



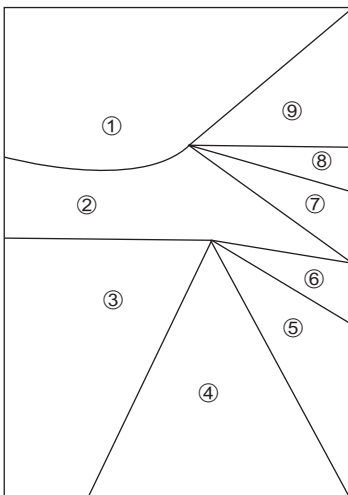
# 中國中鐵股份有限公司 CHINA RAILWAY GROUP LIMITED

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

Stock Code: 390



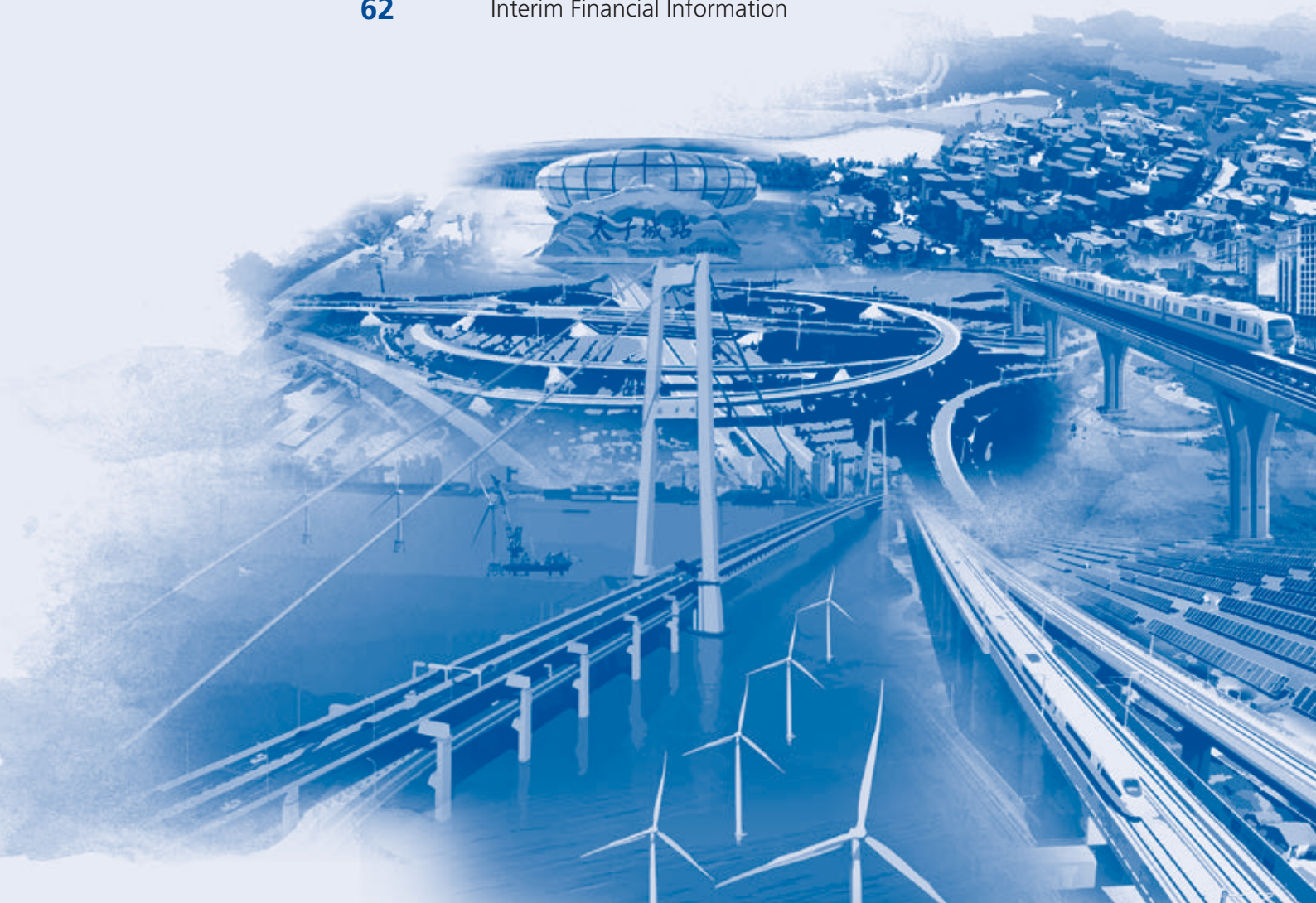
# 2021 INTERIM REPORT



1. Taizicheng Railway Station in Chongli
2. The 4th Ring Expressway in Shenyang
3. Yangsigang Yangtze River Bridge
4. Region A of the 300 MW offshore wind farm in the open waters of Changle
5. Zhengzhou-Xuzhou High-speed Railway (above) and Beijing-Shanghai High-speed Railway (below)
6. 120 MW photovoltaic power station in Morocco
7. Elevated section of Guangzhou Metro Line 4
8. Xiamen China Railway • Yuanwan Project
9. Guiyang - "China Railway International Eco City" project

# CONTENTS

<b>1</b>	Company Profile
<b>2</b>	Financial Summary
<b>3</b>	Changes in Share Capital and Information on Shareholders
<b>8</b>	Directors, Supervisors and Senior Management
<b>12</b>	Management Discussion and Analysis
<b>33</b>	Significant Events
<b>52</b>	Environmental and Social Responsibility
<b>58</b>	Definition and Glossary of Technical Terms
<b>59</b>	Company Information
<b>61</b>	Report on Review of Interim Financial Information
<b>62</b>	Interim Financial Information



## COMPANY PROFILE

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

We are one of the largest multi-functional integrated construction groups in the PRC and Asia in terms of the total revenue of the engineering contract, and rank 35th on the 2021 Fortune Global 500 list. We offer a full range of construction-related services, including infrastructure construction, survey, design and consulting services and engineering equipment and component manufacturing, and also expand to other businesses such as property development and mining development.

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

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

## FINANCIAL SUMMARY

Financial data presented in this Interim Report is prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” and, unless otherwise specified, is consolidated amounts of the Company and its subsidiaries and is denominated in Renminbi.

### Summary of Interim Condensed Consolidated Statement of Profit or Loss

	For the six months ended 30 June					Change 2021 vs 2020 (%)
	2021	2020	2019	2018	2017	
			<i>RMB million</i>			
<b>Revenue</b>						
Infrastructure Construction	459,516	385,934	324,150	276,636	260,889	19.1
Survey, Design and Consulting Services	7,701	7,967	7,978	7,553	6,750	-3.3
Engineering Equipment and Component Manufacturing	16,466	13,351	11,147	9,615	9,321	23.3
Property Development	14,122	13,001	13,898	12,411	11,113	8.6
Other Businesses	45,039	29,418	30,741	29,237	24,203	53.1
Inter-segment Eliminations and Adjustments	(44,617)	(33,368)	(26,027)	(19,350)	(13,723)	
<b>Total</b>	<b>498,227</b>	<b>416,303</b>	<b>361,887</b>	<b>316,102</b>	<b>298,553</b>	<b>19.7</b>
<b>Gross Profit</b>	<b>41,767</b>	<b>36,381</b>	<b>34,818</b>	<b>31,132</b>	<b>27,447</b>	<b>14.8</b>
<b>Profit before Income Tax</b>	<b>18,412</b>	<b>16,098</b>	<b>14,634</b>	<b>12,713</b>	<b>10,844</b>	<b>14.4</b>
<b>Profit for the Period</b>	<b>14,350</b>	<b>12,398</b>	<b>11,263</b>	<b>9,412</b>	<b>7,549</b>	<b>15.7</b>
<b>Profit for the Period Attributable to Owners of the Company</b>	<b>13,095</b>	<b>11,697</b>	<b>10,514</b>	<b>9,552</b>	<b>7,707</b>	<b>12.0</b>
<b>Basic Earnings per Share (RMB)</b>	<b>0.454</b>	<b>0.425</b>	<b>0.399</b>	<b>0.394</b>	<b>0.310</b>	<b>6.8</b>

### Summary of Interim Condensed Consolidated Balance Sheet

	As at			Change	
	30 June 2021	31 December 2020	30 June 2020	30 June 2021 vs 31 December 2020 (%)	30 June 2021 vs 30 June 2020 (%)
		<i>RMB million</i>			
<b>Assets</b>					
Current Assets	802,506	742,107	750,177	8.1	7.0
Non-current Assets	494,582	457,870	392,122	8.0	26.1
<b>Total Assets</b>	<b>1,297,088</b>	<b>1,199,977</b>	<b>1,142,299</b>	<b>8.1</b>	<b>13.6</b>
<b>Liabilities</b>					
Current Liabilities	778,337	705,145	731,861	10.4	6.4
Non-current Liabilities	185,552	181,786	143,926	2.1	28.9
<b>Total Liabilities</b>	<b>963,889</b>	<b>886,931</b>	<b>875,787</b>	<b>8.7</b>	<b>10.1</b>
<b>Total Equity</b>	<b>333,199</b>	<b>313,046</b>	<b>266,512</b>	<b>6.4</b>	<b>25.0</b>
<b>Total Equity and Liabilities</b>	<b>1,297,088</b>	<b>1,199,977</b>	<b>1,142,299</b>	<b>8.1</b>	<b>13.6</b>

# CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

## 1 Changes in Shares

### (1) Changes in shares

#### (i) Changes in shares

During the reporting period, there was no change in share capital and shareholding structure of the Company.

#### (ii) Explanation to the changes in shares

Not applicable

#### (iii) 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 for the latest year and latest period

Not applicable

#### (iv) Other information considered necessary by the Company or required by securities regulators that should be disclosed

Not applicable

### (2) Changes in shares with selling restrictions

Not applicable

## 2 Information on Shareholders

### (1) Number of shareholders

Total number of holders of ordinary shares as at the end of the reporting period	565,665
Total number of holders of preference shares with reinstated voting rights as at the end of the reporting period	0

## CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

### (2) Shareholdings of the top ten shareholders

Unit: Shares

No.	Name of shareholder	Increase/ decrease during the reporting period	Total number of shares held at the end of the reporting period	Shareholding percentage (%)	Number of shares with selling restrictions	Number of pledged or frozen shares Conditions of shares	Number	Nature of shareholder
1	CREC (Note 1)	0	11,598,764,390	47.21	0	Nil	0	State-owned legal person
2	HKSCC Nominees Limited (Note 2)	187,500	4,008,980,299	16.32	0	Nil	0	Other
3	China Securities Finance Corporation Limited	-64,351,353	619,264,325	2.52	0	Nil	0	State-owned legal person
4	China Reform Holdings Corporation Ltd.	0	387,050,131	1.58	0	Nil	0	State-owned legal person
5	China Great Wall Asset Management Co., Ltd.	0	372,192,507	1.51	0	Nil	0	State-owned legal person
6	Hong Kong Securities Clearing Company Limited (Note 3)	22,283,382	327,919,298	1.33	0	Nil	0	Other
7	Central Huijin Asset Management Ltd.	0	235,455,300	0.96	0	Nil	0	State-owned legal person
8	China Orient Asset Management Co., Ltd.	0	223,271,744	0.91	0	Nil	0	State-owned legal person
9	China Structural Reform Fund Corporation Limited	-48,327,500	173,296,399	0.71	0	Nil	0	State-owned legal person
10	Qingdao Conson Financial Holdings Co., Ltd.	96,342,093	147,065,762	0.60	0	Nil	0	Legal person

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.

Note 1: CREC held 11,598,764,390 shares of the Company, including 11,434,370,390 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 2021.

## CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

### (3) Shareholdings of the top ten shareholders without selling restrictions

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> )	11,434,370,390	RMB-denominated ordinary shares	11,434,370,390
		164,394,000	Overseas listed foreign shares	164,394,000
2	HKSCC Nominees Limited ( <i>Note 2</i> )	4,008,980,299	Overseas listed foreign shares	4,008,980,299
3	China Securities Finance Corporation Limited	619,264,325	RMB-denominated ordinary shares	619,264,325
4	China Reform Holdings Corporation Ltd.	387,050,131	RMB-denominated ordinary shares	387,050,131
5	China Great Wall Asset Management Co., Ltd.	372,192,507	RMB-denominated ordinary shares	372,192,507
6	Hong Kong Securities Clearing Company Limited ( <i>Note 3</i> )	327,919,298	RMB-denominated ordinary shares	327,919,298
7	Central Huijin Asset Management Ltd.	235,455,300	RMB-denominated ordinary shares	235,455,300
8	China Orient Asset Management Co., Ltd.	223,271,744	RMB-denominated ordinary shares	223,271,744
9	China Structural Reform Fund Corporation Limited	173,296,399	RMB-denominated ordinary shares	173,296,399
10	Qingdao Conson Financial Holdings Co., Ltd.	147,065,762	RMB-denominated ordinary shares	147,065,762
	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.	

*Note 1:* CREC held 11,598,764,390 shares of the Company, including 11,434,370,390 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 2021.

### (4) Strategic investors or general legal persons becoming the top ten shareholders by placing of new shares

Not applicable



## CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

### 3 Changes in the Controlling Shareholder and the Ultimate Controller

Not applicable

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

During the six months ended 30 June 2021, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

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

As at 30 June 2021, 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.

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

As at 30 June 2021, 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 (Share)	Nature of interest	Approximate percentage of issued A shares (%)	Approximate percentage of total issued shares (%)
CREC	Beneficial owner	11,434,370,390	Long position	56.15	46.54

## CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

### Holder of H Shares

Name of substantial shareholder	Capacity	Number of H shares held (Share)	Nature of interest	Approximate percentage of issued H shares (%)	Approximate percentage of total issued shares (%)
The Bank of New York Mellon Corporation	Interest of controlled corporation	252,807,334	Long position	6.01	1.03
		249,327,259	Lending pool	5.93	1.01
Deutsche Bank Aktiengesellschaft	(Note 1)	229,803,271	Long position	5.46	0.94
		123,424,962	Short position	2.93	0.50
		10,406,000	Lending pool	0.25	0.04
Lehman Brothers Holdings Inc.	Interest of controlled corporation	210,186,560	Long position	5.00	0.86
		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:

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

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

Name of substantial shareholders	Long position				Short position			
	Listed equity derivatives payment in kind	Listed equity derivatives settled in cash	Non-listed equity derivatives payment in kind	Non-listed equity derivatives settled in cash	Listed equity derivatives payment in kind	Listed equity derivatives settled in cash	Non-listed equity derivatives payment in kind	Non-listed equity derivatives settled in cash
BlackRock, Inc.	-	-	-	223,000	-	-	-	933,000
Deutsche Bank Aktiengesellschaft	-	-	-	17,624,000	-	-	-	10,166,000
Lehman Brothers Holdings Inc.	-	-	10,000,000	-	-	-	60,000	-

Apart from the foregoing, as at 30 June 2021, 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.

# DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

## 1 Directors

The directors of the Company during the six months ended 30 June 2021 are as follows:

Name	Age	Position
CHEN Yun (re-elected on 12 March 2021)	58	Chairman and Executive Director
CHEN Wenjian (elected on 12 March 2021)	48	Executive Director and President
WANG Shiqi (re-elected on 12 March 2021)	55	Executive Director
WEN Limin (elected on 12 March 2021)	55	Non-executive Director
CHUNG Shui Ming Timpson (re-elected on 12 March 2021)	69	Independent Non-executive Director
ZHANG Cheng (elected on 12 March 2021)	63	Independent Non-executive Director
XIU Long (elected on 12 March 2021)	64	Independent Non-executive Director
GUO Peizhang (ceased to act on 12 March 2021)	71	Independent Non-executive Director
WEN Baoman (ceased to act on 12 March 2021)	70	Independent Non-executive Director
ZHENG Qingzhi (ceased to act on 12 March 2021)	69	Independent Non-executive Director

## 2 Supervisors

The supervisors of the Company during the six months ended 30 June 2021 are as follows:

Name	Age	Position
JIA Huiping (elected on 12 March 2021)	56	Chairman of the Supervisory Committee, Shareholder Representative Supervisor
YUAN Baoyin (elected on 10 March 2021)	57	Employee Representative Supervisor
LI Xiaosheng (elected on 26 January 2021)	48	Employee Representative Supervisor
WANG Xinhua (elected on 26 January 2021)	50	Employee Representative Supervisor
ZHANG Huijia (ceased to act on 12 March 2021)	60	Chairman of the Supervisory Committee, Shareholder Representative Supervisor
LIU Jianyuan (ceased to act on 26 January 2021)	59	Employee Representative Supervisor
FAN Jinghua (ceased to act on 26 January 2021)	55	Employee Representative Supervisor

## DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

### 3 Senior Management

The senior management of the Company during the six months ended 30 June 2021 are as follows:

Name	Age	Position
CHEN Wenjian (appointed on 12 March 2021)	48	Executive Director and President
SUN Cui (appointed on 12 March 2021)	55	Chief Accountant
YU Tengqun (appointed on 12 March 2021)	51	Vice President and General Legal Advisor
LIU Baolong (appointed on 12 March 2021)	57	Vice President
REN Hongpeng (appointed on 12 March 2021)	47	Vice President
KONG Dun (appointed on 12 March 2021 and 30 April 2021)	55	Vice President and Chief Engineer
MA Jiangqian (appointed on 12 March 2021 and 30 April 2021)	52	Vice President and Chief Economist
LI Xinsheng (appointed on 30 April 2021)	41	Vice President
HE Wen (appointed on 12 March 2021)	57	Secretary to the Board and Joint Company Secretary
LI Fengchao (appointed on 12 March 2021)	60	Safety Production Director
TAM Chun Chung (appointed on 12 March 2021)	48	Joint Company Secretary and Qualified Accountant
DUAN Yongchuan (ceased to act on 8 February 2021)	56	Vice President

### 4 Change of Directors, Supervisors and Senior Management

On the second meeting of the third session of the Employee Representatives General Meeting of the Company held on 26 January 2021, it was resolved that, effective from 26 January 2021, Ms. LIU Jianyuan and Mr. FAN Jinghua would cease to be employee representative supervisors of the Company due to Ms. LIU Jianyuan's retirement and Mr. FAN Jinghua's change of job nature. Meanwhile, Mr. LI Xiaosheng, Mr. HOU Shezhong and Mr. WANG Xinhua were elected as employee representative supervisors of the fifth session of the Supervisory Committee of the Company whose term of office commenced from 12 March 2021 until the expiry of the term of the fifth session of the Supervisory Committee of the Company.

On 8 February 2021, the Company received the written resignation report from Mr. DUAN Yongchuan, former vice president of the Company. Mr. DUAN Yongchuan tendered to the Board of Directors of the Company his resignation as vice president for personal reasons and he will not hold any position in the Company after resignation.

On 10 March 2021, the Company held the first joint conference for chief of delegation of the second meeting of the third session of the Employee Representatives General Meeting of the Company. Mr. HOU Shezhong did not hold the employee representative supervisor of the fifth session of the Supervisory Committee of the Company due to his change of job nature. Mr. YUAN Baoyin was elected as an employee representative supervisor to the fifth session of the Supervisory Committee of the Company.

## DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

On the 2021 first extraordinary general meeting of the Company held on 12 March 2021, Mr. CHEN Yun, Mr. CHEN Wenjian and Mr. WANG Shiqi were elected as executive directors of the Company; Mr. WEN Limin was elected as a non-executive director of the Company; Mr. CHUNG Shui Ming Timpson, Mr. ZHANG Cheng and Mr. XIU Long were elected as independent non-executive directors of the Company; the term of office of the above directors commenced on 12 March 2021 until the expiry of the term of the fifth session of the Board of Directors of the Company. Meanwhile, Mr. JIA Huiping was elected as a shareholder representative supervisor of the fifth session of the Supervisory Committee of the Company commencing on 12 March 2021 until the expiry of the term of the fifth session of the Supervisory Committee of the Company. In addition, the Company held the first meeting of the fifth session of the Supervisory Committee on 12 March 2021 and Mr. JIA Huiping was elected as the chairman of the Supervisory Committee.

On the first meeting of the fifth session of the Board of Directors of the Company held on 12 March 2021, Mr. CHEN Yun was appointed as chairman of the Company, Mr. CHEN Wenjian was appointed as president of the Company, Mr. SUN Cui was appointed as chief accountant of the Company, Mr. YU Tengqun was appointed as vice president and general legal advisor of the Company, Mr. LIU Baolong and Mr. REN Hongpeng were appointed as vice presidents of the Company, Mr. KONG Dun was appointed as chief engineer of the Company, Mr. MA Jiangqian was appointed as chief economist of the Company, Mr. LI Fengchao was appointed as safety production director of the Company, Mr. HE Wen was appointed as secretary to the Board and joint company secretary, Mr. TAM Chun Chung was appointed as joint company secretary of the Company. The term of the above senior management personnel commenced from the date when the Board of Directors adopted the resolutions until the expiry of the term of the fifth session of the Board of Directors.

On the fifth meeting of the fifth session of the Board of Directors of the Company held on 30 April 2021, Mr. KONG Dun was appointed as vice president of the Company and he concurrently acts as chief engineer of the Company; Mr. MA Jiangqian was appointed as vice president of the Company and he concurrently acts as chief economist of the Company; Mr. LI Xincheng was appointed as vice president of the Company.

## 5 Human Resources and Emolument Policy

The Group has been devoted to improving a remuneration management scheme which is scientific and reasonable, fair and equitable, normative and orderly, in accordance with the requirements of the modern enterprise system, focused on the incentive and constraint functions that remuneration distribution may serve, and aimed to attract and retain the core talents of the Group and maintain the normative and orderly growth in remuneration. In respect of remuneration policies, the Group further improved the Administrative Measures of China Railway Group Limited on Total Remuneration, and has established and improved a salary determination and normal growth mechanism which is linked with economic benefits of enterprise and labour productivity as well as the labour cost input-output efficiency index. The Group strengthened the linkage with the economic benefits of enterprises, encouraged enterprises to create efficiency, made adjustment in combination with efficiency, guided the enterprises to improve efficiency, and regulated the remuneration in combination with the average wage of employees, so as to create a positive incentive atmosphere.

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

## DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

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

During the reporting period, the total number and structure of the Company's employees did not have significant change compared to the end of last year.

### 6 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 or she has complied with the required standard set out in the Model Code throughout the period from 1 January 2021 to 30 June 2021.

# MANAGEMENT DISCUSSION AND ANALYSIS

## 1 Industry Development Overview

### Infrastructure construction business

Domestically, since 2021, the COVID-19 pandemic has continued to evolve globally, and the external environment faced by China has become more complex and severe. The domestic economic recovery is still unstable and uneven. In the first half of the year, the fixed asset investment in China increased by 12.6% year-on-year to RMB25.59 trillion; the total output value of the construction industry increased by 18.85% year-on-year to RMB11.98 trillion. Under the combined influence of local government bond issuance and deferred fiscal expenditure, the growth rate of infrastructure investment became moderate, with a year-on-year growth of 7.8%, but the investment scale remained relatively high. National fixed asset investment in transportation increased by 8.3% year-on-year to approximately RMB1.55 trillion. In particular, the fixed asset investment in railways decreased by 8.3% year-on-year to RMB298.9 billion, the fixed asset investment in highways increased by 13.8% year-on-year to RMB1.15 trillion, and the fixed asset investment in waterways increased by 23.7% year-on-year to RMB70.3 billion. In the first half of the year, the national urban rail transit projects were promoted steadily, with four new cities operating urban rail lines, and 49 cities in total operating urban rail lines. The new operating mileage was 478.97 km, and the total mileage amounted to 8,448.67 km. In the first half of the year, the market size of PPP projects increased while maintaining stability. Transportation and municipal work projects ranked first in the net increase of investment in the project database. The national PPP Comprehensive Information Platform management database of the Ministry of Finance had 10,126 projects in the project database with a total investment of RMB15.7 trillion, and 3,378 projects in the reserve list with an investment of RMB3.9 trillion. On the whole, there is still large room in the existing market and the potential market of infrastructure construction, but at the same time, it should be noted that the promulgation and implementation of national fiscal and monetary policies, infrastructure planning and other relevant policies and regulations, as well as the rise of commodity and raw material prices have brought certain impacts on the infrastructure construction industry.

