Total revenue</b>                               | <b>485,576</b>                             | <b>8,792</b>                         | <b>13,081</b>                          | <b>23,709</b>                       | <b>29,429</b>                   | <b>560,587</b>       |
| Timing of revenue recognition:                     |  |                                      |  |                                     |                                 |                      |
| - At a point of time                               | 1,875                                      | 87                                   | 8,506                                  | 23,098                              | 28,456                          | 62,022               |
| - Over time  | 483,701                                    | 8,705                                | 4,453                                  | 611                                 | -                               | 497,470              |
| Rental income                                      | -  | -                                    | 122                                    | -                                   | 973                             | 1,095                |
| <b>Total revenue from contracts with customers</b> | <b>485,576</b>                             | <b>8,792</b>                         | <b>13,081</b>                          | <b>23,709</b>                       | <b>29,429</b>                   | <b>560,587</b>       |

Revenue from external customers in the Mainland China and other regions is as follows:

|   | <b>Six months ended 30 June</b> |                    |
|---|---------------------------------|--------------------|
|   | <b>2023</b>                     | 2022               |
|   | <b><i>RMB million</i></b>       | <i>RMB million</i> |
|   | <b>(Unaudited)</b>              | (Unaudited)        |
| Mainland China                                | <b>558,609</b>                  | 532,858            |
| Other regions (including Hong Kong and Macau) | <b>32,157</b>                   | 27,729             |
|   | <b>590,766</b>                  | 560,587            |

Non-current assets other than trade and other receivables, financial instruments, investments in joint ventures, investments in associates, deposits for investments and deferred income tax assets located in the Mainland China and other regions are as follows:

|   | <b>As at</b>              |                    |
|---|---------------------------|--------------------|
|   | <b>30 June</b>            | 31 December        |
|   | <b>2023</b>               | 2022               |
|   | <b><i>RMB million</i></b> | <i>RMB million</i> |
|   | <b>(Unaudited)</b>        | (Audited)          |
| Mainland China                                | <b>530,516</b>            | 496,829            |
| Other regions (including Hong Kong and Macau) | <b>20,034</b>             | 17,647             |
|   | <b>550,550</b>            | 514,476            |

Other regions primarily include countries and regions in Africa, South America, South East Asia and Oceania.

## 6. OTHER INCOME AND EXPENSES

|   | <b>Six months ended 30 June</b> |                    |
|---|---------------------------------|--------------------|
|   | <b>2023</b>                     | 2022               |
|   | <b><i>RMB million</i></b>       | <i>RMB million</i> |
|   | <b>(Unaudited)</b>              | (Unaudited)        |
| Other income from:  |                                 |                    |
| Interest income from other financial assets at amortised cost | 507                             | 320                |
| Government subsidies (a)                                      | 551                             | 670                |
| Compensation and claims                                       | 108                             | 181                |
| Dividends from financial assets at FVPL                       | 75                              | 245                |
| Income from the sale of waste and materials                   | 49                              | 17                 |
| Dividends from financial assets at FVOCI                      | 35                              | 4                  |
| Others  | 200                             | 57                 |
|   | <u>1,525</u>                    | <u>1,494</u>       |
| Other expenses on:  |                                 |                    |
| Penalty cost  | 95                              | 108                |
| Lawsuit expenditure   | 36                              | 28                 |
| Others  | 253                             | 151                |
|   | <u>384</u>                      | <u>287</u>         |

- (a) Government subsidies relating to income include various government subsidies received by the Group entities from the relevant government bodies in connection with enterprise expansion, technology advancement, environmental protection measures enhancement, product development, etc. All subsidies were recognised at the time when the Group fulfilled the relevant criteria and the related expenses were incurred.

Government subsidies relating to assets include government subsidies obtained by the Group entities in relation to the acquisition of property, plant and equipment, which were included in the condensed consolidated balance sheet as deferred government grants and credited to profit or loss on a straight-line basis over the expected useful lives of the relevant assets.