Internationally, in the first half of 2021, as the global epidemic situation improved, the world economy gradually recovered, but showed a significant divergence and imbalance. The pandemic had an important impact on global industrial restructuring. Major economies have taken digital and green economy as an important focus of economic growth, and have gradually increased the investment in digital infrastructure, green infrastructure and public health infrastructure. High-tech, intelligent and environmentally friendly buildings may become new growth points. Due to the recurrence of overseas epidemic situation and the mutation of the virus, Chinese construction enterprises still faced certain challenges in overseas production and operation. Construction and production needed to be determined according to the local epidemic control situation, which had affected the construction schedule to some extent. In view of the data of countries along the Belt and Road in the first half of the year, the amount of new contracting projects decreased by 9.5% year-on-year to RMB383.71 billion, representing 53.7% of the total amount for the same period; the turnover increased by 1.8% year-on-year to RMB254.67 billion, representing 57.9% of the total amount for the same period. The development of international infrastructure in the post-epidemic era faces both opportunities and challenges. China will work with other countries to promote the steady and sound development of international infrastructure investment cooperation, making a positive contribution to realizing regional infrastructure connectivity, deepening multilateral and bilateral economic and trade relations, and promoting the economic recovery and growth of the host countries and the world.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Survey, design and consulting services business

In recent years, the engineering survey, design and consulting services industry in China has developed rapidly, and the team quality, business scale and economic benefits of the industry have been greatly improved. With the promotion of national deployment of “new infrastructure”, “two new areas and one important field”, “carbon peak” and “carbon neutral” projects, the survey, design and consulting services industry has ushered in new market opportunities and development space. As an important production link of the construction industry, the development of survey, design and consulting services industry focuses more on strengthening areas of weakness in the infrastructure, renovating old urban areas, and building smart cities and smart communities; infiltrating the design concept of energy conservation and environmental protection, promoting the innovation of digitalization and intelligence in the new infrastructure construction scene, and facilitating the application of building information modeling (BIM) technology, so as to further accelerate structural adjustment and transformation in the areas of new urban construction, ecological and environmental protection, and product upgrade. In terms of business model, with the introduction of relevant policies on national project general contracting and whole-process consultation, the reform of project investment and construction mode and project production organization mode will accelerate, and the diversification of investment and the integration of investment, construction and operation will become the mainstream. The release of the “double qualification” policy will also promote the integration of design and construction, and the general contracting business will maintain a rapid development momentum. In the future, the application of digital technology in engineering construction will run through the whole life cycle from design planning, design engineering, construction to operation and maintenance, promoting the design and consulting enterprises to adopt the intensive high-quality development mode.

### Engineering equipment and component manufacturing business

The release of such policies as “Made in China 2025”, “Key Tasks for New Urbanization and Urban-rural Integration Development in 2021”, “Action Plan for Promoting the Production and Application of Green Building Materials” and “Guidelines on Vigorously Developing Prefabricated Buildings”, the continuous expansion of domestic old railway upgrading demand and the continuous improvement of urban rail transit network, have provided strong policy support and guarantee for the sustained growth of industrial and mechanical product markets and the development of prefabricated buildings. Prefabricated buildings, municipal bridge steel structure and other products with the characteristics of “green, environmental friendly and circular economy” will be increasingly widely used, and the market demand will be further expanded. According to the data released by the National Bureau of Statistics, in the first half of the year, the added value of large-scale industries increased by 15.9% year-on-year, and the two-year average growth rate was 7.0%. The added value of high-tech manufacturing industry and equipment manufacturing industry increased by 22.6% and 22.8% year-on-year respectively, significantly higher than other industries. The two-year average growth rates were 13.2% and 11.0% respectively, up from the first quarter. It is expected that in the future, benefiting from the continuous enactment and implementation of policies related to infrastructure construction and high-quality development of manufacturing industry, tunnel construction equipment, engineering construction machinery, electric equipment, turnouts, steel bridges, and environmental protection equipment will have more applications, and there will be new changes in the competitive landscape.



## MANAGEMENT DISCUSSION AND ANALYSIS

### Property development business

In the first half of 2021, under the long-term mechanism that “houses are built to be inhabited, not for speculation” implemented by the CPC Central Committee and the State Council, the tightening of regulation was still the main theme in the real estate market, and local governments continued to implement the targets of stabilizing land prices, housing prices, and expectations in accordance with local policies. The “three red lines” of housing enterprise financing and the mortgage concentration management system further accelerated the pace of real estate definancialization. The “two centralized” policy (centralized release of transfer announcements and centralized organization of transfer activities for residential land) affected the pace of land supply, and put forward higher requirements on the capital dispatching ability, investment and operation ability of real estate enterprises, which further intensified the differentiation of real estate enterprises. On the whole, in the first half of the year, the precipitous rise of the real estate market was controlled, and the growth rate of commodity housing sales fell, but the growth of investment in real estate development was still resilient. 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 RMB7,217.9 billion, representing a year-on-year increase of 15%. In particular, the investments in residential housing were RMB5,424.4 billion, representing a year-on-year increase of 17%. The sales area of commodity housing was 886.35 million square meters, representing a year-on-year increase of 27.7%. In particular, the sales area of residential housing has a year-on-year increase of 29.4%, the sales area of office building has a year-on-year increase of 10.0%, and the sales area of commercial housing has a year-on-year increase of 5.7%. The sales amount of commodity housing reached RMB9,293.1 billion, representing a year-on-year increase of 38.9%. In particular, the sales amount of residential housing has a year-on-year increase of 41.9%, the sales amount of office buildings has a year-on-year increase of 10.7% and the sales amount of commercial housing has a year-on-year increase of 8.8%.

### Other businesses

#### Mining business

In the first half of 2021, the United States, Europe, Japan and other developed countries (regions) continued easy monetary policies and fiscal stimulus policies to address the epidemic, resulting in a sharp rise in household savings and commodity consumption. The rising share of global commodity consumption stimulated demand for commodities, which led to rising inflationary pressure and a sharp rise in commodity prices in global major economies. Under the backdrop of low overseas raw material inventory and continuous inventory replenishment demand, the market’s appetite for risk assets and basic raw material demand has significantly increased, and the demand for commodities is strong. It is expected that metal commodity prices, represented by copper and iron, will remain high and volatile for a period of time in the future.

#### Financial business

In the first half of 2021, the global pandemic continued, the commodity prices rose sharply, and the Federal Reserve continued its “ultra-loose” monetary policy. In spite of this, the domestic economy has been stable and strengthened in line with expectations, the driving force for economic development has been further strengthened, and the major macro indicators remained within reasonable range. In the financial sector, first, the robust monetary policy maintained its continuity, stability and sustainability, providing a strong support for the economic stability and recovery; second, the systems and mechanisms for preventing and mitigating financial risks were further improved, and accountability measures for preventing and mitigating major financial risks, and a notification system for major violations of laws and regulations, such as debt evasion and cancellation in the bond market were introduced; third, the macro prudent management was further consolidated, and the financial regulation on real estate business was further enhanced; fourth, the internationalization of RMB was promoted in a prudent manner, the policies on cross-border RMB business were improved, and the innovation in cross-border RMB business was enhanced.

## MANAGEMENT DISCUSSION AND ANALYSIS

### 2 Business Development Overview

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

In the first half of 2021, the global epidemic continued to evolve, and the external economic environment became more complex and severe. The domestic economic recovery was still unstable and uneven. Internationally, the global economic recovery has come under tremendous pressure due to the repeated outbreak, rising commodity prices, rising inflationary pressure, growing expectations of tighter liquidity and rising risk aversion in the market. Domestically, thanks to effective epidemic prevention and control measures, China's economy continued to recover and grow steadily; efforts were made to promote self-reliance and self-improvement in science and technology, reform and opening up were continuously intensified, people's livelihood was effectively guaranteed, new achievements were made in high-quality development, and social stability was maintained. However, the foundation of economic recovery was still unstable and uneven, and economic development faced new risks and challenges.

In the first half of 2021, the Group adhered to the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, thoroughly implemented the guiding principles of the 19th CPC National Congress and the second, third, fourth and fifth plenary sessions of the 19th Central Committee, earnestly implemented the decisions and plans of the CPC Central Committee, the State Council, and the State-owned Assets Supervision and Administration Commission, in order to celebrate the 100th anniversary of the founding of the CPC Central Committee. We earnestly practiced the "fourteenth five-year" development thinking of the Company, and achieved new results in promoting enterprise reform and development. All the production and operation work was carried out in an orderly manner, and steady progress and improvement were made in the business results and operation of the Group.

In the first half of 2021, centering on the implementation of the goals and tasks set at the work meeting held in the beginning of the year, the Group firmly adhered to the strategy and unswervingly anchored the goals. United together, we strived to forge ahead and made solid progress in multi-dimensional, regional, territorial, and rolling operations. Therefore, we maintained a leading position in traditional markets, made new breakthroughs in new markets, and achieved new highs in business performance. In the first half of the year, the value of new contracts of the Group was RMB1,033.67 billion, representing a year-on-year increase of 18.8%, maintaining a continuous high growth rate. In particular, with the promotion of national new urban infrastructure construction, the Group's new contracts for housing construction and municipal business continued to increase significantly, up by 55.2% and 21.8% respectively. In the first half of the year, we successively won the bid for a large number of major projects, such as Shenyang-Baihe High-speed railway, T3 transportation hub of Guangzhou Baiyun Airport, Metro Line R1 of Xiong'an New Area, and comprehensive treatment of Xinkai River in Changchun.

## MANAGEMENT DISCUSSION AND ANALYSIS

In the first half of 2021, the Group implemented the national strategy and participated in green construction, smart construction and prefabricated construction. In emerging fields such as port channel, ecological governance, water conservancy and hydropower, the Group built innovative platforms while optimizing the environment for innovation. The Group tackled key problems in science and technology and accelerated the pace of digital transformation. In addition, the Group accomplished the following work: held the China Intelligent Manufacturing Brand Forum and Innovation Exhibition of High-end Assembly Manufacturing of Central Enterprises; made breakthroughs in shield research and development, and ensured that constant-pressure blade shields with the world's smallest diameter and China's first large-diameter hard rock boring machines for frigid plateau regions rolled off the production line; assembled the self-developed box girder spans with the world's largest tonnage; completed the superconducting magnetic levitation (Maglev) engineering system with a speed of over 600 km/h; won the national highest award in the industrial field with respect to the complete set of equipment for 1,000-ton box girder spans for carrying and lifting. In addition, the Group actively implemented the national carbon peak and carbon neutral strategy, gradually participated in green construction, smart construction, prefabricated construction, water and environmental protection and other businesses, and enhanced the competitiveness of its water conservancy, hydropower and related businesses by giving full play to the professional advantages of China Railway Yangtze River Research Institute and China Railway Water Conservancy Research Institute. We won Luban Award and Gold Prize of National Quality Project Award for multiple sewage treatment plant projects, and undertook the construction of China's first high-power offshore wind turbine wind power project, the Yellow River Basin ecological protection pilot project, and the Yangtze River protection project.

In the first half of 2021, based on General Secretary Xi Jinping's important instructions on deepening SoE reform and modernizing SoE management system and capacity, the arrangements for the 2021 meeting of heads of central enterprises of SASAC, as well as the work arrangement at the beginning of the year, the Group took solid steps to improve its management based on world-class standards, shared excellent management practices, fully mobilized all resources, gave play to the role of innovation as a driver, and summarized and refined innovative ideas, new practices and new experience in management, in order to make breakthroughs in enterprise management mechanism, management mode, management method and other aspects, promote the modernization of corporate governance system and governance capacity with innovative management, and promote the high-quality development of enterprises.

In the first half of 2021, the Group continued to fulfill its commitment to benefit the society and return to shareholders, demonstrating its responsibility as a major central enterprise. While carrying out epidemic prevention and control on a regular basis, the Group actively supported the construction of quarantined apartments in Huangzhuang, Shijiazhuang and participated in epidemic prevention and control in Guangzhou; actively implemented the plans for major national projects and the requirements for ensuring stable employment and ensuring people's livelihood; actively participated in earthquake rescue in Dali Bai Autonomous Prefecture of Yunnan Province and Goluo Tibetan Autonomous Prefecture of Qinghai Province; made full use of the advantages and resources of the Group, worked to ensure the sound development of relevant key areas, and strengthened the targeted assistance to Kano District of Qamdo, Tibet, in order to effectively link the achievements of poverty alleviation with rural revitalization. As of the date of this announcement, the Group has entered the Fortune Global 500 for 16 consecutive years, ranking 35th in 2021, up 15 places from the 50th in 2020. The Group ranks second among the world's largest contractors according to the Engineering News-Record ("ENR"). It has been assessed as an A-type enterprise by the SASAC for eight consecutive years in performance appraisal of central enterprises. The Company has been assessed as a listed company of A-type (outstanding) by the Shanghai Stock Exchange for eight consecutive years in the evaluation of information disclosure of listed companies. The Company's social image and brand status have been further consolidated and improved.

## MANAGEMENT DISCUSSION AND ANALYSIS

During the first half of 2021, the value of new contracts of the Group was RMB1,033.67 billion, representing a year-on-year increase of 18.8%. In particular, the value of new contracts of domestic business was RMB991.81 billion, representing a year-on-year increase of 20.1%. As at the end of the reporting period, the value of contract backlog of the Group was RMB4,165.95 billion, with an increase of 11.8% as compared with the end of 2020. The value of new contracts of the Group in the first half of 2021 is as follows:

Unit: RMB100 million Currency: RMB

Business type	Reporting period	Same period last year	Year-on-year increase/decrease
Infrastructure construction	9,101.1	7,587.0	20.0%
Including: Railways	1,197.2	1,233.4	-2.9%
Highways	1,135.7	1,157.3	-1.9%
Municipal works and others	6,768.2	5,196.3	30.3%
Survey, design and consulting services	95.7	114.7	-16.6%
Engineering equipment and component manufacturing	281.8	193.4	45.7%
Property development	312.7	176.7	77.0%
Other businesses	545.4	631.6	-13.6%
<b>Total</b>	<b>10,336.7</b>	<b>8,703.4</b>	<b>18.8%</b>

### Infrastructure construction business

During the first half of 2021, the value of the Group's new contracts of infrastructure construction business was RMB910.11 billion, representing a year-on-year increase of 20.0%; the value of the contract backlog was RMB3,876.34 billion, representing an increase of 10.9% from the end of 2020. **From a business segment perspective:** ① In respect of railway construction business, the value of new contracts of railway construction business amounted to RMB119.72 billion, representing a year-on-year decrease of 2.9%; the value of the contract backlog was RMB637.18 billion, representing an increase of 0.1% from the end of 2020. ② In respect of highway construction business, the value of new contracts of highway construction business amounted to RMB113.57 billion, representing a year-on-year decrease of 1.9%; the value of the contract backlog was RMB711.11 billion, representing an increase of 3.4% from the end of 2020. ③ In respect of municipal works and other businesses, in the first half of the year, with the continuous advancement of urbanization and renovation of old urban areas, as well as the continuous deepening of future development strategies such as national-level city clusters and smart cities, the Group further enhanced its operation in urban construction market. The value of the Group's new contracts of municipal works and other businesses amounted to RMB676.82 billion, representing a year-on-year increase of 30.3%; the value of the contract backlog was RMB2,528.05 billion, representing an increase of 16.5% from the end of 2020. In particular, the value of new contracts of municipal works business was RMB210.36 billion, representing a year-on-year increase of 21.8%, the value of new contracts of housing construction business was RMB339.86 billion, representing a year-on-year increase of 55.2% and the value of new contracts of urban rail transit business was RMB86.48 billion, representing a year-on-year increase of 7.7%. **From a business model perspective:** the amount of newly signed infrastructure contracts obtained by the Group through the construction contracting mode was RMB768.68 billion, up by 10.8% year-on-year. The newly signed contracts for infrastructure construction obtained through investment mode reached RMB141.43 billion, up 117.6% year on year.

## MANAGEMENT DISCUSSION AND ANALYSIS

The Group has always been a leader in infrastructure construction in China and is one of the largest construction contractors in the world. As of the end of the reporting period, the Group had 18 special grade general contracts for railway engineering construction, accounting for more than 50% of the total number of special grade general contracts for railway engineering construction in China; as well as 27 special grade general contracts for highway engineering construction, 19 special grade general contracts for building construction and 10 special grade general contracts for municipal public works construction. The Group is the largest construction group in the railway infrastructure field and urban rail transit infrastructure field in China. It has three state laboratories: State Key Laboratory of High-speed Railway Construction Technology, State Key Laboratory of Bridge Structure Health and Safety, and State Key Laboratory of Shield and Tunneling Technology, representing the most advanced technology level in railway, bridge, underground space development and utilization and rail transit construction in China. In addition, 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 in the Belt and Road Initiative including China-Laos Railway, the Indonesian Jakarta-Bandung High-speed Railway, Budapest-Belgrade Railway and Padma Bridge in Bangladesh.

During the reporting period, the key projects under construction and investment projects the Group undertook or participated in the construction proceeded smoothly. The Dunhua-Baihe Railway, Hanjiang Bay Bridge, Sichuan-Tibet Railway Lalin section, Xiamen Metro Line 3, and Zunyu Expressway that the Group participated in were put into operation as scheduled. The construction of Guangzhou Rail Transit Line 11, Darui Railway Baorui section, Beijing-Xiong'an Expressway Beijing section, Shenzhen Metro Line 14, Guangzhou Rail Transit Line 13 Phase II, Yuchu Expressway and other key projects under construction are proceeding in an orderly manner.

### Survey, design and consulting services business

In the first half of 2021, the value of new contracts of the Group regarding the survey, design and consulting services business amounted to RMB9.57 billion, representing a year-on-year decrease of 16.6%; the value of the contract backlog was RMB56.41 billion, representing an increase of 0.9% from the end of 2020. The decrease in the value of new contracts was mainly due to the decrease in design projects of the national railway and urban rail transit market opened for bidding during the first half of the year.

During the reporting period, the survey and design work for Sichuan-Tibet Railway Ya'an to Xindu Bridge section, Xi-Kun High-speed Railway Chongqing-Kunming section, Hu-Yu-Rong High-speed Railway Chongqing-Chengdu section, Chengdu-Wanzhou Railway via Dazhou, Yichang to Peiling section and other projects were carried out smoothly.

As a backbone enterprise in China's survey and design industry, the Group has played an important leading role in the field of engineering construction, especially in assisting in the formulation of construction codes and quality acceptance standards of the railway industry. The Group has won 91 National Excellent Engineering Survey and Design Awards, 88 National Excellent Engineering Consulting Achievement Awards, and 22 International Engineering Consulting (FIDIC) and Engineering Design Awards. In ENR's 2021 ranking of the world's 150 largest design companies and 225 largest international design companies, the Group ranked 15th and 84th respectively.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Engineering equipment and component manufacturing business

During the first half of 2021, the value of the Group's new contracts of engineering equipment and component manufacturing business was RMB28.18 billion, representing a year-on-year increase of 45.7%; the value of the contract backlog was RMB89.55 billion, representing an increase of 25.5% from the end of 2020. The increase of value of new contracts mainly benefited from the continuous growth of value of new contracts for steel structure business. During the reporting period, the Group won the order for steel structure and engineering equipment of several national key projects, such as Changtai Yangtze River Bridge, Longtan River Crossing Bridge, and Nanjing Xianxin Road Crossing River Channel.

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 China 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 largest shield/TBM R&D manufacturer in terms of sales volume, the world's largest steel structure manufacturer of turnouts and bridges, the largest railway construction equipment manufacturer in China, and a global leading infrastructure construction service equipment manufacturer. For the domestic market, the Group maintained a market share of more than 50% in the high-speed turnout market that requires high techniques (speed over 250km/h), and in the acceleration turnout, regular turnout, and heavy-haul turnout market, a market share of more than 60% in the turnout market of urban rail transit business, a market share of more than 60% in the large steel structure bridge market, a market share of more than 60% in the catenary parts market of high-speed railway, and a market share of approximately 50% in the power supply products market of urban rail transit sector. In addition, the Group successfully developed the 600km/h high-speed maglev traction transformer, and 600km/h high-speed maglev turnout system, providing a strong technical support for the completion of 600km/h high-speed maglev traffic system in China. CRHIC (stock code: 600528.SH), a majority-owned subsidiary of the Company, 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 market that mainly engages in rail transit and underground excavation of high-end equipment. CRHEEC is an important supplier engaging in R&D, production and system integration of domestic electrified catenary components and power supply equipment for urban rail transit. CRPCC (stock code: 300374.SZ), a supplier with rich product structure portfolios and integrated service capability in building parts and components of prefabricated building construction, can provide a full set of prefabricated building solutions.

### Property development business

In the first half of 2021, the Group's property business achieved a sales amount of RMB31.27 billion, representing a year-on-year increase of 77%, and its sales area was 2.066 million square meters, representing a year-on-year increase of 81.1%. Thanks to the recovery of the real estate market and the release of demand after the epidemic, the acquisition and quick implementation of the government repurchase of projects for people's livelihood, the destocking of the existing projects such as Jinan China Railway Town, Xiamen Yidu and Beijing Norde Yidu, and the improved quality of the real estate products of the Group, the Group achieved a significant growth in real estate sales in the first half of the year. The area that the Group have commenced construction was 2.228 million square meters, representing a year-on-year increase of 1.4%; the area that the Group have completed construction was 1.995 million square meters, representing a year-on-year increase of 8.2%; and the newly acquired land reserve was 1.687 million square meters, representing a year-on-year increase of 130.8%. As of the end of the reporting period, the Group's real estate projects in progress covered 48.872 million square meters; the land reserve to be developed covered 16.111 million square meters. The property business of the Group has covered 25 provinces and municipalities nationwide with a total of 203 real estate development projects currently.

## MANAGEMENT DISCUSSION AND ANALYSIS

The Group is one of the central enterprises that the SASAC has identified as a key player in the real estate development field. Based on the national policy guidance and the new development concept for the real estate development business, the Group constantly optimized the project business modality and structure by studying new policies carefully, exploring new markets and establishing new targets. The Group focused on the innovation and upgrade of traditional business modality, gave full play to "Real Estate+", continuously expanded into the market of property construction on the subway, urban area development, industrial park and old urban communities renovation, and constantly strengthened the exploration of culture and tourism, healthcare, exhibition, TOD industry and city integration and other fields, in order to become an urban comprehensive developer and operator with the characteristics of China Railway and core brands.

### Other businesses

#### Mining business

The Group's mining business is mainly based on the management and development of self-owned mineral resources. Currently, it wholly owns, controls or holds shares to invest in construction of 5 modern mines at home and abroad, including Luming Molybdenum Mine, Yichun City of Heilongjiang, Luishia Copper-Cobalt Mine, MKM Copper-Cobalt Mine and SICOMINES Copper-Cobalt Mine in Congo (phase I has been completed and put into operation), and Wulan Lead and Zinc Mine in Mongolia, all of which are under normal operation. In addition, the construction of phase II of SICOMINES Copper-Cobalt Mine in Congo is in smooth progress. The project has entered the commissioning stage. The main mineral products produced and sold by the Group include concentrates of copper, cobalt, lead, zinc and molybdenum, and copper cathode and cobalt hydroxide. As of the end of the reporting period, the retained resources/reserves of the aforesaid mines mainly include copper of approximately 8.30 million tons, cobalt of approximately 0.60 million tons, and molybdenum of approximately 0.65 million tons. In particular, it maintains the leading position in the same industry in China in terms of the retained reserves of copper, cobalt and molybdenum, and its mines' production capacity for copper and molybdenum has been at the forefront in the same industry in China.

In the first half of 2021, the Group's mineral resources business overcame the adverse factors such as repeated overseas epidemics and ensured stable production of all mines through comprehensive means such as cost control and management optimization. During the reporting period, the aggregate production quantity of the mines that the Group controlled and invested is as follows: the copper metal production was 109,564 tons, with a decrease of 2.13% from the same period last year; cobalt metal production was 1,400 tons, representing a year-on-year increase of 5.67%; molybdenum metal production was 7,796 tons, representing a year-on-year increase of 99.88%; lead metal production was 6,384 tons, representing a year-on-year decrease of 22.32%; zinc metal production was 10,737 tons, representing a year-on-year decrease of 4.97%; silver metal production was 21 tons, representing a year-on-year decrease of 14.98%.

## MANAGEMENT DISCUSSION AND ANALYSIS

As at 30 June 2021, the Group's mineral reserves are as follows:

Unit: RMB100 million Currency: RMB

SN	Project name	Type of resources	Grade of resources	Reserve of retained resources (ton)	Equity ratio	Planned total investment	Accumulated investment	Investment in the reporting period	Product output in the reporting period (ton)	Planned completion date	Project progress
1	Luming Molybdenum Mine, Yichun City of Heilongjiang	Molybdenum Copper	0.086% /	650,685 /	83%	60.17	60.26	0	7,796 536	Completed	In normal production
2	SICOMINES Copper-Cobalt Mine, La Sino-congolaise Des Mines S.A., Congo	Copper Cobalt	3.415% 0.247%	7,719,387 558,791	41.72%	45.86	30.92	3.39	85,064 484	2021.9	Phase I in production, phase II under construction
3	Luishia Copper-Cobalt Mine, Compagnie Minière de Luisha S.A.S, Congo	Copper Cobalt	2.129% 0.125%	535,184 31,425	72%	21.38	21.6	0	13,752 279	Completed	In normal production
4	MKM Copper-Cobalt Mine, La Minière De Kalumbwe Myunga sprl, Congo	Copper Cobalt	2.078% 0.211%	31,049 3,159	80.20%	11.95	12.35	0	10,212 637	Completed	In normal production
5	Wulan Lead and Zinc Mine, Xinxin Company, Mongolia	Lead Zinc Silver	1.133% 2.581% 52.776g/t	181,477 413,389 845	100%	15.4	15.4	0	6,384 10,737 21	Completed	In normal production
6	Muhaer Lead and Zinc Mine, Xinxin Company, Mongolia	Lead Zinc Silver	0.95% 3.21% 114.54g/t	61,315 206,816 737	100%	/	/	0	/	/	Not yet exploited
7	Wurile Ovoo and Zhanggai Tolgoi Gold Mine, Xinxin Company, Mongolia	Gold	3g/t	3	100%	/	/	0	/	/	Not yet exploited
8	Silver-Lead-Zinc polymetallic Mine, Chafu, Xianglong Mineral Co., Ltd., Mongolia	Lead Zinc Silver	7% 5.09% 200.39g/t	89,693 65,190 257	100%	3.3	3.3	0	/	/	Ceased production



## MANAGEMENT DISCUSSION AND ANALYSIS

### Financial business

When carrying out financial business, the Group has always strictly implemented the regulatory policies of the “Financial Stability and Development Commission of the State Council, the People’s Bank of China, the CSRC and the CBIRC” 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 financial businesses such as assets management, private equity fund, insurance brokerage, finance lease, and commercial factoring, which are the financial businesses that SASAC allows to be conducted in a prudent and regulated manner. We have built a multi-level, wide-covered and differentiated “finance, quasi-finance” institutional service system represented by China Railway Trust Co., Ltd. (“**CRTC**”), China Railway Finance Co., Ltd. (“**CRFC**”), and China Railway Capital Co., Ltd. (“**CRCC**”). The three companies actively explore new ways for integrating industry and finance to serve internal financial needs. CRTC has enhanced the initiative of serving principal businesses through the service trust, project equity investment, asset securitization and the “three-in-one” mode of industry, finance and investment. It has established a regular risk monitoring, early warning and quick response mechanism for counterparties and projects, and issued the “Guidelines on Normalized Risk Investigation”, in order to minimize the potential risks and achieve the process management of “early discovery, early warning and early handling”. CRFC is responsible for strengthening internal capital concentration, establishing capital pool and controlling financing scale. It has played an important role in reducing financing costs, “deleveraging and controlling liabilities” by utilizing its own financial resources and talent resources and giving full play to the advantages of the platform of financial integration. CRCC has developed diversified businesses such as industrial fund, asset securitization, supply chain finance, commercial factoring, financial leasing, insurance brokerage, innovative venture and international investment and financing, and enhanced the efforts for obtaining equity financing for investment projects.

### Merchandise trading business

The merchandise trading business of the Group represents the trading business carried out by the trading enterprises at all levels of the Group relying on the demand advantage, product advantage and resource channel advantage and centralized purchase and supply based on the main businesses of the Group. It mainly serves the internal trading demand of the Group and provides external services in an appropriate manner. China Railway Material Trade Co., Ltd, a wholly-owned subsidiary of the Company, 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. It carries out centralized procurement and supply of major materials at the Group level, and supplies materials to other domestic construction enterprises, significantly improving the Group’s resources acquisition ability, supply security, procurement and bargaining power. During the period of rising commodity prices, it provided reliable material supply guarantee for the Group’s production and operation and effectively addressed the risk of rising commodity prices by making appropriate reserve and locking price in good time.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Infrastructure operation business

The Group obtains the franchise of operational rail transit, expressway, and water utilities projects through investment and construction mode and achieves operating income by providing operation and management services and collecting fees according to relevant charging standards. The infrastructure projects operated by the Group mainly include rail transit, expressway, water utilities, municipal roads, industrial parks and underground pipe corridors, with an operating period ranging from 8 to 40 years. With the infrastructure investment projects undertaken by the Group being completed and put into service, the Group's income and profit from infrastructure operation business are expected to grow.

## 3 Consolidated Results of Operations

For the six months ended 30 June 2021, the Group's revenue increased by 19.7% from the corresponding period of 2020 to RMB498.227 billion. The Group realized profit for the period of RMB14.350 billion, representing an increase of 15.7% from the same period of last year. For the six months ended 30 June 2021, profit for the period attributable to owners of the Company was 13.095 billion, representing an increase of 12.0% from the same period of last year while the basic earnings per share of the Company were RMB0.454, representing an increase of 6.8% from the same period of last year.

A comparison of the financial results for the six months ended 30 June 2021 and the corresponding period of 2020 is set forth below.

### Revenue

In the first half of 2021, the Group's revenue increased year-on-year by 19.7% to RMB498.227 billion, mainly due to the increase in revenue from infrastructure construction business. Among which, the revenue generated from Mainland China was RMB473.100 billion, representing a year-on-year increase of 20.2%.

### 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 2021, the Group's cost of sales and services increased year-on-year by 20.1% to RMB456.460 billion. In the first half of 2021, gross profit of the Group increased year-on-year by 14.8% to RMB41.767 billion. The gross profit margin for the first half of 2021 was 8.4%, representing a decrease from 8.7% for the first half of 2020. Such decrease was primarily due to the decrease in gross profit margin of property development business.

### Other income

The Group's other income primarily consists of dividend income and subsidies from government. For the six months ended 30 June 2021, the Group's other income was RMB1.532 billion, representing an increase of 38.0% from the same period of last year.

### Other expenses

The Group's other expenses primarily includes expenditures on research and development. For the six months ended 30 June 2021, other expenses increased by 18.5% to RMB7.344 billion 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.

## MANAGEMENT DISCUSSION AND ANALYSIS

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

The Group's net impairment losses on financial assets and contract assets mainly includes impairment losses on trade and other receivables, other financial assets at amortised cost and contract assets. For the six months ended 30 June 2021, the Group's net impairment losses on financial assets and contract assets was RMB1.382 billion (first half of 2020: RMB1.178 billion), which mainly comprises of impairment losses on trade and other receivables of RMB0.607 billion and contract assets of RMB0.452 billion.

### Other gains, net

The Group's net other gains and losses mainly include gains/losses on disposal/write-off of financial assets/liabilities, joint ventures, associates and subsidiaries, foreign exchange gains/losses, and gains/losses on changes in the fair value of financial assets/liabilities through profit and loss. The net other gains for the first half of 2021 was RMB6 million (first half of 2020: RMB536 million), which mainly includes losses on change in fair value of financial assets/liabilities of RMB210 million and foreign exchange losses of RMB104 million.

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

The Group's loss from derecognition of financial assets at amortised cost mainly includes the losses arising from the transfer of trade receivables in accordance with asset-backed notes and asset-backed securities issuance, and non-recourse factoring agreements. In the first half of 2021, the Group's losses from derecognition of financial assets at amortised cost was RMB1.487 billion (first half of 2020: RMB1.476 billion). For the six months ended 30 June 2021, the Group transferred trade receivables of RMB21.678 billion and RMB6.925 billion under the issuance of asset-backed notes and asset-backed securities and non-recourse factoring agreements, respectively (first half of 2020: RMB23.982 billion and RMB3.668 billion, respectively).

### Selling and marketing expenses

The Group's selling and marketing expenses primarily consist of employee compensation and benefits, distribution and logistic costs and advertising costs. For the six months ended 30 June 2021, the Group's selling and marketing expenses was RMB2.371 billion, representing an increase of 32.8% from the same period of last year which was mainly due to the Group's strengthened construction of operating system and increased investment in marketing as well as the low base of selling and marketing expenses for the same period of last year attributable to the impact of COVID-19. Selling and marketing expenses as a percentage of total revenue was 0.5% for the first half of 2021, representing an increase from 0.4% for the first half of 2020.

### Administrative expenses

The Group's administrative expenses mainly consist of employee compensation and benefits and depreciation and amortization of its assets related to administration. For the six months ended 30 June 2021, the Group's administrative expenses increased by 14.7% to RMB12.516 billion from the same period of last year, which was mainly due to the increase in staff remuneration and depreciation expenses resulting from the increase in business scale and business activities. Administrative expenses as a percentage of total revenue for the first half of 2021 was 2.5%, representing a decrease from 2.6% for the first half of 2020.

### Finance costs, net

In the first half of 2021, the Group's net finance costs (finance costs less finance income) was RMB0.752 billion, representing a decrease of 28.9% from the same period of last year. It was mainly due to ① the increase in interest income resulting from the increase in average daily balances of bank deposits; ② the increase in interest income from other financial assets at amortised cost.

## MANAGEMENT DISCUSSION AND ANALYSIS

### 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 2021 increased by 14.4% to RMB18.412 billion from RMB16.098 billion for the corresponding period of 2020.

### Income tax expense

For the six months ended 30 June 2021, the Group's income tax expense was RMB4.062 billion, representing an increase of 9.8% from the same period of last year. By excluding land appreciation tax, the effective income tax rate of the Group was 18.3% for the first half of 2021, an increase of 0.7 percentage point from 17.6% for the same period of last year.

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

As a result of the foregoing factors, the profit for the period attributable to owners of the Company for the six months ended 30 June 2021 increased by 12.0% to RMB13.095 billion from RMB11.697 billion for the same period of 2020. The profit margin of the profit for the period attributable to owners of the Company for the first half of 2021 was 2.6%, a decrease in 0.2 percentage point from 2.8% for the same period of 2020.

## 4 Segment Results

The revenue and results of each segment of the Group's business for the six months ended 30 June 2021 are set forth in the table below.

Business segment	Revenue RMB million	Growth rate (%)	Profit/(loss) before tax RMB million	Growth rate (%)	Profit/(loss) before tax margin <sup>1</sup> (%)	Revenue as a percentage of total (%)	Profit/(loss) before tax as a percentage of total (%)
Infrastructure Construction	459,516	19.1	16,775	13.6	3.7	84.7	82.1
Survey, Design and Consulting Services	7,701	(3.3)	699	(31.9)	9.1	1.4	3.4
Engineering Equipment and Component Manufacturing	16,466	23.3	1,152	18.2	7.0	3.0	5.6
Property Development	14,122	8.6	(514)	39.4	(3.6)	2.6	(2.5)
Other Businesses	45,039	53.1	2,340	23.7	5.2	8.3	11.4
Inter-segment Eliminations and Adjustments	(44,617)		(2,040)				
<b>Total</b>	<b>498,227</b>	<b>19.7</b>	<b>18,412</b>	<b>14.4</b>	<b>3.7</b>	<b>100.0</b>	<b>100.0</b>

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

## MANAGEMENT DISCUSSION AND ANALYSIS

### Infrastructure construction business

Revenue from the operation of the Group's infrastructure construction business is mainly derived from railway, highway and municipal works construction. Revenue from the operation of the infrastructure construction business continues to account for a high percentage of total revenue of the Group. In the first half of 2021, the revenue from the infrastructure construction business accounted for 84.7% of the total revenue of the Group (first half of 2020: 85.8%). In the first half of 2021, the Group coordinated and promoted various tasks of production and operation, accelerated the progress of production and operation, and proceeded steadily and orderly. Revenue of the infrastructure construction business for the first half of 2021 was RMB459.516 billion, an increase of 19.1% as compared to the same period of last year. Gross profit margin and profit before tax margin of the infrastructure construction segment for the first half of 2021 was 7.0% and 3.7% respectively (first half of 2020: 7.1% and 3.8% respectively), basically remained the same as the same period of last year.

### Survey, design and consulting services business

Revenue from the operation of the survey, design and consulting services business primarily derives from providing a full range of survey, design and consulting services, research and development, feasibility studies and compliance certification services on infrastructure construction projects. In the first half of 2021, the Group's survey, design and consulting services business developed continuously and steadily and its revenue recorded RMB7.701 billion, decreased by 3.3% as compared to the same period of last year. For the first half of 2021, gross profit margin and profit before tax margin for the segment was 26.5% and 9.1% respectively (first half of 2020: 27.6% and 12.9% respectively). Such decrease was mainly because projects with a high revenue contribution in the current period have high design difficulty that caused high investment cost and decrease in profitability.

### Engineering equipment and component manufacturing business

Revenue from the operation of the engineering equipment and component manufacturing business primarily derives from the design, research and development, manufacture and sale of turnouts and other railway related equipment, bridge steel structures and engineering machinery. For the first half of 2021, the Group thoroughly implemented the important instructions of General Secretary Xi Jinping's "Three Transformations" that the Group comprehensively deepened reforms, accelerated industrial development, intensified technological innovation, actively explored emerging businesses and continuously promoted high-quality development. Revenue of the engineering equipment and component manufacturing business of the Group increased by 23.3% year-on-year to RMB16.466 billion for the first half of 2021. Gross profit margin and profit before tax margin for the first half of 2021 was 19.5% and 7.0% respectively (first half of 2020: 17.6% and 7.3% respectively). The increase in gross profit margin was mainly due to ① the Group further optimized the product mix of turnouts, and the production capacity and sales volume of heavy-duty and passenger-dedicated turnouts with higher gross profit increased. ② the Group continued to improve operating and sales quality that unit price of steel structure business increased as well as further strengthened cost control, causing the significant increase in gross profit margin of steel structure business. The decrease in profit before tax margin was mainly due to the increase in expenditures on research and development.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Property development business

In the first half of 2021, the Group strictly followed the national real estate policy and guidance, further increased the transformation and upgrading of the property development business segment, improved quality and effectiveness, explored new business development opportunities and new profit growth driver, focused on cultivating brand competitiveness of its property development business, enriched operating and sales models, and strived to overcome and resolve the adverse effects of the regulatory policies on property development market. For the first half of 2021, revenue of property development business increased by 8.6% year-on-year to RMB14.122 billion. Gross profit margin and profit before tax margin for the first half of 2021 was 16.0% and -3.6% respectively (first half of 2020: 21.6% and -6.5% respectively). The decrease in gross profit margin was mainly due to ① the decrease in selling price of certain projects resulting from the government's limited-price policy. ② the decrease in profitability resulting from the change in product mix and revenue recognised in the current period. The increase in profit before tax margin was mainly due to the decrease in impairment losses.

### Other businesses

In the first half of 2021, the Group has progressively implemented the "limited and interrelated" diversification strategy. Revenue of other businesses increased year-on-year by 53.1% to RMB45.039 billion for the first half of 2021. In the first half of 2021, gross profit margin and profit before tax margin was 19.5% and 5.2% respectively (first half of 2020: 24.0% and 6.4% respectively). Details are as follows: ① Revenue from infrastructure operation business increased year-on-year by 118.0% to RMB0.920 billion with gross profit margin decreased year-on-year by 6.3 percentage points to 9.3%. ② Revenue from mining business increased year-on-year by 56.3% to RMB2.755 billion with gross profit margin increased year-on-year by 14.2 percentage points to 53.4%. ③ Revenue from merchandise trading business increased year-on-year by 57.4% to RMB32.910 billion with gross profit margin decreased year-on-year by 2.8 percentage points to 6.4%. ④ Revenue from financial business increased year-on-year by 17.4% to RMB2.274 billion with gross profit margin increased year-on-year by 0.7 percentage point to 79.9%.

## 5 Cash Flow

For the six months ended 30 June 2021, the net cash outflow from operating activities of the Group amounted to RMB58.879 billion, an increase of net cash outflow from operating activities of RMB50.773 billion for the first half of 2020. It was mainly due to the slow down in payment from certain project owners. Besides, in order to ensure the orderly advancement of production and operation, the Group carried out necessary reserves in raw materials and paid its suppliers in a timely manner as abided by the contract. For the six months ended 30 June 2021, the net cash outflow from investing activities of the Group amounted to RMB26.095 billion, an increase of net cash outflow from investing activities of RMB21.169 billion for the first half of 2020. It was mainly due to the increase in investment of infrastructure investment projects. For the six months ended 30 June 2021, the net cash inflow from financing activities of the Group amounted to RMB64.419 billion, an increase in the net cash inflow from financing activities of RMB52.574 billion for first half of 2020. It was primarily due to the increase in scale of external financing and investment from minority shareholders.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Capital expenditure

The capital expenditure of the Group primarily comprises expenditure on purchases of equipment and upgrading of the Group's production facilities. The Group's capital expenditure for the first half of 2021 was RMB19.496 billion (among which, RMB14.728 billion is for purchase of intangible assets, RMB2.150 billion is for purchase of fixed assets, and RMB2.094 billion is for construction in progress), representing a decrease of 3.3% as compared to RMB20.165 billion for the same period of last year.

### Working capital

	As at	
	30 June 2021 RMB million	31 December 2020 RMB million
Inventories	51,834	40,943
Trade and bills receivables	169,709	140,031
Trade and bills payables	391,136	384,565
Turnover of inventory ( <i>days</i> )	18	17
Turnover of trade and bills receivables ( <i>days</i> )	56	52
Turnover of trade and bills payables ( <i>days</i> )	153	150

As at 30 June 2021, the Group's inventories was RMB51.834 billion, increased by 26.6% as compared to the end of 2020. The inventory turnover days for the first half of 2021 increased to 18 days from 17 days for the year of 2020.

### Trade and bills receivables

As at 30 June 2021, trade and bills receivables was RMB169.709 billion, an increase of 21.2% from RMB140.031 billion as at the end of 2020. It was mainly due to ① the normal increases in balance of trade and bills receivable resulting from the increase in operating scale; ② slow down in repayment from certain project owners during the reporting period. The turnover days of trade and bills receivables increased from 52 days for 2020 to 56 days for the first half of 2021. 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 23.7% (31 December 2020: 24.7%) of the total amount, reflecting the sound receivables management capability of the Group.

## MANAGEMENT DISCUSSION AND ANALYSIS

The following table sets forth the ageing analysis of the Group's trade and bills receivables as at 30 June 2021 and 31 December 2020, based on invoice date.

	As at	
	30 June 2021 <i>RMB million</i>	31 December 2020 <i>RMB million</i>
Less than 1 year	129,545	105,439
1 year to 2 years	18,517	16,642
2 years to 3 years	8,394	6,238
3 years to 4 years	2,986	2,815
4 years to 5 years	1,739	1,695
More than 5 years	8,528	7,202
<b>Total</b>	<b>169,709</b>	140,031

### 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 of 30 June 2021, the Group's trade and bills payables was RMB391.136 billion, an increase of 1.7% from the end of 2020. The turnover days of trade and bills payables for the first half of 2021 was 153 days, an increase of 3 days from 150 days for 2020. 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 8.5% (31 December 2020: 7.7%) of the total amount.

The following table sets forth the ageing analysis of the Group's trade and bills payables as at 30 June 2021 and 31 December 2020, based on invoice date.

	As at	
	30 June 2021 <i>RMB million</i>	31 December 2020 <i>RMB million</i>
Less than 1 year	358,066	354,958
1 year to 2 years	17,524	19,725
2 years to 3 years	8,786	4,933
More than 3 years	6,760	4,949
<b>Total</b>	<b>391,136</b>	384,565



## MANAGEMENT DISCUSSION AND ANALYSIS

## 6 Borrowings

The following table sets forth the Group's total borrowings as at 30 June 2021 and 31 December 2020. As at 30 June 2021, 43.8% (31 December 2020: 33.2%) of our borrowings were short-term borrowings. The Group is generally capable of making timely repayments.

	As at	
	30 June 2021 RMB million	31 December 2020 RMB million
Bank borrowings		
Secured	84,285	80,127
Unsecured	152,669	102,340
	<b>236,954</b>	182,467
Long-term debentures, unsecured	45,681	49,443
Other borrowings		
Secured	–	262
Unsecured	21,704	17,883
<b>Total</b>	<b>304,339</b>	250,055
Long-term borrowings	170,943	166,997
Short-term borrowings	133,396	83,058
<b>Total</b>	<b>304,339</b>	250,055

Bank borrowings carry interest rates ranging from 0.75% to 9.50% (31 December 2020: 0.75% to 9.55%) per annum. Long-term debentures carry fixed interest rates ranging from 2.14% to 4.50% (31 December 2020: 2.14% to 4.50%) per annum. Other borrowings carry interest rates ranging from 3.85% to 7.00% (31 December 2020: 3.85% to 7.00%) per annum.

The following table sets forth the maturity of the Group's borrowings as at 30 June 2021 and 31 December 2020.

	As at	
	30 June 2021 RMB million	31 December 2020 RMB million
Less than 1 year	133,396	83,058
1 year to 2 years	36,345	46,920
2 years to 5 years	54,691	52,212
More than 5 years	79,907	67,865
<b>Total</b>	<b>304,339</b>	250,055

## MANAGEMENT DISCUSSION AND ANALYSIS

As at 30 June 2021 and 31 December 2020, the Group's bank borrowings comprised floating-rate bank borrowings amounting to RMB153.332 billion and RMB129.376 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 2021 and 31 December 2020.