## 7. NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS AND CONTRACT ASSETS

|  | <b>Six months ended 30 June</b> |                    |
|--|---------------------------------|--------------------|
|  | <b>2023</b>                     | 2022               |
|  | <b><i>RMB million</i></b>       | <i>RMB million</i> |
|  | <b>(Unaudited)</b>              | (Unaudited)        |
| Trade and other receivables (excluding advance to suppliers) | 1,019                           | 659                |
| Contract assets  | 497                             | 458                |
| Other financial assets at amortised cost                     | 339                             | 296                |
|  | <u>1,855</u>                    | <u>1,413</u>       |

## 8. OTHER GAINS, NET

|  | Six months ended 30 June |                    |
|--|--------------------------|--------------------|
|  | 2023                     | 2022               |
|  | <i>RMB million</i>       | <i>RMB million</i> |
|  | (Unaudited)              | (Unaudited)        |
| Gains on disposal and/or write-off of:   |                          |                    |
| – Right of use Assets  | 133                      | 13                 |
| – Property, plant and equipment  | 53                       | 10                 |
| Losses arising on change in fair value of financial assets/<br>liabilities at FVPL | (251)                    | (306)              |
| Foreign exchange gains, net  | 277                      | 454                |
| Others   | 214                      | 564                |
|  | <u>426</u>               | <u>735</u>         |

## 9. LOSSES FROM DERECOGNITION OF FINANCIAL ASSETS AT AMORTISED COST

|                                       | Six months ended 30 June |                    |
|---------------------------------------|--------------------------|--------------------|
|                                       | 2023                     | 2022               |
|                                       | <i>RMB million</i>       | <i>RMB million</i> |
|                                       | (Unaudited)              | (Unaudited)        |
| ABN and ABS                           | 1,417                    | 1,301              |
| Factoring expenses                    | 30                       | 192                |
| Bills receivables discounted expenses | 29                       | 99                 |
|                                       | <u>1,476</u>             | <u>1,592</u>       |

## 10. INCOME TAX EXPENSE

|                                  | Six months ended 30 June |                    |
|----------------------------------|--------------------------|--------------------|
|                                  | 2023                     | 2022               |
|                                  | <i>RMB million</i>       | <i>RMB million</i> |
|                                  | (Unaudited)              | (Unaudited)        |
| Current income tax               |                          |                    |
| – Enterprise income tax (“EIT”)  | 4,164                    | 4,667              |
| – Land appreciation tax (“LAT”)  | 712                      | 874                |
| – Under provision in prior years | 121                      | 100                |
| Deferred income tax              | (289)                    | (552)              |
|                                  | <u>4,708</u>             | <u>5,089</u>       |

The majority of the entities in the Group are located in Mainland China. Pursuant to the relevant laws and regulations, the statutory EIT rate of 25% (six months ended 30 June 2022: 25%) is applied to the Group except for certain subsidiaries which were either exempted from EIT or entitled to the preferential tax rate of 25% or 15% (six months ended 30 June 2022: 20% or 15%) during the current interim period.

Certain of the Group’s overseas entities are located in Republic of Singapore, The Lao People’s Democratic Republic, Malaysia, Democratic Republic of the Congo, Republic of Indonesia, People’s Republic of Bangladesh, United Republic of Tanzania and Federal Democratic Republic of Ethiopia. Pursuant to the relevant laws and regulations of these jurisdictions, the EIT rates of 17%, 24%, 24%, 30%, 20%, 32.5%, 30% and 30% (six months ended 30 June 2022: 17%, 24%, 24%, 30%, 20%, 35%, 30% and 30%) are applied to these entities respectively.

The provision of LAT is estimated according to the requirements set forth in the relevant PRC tax laws and regulations. LAT has been provided at ranges of progressive rates of the appreciation value, with certain allowable exemptions and deductions.

## 11. DIVIDENDS

The final dividend of RMB0.200 per share in respect of the year ended 31 December 2022, amounting to RMB4,950 million in aggregate, was approved by the Company’s shareholders in the Annual General Meeting on 28 June 2023, and subsequently paid off in August 2023.

The final dividend of RMB0.196 per share in respect of the year ended 31 December 2021, amounting to RMB4,849 million in aggregate, was approved by the Company’s shareholders in the Annual General Meeting on 22 June 2022, and subsequently paid off in August 2022.

The Directors do not recommend the payment of an interim dividend for the current interim period (six months ended 30 June 2022: nil).

## 12. EARNINGS PER SHARE

### (a) Basic

Basic earnings per share for the six months ended 30 June 2023 is calculated by dividing the profit attributable to owners of the Company, after deducting the profit attributable to holders of perpetual notes and the impact of 2021 Restricted Share Incentive Scheme of RMB14,873 million (six months ended 30 June 2022: RMB13,538 million) by 24,570,929,283 shares (six months ended 30 June 2022: 24,570,929,283 shares) in issue during the period.