	As at 30 June 2021		As at 31 December 2020	
	Secured borrowings RMB million	Carrying value of pledged assets RMB million	Secured borrowings RMB million	Carrying value of pledged assets RMB million
Property, plant and equipment	414	1,252	367	1,022
Lease prepayments	278	280	197	309
Intangible assets	45,574	50,222	39,104	50,991
Properties under development for sale	10,523	39,372	11,769	37,371
Trade and bills receivables	190	190	310	310
Trade receivables from fellow subsidiaries of the Group	66	375	119	375
Contract assets	27,240	46,290	28,523	48,339
<b>Total</b>	<b>84,285</b>	<b>137,981</b>	<b>80,389</b>	<b>138,717</b>

As at 30 June 2021, the Group's unused credit line facilities from banks amounted to RMB1,143.841 billion (31 December 2020: RMB1,192.430 billion).

As at 30 June 2021, the Group's gearing ratio (total liabilities/total assets) was 74.3%, an increase of 0.4 percentage point from 73.9% as at 31 December 2020.

## 7 Contingent Liabilities

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

	As at	
	30 June 2021 RMB million	31 December 2020 RMB million
Pending lawsuits <sup>(Note 1)</sup>		
– arising in the ordinary course of business	3,528	3,073

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.

## MANAGEMENT DISCUSSION AND ANALYSIS

### 8 Business Risks

The risks faced by the Group include investment risk, internationalization risk, cash flow risk, production safety, quality and environmental protection risk, and major pandemic prevention and control risk 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 research and feasibility studies prior to project investment, inappropriate project implementation and management, significant changes in external macro environment and policies and other factors, which may lead to an investment return lower than expected or an investment failure of the Group.
- 2. Internationalization risk:** It refers to the risk that due to the influence of international political situation, foreign policy changes, administrative intervention from government, economic, social, environmental or technological changes and other factors as well as conflicts between different cultures, which may lead to the failure to normally perform the contracts in the Group's overseas investment and contracted projects.
- 3. Cash flow risk:** It refers to the risk 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. Production safety, quality and environmental protection risk:** It refers to the risk that subjects the Group to damage to brand image, financial loss, and external regulatory penalties resulting from the quality flaw of the Group's products, and major production safety and environmental protection accidents due to the lack of effective management system implementation, measure implementation, technical management, subcontract management, equipment management, personnel management and accident handling.
- 5. Major pandemic prevention and control risk:** Due to the impact of a major uncontrollable pandemic, some local governments have issued policies that regard the major pandemic as safety accidents and adopted strict control and punishment measures. Consequently, the Group cannot proceed with normal construction of projects under construction or even suffers from suspension of work, which brings great risk of contract performance and severe loss of economic benefits to the Group.

To prevent the occurrence of various types of risks, the Group makes various types of risks correspond to the various business processes through the establishment and operation of the internal control system, 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 develop strategies and contingency plans to deal with risks, which guarantees the overall controllability of the Group's various types of risks.

# SIGNIFICANT EVENTS

## 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
2020 Annual General Meeting	23 June 2021	China Securities Journal, Shanghai Securities News, Securities Daily, Securities Times and the website of the Shanghai Stock Exchange	24 June 2021
		The website of the Hong Kong Stock Exchange	23 June 2021
The First Extraordinary General Meeting in 2021	12 March 2021	China Securities Journal, Shanghai Securities News, Securities Daily, Securities Times and the website of the Shanghai Stock Exchange	13 March 2021
		The website of the Hong Kong Stock Exchange	12 March 2021

### Description of the general meeting:

The 2020 annual general meeting of the Company was held on 23 June 2021 with a combination of on-site and online voting. Proposals including the report of the Board of Directors for 2020 were considered and approved at the meeting. 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 on 24 June 2021 and on the website of Hong Kong Stock Exchange on 23 June 2021.

The first extraordinary general meeting in 2021 was held on 12 March 2021 with a combination of on-site and online voting. Proposals including recommendations on election and re-election of directors and on election of shareholder representative supervisor were considered and approved at the meeting. 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 on 13 March 2021 and on the website of Hong Kong Stock Exchange on 12 March 2021.

## SIGNIFICANT EVENTS

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

### (1) The interim plan for profit distribution and 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

### (2) Formulation and implementation of the cash dividend policy

Profits are distributed in cash under the profit distribution plan of the Company for 2020. Pursuant to the profit distribution plan considered and passed at the 2020 annual general meeting convened on 23 June 2021, a cash dividend of RMB0.18 (tax inclusive) per share based on the total share capital of 24,570,929,283 shares before the implementation of the plan (the Company's total share capital has not changed since 31 December 2020) was declared by the Company, totaling RMB4,422,767,270.94 (tax inclusive) and representing approximately 17.5% of net profit attributable to the listed company's shareholders under the consolidated financial statements for the year of 2020 of the Company. The announcement on the profit distribution of H shares was published on 8 July 2021 on the website of Hong Kong Stock Exchange and the website of the Company. The announcement on the profit distribution of A shares was published on 23 July 2021 in China Securities Journal, Shanghai Securities News, Securities Times, Securities Daily and on the website of Shanghai Stock Exchange. As of 5 August 2021, the implementation of the profit distribution plan of the Company for 2020 has been completed.

## SIGNIFICANT EVENTS

### 3 Performance Status of Undertakings

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

Undertaking background	Type of undertakings	Undertaking party	Contents of the undertaking	Timing and duration of undertaking	Whether there is a deadline for performance	Whether duly performed	If not duly complied, describe the specific reasons	If not duly complied, describe future plans
IPO-related undertakings	Non-competition	CREC	Upon the establishment of China Railway in accordance with the law, CREC and its subsidiaries (other than China Railway) will not in any form, directly or indirectly, engage in or participate in or assist in the engagement or participation in any business that competes, or is likely to compete with the core businesses of China Railway and its subsidiaries. If CREC or its subsidiaries (other than China Railway) become(s) aware of any new business opportunity which directly or indirectly competes, or is likely to compete, with the principal 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.	Nil	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	/	/

## SIGNIFICANT EVENTS

Note:

1. For details of the relevant undertakings made by the Company and CREC during the material asset restructuring of China Railway Erju Co., Ltd. (renamed as China Railway Hi-Tech Industry Co., Ltd. in March 2017, stock code: 600528), 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 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 Performance Term of 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 the Company published at the website of Shanghai Stock Exchange 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 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 above undertakings will continue in effect during the period of the Company control over Beijing Hengtong Innovation Luxwood Technology Co Ltd. The Company and CREC are currently duly complying with all 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 High-speed Electrification Equipment Corporation Limited to Go Listing on the STAR Market (Revision) 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.

## 4 Appropriation of funds by the controlling shareholders and other related parties for non-operating purpose during the reporting period

Not applicable

## 5 Illegal guarantee

Not applicable

## 6 Auditors

### (1) Explanation on the appointment and removal of auditors

On 30 March 2021, resolutions including the Resolution on the Appointment of Auditors for 2021 and Resolution on the Appointment of Internal Control Auditors for 2021 were considered and passed at the second meeting of the fifth session of the Board of Directors. For details of the appointment of auditors, please see the Announcement of China Railway Group Limited on Re-appointment of Auditors published on the website of the Shanghai Stock Exchange on 31 March 2021. These resolutions were then considered and passed at the 2020 annual general meeting of the Company on 23 June 2021. The Company has engaged PricewaterhouseCoopers Zhong Tian LLP and PricewaterhouseCoopers as the auditors of the Company for 2021 and engaged PricewaterhouseCoopers Zhong Tian LLP as the internal control auditor for 2021. For details, please refer to the Announcement of China Railway Group Limited on Resolutions of Annual General Meeting of 2020 disclosed by the Company on the website of the Shanghai Stock Exchange on 24 June 2021.

### (2) Explanation of the Company on the "Modified Audit Report" from Auditors

Not applicable

## SIGNIFICANT EVENTS

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

Not applicable

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

Not applicable

### **9 Material Litigation and Arbitration**

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

### **10 Alleged Violations of and Penalty and Rectification Order Against the Listed Company and its Directors, Supervisors, Senior Management, Controlling Shareholders, and Ultimate Controllers**

Not applicable

### **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.



## SIGNIFICANT EVENTS

## 12 Significant Related Party Transactions

## (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 announcement with subsequent progress or changes

Unit: Thousand Currency: RMB

Related parties	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	Rental services	Lease of office premises, etc.	Contract price	5,579	5,579	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	0	0	Less than 1%
<b>Total</b>					<b>5,579</b>	<b>5,579</b>	

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 27 December 2018. The terms of both agreements are three years. The total transaction amount involved was within the decision-making authority of the Board and was considered and approved at the 18th meeting of the fourth session of the Board, which complied with the relevant requirements of The Rules Governing the Listing of Stock on Shanghai Stock Exchange. Meanwhile, the Premises Leasing Agreement and Comprehensive Services Agreement were exempted from the requirements of reporting, annual review, announcement and independent shareholders' approval as the annual caps of such transactions were within the de minimis exemption under the Hong Kong Listing Rules.

(iii) Matters undisclosed in announcement

Not applicable

## SIGNIFICANT EVENTS

### (2) Related party transactions in relation to acquisition and disposal of assets or equity interests

(I) Matters which were disclosed in announcement without subsequent progress or changes  
Not applicable

(II) Matters which were disclosed in 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

### (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

### (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) The financial business between the Company and its related financial company, and between the financial company held by the Company and its related parties

China Railway Finance Co., Ltd. provides financial services to CREC, the controlling shareholder of the Company, and its subsidiaries. The Company can utilize part of the financing funds of China Railway Finance Co., Ltd. to improve its efficiency of capital utilization, and increase its profitability through the net interest and service fees obtained by China Railway Finance Co., Ltd. Pursuant to the Proposal Regarding Execution of Financial Services Framework Agreement Between China Railway Finance Co., Ltd. and China Railway Engineering Group Company Limited considered and approved in the 18th meeting of the fourth session of the Board convened by the Company on 7 December 2018, 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 2021) 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 see the relevant announcement of the Company dated 28 December 2018 published on the website of the Shanghai Stock Exchange. During the reporting period, the daily loan balance (including interest accrued) obtained by CREC from China Railway Finance Co., Ltd. did not exceed the maximum amount stipulated in the Financial Services Framework Agreement; and the maximum daily balance of deposits (including accrued interest) of the deposit service provided by China Railway Finance Co., Ltd. to CREC and its subsidiaries did not exceed the maximum amount stipulated in the Financial Services Framework Agreement.

## SIGNIFICANT EVENTS

## (i) Deposit business

Unit: Thousand Currency: RMB

Related Party	Related relations	Maximum daily deposit limit	Range of deposit interest rate	Opening balance	Amount for current period	Closing balance
CREC	Parent company		1.265%	1,132,021	-1,008,486	123,535
China Railway State Assets Management Co., Ltd.	Wholly-owned subsidiary of the parent company	20,000,000	1.265%	175,004	105,639	280,643
<b>Total</b>				1,307,025	-902,847	404,178

## (ii) Loan business

Unit: Thousand Currency: RMB

Related Party	Related relations	Line of credit	Range of loan interest rate	Opening balance	Amount for current period	Closing balance
CREC	Parent company	3,500,000	3.6%-3.7%	1,870,000	-750,000	1,120,000
<b>Total</b>				1,870,000	-750,000	1,120,000

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

Unit: Thousand Currency: RMB

Related Party	Related relations	Business type	Total	Actual amount incurred
CREC	Parent company	Comprehensive credit granting	3,500,000	1,120,000
<b>Total</b>			3,500,000	1,120,000

## (iv) Others

Unit: Thousand Currency: RMB

Item	Related Party	Amount of the current period	Amount of the corresponding period last year
Interest Income	CREC	34,515	4,242
Interest expenses	CREC	6,384	757
Interest expenses	China Railway State Assets Management Co., Ltd.	1,097	793
Interest expense on lease liabilities	China Railway State Assets Management Co., Ltd.	568	1,987

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. for deposit-taking.

## SIGNIFICANT EVENTS

## (6) Others

## (i) Related party guarantees

Unit: Thousand Currency: RMB

Guarantor	Guarantee	Guarantee amount	Commencement date of guarantee	Expiry date of guarantee	Guarantee fully fulfilled
CREC	China Railway	3,500,000	October 2010	April 2026	No
CREC	China Railway	2,500,000	October 2010	April 2021	Yes

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) and the 10-year 2010 Corporate Bonds (Tranche 2) issued by the Company in October 2010. In accordance with the agreement on the guarantee period in the Company's "Prospectus for Public Offering of Corporate Bonds", the guarantor shall assume the guarantee liability during the period from the first day of issuance of the bonds to six months after the maturity date of the bonds. As of 30 June 2021, the 10-year 2010 Corporate Bonds (Tranche 2) of the Company has been repaid in full upon maturity, and the guarantee liability undertaken by CREC as the guarantor of the bonds has been discharged upon expiry. However, 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 2021, the remaining payable amount of the above-mentioned bonds was RMB3,601,741,000 (31 December 2020: RMB3,522,859,000).

## 13 Material Contracts and Their Performance

## (1) Trusteeship, contracting and leasing

Not applicable

## (2) Material guarantees performed and not yet fulfilled during the reporting period

Unit: 0'000 Currency: RMB

Guarantor	Relationship between guarantor and listed company	Guarantee	Guarantee amount	Commencement date of guarantee		Type of guarantee	Main debt condition	Collateral (if any)	Guarantee fully fulfilled	Overdue guarantee	Counter-guarantee available	Guarantee provided to related parties	Related party relations	
				(agreement execution date)	date of guarantee									Expiry date of guarantee
China Railway	The Company	Linha Railway Co., Ltd.	21,542.40	2008/6/30	2008/6/30	2027/6/20	Joint and several liability guarantee	Normal performance	None	No	/	None	No	/
China Railway	The Company	Yunnan Fuyan Expressway Co., Ltd.	68,900.00	2015/4/12	2015/4/12	2027/11/1	Joint and several liability guarantee	Normal performance	None	No	/	None	No	/
China Railway	The Company	Shaanxi Yulin Shen-jia-mi Expressway Co., Ltd.	127,925.00	2015/7/31	2015/7/31	2037/8/1	Joint and several liability guarantee	Normal performance	None	No	/	None	No	/
China Railway No.4 Engineering Group Co., Ltd.	Wholly-owned subsidiary	Xuzhou Yingbin Expressway Construction Co., Ltd.	119,000.00	2018/10/22	2018/10/30	2028/10/29	Joint and several liability guarantee	Normal performance	Equity pledge	No	/	None	No	/
China Railway Major Bridge Engineering Group Co., Ltd.	Wholly-owned subsidiary	Wuhan Yangsigang Bridge Co., Ltd.	211,800.55	2015/12/24	2015/12/24	2023/6/27	Joint and several liability guarantee	Normal performance	None	No	/	None	No	/
China Railway Major Bridge Engineering Group Co., Ltd.	Wholly-owned subsidiary	Shantou Niutianyang Expressway Investment Development Co., Ltd.	3,783.53	2019/11/11	2019/11/11	2039/8/23	Joint and several liability guarantee	Normal performance	Equity pledge	No	/	None	No	/

## SIGNIFICANT EVENTS

Unit: 0'000 Currency: RMB

Guarantee provided by the Company (excluding those provided to subsidiaries)															
Guarantor	Relationship between guarantor and listed company	Guarantee	Guarantee amount	Commencement date of guarantee		Expiry date of guarantee	Type of guarantee	Main debt condition	Collateral (if any)	Guarantee fully fulfilled	Guarantee overdue	Overdue guarantee amount	Counter-guarantee available	Guarantee provided to related parties	Related party relations
				(agreement execution date)	date of guarantee										
China Railway Tunnel Group Co., Ltd.	Wholly-owned subsidiary	China Shanghai (Group) Corporation for Foreign Economic & Technological Cooperation	5,684.89	2012/12/29	2012/12/29	2022/6/30	Joint and several liability guarantee	Normal performance	None	No	No	/	None	No	/
Shanghai Civil Engineering Co., Ltd. of CREC	Wholly-owned subsidiary	Fangchenggang China Railway Diluyuan Investment Development Co., Ltd.	500.00	2019/5/8	2019/5/8	2030/12/31	Joint and several liability guarantee	Normal performance	Equity pledge	No	No	/	None	No	/
China Railway International Group Co., Ltd.	Wholly-owned subsidiary	MontagProp Proprietary Limited	6,687.00	2015/7/3	2015/7/3	2023/1/3	Joint and several liability guarantee	Normal performance	None	No	No	/	None	No	/
China Southern Investment Group Co., Ltd.	Wholly-owned subsidiary	Shantou Niutianyang Expressway Investment Development Co., Ltd.	219,291.32	2019/8/7	2019/8/7	2039/8/23	Joint and several liability guarantee	Normal performance	Equity pledge	No	No	/	None	No	/

Total amount of guarantees incurred during the reporting period (excluding the guarantees provided to subsidiaries)	-11,813.82
Total balance of guarantee as at the end of the reporting period (A) (excluding the guarantees provided to subsidiaries)	785,114.69
<b>Guarantee provided by the Company to its subsidiaries</b>	
Total guarantee to subsidiaries incurred during the reporting period	752,258.55
Total balance of guarantee to subsidiaries as at the end of the reporting period (B)	4,774,628.74
<b>Total amount of guarantees provided by the Company (including the guarantees to subsidiaries)</b>	
Total amount of guarantees (A+B)	5,559,743.43
Percentage of total amount of guarantees over the net assets of the Company (%)	20.77
Including:	
Amount of guarantees provided for shareholders, the ultimate controller and their related parties (C)	0.00
Amount of debt guarantees directly or indirectly provided to the parties guaranteed with the gearing ratio exceeding 70% (D)	4,774,130.51
Excess amount of aggregate guarantee over 50% of net assets (E)	0.00
Total amount of the above three types of guarantees (C+D+E)	4,774,130.51
Statement on the contingent joint and several liability in connection with unexpired guarantee	Not applicable
Statement on guarantee	As of 30 June 2021, the aggregate guarantee of China Railway Group Limited (consolidated) in relation to real estate mortgage was RMB47,978.2769 million; the aggregate makeup of shortfall of China Railway Group Limited (consolidated) was RMB64,692.9005 million.

## SIGNIFICANT EVENTS

## (3) Other material contracts

Material contracts signed by the Group during the reporting period:

## (i) Infrastructure construction business

No.	Signatory	Name of contract	Date of contract	Contract sum (RMB '0,000)	Construction period
<b>Railway</b>					
1	China Railway No. 2 Engineering, China Railway Shanghai, China Railway Major Bridge Engineering, China Railway No. 9 Engineering, China Railway No. 3 Engineering	Sections SBJL-TJ-2, SBJL-TJ-5, SBJL-TJ-7, SBLN-TJ-3 and SBLN-TJ-5 of the new Shenyang-Baihe High-speed Railway	2021-06	1,437,208	1,553 calendar days
2	China Railway No. 3 Engineering, China Railway No. 5 Engineering, China Railway No. 2 Engineering, China Railway No. 8 Engineering, China Railway No. 6 Engineering	Civil engineering and auxiliary project of sections XYZQ-06, XYZQ-07, XYZQ-9, XYZQ-10 and XYZQ-11 of the Tongchuan-Yan'an segment of the Xi'an-Yan'an High-speed Railway	2021-04	1,116,792	1,644 calendar days
3	China Railway No. 5 Engineering, China Railway Guangzhou, China Railway No. 2 Engineering	Civil engineering and auxiliary project of sections CZXZZQ-3 and CZXZZQ-4 of the Ya'an-Linzhi segment of the new Sichuan-Tibet Railway	2021-03	1,102,771	115 months
<b>Highway</b>					
1	China Railway No. 3 Engineering, China Railway No. 5 Engineering, China Railway No. 10 Engineering	EPC general contract of design and construction of sections TSEPC-1 and TSEPC-2 of the Tongren-Saierlong (Qinghai-Gansu border) segment of the G0611 Zhangye-Wenchuan National Expressway	2021-03	343,224	4 years
2	China Railway No. 1 Engineering, China Railway No. 4 Engineering	Civil engineering construction of the reconstruction and expansion project (K0+000 ~ K71+288.003 section) of Shanwei Lufeng-Shenzhen Longgang section of the Shenyang-Haikou National Expressway – sections TJ6 and TJ11	2021-02	265,802	30 months
3	China Railway No. 1 Engineering	Liangshan-Yuncheng section project (bid negotiation) of the Dong'e-Yuncheng Highway	2021-04	203,321	1,080 calendar days

## SIGNIFICANT EVENTS

No.	Signatory	Name of contract	Date of contract	Contract sum (RMB'0,000)	Construction period
<b>Municipal works</b>					
1	China Railway, China Railway Guangzhou, China Railway No. 1 Engineering, China Railway Tunnel	General contract of engineering construction of the reserved project of T3 transportation hub rail transit of Guangzhou Baiyun International Airport	2021-06	621,417	1,096 calendar days
2	China Railway, China Railway No. 1 Engineering, China Railway No. 2 Engineering, China Railway Guangzhou, China Railway Tunnel	General contract of construction of phase I project (K53+633.739 ~ K72+824) of Chongqing Rail Transit Line 15	2021-03	605,924	1,218 calendar days
3	China Railway No. 1 Engineering	Yulong Bay Cultural Tourism Town in Hengyang	2021-05	518,317	870 days

## (ii) Survey, design and consulting services business

No.	Signatory	Name of contract	Date of contract	Contract sum (RMB'0,000)	Construction period
1	China Railway Consulting	Feasibility study of the east Chaozhou-Shantou section of the East of Guangdong Intercity Railway, and survey and design of the three projects of Shantou-Chaoshan Airport section, east Chaozhou-Chaoshan airport section and Chaoshan Airport-Jieyang South section	2021-02	28,307	Accept upon completion of the project
2	China Railway Consulting	No1-2 section contract of survey and design of the Liuzhou-Wuzhou section of the new Liuzhou-Guangzhou Railway – no section distinguished	2021-02	19,887	Accept upon completion of the project
3	China Railway Major Bridge Design Institute	Survey, design and consulting of A2-2 section of Shiziyang Channel Engineering	2021-05	9,123	Accept upon completion of the project

## SIGNIFICANT EVENTS

## (iii) Engineering equipment and component manufacturing business

No.	Signatory	Name of contract	Date of contract	Contract sum (RMB' 0,000)
<b>Tunnel construction equipment</b>				
1	China Railway Engineering Equipment	STM Sales & Purchase Contract	2021-02	27,257
2	China Railway Engineering Equipment	Lease contract of shield tunneling machines and ancillary equipment	2021-06	15,792
<b>Turnout products</b>				
1	China Railway Shanhaiguan Bridge	Materials purchase contract of the Newly-Built Intercity Railway along the South Yangtze River in Jiangsu Province	2021-05	24,900
2	China Railway Shanhaiguan Bridge	Contract of Shanghai Metro renovation project and spare parts	2021-06	19,517
<b>Manufacturing and installation of steel structures</b>				
1	China Railway Shanhaiguan Bridge, China Railway Baoji Bridge	Steel truss of the principal part of the Changtai Yangtze River Bridge (cross-river section), and sections CT-A5 and CT-A6 of the steel tower manufacturing project	2021-02	385,446
2	China Railway Shanhaiguan Bridge, China Railway Baoji Bridge	Section LT-B4 of the steel structure manufacturing project of the Longtan Crossing River Passage, and section LT-B9 of the steel structure manufacturing project of bridge approach	2021-04	95,154



## SIGNIFICANT EVENTS

## (iv) Real estate development business

*Acquisition of land*

No.	Project name	Project location	Project type	Planned area (0'000 square meters)
1	New industry city of the Northeast Asia International Expo Center in Changchun	Jilin	Exhibition + residential project	221.9
2	First batch of land in the Fenghuang Xincheng land parcel, Qingbaijiang District, Chengdu	Sichuan	Residential project	11.23
3	Commercial and Residential Lot P (2021) 046, Yangluo Economic Development Zone, Xinzhou District, Wuhan	Hubei	Residential project	10.55

## SIGNIFICANT EVENTS

*Properties held for investment*

No.	Name	Location	Use	Tenure	Interests of the Company and its subsidiaries
1	Beijing Nuode Center Phase III Building S1, S2, 16 and 19	No. 1 South Yuren Road, Fengtai District, Beijing	Commercial	2054-11	100%
2	Tianjin Nuode Center No. 1 Building, No. 2 Building and equipped facilities	No. 50 Lvwei Road, Hebei District, Tianjin	Commercial	2054-01	100%
3	Beijing China Railway Mansion	No. 3 Yard, South Automobile Museum Road, Fengtai District, Beijing	Commercial	2065-11	100%
4	Guangzhou Nuode Center	No. 477 East Hanxi Avenue, Nancun Town, Panyu District, Guangzhou City, Guangdong	Commercial	2053-05	100%
5	Chengdu Nuode No. 1	Intersection of Guangxi Road and Huanhu Road, Shuangliu District, Chengdu, Sichuan	Commercial	2065-01	100%
6	Shanghai Nuode International Plaza	3/5 Block, 219 Lane, Xinzhuang Town, Minhang District, Shanghai	Commercial	2064-03	100%
7	China Railway Real Estate Qingdao Center	No. 8 Hong Kong Middle Road, South City District, Qingdao, Shandong	Commercial	2046-07	100%
8	Reeda Plaza	No. 46 South Shengli Street, Heping District, Shenyang, Liaoning	Commercial	2051-04	100%
9	Wood-Plastic R&D Building	No. 86-5 Wanxing Road, Changyang Town, Fangshan District, Beijing	R&D and commercial	2053-06	100%
10	China Railway South Headquarters Building	No. 3333 Houhai Center Road, Nanshan District, Shenzhen, Guangdong	Commercial	2046-12	100%

## SIGNIFICANT EVENTS

**Properties held for development and/or sale**

No.	Name of building or project	Specific address	Current land use	Site area (0'000 m <sup>2</sup> )	Floor area (0'000 m <sup>2</sup> )	State of completion	Expected completion date	Interests of the Company and its subsidiaries
1	Sichuan Heilongtan International Eco Tourism Resort Project	Renshou County, Meishan, Sichuan	Comprehensive	2,266	1,418	Under construction	2027	100%
2	Guiyang China Railway Yueshan Lake	Guanshan Lake District, Guiyang, Guizhou	Commercial, residential	236	266	Under construction	2024	80%
3	Qingdao West Coast Project	West Coast Central Vitality Zone, Qingdao	Comprehensive	86.39	148.3	Under construction	2029	100%
4	Taiyuan China Railway Nuode Mall	Chaoyang Street, Yingze District, Taiyuan	Commercial, residential	27.66	125	Under construction	2024	100%
5	Guiyang Qingzhen Project	Xiangchou Residential Quarters, Vocational Education Area, Qingzhen, Guiyang City, Guizhou	Commercial, residential	45.47	104.8	Under construction	2027	90%

**(v) Material infrastructure investment projects signed during the reporting period**

No.	Name of contract	Signatory	Contract sum (RMB100 million)	Shareholding of the project company	Construction period	Concession period	Signing date
1	Investment agreement for the Yangchun-Xinyi (Guangdong-Guangxi border) Expressway construction project	China Railway Group Limited and other parties (project companies)	272.75	China Railway holds 100% equity interest	3	28	2021-03

## SIGNIFICANT EVENTS

**(vi) Investment projects (BOT and PPP projects) operating during the reporting period**

No.	Name of contract	Signatory	Contract sum (RMB100 million)	Signing date	Time of entering the operation period	Operation period
1	PPP project of phase I of Xi'an Subway Lintong Line (Line 9)	China Railway Group Limited and other parties	139.99	2017-09	2021-1-1	26 years
2	PPP project of phase I of Chengdu Metro Line 9	China Railway Group Limited and other parties	194	2018-06	2021-1-1	22 years

**(vii) Strategic framework agreements signed during the reporting period**

No.	Agreement name	Signing date	Main agreement content
1	Strategic cooperation framework agreement between the Zhuhai Municipal People's Government and China Railway Group Limited	2021.01	Both parties intend to cooperate in areas such as urban construction and development, municipal highway traffic, rail transit and environment improvement.
2	Strategic cooperation framework agreement between the People's Government of Liaoning Province and China Railway Group Limited	2021.03	Both parties intend to carry out in-depth cooperation in new urbanization, new infrastructure and major projects, with a focus on expressway, rail transit, water conservancy and environmental protection, and urbanization.
3	Cooperation agreement between the Kunming Municipal People's Government and China Railway Group Limited in the station-city integration business	2021.03	Both parties intend to carry out in-depth cooperation in the station-city integration business.
4	Strategic cooperation framework agreement between the Shenyang Municipal People's Government and China Railway Group Limited	2021.04	Both parties intend to cooperate in areas such as transportation network construction, urban renewal, ecological environmental management and comprehensive area development.

## SIGNIFICANT EVENTS

No.	Agreement name	Signing date	Main agreement content
5	Strategic cooperation framework agreement between China South-to-North Water Diversion Group Limited and China Railway Group Limited	2021.04	Both parties cooperate in major engineering construction, ecological environment management, technological innovation and development, industrial comprehensive development, international business and other areas.
6	Strategic cooperation agreement on the cultivation alliance of high-end law talents (in-service staff) concerning foreign affairs of China University of Political Science and Law	2021.04	Both parties to the agreement give full play to their respective advantages in resources and characteristics as well as the synergies, strengthen the cultivation of professional law talents concerning foreign affairs, and cultivate high-level and high-quality law talents with international vision, solid theoretical foundation and rich practical operation capabilities.
7	Strategic cooperation framework agreement between the Jilin Municipal People's Government and China Railway Group Limited	2021.05	Both parties intend to cooperate in areas such as comprehensive development of urban areas, construction of municipal facilities, construction engineering, rail transit, highway engineering, hydraulic engineering, and waterway dredging and navigation.
8	Deepened strategic cooperation framework agreement between the Yichang Municipal People's Government and China Railway Group Limited	2021.06	Both parties intend to cooperate in areas such as infrastructure construction, urban renewal and area development.

## SIGNIFICANT EVENTS

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

- (1) Relevant share incentive events which were disclosed in the provisional announcements without subsequent progress or changes

Not applicable

- (2) Incentive events undisclosed in the provisional announcements or with subsequent progress or changes

Not applicable

### 15 Convertible Corporate Bonds

Not applicable

### 16 Compliance with Corporate Governance Code

During the six months ended 30 June 2021, the Company had complied with all code provisions of the Corporate Governance Code set out in Appendix 14 to the Hong Kong Listing Rules.

### 17 Review of Interim Financial Report

The 2021 interim financial statements for the six months ended 30 June 2021 of the Company prepared in accordance with CAS and the 2021 interim financial information prepared in accordance with IAS 34 (collectively referred as “**2021 Interim Financial Report**”) have not been audited. The 2021 Interim Financial Report has been reviewed by the Board of Directors of the Company and the Audit and Risk Management Committee under the Board of Directors of the Company.

### 18 Event after the Reporting Period

Since the end of the reporting period, there has been no event that materially affected the Group.

# ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

## 1 Environmental and Social Responsibility

**(1) Description of environmental protection efforts of the highly polluting companies and their principal subsidiaries as announced by the environmental protection authorities**

Not applicable

**(2) Description of environmental protection efforts of companies other than highly polluting companies**

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

In the first half of the year, due to the failure to strictly implement measures to control the dust, sewage discharge and construction environment noise generated in certain construction projects during construction, the Company's subsidiaries were subject to administrative penalties by local environmental protection regulatory authorities. The penalty totaled approximately RMB1.027 million and involved 22 construction project departments. At present, all the penalties have been rectified and accepted by local regulatory authorities. The Company will further strengthen the Company's ecological and environmental protection. By identifying and evaluating the environmental factors of projects under construction and workplaces, the Company will strengthen the control over the risk sources and emissions of ecological and environmental pollution during production, to effectively protect and improve the living and ecological environment.

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

Not applicable

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

Not applicable

**(3) Reasons for not disclosing other environmental information**

Not applicable

## ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

### (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, the Law on Energy Conservation of the People's Republic of China, the Regulations on the Administration of Construction Project Environmental Protection and other laws and regulations. The Company thoroughly implemented thoughts on ecological civilization, established the concept of green development, and implemented the polices of the Party Central Committee and the State Council on the construction of ecological civilization and environmental protection. Guided by "Ecological Priority and Green Development", the Company continued to improve the environmental management system and clarified the environmental protection management mode. With regards to environmental management, the Company upheld the principle of "Territorial Management", "Prevention First, Combined with Prevention and Control" and "Who Pollutes, Who Controls". As for the management mode, the Company implemented unified leadership while subsidiaries and branches at each level are responsible, to ensure the orderly and controllable environmental protection. In terms of assessment, the Company conscientiously implemented the reward and punishment system for energy conservation and ecological environmental protection, strengthened the assessment objectives, and implemented accountability for ecological and environmental issues seriously. In terms of systematic environmental management, the Company obtained ISO14001 environmental management system certification from China Certification Center Inc.

Continuing to strengthen the identification and evaluation of the environmental factors of projects under construction and workplaces during the reporting period, the Company has formulated and implemented the plan for project environment management, and established a system for monitoring ecological and environmental protection. The Company also strengthened the control over the risk sources and emissions of ecological and environmental pollution during operation, and made consistent efforts to strengthen the supervision and inspection. To meet the requirements of "scientific planning, technical support, ecological protection, safety and reliability", the Company took the opportunity of national key projects including the Sichuan-Tibet Railway, to ensure ecological and environmental protection as planned and designed in these projects with a high starting point, high standard and high quality.

The main types of energy consumed by the Company include electricity, gasoline, diesel, natural gas, etc. during the construction and office processes. The Company has made solid progress in energy conservation and efficiency improvement. In accordance with the requirements of the Measures for Supervision and Management on Energy Conservation and Emission Reduction, the "14th Five-Year Plan" for Energy Conservation and Emission Reduction and the Quantitative Indicators of Energy Conservation and Ecological Environmental Protection in 2021, the Company has determined that the quantitative assessment index of energy conservation in 2021 is RMB10,000 of operating income (comparable price), and the comprehensive energy consumption decreased by 2.86% on the basis of 2020. In accordance with the latest requirements of SASAC on energy conservation and ecological and environmental protection for central enterprises, the Company has also made comprehensive arrangements and implemented relevant work from the aspects of adjusting the management and organizational structure, upgrading the monitoring system, issuing indicators of rewards and punishments for assessment, and carrying out technological research and development.



## ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

## Key Performance Indicators for Energy and Resource Consumption

Type of energy/ resource	Indicator	The first half of 2021	Increase/ Decrease as compared to the same period (%)
Direct energy consumption	Gasoline (10,000 tons)	22.936	22.92
	Diesel (10,000 tons)	78.052	19.28
	Natural gas (10,000 cubic meters)	1,487	18.02
Indirect energy consumption	Electricity (10,000 kWh)	483,430	17.68
Integrated energy consumption	Integrated energy consumption (10,000 tons of standard coal)	211.4	17.80
	Integrated energy consumption (ton of standard coal/RMB10,000)	0.043	-5.12
	Integrated energy consumption (10,000 kWh)	483,430	17.68
	Integrated energy consumption (kWh/income of RMB10,000)	100.5	17.66
Water	Total new water consumption (10,000 tons)	12,427.6	15.46

Note: In the first half of 2021, the Company's operating revenue increased significantly, and energy consumption increased accordingly but the growth rate is lower than that of operating revenue.

## ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

### (5) Measures taken to reduce carbon emissions during the reporting period and their effects

Climate change is a major global challenge for mankind today. China has put forward the targets of peak carbon dioxide emissions and carbon neutral to respond to the climate change. Since the fourth quarter of 2020, the Central Economic Working Conference, the 5th plenary session of 19th CPC Central Committee and other important meetings have emphasized the carbon neutral task. To implement the national policies on energy conservation and emission reduction, the Company has thoroughly implemented the concept of green development, promoted green planning and design and introduced a full life-cycle green design model. The efforts aim to control energy consumption from the source and integrate the concept of green, low-carbon and ecological design into the entire process of project planning and design. **First**, the Company strengthens green design, achieves green construction, and gives priority to planning. In the survey, design and consulting services business undertaken by the Company, the Company implements a full life-cycle green design model to ensure the lowest energy consumption level of construction projects from the source. **Second**, the Company intensifies efforts in clean energy development. The Company has actively participated in clean energy development projects, and has signed strategic cooperation agreements with the Tibet Autonomous Region Government, the Three Gorges Group and Huadian Corporation to jointly develop clean energy. Meanwhile, in the Company's main construction projects, the Company has developed and promoted the use of ground source heat pumps, photovoltaic power generation, combined cooling heat and power and other clean energy technologies. China Railway Major Bridge Engineering, a subsidiary of the Company, and the Three Gorges Group have jointly developed the Phase I project of the Offshore Wind Farm in the Fuqing Xinghua Bay, which is the first high-power offshore wind turbine project in China. The 400 MW offshore wind farm in Shengdong Rudong in Jiangsu Province undertaken by the China Railway Major Bridge Engineering is under construction. **Third**, the Company explores a new energy saving model for green real estate and green buildings. The Company taps into the full potential of conserving energy of buildings and explores a new model for green real estate development. The Company works to achieve green development of real estate by taking measures like the design of green buildings and the promotion of prefabricated buildings. Through cooperation with related enterprises, the complementary advantages of clean energy technology and resource use platforms are achieved to ensure that the regions and projects developed by China Railway reach the world's advanced level in the fields of clean energy development and utilization, energy-saving and environmental protection, intelligent urban buildings, central heating and cooling, etc. Currently, all projects of Beijing Branch of China Railway Real Estate adopt green prefabricated construction. **Fourth**, the Company advocates green office. In the first half of 2021, the Company continued to promote the use of the paperless conference system at the headquarters. The paperless system at the headquarters supports the parallel access of hardware devices such as computer terminals, mobile phones, and tablets. It supports the holding of paperless meetings with technical methods such as screen on the screen, handwritten signing and approval, and data distribution and sharing, achieving goals including pre-meeting preparation, meeting control, post-conference filing and statistical analysis. In the first half of 2021, the Company's headquarters held a total of 78 paperless meetings, with a total of 2,435 attendees, 1,457 documents, and more than 820,000 paper savings.

## ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

## Key Performance Indicators for Emissions and Waste

Indicator	The first half of 2021	Increase/Decrease as compared to the same period (%)
Total carbon dioxide emissions (10,000 tons)	732.3	19.69
CO <sub>2</sub> emission intensity (tons/RMB10,000)	0.0675	-10.43
NO <sub>x</sub> emissions (tons)	0.2	-94.87
Smoke (powder) dust emissions (tons)	3	-68.42
SO <sub>2</sub> (tons)	0	0
Total hazardous wastes (tons)	260	-8.93
Discharge of hazardous waste per RMB10,000 (kg/RMB10,000)	0.005	-15.77
Total non-hazardous waste (10,000 tons)	240	0.42
Discharge of non-hazardous waste per RMB10,000 (kg/RMB10,000)	49.09	-1.21

Note: 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 2021, the Company's operating revenue increased significantly, energy consumption increased accordingly, and total carbon dioxide emission increased but the growth rate is lower than that of operating revenue. CRHEEC, a subsidiary of the Company, has gradually completed boiler transformation, replaced coal-fired boilers with natural gas boilers, and conducted low-nitrogen transformation of gas-fired boilers. To further reduce smoke and dust pollution, the Company has purchased a large number of new dust removal, energy-saving and environmental protection equipment to collect smoke and dust in the manufacturing process, thereby reducing the risk of pollution to the atmosphere. Due to the improvement of equipment and technologies, the Company's nitrogen oxides and dust emissions are significantly reduced.

**(6) Details of consolidating the results of poverty alleviation and rural revitalization**

In the first half of 2021, the Company earnestly implemented the national policy of poverty alleviation, and the leading group of targeted poverty alleviation summarized the achievements of poverty alleviation in all aspects. Vigorously promoting the spirit of poverty alleviation, the leading group set the goal of continuing targeted assistance and promoting rural revitalization as well as the annual targeted assistance plan.

1. Improving the organizational structure and systematically planning the overall work. The Company followed the spirit of the speech made by General Secretary Xi Jinping at the national award ceremony of poverty alleviation, the important instructions made by General Secretary Xi Jinping on deepening the cooperation between the eastern and western regions and targeted assistance, and the Opinions of the Central Committee of the Communist Party of China and the State Council on Consolidating and Expanding Results of Poverty Alleviation and Ensuring the Linkage with Rural Revitalization. The leading group for poverty alleviation and development was officially renamed as the leading group for targeted assistance of China Railway, in which the Company's main leaders serve as the group leader, the Deputy Secretary to the CPC Committee, the chief accountant and the Secretary to the Discipline Committee serve as the deputy leader, and the heads of 13 departments including the Human Resources Department (the cadre department of the Communist Party Committee) serve as members. The 2021 Targeted Poverty Alleviation Plan and the Implementation Plan for Summary and Commendation of Poverty Alleviation of China Railway were considered and approved.

## ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

2. Selecting and appointing cadres assuming a temporary post to complete the rotation and handover of the cadres. In accordance with the spirit of the Opinions of the Central Committee of the Communist Party of China and the State Council on Consolidating and Expanding Results of Poverty Alleviation and Ensuring the Linkage with Rural Revitalization and the requirements of the Central Committee of the Communist Party of China and the SASAC, six new cadres were selected and appointed, after the selection and recommendation by grassroots units and survey by the leading group for poverty alleviation and development of China Railway. Among them, three were assuming the temporary post of deputy county chief and three were the first secretaries staying in rural areas, and work handover was organized for new and old cadres.
3. Based on the principle of “eliminating poverty without evading responsibilities, policies, assistance or supervision”, consolidating and improving the results of poverty alleviation. In the first half of 2021, based on the principle of “eliminating poverty without evading responsibilities, policies, assistance or supervision”, the Company determined the assistance funds and projects based on the actual needs of the counties receiving assistance, kept assistance uninterrupted and ensured the availability of assistance measures and the assistance system. First, the Company continued to implement existing assistance measures and projects. The Company guided counties receiving targeted assistance to assist in employment, organized and carried out two training brand projects, namely “Good Driver of Baode” in Baode County and “Everyone has a Skill” in Rucheng County. The Company also guided these counties to recruit and increase the number of employees for engineering projects in the surrounding areas, to help low-income farmers to embark on the road of life of abundance. Second, the Company continued to organize the headquarters and subordinate units to assist in agricultural product consumption. By taking advantage of the combination of online and offline procurement through the Luban platform, the Company increased its procurement and marketing efforts in a targeted manner, called on the labor unions at all levels to fulfill their social responsibilities, and cooperated with enterprises in poverty alleviation through employee condolences activities. At the same time, the Company urged cadres assuming temporary posts to supervise procurement, to ensure that products were high-quality and reasonably priced and achieve a “win-win” situation between consumption support and employee benefits. As of the end of June 2021, the Company purchased a total of RMB4.7319 million of agricultural products from the counties receiving targeted assistance through online and offline means.

## DEFINITION AND GLOSSARY OF TECHNICAL TERMS

1	Company, China Railway	China Railway Group Limited
2	Group	the Company and its subsidiaries
3	CREC	China Railway Engineering Group Company Limited, formerly known as China Railway Engineering Corporation
4	BOT	“Build-Operate-Transfer” mode
5	PPP	“Public-Private-Partnership” mode
6	TOD	“Transit-Oriented Development” mode
7	shield tunneling machine	a kind of push forward full-section tunneling excavator which completes tunneling, slag removal, segment assembly and other operations under the protection of rigid shell
8	TBM	Tunnel Boring Machine
9	turnout	a component used for changing the route of a train where a single track splits into two tracks. Turnout is applied in railway tracks
10	The Belt and Road	The “Silk Road Economic Belt” and the “21st Century Maritime Silk Road”
11	three transformations	the transformation from “made in China” to “created in China”, the transformation from speed-oriented to quality-oriented and the transformation from Chinese product to Chinese brand

## COMPANY INFORMATION

### Directors

#### Executive Directors

CHEN Yun (*Chairman*)  
CHEN Wenjian  
WANG Shiqi

#### Non-executive Director

WEN Limin

#### Independent Non-executive Directors

CHUNG Shui Ming Timpson  
ZHANG Cheng  
XIU Long

### Supervisors

JIA Huiping (*Chairman*)  
YUAN Baoyin  
LI Xiaosheng  
WANG Xinhua

### Joint Company Secretaries

HE Wen  
TAM Chun Chung *CPA, FCCA*

### Authorized Representatives

WANG Shiqi  
TAM Chun Chung *CPA, FCCA*

### Audit and Risk Management Committee

CHUNG Shui Ming Timpson (*Chairman*)  
WEN Limin  
ZHANG Cheng

### Remuneration Committee

XIU Long (*Chairman*)  
WEN Limin  
ZHANG Cheng

### Strategy Committee

CHEN Yun (*Chairman*)  
CHEN Wenjian  
WANG Shiqi  
CHUNG Shui Ming Timpson  
XIU Long

### Nomination Committee

CHEN Yun (*Chairman*)  
CHEN Wenjian  
CHUNG Shui Ming Timpson  
ZHANG Cheng  
XIU Long

### Safety, Health and Environmental Protection Committee

CHEN Wenjian (*Chairman*)  
WANG Shiqi  
WEN Limin  
ZHANG Cheng  
XIU Long

## COMPANY INFORMATION

### Registered Office

918, Block 1  
No. 128 South 4th Ring Road West  
Fengtai District  
Beijing 100070  
PRC

### Principal Place of Business in Hong Kong

Unit 1201-1203  
12/F, APEC Plaza  
49 Hoi Yuen Road, Kwun Tong  
Kowloon, Hong Kong

### Auditors

#### Domestic

PricewaterhouseCoopers Zhong Tian LLP  
11/F, PricewaterhouseCoopers Center  
Link Square 2, 202 Hu Bin Road  
Huangpu District  
Shanghai, PRC

#### International

PricewaterhouseCoopers  
22/F, Prince's Building,  
Central, Hong Kong

### Legal Advisors

#### For PRC Law

Jia Yuan Law Firm  
F407, Ocean Plaza  
158 Fuxing Men Nei Street  
Beijing 100031  
PRC

#### For Hong Kong Law

Linklaters  
11/F, Alexandra House  
Chater Road  
Hong Kong

### Shares Registrars

#### A Shares

China Securities Depository and Clearing Corporation  
Limited, Shanghai Branch  
36/F, China Insurance Building  
No.166, Lu Jia Zui Road East  
Pudong New District, Shanghai  
PRC

#### H Shares

Computershare Hong Kong Investor Services Limited  
17M Floor, Hopewell Centre  
183 Queen's Road East  
Wanchai, Hong Kong

### Listing Information

#### A Shares

Place of listing: Shanghai Stock Exchange  
Stock name: China Railway  
Stock code: 601390

#### H Shares

Place of listing: The Stock Exchange of Hong Kong Limited  
Stock name: China Railway  
Stock code: 390

### Principal Bankers

The Export-Import Bank Of China  
Industrial and Commercial Bank of China  
China Construction Bank  
Agricultural Bank of China  
Bank of China  
Bank of Communications  
China Minsheng Bank  
China Merchants Bank  
China CITIC Bank

### Company Website

<http://www.crec.cn>

# REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

## TO THE BOARD OF DIRECTORS OF CHINA RAILWAY GROUP LIMITED

*(incorporated in the People's Republic of China with limited liability)*

### Introduction

We have reviewed the interim financial information set out on pages 62 to 119, which comprises the interim condensed consolidated balance sheet of China Railway Group Limited (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2021 and the related interim condensed consolidated statement of profit or loss, comprehensive income, changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting". The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

### Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information of the Group is not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

#### **PricewaterhouseCoopers**

*Certified Public Accountants*

Hong Kong, 30 August 2021



## INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Note	Unaudited Six month ended 30 June	
		2021 RMB million	2020 RMB million
Revenue	6	498,227	416,303
Cost of sales and services	13	(456,460)	(379,922)
<b>Gross profit</b>		<b>41,767</b>	36,381
Other income	7	1,532	1,110
Other expenses	7	(7,344)	(6,195)
Net impairment losses on financial assets and contract assets	8	(1,382)	(1,178)
Other gains, net	9	6	536
Losses from derecognition of financial assets at amortised cost	10	(1,487)	(1,476)
Selling and marketing expenses	13	(2,371)	(1,786)
Administrative expenses	13	(12,516)	(10,908)
<b>Operating profit</b>		<b>18,205</b>	16,484
Finance income	11	2,236	1,427
Finance costs	11	(2,988)	(2,484)
Share of post-tax (losses)/profits of joint ventures		(216)	173
Share of post-tax profits of associates		1,175	498
<b>Profit before income tax</b>		<b>18,412</b>	16,098
Income tax expense	12	(4,062)	(3,700)
<b>Profit for the period</b>		<b>14,350</b>	12,398
<b>Profit attributable to:</b>			
– Owners of the Company		13,095	11,697
– Non-controlling interests		1,255	701
		<b>14,350</b>	12,398
<b>Earnings per share for profit attributable to owners of the Company</b> (expressed in RMB per share)			
– Basic	15	0.454	0.425
– Diluted	15	0.454	0.425

The accompanying notes are an integral part of this condensed consolidated interim financial information.