### (b) Diluted

Diluted earnings per share was calculated by dividing the adjusted profit attributable to ordinary equity holders of the Company based on the diluted potential ordinary shares by the weighted average number of shares in issue during the period. For the period ended 30 June 2023, the Company's 2021 Restricted Share Incentive Scheme has no diluted effect on earnings per share, therefore, the diluted earnings per share equals basic earnings per share.

## 13. TRADE AND OTHER RECEIVABLES

|  | As at  |  |
|--|--|--|
|  | 30 June<br>2023<br><i>RMB million</i><br>(Unaudited) | 31 December<br>2022<br><i>RMB million</i><br>(Audited) |
| Trade and bills receivables                                    | 195,787  | 160,574  |
| Less: credit loss allowance                                    | (15,364)   | (15,102)   |
|  | <hr/>  | <hr/>  |
| Trade and bills receivables – net                              | 180,423  | 145,472  |
|  | <hr/>  | <hr/>  |
| Other receivables (net of impairment)                          |  |  |
| – Input VAT to be credited                                     | 36,241   | 32,604   |
| – Payment on behalf of projects owner                          | 17,503   | 13,000   |
| – Prepaid VAT taxes  | 11,270   | 10,548   |
| – Guarantees receivables                                       | 10,867   | 11,659   |
| – Financial leasing receivables                                | 2,538  | 2,688  |
| – Deposits receivables   | 2,095  | 2,085  |
| – Interests receivables  | 1,732  | 1,981  |
| – Advance to construction in progress                          | 1,715  | 2,003  |
| – Payment for land consolidation                               | 1,415  | 1,360  |
| – Others   | 9,459  | 11,453   |
|  | <hr/>  | <hr/>  |
| Advance to suppliers (net of impairment losses)                | 45,935   | 48,327   |
|  | <hr/>  | <hr/>  |
|  | 321,193  | 283,180  |
|  | <hr/>  | <hr/>  |
| Less: amount due after one year included in non-current assets | (29,478)   | (30,508)   |
|  | <hr/>  | <hr/>  |
| Amount due within one year included in current assets          | 291,715  | 252,672  |
|  | <hr/> <hr/>  | <hr/> <hr/>  |

- (a) Ageing analysis of trade and bills receivables, based on invoice date, is as follows:

|                    | As at   |   |
|--------------------|---|---|
|                    | <b>30 June<br/>2023</b>                         | 31 December<br>2022                           |
|                    | <i><b>RMB million</b></i><br><b>(Unaudited)</b> | <i><b>RMB million</b></i><br><b>(Audited)</b> |
| Less than 1 year   | <b>145,879</b>                                  | 116,291                                       |
| 1 year to 2 years  | <b>23,823</b>                                   | 19,811  |
| 2 years to 3 years | <b>8,583</b>                                    | 7,853   |
| 3 years to 4 years | <b>4,017</b>                                    | 5,587   |
| 4 years to 5 years | <b>4,851</b>                                    | 3,245   |
| More than 5 years  | <b>8,634</b>                                    | 7,787   |
|                    | <hr/>   | <hr/>   |
| Total              | <b>195,787</b>                                  | 160,574                                       |
|                    | <hr/> <hr/>                                     | <hr/> <hr/>                                   |

Majority of the Group's revenues are generated through infrastructure construction, survey, design and consulting, engineering equipment and component manufacturing contracts. The settlements are made in accordance with the terms specified in the contracts governing the relevant transactions.

- (b) Trade and bills receivables of RMB300 million (31 December 2022: RMB319 million) were pledged to secure borrowings amounting to RMB300 million (31 December 2022: RMB319 million).
- (c) For the six months ended 30 June 2023, trade receivables of RMB22,757 million (six months ended 30 June 2022: RMB23,643 million) and long-term trade receivables of RMB 1,080 million (six months ended 30 June 2022: nil) had been transferred in accordance with relevant ABN and ABS issuance, and trade receivables of RMB3,178 million (six months ended 30 June 2022: RMB3,937 million) had been transferred to financial institutions in accordance with relevant non-recourse factoring agreements. Relevant trade receivables were derecognised as the Directors are of the opinion that the substantial risks and rewards associated with the trade receivables have been transferred and therefore qualified for derecognition.
- (d) As at 30 June 2023, bills receivables – bank acceptance and commercial acceptance notes of RMB120 million (31 December 2022: RMB336 million) were endorsed to suppliers and RMB422 million (31 December 2022: RMB312 million) were discounted with banks. In the opinion of the Directors, as the counter party bears higher credit risk, such transactions did not qualify for derecognition. In addition, as at 30 June 2023, bills receivables – bank acceptance notes of RMB524 million (31 December 2022: RMB307 million) were endorsed to suppliers, and RMB6 million (31 December 2022: RMB37 million) were discounted with banks. Relevant bills receivables were derecognised as the Directors are of the opinion that the substantial risks and rewards associated with those bank acceptance notes have been transferred and therefore qualified for derecognition.

- (e) As at 30 June 2023, trade receivables net of credit loss allowance, which were collectively assessed for impairment, are as follows:

**Central-governmental enterprises**

|                    | As at   |   |
|--------------------|---|---|
|                    | <b>30 June<br/>2023</b>                         | 31 December<br>2022                           |
|                    | <i><b>RMB million</b></i><br><b>(Unaudited)</b> | <i><b>RMB million</b></i><br><b>(Audited)</b> |
| Less than 1 year   | 11,762  | 8,690   |
| 1 year to 2 years  | 1,850   | 1,145   |
| 2 years to 3 years | 656   | 535   |
| 3 years to 4 years | 282   | 226   |
| 4 years to 5 years | 143   | 109   |
| More than 5 years  | 157   | 115   |
|                    | <hr/>   | <hr/>   |
| Total              | <b>14,850</b>                                   | <b>10,820</b>                                 |
|                    | <hr/> <hr/>                                     | <hr/> <hr/>                                   |

**Locally-administrated state-owned enterprises**

|                    | As at   |   |
|--------------------|---|---|
|                    | <b>30 June<br/>2023</b>                         | 31 December<br>2022                           |
|                    | <i><b>RMB million</b></i><br><b>(Unaudited)</b> | <i><b>RMB million</b></i><br><b>(Audited)</b> |
| Less than 1 year   | 72,417  | 50,357  |
| 1 year to 2 years  | 8,078   | 9,481   |
| 2 years to 3 years | 4,491   | 4,318   |
| 3 years to 4 years | 1,437   | 1,592   |
| 4 years to 5 years | 1,394   | 898   |
| More than 5 years  | 797   | 739   |
|                    | <hr/>   | <hr/>   |
| Total              | <b>88,614</b>                                   | <b>67,385</b>                                 |
|                    | <hr/> <hr/>                                     | <hr/> <hr/>                                   |

China State Railway Group Co., Ltd.

|                    | As at  |  |
|--------------------|--|--|
|                    | 30 June<br>2023<br><i>RMB million</i><br>(Unaudited) | 31 December<br>2022<br><i>RMB million</i><br>(Audited) |
| Less than 1 year   | 7,895  | 7,614  |
| 1 year to 2 years  | 1,178  | 1,330  |
| 2 years to 3 years | 265  | 340  |
| 3 years to 4 years | 143  | 397  |
| 4 years to 5 years | 290  | 81   |
| More than 5 years  | 171  | 158  |
|                    | <hr/>  | <hr/>  |
| Total              | <b>9,942</b>   | <b>9,920</b>   |
|                    | <hr/> <hr/>  | <hr/> <hr/>  |

**Overseas enterprises**

|                    | As at  |  |
|--------------------|--|--|
|                    | 30 June<br>2023<br><i>RMB million</i><br>(Unaudited) | 31 December<br>2022<br><i>RMB million</i><br>(Audited) |
| Less than 1 year   | 2,755  | 1,273  |
| 1 year to 2 years  | 145  | 135  |
| 2 years to 3 years | 54   | 11   |
| 3 years to 4 years | 1  | 1  |
| 4 years to 5 years | 158  | 174  |
|                    | <hr/>  | <hr/>  |
| Total              | <b>3,113</b>   | <b>1,594</b>   |
|                    | <hr/> <hr/>  | <hr/> <hr/>  |

## Other entities

|                    | As at                             |                                 |
|--------------------|-----------------------------------|---------------------------------|
|                    | 30 June<br>2023                   | 31 December<br>2022             |
|                    | <i>RMB million</i><br>(Unaudited) | <i>RMB million</i><br>(Audited) |
| Less than 1 year   | 24,477                            | 17,874                          |
| 1 year to 2 years  | 4,233                             | 2,585                           |
| 2 years to 3 years | 871                               | 996                             |
| 3 years to 4 years | 478                               | 570                             |
| 4 years to 5 years | 560                               | 485                             |
| More than 5 years  | 337                               | 222                             |
| Total              | <b>30,956</b>                     | <b>22,732</b>                   |

As at 30 June 2023, the amount of individually impaired trade receivables was RMB16,142 million (31 December 2022: RMB16,884 million) with the provision for credit loss allowance of RMB6,730 million (31 December 2022: RMB7,098 million).