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited	
	Six month ended 30 June	
	2021	2020
	RMB million	RMB million
<b>Profit for the period</b>	<b>14,350</b>	12,398
<b>Other comprehensive (expenses)/income, net of income tax</b>		
<i>Items that will not be reclassified to profit or loss:</i>		
Remeasurement of retirement and other supplemental benefit obligations	–	(45)
Income tax relating to remeasurement of retirement and other supplemental benefit obligations	–	8
Changes in the fair value of equity investments at fair value through other comprehensive income	<b>(8)</b>	(265)
Income tax relating to changes in the fair value of equity investments at fair value through other comprehensive income	–	52
	<b>(8)</b>	(250)
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translating foreign operations	<b>17</b>	(32)
Share of other comprehensive income of associates	<b>(34)</b>	1
Fair value gains on cash flow hedging instrument, net of deferred tax	–	8
	<b>(17)</b>	(23)
Other comprehensive (expenses) for the period, net of tax	<b>(25)</b>	(273)
<b>Total comprehensive income for the period</b>	<b>14,325</b>	12,125
<b>Total comprehensive income for the period attributable to:</b>		
– Owners of the Company	<b>13,096</b>	11,470
– Non-controlling interests	<b>1,229</b>	655
	<b>14,325</b>	12,125

The accompanying notes are an integral part of this condensed consolidated interim financial information.

# INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

	Note	Unaudited 30 June 2021 RMB million	Audited 31 December 2020 RMB million
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	16	74,993	74,384
Right-of-use assets		1,700	1,892
Lease prepayments		14,521	14,826
Deposits for investments		576	453
Investment properties		11,910	12,046
Intangible assets	17	74,235	62,599
Mining assets		3,555	3,582
Contract assets	21	153,713	139,554
Investments in joint ventures		45,738	40,216
Investments in associates		40,359	38,133
Goodwill		1,565	1,412
Financial assets at fair value through other comprehensive income	19	10,308	9,668
Other financial assets at amortised cost	20	19,670	18,773
Financial assets at fair value through profit or loss	23	10,963	10,564
Deferred tax assets		10,022	9,333
Other prepayments		394	429
Trade and other receivables	22	20,360	20,006
		<b>494,582</b>	457,870
<b>Current assets</b>			
Lease prepayments		276	319
Properties held for sale		30,162	34,143
Properties under development for sale	18	133,900	117,576
Inventories		51,834	40,943
Financial assets at fair value through other comprehensive income	19	664	522
Trade and other receivables	22	258,526	210,856
Contract assets	21	158,164	144,616
Current income tax recoverable		4,205	3,451
Other financial assets at amortised cost	20	6,900	9,694
Financial assets at fair value through profit or loss	23	7,303	5,218
Restricted cash		25,788	29,305
Cash and cash equivalents		124,784	145,464
		<b>802,506</b>	742,107
<b>Total assets</b>		<b>1,297,088</b>	1,199,977

## INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

	Note	Unaudited 30 June 2021 RMB million	Audited 31 December 2020 RMB million
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	24	24,571	24,571
Share premium and reserves	25	190,513	183,888
Perpetual notes	26	52,468	46,738
		<b>267,552</b>	255,197
Non-controlling interests		<b>65,647</b>	57,849
<b>Total equity</b>		<b>333,199</b>	313,046
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Trade and other payables	27	7,616	7,983
Borrowings	28	170,943	166,997
Lease liabilities		1,021	1,237
Retirement and other supplemental benefit obligations		2,396	2,482
Provisions		845	562
Deferred government grants and income		1,259	1,071
Deferred tax liabilities		1,472	1,454
		<b>185,552</b>	181,786
<b>Current liabilities</b>			
Trade and other payables	27	502,178	488,304
Contract liabilities	21	136,332	124,660
Current income tax liabilities		5,478	7,969
Borrowings	28	133,396	83,058
Lease liabilities		448	526
Retirement and other supplemental benefit obligations		281	323
Financial liabilities at fair value through profit or loss	23	52	65
Provision		172	240
		<b>778,337</b>	705,145
<b>Total liabilities</b>		<b>963,889</b>	886,931
<b>Total equity and liabilities</b>		<b>1,297,088</b>	1,199,977

The accompanying notes are an integral part of this condensed consolidated interim financial information.

The condensed consolidated interim financial information on pages 62 to 119 was approved by the Board of Directors on 30 August 2021 and were signed on its behalf.

**CHEN Yun**  
Director

**CHEN Wenjian**  
Director

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Note	Unaudited											
	Attributable to owners of the Company										Non-controlling interests	Total
	Share capital	Share premium	Capital reserve	Statutory reserve	Foreign currency translation reserve	Investment revaluation reserve	Retained earnings	Perpetual notes	Total			
	(Note 25)						(Note 26)					
RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million		
Balance at 1 January 2021	24,571	51,936	3,128	14,562	(886)	(42)	115,190	46,738	255,197	57,849	313,046	
Profit for the period	-	-	-	-	-	-	13,095	-	13,095	1,255	14,350	
Other comprehensive expenses	-	-	-	-	24	(23)	-	-	1	(26)	(25)	
<b>Total comprehensive income/(expenses) for the period ended 30 June 2021</b>	-	-	-	-	24	(23)	13,095	-	13,096	1,229	14,325	
<b>Total transactions with owners, recognised directly in equity</b>												
Capital contributions from non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	9,369	9,369	
Transaction with non-controlling interests resulting from acquisition of equity interests of certain subsidiaries	-	-	(45)	-	-	-	-	-	(45)	45	-	
Share of capital reserve and loss on dilution of equity interests in an associate resulting from capital contributions from its controlling shareholders	-	-	(73)	-	-	-	-	-	(73)	(76)	(149)	
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	132	132	
Disposal of subsidiaries	-	-	-	-	-	-	-	-	-	(2,059)	(2,059)	
Issuance of perpetual notes	26	-	-	-	-	-	-	5,996	5,996	-	5,996	
Dividends declared to shareholders	15	-	-	-	-	-	(4,423)	-	(4,423)	-	(4,423)	
Dividends declared to non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	(655)	(655)	
Dividends declared to perpetual notes holders	26	-	-	-	-	-	(1,930)	(266)	(2,196)	(187)	(2,383)	
Transferred to reserves	-	-	-	22	-	-	(22)	-	-	-	-	
<b>Balance at 30 June 2021</b>	<b>24,571</b>	<b>51,936</b>	<b>3,010</b>	<b>14,584</b>	<b>(862)</b>	<b>(65)</b>	<b>121,910</b>	<b>52,468</b>	<b>267,552</b>	<b>65,647</b>	<b>333,199</b>	

The accompanying notes are an integral part of this condensed consolidated interim financial information.

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Note	Unaudited											
	Attributable to owners of the Company										Non-controlling interests	Total
	Share capital	Share premium	Capital reserve	Statutory reserve	Foreign currency translation reserve	Investment revaluation reserve	Retained earnings	Perpetual notes	Total			
	(RMB million)	(RMB million)	(RMB million)	(RMB million)	(RMB million)	(RMB million)	(RMB million)	(RMB million)	(RMB million)	(RMB million)		
			(Note 25)				(Note 26)					
<b>Balance at 1 January 2020</b>	24,571	51,978	3,112	12,495	(426)	314	97,731	31,535	221,310	24,018	245,328	
Profit for the period	-	-	-	-	-	-	10,442	1,255	11,697	701	12,398	
Other comprehensive expenses	-	-	(36)	-	(35)	(156)	-	-	(227)	(46)	(273)	
<b>Total comprehensive (expenses)/income for the period ended 30 June 2020</b>	-	-	(36)	-	(35)	(156)	10,442	1,255	11,470	655	12,125	
<b>Total transactions with owners, recognised directly in equity</b>												
Capital contributions from non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	16,898	16,898	
Transaction with non-controlling interests resulting from acquisition of equity interests of certain subsidiaries	-	-	(5)	-	-	-	4	-	(1)	193	192	
Disposal of financial assets at fair value through other comprehensive income	-	-	-	-	-	-	10	-	10	-	10	
Disposal of a subsidiary	-	-	-	-	-	-	-	-	-	(25)	(25)	
Redemption of perpetual notes	26	(42)	-	-	-	-	-	(8,958)	(9,000)	-	(9,000)	
Issuance of perpetual notes	26	-	-	-	-	-	-	7,097	7,097	-	7,097	
Dividends declared to shareholders	15	-	-	-	-	-	(4,152)	-	(4,152)	-	(4,152)	
Dividends declared to non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	(615)	(615)	
Dividends declared to perpetual notes holders	26	-	-	-	-	-	-	(1,346)	(1,346)	-	(1,346)	
Transferred to reserves	-	-	-	6	-	-	(6)	-	-	-	-	
<b>Balance at 30 June 2020</b>	24,571	51,936	3,071	12,501	(461)	158	104,029	29,583	225,388	41,124	266,512	

The accompanying notes are an integral part of this condensed consolidated interim financial information.

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited	
	Six months ended 30 June	
	2021	2020
	RMB million	RMB million
<b>Net cash used in operating activities</b>	<b>(58,879)</b>	(50,773)
<b>Cash flows from investing activities</b>		
– Additions of property, plant and equipment	<b>(6,774)</b>	(5,194)
– Disposal of property, plant and equipment	<b>622</b>	489
– Additions of lease prepayments	<b>(38)</b>	(406)
– Disposal of lease prepayments	<b>72</b>	113
– Additions of intangible assets	<b>(12,814)</b>	(7,187)
– Disposal of intangible assets	<b>9</b>	–
– Additions of mining assets	<b>(2)</b>	–
– Disposal of mining assets	<b>4</b>	–
– Purchase of investment properties	<b>(82)</b>	(67)
– Disposal of investment properties	<b>16</b>	–
– Acquisition of subsidiaries	<b>(151)</b>	281
– Disposal of subsidiaries	<b>(780)</b>	2,428
– Investments in associates	<b>(3,108)</b>	(4,626)
– Investments in joint ventures	<b>(3,094)</b>	(3,587)
– Disposal of joint ventures	<b>(1)</b>	219
– Disposal of associates	<b>45</b>	461
– Deposits paid for investments	<b>(123)</b>	(313)
– Purchase of financial assets at fair value through other comprehensive income	<b>(837)</b>	(2,092)
– Disposal of financial assets at fair value through other comprehensive income	<b>79</b>	126
– Purchase of financial assets at fair value through profit or loss	<b>(5,323)</b>	(575)
– Disposal of financial assets at fair value through profit or loss	<b>4,008</b>	343
– Net flow in respect of financial assets at amortised cost	<b>(1,490)</b>	(3,526)
– Interests received	<b>918</b>	360
– Dividends received	<b>251</b>	158
– Decrease of term deposits with initial term of over three months	<b>3,313</b>	2,866
– Increase of term deposits with initial term of over three months	<b>(815)</b>	(1,440)
<b>Net cash used in investing activities</b>	<b>(26,095)</b>	(21,169)

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited	
	Six months ended 30 June	
	2021	2020
	RMB million	RMB million
<b>Cash flows from financing activities</b>		
– Capital contributions from non-controlling shareholders of subsidiaries	9,369	16,898
– Transaction with non-controlling interests resulting from acquisition of equity interests of certain subsidiaries	–	(109)
– Proceeds from debentures	5,497	11,996
– Repayment of debentures	(8,721)	(6,195)
– Proceeds from issuance of perpetual notes	5,996	7,097
– Redemption of perpetual notes	–	(8,958)
– Proceeds from bank borrowings	103,440	108,502
– Repayments of bank borrowings	(41,517)	(69,450)
– Proceeds from other borrowings	927	4,305
– Repayment of other borrowings	(2,896)	(4,147)
– Interests paid	(5,994)	(5,709)
– Dividends paid to non-controlling shareholders of subsidiaries	(712)	(367)
– Dividends paid to holders of perpetual notes	(247)	(421)
– Advances from non-controlling shareholders of subsidiaries	40	401
– Repayments of advances from non-controlling shareholders of subsidiaries	(234)	(260)
– Repayments of lease liabilities	(529)	(1,009)
<b>Net cash generated from financing activities</b>	<b>64,419</b>	<b>52,574</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(20,555)</b>	<b>(19,368)</b>
Cash and cash equivalents at beginning of the period	145,464	138,186
Effect of foreign exchange rate changes	(125)	146
<b>Cash and cash equivalents at end of the period</b>	<b>124,784</b>	<b>118,964</b>

The accompanying notes are an integral part of this condensed consolidated interim financial information.



# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 1. General information

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

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

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

The condensed consolidated interim financial information was approved for issue on 30 August 2021.

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 2021 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 2020, 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 2020, 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 2021.

	<b>Effective for accounting periods beginning on or after</b>
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform”	1 January 2021

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 3. Accounting policies (Continued)

#### (a) Amended standards adopted by the Group (Continued)

In addition, the Group has early applied the Amendment to IFRS 16 "Covid-19-Related Rent Concessions" from 1 January 2020.

The adoption of above did not have any material impact on the Group's results for the six months ended 30 June 2021 and the Group's financial position as at 30 June 2021. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these amended standards.

#### (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 2021, and have not been applied in preparing the condensed consolidated interim financial information.

	Effective for accounting periods beginning on or after
IFRS 17 "Insurance Contracts"	1 January 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	1 January 2023
Amendments to IAS 1 and IFRS Practice Statement 2 "Disclosure of Accounting Policies"	1 January 2023
Amendments to IAS 8 "Definition of Accounting Estimates"	1 January 2023
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	1 January 2023
Amendments to IAS 16 "Proceeds before intended use"	1 January 2022
Amendments to IAS 37 "Onerous contracts – costs of fulfilling a contract"	1 January 2022
Amendments to IFRS 3 "Update reference to the Conceptual framework"	1 January 2022
Annual Improvements to IFRS Standards 2018-2020 affecting IFRS 1, IFRS 9, IFRS 16 and IAS 41	1 January 2022
Amendments to IFRS 10 and IAS 28 "Sale or contribution of assets between an investor and its associate or joint venture"	to be determined

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

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 4. Estimates

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing the condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2020.

### 5. Financial risk management and financial instruments

#### 5.1 Financial risk factors

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

The condensed consolidated interim financial information does not include all financial risk management information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2020.

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

#### 5.2 Credit risk

Credit risk arises from cash and bank balances, trade and other receivables except for prepayments, contract assets, debt investments carried at amortised cost, financial assets at fair value through profit or loss ("FVPL"), and the nominal value of the guarantees provided on liabilities.

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

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

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

	As at			
	30 June 2021		31 December 2020	
	RMB million	Expiry period	RMB million	Expiry period
	(Unaudited)		(Audited)	
Guarantees given to banks in respect of banking facilities to:				
– Joint ventures	5,456	2022-2039	5,048	2022-2042
– An associate	2,118	2023	2,441	2023
– Government-related entities	277	2021-2030	480	2021-2030
– Properties purchasers	47,978	2021-2046	44,684	2021-2046
Shortfall payments given to the senior tranches in respect of ABN & ABS	64,693	2021-2026	54,651	2021-2026
	<b>120,522</b>		<b>107,304</b>	

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 5. Financial risk management and financial instruments (Continued)

## 5.3 Liquidity risk

The Group finances its working capital requirements through a combination of funds generated from operations and bank and other borrowings.

The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

	On demand or Less than 1 year RMB million	Between 1 and 2 years RMB million	Between 2 and 5 years RMB million	Over 5 years RMB million	Total undiscounted cash flows RMB million	Carrying amount RMB million
<b>At 30 June 2021</b>						
Trade and other payables (excluding statutory and non-financial liabilities) (Note 27)	469,068	4,752	2,829	842	477,491	476,457
Borrowings (Note 28)	142,523	42,907	67,836	106,405	359,671	304,339
Lease liabilities	497	395	318	347	1,557	1,469
Financial liabilities at FVPL (Note 23)	52	-	-	-	52	52
	<b>612,140</b>	<b>48,054</b>	<b>70,983</b>	<b>107,594</b>	<b>838,771</b>	<b>782,317</b>

	On demand or Less than 1 year RMB million	Between 1 and 2 years RMB million	Between 2 and 5 years RMB million	Over 5 years RMB million	Total undiscounted cash flows RMB million	Carrying amount RMB million
<b>At 31 December 2020</b>						
Trade and other payables (excluding statutory and non-financial liabilities) (Note 27)	456,959	4,926	2,465	996	465,346	464,900
Borrowings (Note 28)	89,018	52,562	63,007	92,090	296,677	250,055
Lease liabilities	550	632	390	329	1,901	1,763
Financial liabilities at FVPL (Note 23)	65	-	-	-	65	65
	<b>546,592</b>	<b>58,120</b>	<b>65,862</b>	<b>93,415</b>	<b>763,989</b>	<b>716,783</b>

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

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 5. Financial risk management and financial instruments (Continued)

## 5.3 Liquidity risk (Continued)

As at 30 June 2021, there is no bank borrowing that contains a repayment on demand clause.

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

- (i) **As of the balance sheet date, the maximum exposure of those financial guarantees and shortfall payments provided by the Group are listed below in accordance with the earliest payments period claimed by the counterparties.**

	On demand or Less than 1 year RMB million	Between 1 and 2 years RMB million	Between 2 and 5 years RMB million	Over 5 years RMB million	Total undiscounted cash flows RMB million	Carrying amount RMB million
<b>At 30 June 2021</b>						
Financial guarantees and shortfall payments	120,522	-	-	-	120,522	-
<b>At 31 December 2020</b>						
Financial guarantees and shortfall payments	107,304	-	-	-	107,304	-

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

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 5. Financial risk management and financial instruments (Continued)

## 5.3 Liquidity risk (Continued)

(ii) As the lessee, the Group's undiscounted amount of cash flows of the lease contracts signed but not yet executed are shown below at maturity date as follows.

	On demand or Less than 1 year RMB million	Between 1 and 2 years RMB million	Between 2 and 5 years RMB million	Over 5 years RMB million	Total undiscounted cash flows RMB million	Carrying amount RMB million
<b>At 30 June 2021</b>						
Lease contracts	112	6	-	-	118	-
	On demand or Less than 1 year RMB million	Between 1 and 2 years RMB million	Between 2 and 5 years RMB million	Over 5 years RMB million	Total undiscounted cash flows RMB million	Carrying amount RMB million
<b>At 31 December 2020</b>						
Lease contracts	129	2	-	-	131	-

## 5.4 Fair value estimation

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

- Level 1: The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.
- Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.
- Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, unlisted open-end equity funds, unlisted entrusted products, and other financial assets at FVPL.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 5. Financial risk management and financial instruments (Continued)

## 5.4 Fair value estimation (Continued)

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

Financial assets/ financial liabilities	Fair value as at (RMB million)				Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Range of inputs (probability- weighted average)	Relationship of unobservable inputs to fair value
	30 June 2021 (Unaudited)		31 December 2020 (Audited)						
1) Derivative financial instruments	<b>Assets/Liabilities</b>	<b>Amount</b>	<b>Assets/Liabilities</b>	<b>Amount</b>					
	Assets	160	Assets	160	Level 3	Option pricing model	Risk-free interest, Volatility	3.54%, 30.99%	The higher the risk-free interest rate, the higher the option value. The higher the volatility, the higher the option value.
2) Listed equity securities and money – market securities investment funds at FVPL	Held-for-trading financial assets in Mainland China:		Held-for-trading financial assets in Mainland China:						
	<b>Industry</b>	<b>Amount</b>	<b>Industry</b>	<b>Amount</b>					
	Finance	5,006	Finance	2,437					
	Manufacturing	83	Manufacturing	46					
	Others	1	Others	2					
		5,090		2,485	Level 1	Quoted bid prices in active markets.	N/A	N/A	N/A
	Finance	–	Finance	1,175	Level 3	Market valuation method by reference to discount rate that reflects the liquidity level.	Discount rates that correspond to the expected liquidity level.	N/A	The lower the discount rate, the higher the fair value.
<b>Total</b>	<b>5,090</b>	<b>Total</b>	<b>3,660</b>						
3) Listed equity securities at fair value through other comprehensive income ("FVOCI")	Listed equity securities in Mainland China:		Listed equity securities in Mainland China:						
	<b>Industry</b>	<b>Amount</b>	<b>Industry</b>	<b>Amount</b>					
	Finance	535	Finance	568					
	Listed equity securities in Hong Kong:		Listed equity securities in Hong Kong:						
	<b>Industry</b>	<b>Amount</b>	<b>Amount</b>	<b>Amount</b>					
Manufacturing	294	Manufacturing	269	Level 1	Quoted bid prices in active markets.	N/A	N/A	N/A	

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 5. Financial risk management and financial instruments (Continued)

## 5.4 Fair value estimation (Continued)

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

Financial assets/ financial liabilities	Fair value as at (RMB million)				Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Range of inputs (probability- weighted average)	Relationship of unobservable inputs to fair value	
	30 June 2021 (Unaudited)		31 December 2020 (Audited)							
4) Unlisted open-end equity funds at FVPL	Unlisted open-end equity funds in Mainland China:				Unlisted open-end equity funds in Mainland China:					
	<b>Assets Industry</b>	<b>Amount</b>	<b>Assets Industry</b>	<b>Amount</b>						
	Finance	586	Finance	1,381	Level 1	Quoted bid prices in active markets.	N/A	N/A	N/A	
	Finance	1,466	Finance	1,384	Level 3	Discounted cash flow. Future cash flows are estimated based on expected recoverable amounts, discounted at rates that reflect management's best estimation of the expected risk level.	Expected future cash flow, Discount rates that correspond to the expected risk level.	2.73%	The higher the future cash flow, the higher the fair value. The lower the discount rate, the higher the fair value.	
	Total	2,052	Total	2,765						
	<b>Liabilities Industry</b>	<b>Amount</b>	<b>Liabilities Industry</b>	<b>Amount</b>						
	Finance <sup>1</sup>	52	Finance	65	Level 3	Discounted cash flow. Future cash flows are estimated based on expected recoverable amounts, discounted at rates that reflect management's best estimation of the expected risk level.	Expected future cash flow, Discount rates that correspond to the expected risk level.	2.73%	The higher the future cash flow, the higher the fair value. The lower the discount rate, the higher the fair value.	
	5) Unlisted entrusted products and other financial assets at FVPL									
	Unlisted entrusted products in Mainland China:				Unlisted entrusted products in Mainland China:					
	<b>Industry</b>	<b>Amount</b>	<b>Industry</b>	<b>Amount</b>						
Construction	1,927	Construction	1,543							
Real estate	2,792	Real estate	1,583							
Finance	946	Finance	1,428							
Mining	10	Mining	10							
Others	316	Others	456	Level 3	Discounted cash flow. Future cash flows that are estimated based on expected recoverable amounts, discounted at rates that reflect management's best estimation of the expected risk level.	Expected future cash flow, Discount rates that correspond to the expected risk level.	7.32%-11.20%	The higher the future cash flow, the higher the fair value. The lower the discount rate, the higher the fair value.		
Total	5,991	Total	5,020							



## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 5. Financial risk management and financial instruments (Continued)

## 5.4 Fair value estimation (Continued)

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

Financial assets/ financial liabilities	Fair value as at (RMB million)		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Range of inputs (probability- weighted average)	Relationship of unobservable inputs to fair value		
	30 June 2021 (Unaudited)	31 December 2020 (Audited)							
6) Unlisted equity investments at FVOCI	Unlisted equity investment in Mainland China:		Unlisted equity investment in Mainland China:						
	<b>Industry</b>	<b>Amount</b>	<b>Industry</b>	<b>Amount</b>					
	Construction	6,876	Construction	6,433					
	Finance	777	Finance	834					
	Manufacturing	80	Manufacturing	80					
	Real estate	11	Real estate	11					
	Mining	5	Mining	5					
	Others	1,730	Others	1,468					
	<b>Total</b>	<b>9,479</b>	<b>Total</b>	<b>8,831</b>	Level 3	Market valuation method by reference to P/B ratio, P/S ratio, P/E ratio, discount rate that reflects the liquidity level; and cost method by reference to the original investment cost.	P/B ratio, P/S ratio, P/E ratio, Discount rates that reflect the liquidity level, Original investment cost	1.14-1.59, 2.25-3.90, 13.02-22.97, 20.54%, n/a	The higher the P/B ratio, P/S ratio, P/E ratio, the higher the fair value. The lower discount rate, the higher the fair value. The original investment cost is positively correlated with the fair value of unlisted equity instruments.
7) Unlisted equity investments at FVPL	Unlisted equity investment in Mainland China:		Unlisted equity investment in Mainland China:						
	<b>Industry</b>	<b>Amount</b>	<b>Industry</b>	<b>Amount</b>					
	Finance	4,973	Finance	4,177	Level 3	Market valuation method by reference to P/B ratio, discount rate that reflects the liquidity level; and cost method by reference to the original investment cost.	P/B ratio, Discount rates that reflect the liquidity level, Original investment cost	1.14-1.59, 20.54%, n/a	The higher the P/B ratio, the higher the fair value. The lower discount rate, the higher the fair value. The original investment cost is positively correlated with the fair value of unlisted equity instruments.
8) Bills receivables at FVOCI	Bills receivables in Mainland China:		Bills receivables in Mainland China:						
	<b>Industry</b>	<b>Amount</b>	<b>Industry</b>	<b>Amount</b>					
	Construction	664	Construction	522	Level 3	Discounted cash flow with future cash flows that are estimated based on expected recoverable amounts, discounted at rates that reflect management's best estimation of the expected risk level.	Expected future cash flow, Discount rates that correspond to the expected risk level.	4.75%	The higher the future cash flow, the higher the fair value. The lower the discount rate, the higher the fair value.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 5. Financial risk management and financial instruments (Continued)

## 5.4 Fair value estimation (Continued)

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

There were no transfer between Level 1 and 2 during the current interim period.

Reconciliation of Level 3 fair value measurements:

	Unlisted entrusted products RMB million (Unaudited)	Unlisted open-end funds RMB million (Unaudited)	Unlisted equity investments RMB million (Unaudited)	Listed equity securities RMB million (Unaudited)	Others RMB million (Unaudited)	Total RMB million (Unaudited)
<b>30 June 2021</b>						
Opening balance at 1 January	4,057	1,319	13,008	1,175	1,645	21,204
Acquisitions	2,485	380	1,827	–	559	5,251
Losses/(gains) recognised in profit or loss	(182)	(24)	(6)	(125)	120	(217)
Gains recognised in other comprehensive income	–	–	1	–	–	1
Disposals	(1,650)	(261)	(378)	(1,050)	(219)	(3,558)
<b>Closing balance at 30 June</b>	<b>4,710</b>	<b>1,414</b>	<b>14,452</b>	<b>–</b>	<b>2,105</b>	<b>22,681</b>

	Unlisted entrusted products RMB million (Unaudited)	Unlisted open-end funds RMB million (Unaudited)	Unlisted equity investments RMB million (Unaudited)	Listed equity securities RMB million (Unaudited)	Others RMB million (Unaudited)	Total RMB million (Unaudited)
<b>30 June 2020</b>						
Opening balance at 1 January	6,132	664	10,088	941	1,338	19,163
Acquisitions	2,822	76	2,091	–	450	5,439
Gains/(losses) recognised in profit or loss	48	(18)	32	(3)	91	150
Losses recognised in other comprehensive income	–	–	(79)	–	–	(79)
Disposals	(1,629)	(56)	(2,136)	–	–	(3,821)
<b>Closing balance at 30 June</b>	<b>7,373</b>	<b>666</b>	<b>9,996</b>	<b>938</b>	<b>1,879</b>	<b>20,852</b>

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 5. Financial risk management and financial instruments (Continued)

## 5.4 Fair value estimation (Continued)

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

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

	As at			
	30 June 2021		31 December 2020	
	Carrying amount	Fair value	Carrying amount	Fair value
	RMB million (Unaudited)	RMB million (Unaudited)	RMB million (Audited)	RMB million (Audited)
<b>Financial assets</b>				
Other financial assets at amortised cost – fixed rate	26,069	27,381	25,467	26,960
<b>Financial liabilities</b>				
Long-term bank borrowings – fixed rate	39,937	40,546	28,267	28,863
Long-term debentures – fixed rate	45,681	46,119	49,443	48,952
Other long-term borrowings – fixed rate	–	–	259	259

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

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 6. 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 (“Survey, design and consulting services”);
- (c) Design, research and development, manufacture and sale of turnouts, bridge steel structures, and other railway related equipment, engineering machinery and materials (“Engineering equipment and component 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.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 6. Segment information (Continued)

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 2021 (Unaudited)						Total RMB million
	Infrastructure construction RMB million	Survey, design and consulting services RMB million	Engineering equipment and component manufacturing RMB million	Property development RMB million	Other businesses RMB million	Elimination RMB million	
External revenue	442,994	7,390	11,921	13,866	19,034	-	495,205
Inter-segment revenue	15,072	249	4,284	-	24,786	(44,391)	-
Other revenue	1,319	62	261	256	1,124	-	3,022
Inter-segment other revenue	131	-	-	-	95	(226)	-
<b>Segment revenue</b>	<b>459,516</b>	<b>7,701</b>	<b>16,466</b>	<b>14,122</b>	<b>45,039</b>	<b>(44,617)</b>	<b>498,227</b>
<b>Segment results</b>							
Profit before tax	16,775	699	1,152	(514)	2,340	(2,727)	17,725
Segment results included:							
Share of (losses)/profits of joint ventures	(66)	-	31	(27)	(154)	-	(216)
Share of profits/(losses) of associates	293	1	12	(11)	880	-	1,175
Interest income	487	62	35	167	1,163	(506)	1,408
Interest expenses	(545)	(98)	(33)	(869)	(1,940)	642	(2,843)

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 6. Segment information (Continued)

	Six months ended 30 June 2020 (Unaudited)							Total RMB million
	Infrastructure construction RMB million	Survey, design and consulting services RMB million	Engineering equipment and component manufacturing RMB million	Property development RMB million	Other businesses RMB million	Elimination RMB million		
External revenue	369,709	7,406	10,318	12,694	13,453	–	413,580	
Inter-segment revenue	14,489	413	2,924	–	15,358	(33,184)	–	
Other revenue	1,605	148	109	307	554	–	2,723	
Inter-segment other revenue	131	–	–	–	53	(184)	–	
<b>Segment revenue</b>	<b>385,934</b>	<b>7,967</b>	<b>13,351</b>	<b>13,001</b>	<b>29,418</b>	<b>(33,368)</b>	<b>416,303</b>	
<b>Segment results</b>								
Profit before tax	14,767	1,026	975	(848)	1,892	(2,587)	15,225	
Segment results included:								
Share of profits/(losses) of joint ventures	453	–	43	42	(365)	–	173	
Share of profits of associates	101	–	16	43	338	–	498	
Interest income	398	39	32	111	788	(384)	984	
Interest expenses	(727)	(61)	(22)	(674)	(1,380)	513	(2,351)	

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 6. Segment information (Continued)

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

	Six months ended 30 June	
	2021 RMB million (Unaudited)	2020 RMB million (Unaudited)
(i) Segment interest income, before inter-segment elimination	1,914	1,368
Inter-segment elimination	(506)	(384)
	1,408	984
Reconciling item:		
Reclassification of finance income obtained from other financial assets at amortised cost (Note 11)	828	443
Total consolidated finance income, as reported	2,236	1,427
(ii) Segment interest expenses, before inter-segment elimination	3,485	2,864
Inter-segment elimination	(642)	(513)
	2,843	2,351
Reconciling item:		
Imputed interest expenses on retention payables (Note 11)	145	133
Total consolidated finance costs, as reported	2,988	2,484
(iii) Segment results, before inter-segment elimination	20,452	17,812
Inter-segment elimination	(2,727)	(2,587)
	17,725	15,225
Reconciling item:		
Land appreciation tax (a) (Note 12)	687	873
Total consolidated profit before tax, as reported	18,412	16,098

(a) Land appreciation tax is included in operating expenses under segment reporting and is classified as income tax expense in the condensed consolidated statement of profit or loss.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 6. Segment information (Continued)

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

## Segment assets

	As at	
	30 June 2021 RMB million (Unaudited)	31 December 2020 RMB million (Audited)
Infrastructure construction	725,241	711,979
Survey, design and consulting services	23,257	24,550
Engineering equipment and component manufacturing	56,917	55,851
Property development	285,527	252,295
Other businesses	501,074	444,050
Inter-segment elimination	(307,869)	(300,532)
<b>Total segment assets</b>	<b>1,284,147</b>	<b>1,188,193</b>

## Segment liabilities

	As at	
	30 June 2021 RMB million (Unaudited)	31 December 2020 RMB million (Audited)
Infrastructure construction	586,878	574,136
Survey, design and consulting services	8,753	13,197
Engineering equipment and component manufacturing	32,336	30,579
Property development	260,561	228,249
Other businesses	378,374	334,894
Inter-segment elimination	(307,628)	(300,247)
<b>Total segment liabilities</b>	<b>959,274</b>	<b>880,808</b>

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

- 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
- 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.



## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 6. Segment information (Continued)

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

	As at	
	30 June 2021 RMB million (Unaudited)	31 December 2020 RMB million (Audited)
Segment assets, before inter-segment elimination	1,592,016	1,488,725
Inter-segment elimination	(307,869)	(300,532)
	1,284,147	1,188,193
Reconciling items:		
Deferred tax assets	10,022	9,333
Non-tradable shares reform of subsidiaries (Note (a))	(148)	(148)
Current income tax recoverable	4,205	3,451
Prepaid land appreciation tax included in current income tax recoverable	(1,138)	(852)
	12,941	11,784
Total consolidated assets, as reported	1,297,088	1,199,977
Segment liabilities, before inter-segment elimination	1,266,902	1,181,055
Inter-segment elimination	(307,628)	(300,247)
	959,274	880,808
Reconciling items:		
Deferred tax liabilities	1,472	1,454
Current income tax liabilities	5,478	7,969
Land appreciation tax payable included in current income tax liabilities	(2,335)	(3,300)
	4,615	6,123
Total consolidated liabilities, as reported	963,889	886,931

- (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.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 6. Segment information (Continued)

## (i) Disaggregation of revenue from contracts with customers

Type of services and products	Six months ended 30 June 2021 (Unaudited)					Total RMB million
	Infrastructure construction RMB million	Survey, design and consulting services RMB million	Engineering equipment and component manufacturing RMB million	Property development RMB million	Other businesses RMB million	
Infrastructure construction contracts	442,994	-	-	-	-	442,994
Manufacturing and sales of engineering equipment and component	-	-	11,921	-	-	11,921
Rendering of services	-	7,390	-	-	2,538	9,928
Sales of properties	-	-	-	13,866	-	13,866
Sales of goods and others	1,319	62	261	256	17,620	19,518
<b>Total</b>	<b>444,313</b>	<b>7,452</b>	<b>12,182</b>	<b>14,122</b>	<b>20,158</b>	<b>498,227</b>
Timing of revenue recognition:						
– At a point of time	1,319	62	8,882	12,294	19,258	41,815
– Over time	442,994	7,390	3,300	1,828	-	455,512
Rental income	-	-	-	-	900	900
<b>Total revenue from contracts with customers</b>	<b>444,313</b>	<b>7,452</b>	<b>12,182</b>	<b>14,122</b>	<b>20,158</b>	<b>498,227</b>

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 6. Segment information (Continued)

## (i) Disaggregation of revenue from contracts with customers (Continued)

Type of services and products	Six months ended 30 June 2020 (Unaudited)					Total RMB million
	Infrastructure construction RMB million	Survey, design and consulting services RMB million	Engineering equipment and component manufacturing RMB million	Property development RMB million	Other businesses RMB million	
Infrastructure construction contracts	369,709	–	–	–	–	369,709
Manufacturing and sales of engineering equipment and component	–	–	10,318	–	–	10,318
Rendering of services	–	7,406	–	–	1,789	9,195
Sales of properties	–	–	–	12,694	–	12,694
Sales of goods and others	1,605	148	109	307	12,218	14,387
<b>Total</b>	<b>371,314</b>	<b>7,554</b>	<b>10,427</b>	<b>13,001</b>	<b>14,007</b>	<b>416,303</b>
Timing of revenue recognition:						
– At a point of time	1,605	148	7,734	12,136	13,415	35,038
– Over time	369,709	7,406	2,693	865	–	380,673
Rental income	–	–	–	–	592	592
<b>Total revenue from contracts with customers</b>	<b>371,314</b>	<b>7,554</b>	<b>10,427</b>	<b>13,001</b>	<b>14,007</b>	<b>416,303</b>

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 6. Segment information (Continued)

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

	Six months ended 30 June	
	2021 RMB million (Unaudited)	2020 RMB million (Unaudited)
Mainland China	473,100	393,600
Other regions (including Hong Kong and Macau)	25,127	22,703
	<b>498,227</b>	416,303

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:

	As at	
	30 June 2021 RMB million (Unaudited)	31 December 2020 RMB million (Audited)
Mainland China	324,256	298,233
Other regions (including Hong Kong and Macau)	12,330	12,479
	<b>336,586</b>	310,712

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

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 7. Other income and expenses

	Six months ended 30 June	
	2021 RMB million (Unaudited)	2020 RMB million (Unaudited)
Other income from:		
Government subsidies (a)	664	495
Dividends from financial assets at FVPL	420	264
Compensation and claim	241	131
Dividends from financial assets at FVOCI	64	36
Income from the sale of waste and materials	56	18
Others	87	166
	<b>1,532</b>	1,110
Other expenses on:		
Research and development expenditures	<b>7,344</b>	6,195

- (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.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 8. Net impairment losses on financial assets and contract assets

	Six months ended 30 June	
	2021 RMB million (Unaudited)	2020 RMB million (Unaudited)
Trade and other receivables (excluding advance to suppliers)	607	1,017
Other financial assets at amortised cost	323	63
Contract assets	452	98
	<b>1,382</b>	<b>1,178</b>

## 9. Other gains, net

	Six months ended 30 June	
	2021 RMB million (Unaudited)	2020 RMB million (Unaudited)
Gains on disposal and/or write-off of:		
– Interests in subsidiaries	70	17
– Interests in associates	–	7
– Lease prepayments	25	19
– Property, plant and equipment	98	175
(Losses)/gains arising on change in fair value of financial assets/liabilities at FVPL	(210)	108
Gains on disposal of financial assets at FVPL	68	5
Foreign exchange (losses)/gains, net	(104)	143
Gains on debt restructurings	59	84
Impairment loss recognised on:		
– Deposits for investments	–	(16)
– Advance to suppliers	–	(6)
	<b>6</b>	<b>536</b>

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 10. Losses from derecognition of financial assets at amortised cost

	Six months ended 30 June	
	2021 RMB million (Unaudited)	2020 RMB million (Unaudited)
ABN and ABS (Note 22)	1,337	1,363
Factoring expense (Note 22)	150	113
	<b>1,487</b>	1,476

## 11. Finance income and costs

	Six months ended 30 June	
	2021 RMB million (Unaudited)	2020 RMB million (Unaudited)
Finance income from:		
Trade receivables and contract assets	854	706
Other financial assets at amortised cost	828	443
Cash and cash equivalents and restricted cash	554	278
Total financial income	<b>2,236</b>	1,427
Interest expenses on:		
Bank borrowings	4,387	4,254
Long-term debentures	657	817
Other long-term borrowings	180	217
Other short-term borrowings	194	215
Total borrowing costs	<b>5,418</b>	5,503
Less: amount capitalised	<b>(2,695)</b>	(3,252)
	<b>2,723</b>	2,251
Lease	52	36
Imputed interest expenses on retention payables	145	133
Imputed interest expenses on defined benefit obligations	42	47
Others	26	17
Total financial costs	<b>2,988</b>	2,484

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 11. Finance income and costs (Continued)

Borrowing costs directly attributable to the construction and acquisition of qualifying assets were capitalised as part of the costs of those assets. Borrowing costs of RMB2,695 million (six months ended 30 June 2020: RMB3,252 million) were capitalised in the six months period ended 30 June 2021, of which approximately RMB2,053 million was charged to properties under development for sale, approximately RMB8 million was included in cost of construction-in-progress and approximately RMB634 million was included in cost of intangible assets (six months ended 30 June 2020: approximately RMB2,778 million was charged to properties under development for sale, approximately RMB8 million was included in cost of construction-in-progress and approximately RMB466 million was included in cost of intangible assets). A general capitalisation rate of 3.60%~6.65% per annum (six months ended 30 June 2020: 2.50%~7.39%) was used, representing the costs of the borrowings used to finance the qualifying assets.

### 12. Income tax expense

	Six months ended 30 June	
	2021	2020
	RMB million	RMB million
	(Unaudited)	(Unaudited)
Current income tax		
– Enterprise income tax (“EIT”)	<b>4,123</b>	3,807
– Land appreciation tax (“LAT”)	<b>687</b>	873
– Over provision in prior years	<b>(56)</b>	(74)
Deferred income tax	<b>(692)</b>	(906)
	<b>4,062</b>	3,700

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 2020: 25%) is applied to the Group except for certain subsidiaries which were either exempted from EIT or entitled to the preferential tax rate of 20% or 15% (six months ended 30 June 2020: 12.5%, 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%, 25%, 30% and 30% (six months ended 30 June 2020: 17%, 24%, 24%, 30%, 22%, 25%, 30% and 30%) are applied to these entities respectively.

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



## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 13. Expenses by nature

The additional information of cost of sales and services, selling and marketing expenses and administrative expenses is as follows:

	Six months ended 30 June	
	2021 RMB million (Unaudited)	2020 RMB million (Unaudited)
Employee benefit expenses & subcontracting costs	199,072	162,985
Raw materials and consumables used	183,879	154,435
Equipment usage costs	17,077	14,141
Cost of property development	9,762	8,579
Cost of production safety	7,332	6,231
Depreciation of property, plant and equipment ( <i>Note 16</i> ), right-of-use assets and investment properties	4,621	3,987
Amortisation of intangible assets ( <i>Note 17</i> )	373	278
Amortisation of lease prepayments	365	226
Amortisation of mining assets	25	40

### 14. Dividends

The final dividend of RMB0.180 per share in respect of the year ended 31 December 2020, amounting to RMB4,423 million in aggregate, was approved by the Company's shareholders in the Annual General Meeting on 23 June 2021, and subsequently paid off in August 2021.

The final dividend of RMB0.169 per share in respect of the year ended 31 December 2019, amounting to RMB4,152 million in aggregate, was approved by the Company's shareholders in the Annual General Meeting on 23 June 2020, and subsequently paid off in August 2020.

The Directors do not recommend the payment of an interim dividend for the current interim period (six months ended 30 June 2020: nil).

### 15. Earnings per share

#### (a) Basic

Basic earnings per share for the six months ended 30 June 2021 is calculated by dividing the profit attributable to owners of the Company, after deducting the profit attributable to holders of perpetual notes, of RMB11,165 million (six months ended 30 June 2020: RMB10,442 million) by 24,570,929,283 shares (six months ended 30 June 2020: 24,570,929,283 shares) in issue during the period.