As at 30 June 2023, bills receivables – bank acceptance notes of RMB1,974 million (31 December 2022: RMB794 million) were not impaired. Commercial acceptance notes, which were collectively assessed for impairment, were RMB1,823 million (31 December 2022: RMB1,543 million) with the provision for credit loss allowance of RMB5 million (31 December 2022: RMB5 million).

As at 30 June 2023, the amount of collectively impaired long-term trade receivables was RMB18,679 million (31 December 2022: RMB19,838 million) with the provision for credit loss allowance of RMB73 million (31 December 2022: RMB74 million). The amount of individually impaired long-term trade receivables was RMB4,529 million (31 December 2022: RMB4,529 million) with the provision for credit loss allowance of RMB3,391 million (31 December 2022: RMB3,390 million).

#### 14. TRADE AND OTHER PAYABLES

|                                     | As at  |  |
|-------------------------------------|--|--|
|                                     | 30 June<br>2023<br><i>RMB million</i><br>(Unaudited) | 31 December<br>2022<br><i>RMB million</i><br>(Audited) |
| Trade and bills payables (a)        | 498,402  | 480,430  |
| Dividend payables                   | 7,066  | 698  |
| Other taxes                         | 5,110  | 6,084  |
| Accrued payroll and welfare         | 4,181  | 4,537  |
| Deposits (b)                        | 2,287  | 6,003  |
| Deposits received in advance        | 1,223  | 1,161  |
| Advance from customers              | 1,152  | 1,031  |
| Other payables                      | 150,787  | 143,649  |
|                                     | <u>670,208</u>                                       | <u>643,593</u>   |
| Analysed for reporting purposes as: |  |  |
| Non-currents                        | 23,889   | 26,288   |
| Current                             | 646,319  | 617,305  |
|                                     | <u>670,208</u>                                       | <u>643,593</u>   |

The credit period on purchases of goods ranges from 180 days to 360 days. Included in trade and bills payables are retention payables of RMB12,204 million (31 December 2022: RMB13,817 million). Retention payables are interest-free and payable at the end of the retention period of the respective infrastructure construction and products manufacturing and installation contracts.

The balances of other payables mainly include payments made by the third parties on behalf of the Group, guarantee money payables and others.

- (a) The ageing analysis of trade and bills payables (including amounts due to related parties of trading nature) based on invoice date is as follows:

|                    | As at  |  |
|--------------------|--|--|
|                    | 30 June<br>2023<br><i>RMB million</i><br>(Unaudited) | 31 December<br>2022<br><i>RMB million</i><br>(Audited) |
| Less than 1 year   | 455,257  | 439,796  |
| 1 year to 2 years  | 21,734   | 22,478   |
| 2 years to 3 years | 10,090   | 9,311  |
| More than 3 years  | 11,321   | 8,845  |
|                    | <u>498,402</u>                                       | <u>480,430</u>   |

- (b) China Railway Finance Co., Ltd. (“CREC Finance”), a subsidiary of the Company, accepted deposits from related parties and third parties. These deposits were due within one year with average annual interest rate of 1.265% (31 December 2022: 1.265%).

## ISSUE OF RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement will be released on the website of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of the Company ([www.crec.cn](http://www.crec.cn)). The 2023 Interim Report prepared in accordance with IAS 34 will be released on the website of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of the Company ([www.crec.cn](http://www.crec.cn)). The 2023 Interim Report and its Summary prepared in accordance with CAS will be released on the website of the Shanghai Stock Exchange ([www.sse.com.cn](http://www.sse.com.cn)) and the website of the Company ([www.crec.cn](http://www.crec.cn)).

By Order of the Board  
**China Railway Group Limited**  
**Chen Yun**  
*Chairman*

30 August 2023

*As at the date of this announcement, the executive directors of the Company are Mr. CHEN Yun (Chairman), Mr. CHEN Wenjian and Mr. WANG Shiqi; the non-executive director of the Company is Mr. WEN Limin; the independent non-executive directors of the Company are Mr. CHUNG Shui Ming Timpson, Mr. ZHANG Cheng and Mr. XIU Long.*