#### (b) Diluted

Diluted earnings per share is the same as basic earnings per share as there were no potential dilutive ordinary shares outstanding during both periods.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 16. Property, plant and equipment

	Six months ended 30 June 2021 RMB million (Unaudited)
<b>At 30 June 2021</b>	
Opening net book amount	74,384
Additions (a)	4,848
Transfer from properties held for sale	127
Acquisition of subsidiaries	346
Disposals	(554)
Transfer to investment properties	(126)
Depreciation	(4,002)
Currency translation differences	(30)
Closing net book amount	74,993

	Six months ended 30 June 2020 RMB million (Unaudited)
<b>At 30 June 2020</b>	
Opening net book amount	68,406
Additions (a)	5,203
Transfer from right-of-use assets	42
Transfer from properties held for sale	9
Acquisition of subsidiaries	1,212
Disposals	(564)
Depreciation	(3,235)
Currency translation differences	28
Closing net book amount	71,101

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 16. Property, plant and equipment (Continued)

- (a) Additions to property, plant and equipment include:

	Six months ended 30 June	
	2021 RMB million (Unaudited)	2020 RMB million (Unaudited)
Construction in process	2,448	2,241
Buildings	76	105
Infrastructure construction equipment	1,225	1,621
Transportation equipment	465	579
Manufacturing equipment	105	165
Testing equipment and instruments	165	131
Other equipment	364	361
	<b>4,848</b>	5,203

- (b) As at 30 June 2021, bank borrowings amounting to RMB414 million (31 December 2020: RMB367 million) are secured by certain property, plant and equipment with an aggregate book carrying amount of approximately RMB1,252 million (31 December 2020: RMB1,022 million) (Note 28).
- (c) As at 30 June 2021, the Group is in the process of applying for registration of the ownership certificates for certain of its properties with an aggregate book carrying amount of approximately RMB3,588 million (31 December 2020: RMB3,565 million). The Directors of the Company are of the opinion that the Group is entitled to lawfully and validly occupy or use these properties.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 17. Intangible assets

	Six months ended 30 June 2021 RMB million (Unaudited)
<b>At 30 June 2021</b>	
Opening net book amount	62,599
Acquisition of subsidiaries	1
Additions (a)	14,643
Disposals	(9)
Disposal of subsidiaries	(2,620)
Amortisation	(373)
Currency translation differences	(6)
Closing net book amount	74,235

	Six months ended 30 June 2020 RMB million (Unaudited)
<b>At 30 June 2020</b>	
Opening net book amount	25,559
Acquisition of subsidiaries	4,504
Additions (a)	8,490
Disposals	(2)
Amortisation	(278)
Currency translation differences	5
Closing net book amount	38,278

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 17. Intangible assets (Continued)

(a) Additions to intangible assets include:

	Six months ended 30 June	
	2021 RMB million (Unaudited)	2020 RMB million (Unaudited)
Service concession arrangements	14,530	8,430
Computer software	102	55
Others	11	5
<b>Total</b>	<b>14,643</b>	<b>8,490</b>

(b) As at 30 June 2021, bank borrowings amounting to RMB45,574 million (31 December 2020: RMB39,104 million) are secured by concession assets with carrying amount of approximately RMB50,222 million (31 December 2020: RMB50,991 million) (Note 28).

## 18. Properties under development for sale

As at 30 June 2021, properties under development for sale amounting to RMB39,372 million (31 December 2020: RMB37,371 million) have been pledged to secure borrowings amounting to RMB10,523 million (31 December 2020: RMB11,769 million) (Note 28).

## 19. Financial assets at fair value through other comprehensive income

	As at	
	30 June 2021 RMB million (Unaudited)	31 December 2020 RMB million (Audited)
<b>Non-current assets</b>		
Unlisted equity investments	9,479	8,831
Listed equity securities		
– Mainland China	535	568
– Hong Kong	294	269
	<b>10,308</b>	<b>9,668</b>
<b>Current assets</b>		
Bills receivables	664	522

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 20. Other financial assets at amortised cost

	As at	
	30 June 2021 RMB million (Unaudited)	31 December 2020 RMB million (Audited)
Debt investment		
– Short-term	7,757	10,579
– Long-term	24,542	23,316
	32,299	33,895
Less: Credit loss allowance for debt investments	(5,729)	(5,428)
<b>Total other financial assets at amortised cost</b>	<b>26,570</b>	<b>28,467</b>
Less: Amount due within one year included in current assets	(6,900)	(9,694)
Amount due after one year	19,670	18,773

The other financial assets at amortised cost carry fixed-rate interests within a range of 2.60% to 24.00% (31 December 2020: 1.31 % to 24.00%) per annum.

As at 30 June 2021, other financial assets at amortised cost amounting to RMB4,728 million (31 December 2020: RMB5,355 million) are secured by property, plant and equipment, lease prepayments, investment properties and/or guaranteed by a third party.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 21. Assets and liabilities related to contracts with customers

The Group has recognised the following assets and liabilities related to contracts with customers:

	As at	
	30 June 2021 RMB million (Unaudited)	31 December 2020 RMB million (Audited)
Contract assets		
– Amount due from contract customers for contract work and retentions	208,788	185,136
– Primary land development	7,245	6,679
– Financial assets under concession arrangements (a)	98,500	94,610
	<b>314,533</b>	286,425
Less: credit loss allowance (b)	(2,656)	(2,255)
Less: Amount due after one year included in non-current assets	153,713	139,554
Amount due within one year included in current assets	<b>158,164</b>	144,616
Contract liabilities		
– Sale of properties	64,774	49,530
– Infrastructure construction and engineering contracts	38,566	42,562
– Amount due to contract customers for contract work	18,153	20,026
– Sales of manufacturing products	5,772	5,466
– Design and consulting services	2,780	3,120
– Sales of materials	2,306	759
– Others	3,981	3,197
Total current contract liabilities	<b>136,332</b>	124,660

- (a) Financial assets under concession arrangements represent the contract assets recognised when the related projects were under construction or have been put into operations before the Group has an unconditional contractual right to receive cash from or at the direction of the granting authority.
- (b) As at 30 June 2021, a provision of RMB2,656 million was made against the gross amount of contract assets (31 December 2020: RMB2,255 million).
- (c) As at 30 June 2021, bank borrowings amounting to RMB27,240 million (31 December 2020: RMB28,523 million) are secured by contract assets with carrying amount of approximately RMB46,290 million (31 December 2020: RMB48,339 million) (Note 28).

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 22. Trade and other receivables

	As at	
	30 June 2021 RMB million (Unaudited)	31 December 2020 RMB million (Audited)
Trade and bills receivables	169,709	140,031
Less: credit loss allowance	(10,893)	(10,314)
Trade and bills receivables – net	158,816	129,717
Other receivables (net of impairment)	84,081	70,854
Advance to suppliers (net of impairment)	35,989	30,291
	278,886	230,862
Less: Amount due after one year included in non-current assets	(20,360)	(20,006)
Amount due within one year included in current assets	258,526	210,856

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

	As at	
	30 June 2021 RMB million (Unaudited)	31 December 2020 RMB million (Audited)
Less than 1 year	129,545	105,439
1 year to 2 years	18,517	16,642
2 years to 3 years	8,394	6,238
3 years to 4 years	2,986	2,815
4 years to 5 years	1,739	1,695
More than 5 years	8,528	7,202
Total	169,709	140,031

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.



## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 22. Trade and other receivables (Continued)

- (b) Trade and bills receivables of RMB190 million (31 December 2020: RMB310 million) were pledged to secure borrowings amounting to RMB190 million (31 December 2020: RMB310 million) (Note 28).
- (c) For the six months ended 30 June 2021, trade receivables of RMB21,678 million (six months ended 30 June 2020: RMB23,982 million) had been transferred in accordance with relevant ABN and ABS issuance, and trade receivables of RMB6,925 million (six months ended 30 June 2020: RMB3,668 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 2021, bills receivables – bank acceptance and commercial acceptance notes of RMB1,001 million (31 December 2020: RMB640 million) were endorsed to suppliers and RMB190 million (31 December 2020: RMB520 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 2021, bills receivables – bank acceptance notes of RMB1,417 million (31 December 2020: RMB2,142 million) were endorsed to suppliers, and RMB757 million (31 December 2020: RMB170 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 2021, trade receivables net of credit loss allowance, which were collectively assessed for impairment, are as follows:

## Central-governmental enterprises

	As at	
	30 June 2021 RMB million (Unaudited)	31 December 2020 RMB million (Audited)
Less than 1 year	9,554	7,438
1 year to 2 years	1,002	975
2 years to 3 years	466	389
3 years to 4 years	181	215
4 years to 5 years	149	150
More than 5 years	111	104
Total	11,463	9,271

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 22. Trade and other receivables (Continued)

- (e) As at 30 June 2021, trade receivables net of credit loss allowance, which were collectively assessed for impairment, are as follows: (Continued)

## Locally-administrated state-owned enterprises

	As at	
	30 June 2021 RMB million (Unaudited)	31 December 2020 RMB million (Audited)
Less than 1 year	65,759	46,582
1 year to 2 years	8,801	6,557
2 years to 3 years	3,130	2,297
3 years to 4 years	1,211	1,266
4 years to 5 years	601	653
More than 5 years	573	509
<b>Total</b>	<b>80,075</b>	<b>57,864</b>

## China State Railway Group Co., Ltd.

	As at	
	30 June 2021 RMB million (Unaudited)	31 December 2020 RMB million (Audited)
Less than 1 year	10,120	12,418
1 year to 2 years	785	1,412
2 years to 3 years	944	653
3 years to 4 years	159	225
4 years to 5 years	107	146
More than 5 years	167	108
<b>Total</b>	<b>12,282</b>	<b>14,962</b>

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 22. Trade and other receivables (Continued)

- (e) As at 30 June 2021, trade receivables net of credit loss allowance, which were collectively assessed for impairment, are as follows: (Continued)

## Overseas enterprises

	As at	
	30 June 2021 RMB million (Unaudited)	31 December 2020 RMB million (Audited)
Less than 1 year	1,676	1,864
1 year to 2 years	623	641
2 years to 3 years	412	466
3 years to 4 years	26	34
4 years to 5 years	22	8
More than 5 years	12	7
<b>Total</b>	<b>2,771</b>	<b>3,020</b>

## Other entities

	As at	
	30 June 2021 RMB million (Unaudited)	31 December 2020 RMB million (Audited)
Less than 1 year	21,254	16,175
1 year to 2 years	2,818	2,686
2 years to 3 years	1,524	1,375
3 years to 4 years	613	372
4 years to 5 years	195	200
More than 5 years	196	181
<b>Total</b>	<b>26,600</b>	<b>20,989</b>

As at 30 June 2021, the amount of individually impaired trade receivables was RMB6,335 million (31 December 2020: RMB6,509 million) with the provision for credit loss allowance of RMB3,459 million (31 December 2020: RMB3,368 million).

- (f) As at 30 June 2021, bills receivables – bank acceptance notes of RMB1,880 million (31 December 2020: RMB501 million) were not impaired. Commercial acceptance notes, which were collectively assessed for impairment, were RMB2,706 million (31 December 2020: RMB5,048 million) with the provision for credit loss allowance of RMB7 million (31 December 2020: RMB12 million). The amount of individually impaired commercial acceptance notes was RMB3,571 million (31 December 2020: nil) with the provision for credit loss allowance of RMB81 million (31 December 2020: nil).

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 22. Trade and other receivables (Continued)

- (g) As at 30 June 2021, the amount of collectively impaired long-term trade receivables was RMB11,134 million (31 December 2020: RMB13,574 million) with the provision for credit loss allowance of RMB56 million (31 December 2020: RMB68 million). The amount of individually impaired long-term trade receivables was RMB6,930 million (31 December 2020: RMB4,850 million) with the provision for credit loss allowance of RMB3,328 million (31 December 2020: RMB3,423 million).

### 23. Financial assets/(liabilities) at fair value through profit or loss

- (a) Financial assets at FVPL include the following:

	As at	
	30 June 2021 RMB million (Unaudited)	31 December 2020 RMB million (Audited)
<b>Non-current assets</b>		
Equity instruments		
Equity securities listed in Mainland China	983	1,215
Unlisted equity investments	4,973	4,177
	5,956	5,392
Debt instruments		
Unlisted entrusted products	2,500	3,169
Unlisted open-end equity funds	1,422	1,130
Others	1,085	873
	5,007	5,172
	10,963	10,564
<b>Current assets</b>		
Equity instruments		
Equity securities listed in Mainland China	90	68
Debt instruments		
Money-market securities investment funds	4,017	2,377
Unlisted open-end equity funds	630	1,635
Unlisted entrusted products	2,210	888
Others	196	90
	7,053	4,990
Derivative financial instruments		
– Option Contract	160	160
	7,303	5,218
<b>Total</b>	<b>18,266</b>	<b>15,782</b>

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

**23. Financial assets/(liabilities) at fair value through profit or loss (Continued)**

(b) Financial liabilities at FVPL include the following:

	As at	
	30 June 2021 RMB million (Unaudited)	31 December 2020 RMB million (Audited)
<b>Current liabilities</b>		
Unlisted open-end equity funds	52	65

**24. Share capital**

	Number of shares		Nominal value	
	Six months ended 30 June 2021 (thousands)	Year ended 31 December 2020 (thousands)	Six months ended 30 June 2021 RMB million (Unaudited)	Year ended 31 December 2020 RMB million (Audited)
Registered, issued and fully paid A Shares of RMB1.00 each At beginning and end of period/year	20,363,540	20,363,540	20,364	20,364
H Shares of RMB1.00 each At beginning and end of period/year	4,207,390	4,207,390	4,207	4,207
	24,570,930	24,570,930	24,571	24,571

As at 30 June 2021, the A Shares (20,363,540 thousands shares) and H Shares (4,207,390 thousands shares) issued are the ordinary shares in the share capital of the Company. All cash dividends in respect of the H Shares are to be declared in Renminbi and paid by the Company in Hong Kong dollars whereas all cash dividends in respect of A Shares are to be paid by the Company in Renminbi.

In addition, A Shares and H Shares are regarded as different classes of shares under the Company's Articles of Association. The differences between the two classes of shares, including provisions on class rights, the dispatch of notices and financial reports to shareholders, dispute resolution, registration of shares on different branches of the registers of shareholders, the method of share transfer and appointment of dividend receiving agents are set out in the Company's Articles of Association.

A Shares and H Shares however rank pari passu with each other in all other respects.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 25. Statutory Reserves

The statutory reserves comprise the statutory surplus reserve, trust compensation reserve and general risk reserve.

According to the PRC Company Law and the Company's article of association, the Company is required to make an appropriation at 10 percent of the profit for the year as shown in the PRC statutory financial statements, prepared in accordance with the PRC accounting standards, to the statutory surplus reserve fund until the balance reached 50 percent of the registered capital of the Company. The statutory surplus reserve can only make up losses or use to increase the registered capital of the Company and is not distributable.

According to the relevant laws and regulations for financial institutions and trust management entities in the PRC, certain subsidiaries of the Company are required to set aside certain amounts to trust compensation reserve and general risk reserve to address unidentified potential impairment risks.

### 26. Perpetual notes

	Year ended 31 December 2020 RMB million (Audited)	Additions RMB million	Declaration RMB million	Six months ended 30 June 2021 RMB million (Unaudited)
Public medium notes (a)	15,488	–	–	<b>15,488</b>
Public renewable corporate bonds (b)	30,984	5,996	–	<b>36,980</b>
Dividends (c)	266	–	(266)	–
Total	46,738	5,996	(266)	<b>52,468</b>

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 26. Perpetual notes (Continued)

- (a) From 26 November 2018 to 27 November 2018, 11 December 2018 to 12 December 2018 and 17 December 2018 to 18 December 2018, the Company issued three tranches of the public medium notes ("Medium Notes") with an aggregate principal amount of RMB3 billion, RMB3 billion and RMB3 billion, respectively. The Medium Notes are unsecured or unguaranteed. Pursuant to the terms and conditions of the Medium Notes, the Medium Notes bear the initial interest rate of 4.56%, 4.53% and 4.60% per annum (category one), respectively and 4.80%, 4.80% and 4.80% per annum (category two), respectively, and has no maturity date. The interest rate will be reset every three years (category one) and every five years (category two) from issuance date. The interest is payable annually in arrears. As long as the compulsory interest payment events have not occurred, the Company may, at its sole discretion, elect to defer the distribution of interest, and is not subject to any restriction as to the number of times the distribution can be deferred. The Medium Notes are subject to redemption in whole, at the option of the Company, three years (category one) and five years (category two) after the issue date, at their principal amount together with accrued interest. The Directors of the Company are of the opinion that the Group has no contractual obligation to repay the principal or to pay the distribution for the Medium Notes, the Medium Notes should be classified as equity.

From 21 November 2019 to 22 November 2019, the Company issued two tranches of Medium Notes with an aggregate principal amount of RMB2.5 billion, respectively. The Medium Notes are unsecured or unguaranteed. Pursuant to the terms and conditions of the Medium Notes, the Medium Notes bear the initial interest rate of 4.11% per annum (category one), respectively and 4.41% per annum (category two), respectively, and has no maturity date. The interest rate will be reset every three years (category one) and every five years (category two) from issuance date. The interest is payable annually in arrears. As long as the compulsory interest payment events have not occurred, the Company may, at its sole discretion, elect to defer the distribution of interest, and is not subject to any restriction as to the number of times the distribution can be deferred. The Medium Notes are subject to redemption in whole, at the option of the Company, three years (category one) and five years (category two) after the issue date, at their principal amount together with accrued interest. The Directors of the Company are of the opinion that the Group has no contractual obligation to repay the principal or to pay the distribution for the Medium Notes, the Medium Notes should be classified as equity.

From 16 September 2020 to 29 December 2020, the Company issued two tranches of Medium Notes with an aggregate principal amount of RMB1.5 billion and RMB2.5 billion, respectively. The Medium Notes are unsecured or unguaranteed. Pursuant to the terms and conditions of the Medium Notes, the Medium Notes bear the initial interest rate of 4.45% per annum and 3.94% per annum, respectively, and has no maturity date. The interest rate will be reset every three years from issuance date. The interest is payable annually in arrears. As long as the compulsory interest payment events have not occurred, the Company may, at its sole discretion, elect to defer the distribution of interest, and is not subject to any restriction as to the number of times the distribution can be deferred. The Medium Notes are subject to redemption in whole, at the option of the Company, three years after the issue date, at their principal amount together with accrued interest. The Directors of the Company are of the opinion that the Group has no contractual obligation to repay the principal or to pay the distribution for the Medium Notes, the Medium Notes should be classified as equity.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 26. Perpetual notes (Continued)

- (b) On 6 November 2018, 15 November 2018, 27 November 2018 and 18 December 2018, the Company issued four tranches of public renewable corporate bonds ("Renewable Bonds") with an aggregate principal amount of RMB3 billion, RMB3 billion, RMB3 billion and RMB2 billion, respectively. The Renewable Bonds are unsecured or unguaranteed and listed on the Shanghai Stock Exchange by way of bond issues to qualified investors. Pursuant to the terms and conditions of the Renewable Bonds, the Renewable Bonds bear the initial interest rate of 4.69%, 4.59%, 4.55% and 4.55% per annum (category one), respectively, and 4.99%, 4.90%, 4.80% and 4.78% per annum (category two), respectively, and has no maturity date. The interest rate will be reset every three years (category one) and every five years (category two) from the issuance date. The interest is payable annually in arrears. As long as the compulsory interest payment events have not occurred, the Company may, at its sole discretion, elect to defer the distribution of interest, and is not subject to any restriction as to the number of times the distribution can be deferred. The Renewable Bonds are subject to redemption in whole, at the option of the Company, three years (category one) and five years (category two) after the issue date, at their principal amount together with accrued interest. The Directors of the Company are of the opinion that the Group has no contractual obligation to repay the principal or to pay the distribution for the Renewable Bonds, the Renewable Bonds should be classified as equity.

On 27 May 2020, 24 June 2020, 24 July 2020 and 19 August 2020, the Company issued four tranches of Renewable Bonds with an aggregate principal amount of RMB2.6 billion, RMB1 billion, RMB3.5 billion, RMB3.5 billion, respectively. The Renewable Bonds are unsecured or unguaranteed and listed on the Shanghai Stock Exchange by way of bond issues to qualified investors. Pursuant to the terms and conditions of the Renewable Bonds, the Renewable Bonds bear the initial interest rate of 3.11% per annum, 3.60% per annum, 3.95% per annum and 3.95% per annum and has no maturity date. The interest rate will be reset every three years from the issuance date. The interest is payable annually in arrears. As long as the compulsory interest payment events have not occurred, the Company may, at its sole discretion, elect to defer the distribution of interest, and is not subject to any restriction as to the number of times the distribution can be deferred. The Renewable Bonds are subject to redemption in whole, at the option of the Company, three years after the issue date, at their principal amount together with accrued interest. The Directors of the Company are of the opinion that the Group has no contractual obligation to repay the principal or to pay the distribution for the Renewable Bonds, the Renewable Bonds should be classified as equity.



## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 26. Perpetual notes (Continued)

(b) (Continued)

On 16 June 2020, 19 October 2020 and 29 October 2020, the Company issued three tranches of Renewable Bonds with an aggregate principal amount of RMB3.5 billion, RMB3 billion and RMB2.9 billion. The Renewable Bonds are unsecured or unguaranteed and listed on the Shanghai Stock Exchange by way of bond issues to qualified investors. Pursuant to the terms and conditions of the Renewable Bonds, the Renewable Bonds bear the initial interest rate of 3.50% per annum, 4.20% per annum and 3.62% per annum (category one), and 3.99% per annum, 4.47% per annum, 3.94% per annum (category two), respectively, and has no maturity date. The interest rate will be reset every three years, two years and one year (category one), respectively and every five years, three years and two years (category two), respectively from the issuance date. The interest is payable annually in arrears. As long as the compulsory interest payment events have not occurred, the Company may, at its sole discretion, elect to defer the distribution of interest, and is not subject to any restriction as to the number of times the distribution can be deferred. The Renewable Bonds are subject to redemption in whole, at the option of the Company, three years, two years and one year (category one), respectively and five years, three years and two years (category two), respectively after the issue date, at their principal amount together with accrued interest. The Directors of the Company are of the opinion that the Group has no contractual obligation to repay the principal or to pay the distribution for the Renewable Bonds, the Renewable Bonds should be classified as equity.

On 3 June 2021 and 18 June 2021, the Company issued two tranches Renewable Bonds with an aggregate principal amount of RMB3 billion and RMB3 billion, respectively. The Renewable Bonds are unsecured or unguaranteed and listed on the Shanghai Stock Exchange by way of bond issues to qualified investors. Pursuant to the terms and conditions of the Renewable Bonds, the Renewable Bonds bear the initial interest rate of 3.63% and 3.73% per annum (category one), respectively, and 3.85% and 4.05% per annum (category two), respectively, and has no maturity date. The interest rate will be reset every three years (category one) and every five years (category two) from the issuance date. The interest is payable annually in arrears. As long as the compulsory interest payment events have not occurred, the Company may, at its sole discretion, elect to defer the distribution of interest, and is not subject to any restriction as to the number of times the distribution can be deferred. The Renewable Bonds are subject to redemption in whole, at the option of the Company, three years (category one) and five years (category two) after the issue date, at their principal amount together with accrued interest. The Directors of the Company are of the opinion that the Group has no contractual obligation to repay the principal or to pay the distribution for the Renewable Bonds, the Renewable Bonds should be classified as equity.

(c) For the six months period ended 30 June 2021, as a consequence of the compulsory interest payment event, i.e. the final dividend declared to the shareholders of the Company, the Company declared dividends to perpetual notes holders totaling RMB2,196 million, including the interest of RMB1,930 million which was generated during the period was deducted from retained earnings, and RMB266 million represented the accrued interest in the balance of perpetual notes as at 31 December 2020.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 27. Trade and other payables

	As at	
	30 June 2021 RMB million (Unaudited)	31 December 2020 RMB million (Audited)
Trade and bills payables (a)	391,136	384,565
Dividend payables	6,954	453
Other taxes	3,362	3,859
Accrued payroll and welfare	3,284	3,777
Deposits (b)	1,115	3,396
Deposits received in advance	984	950
Advance from customers	426	393
Other payables	102,533	98,894
	<b>509,794</b>	496,287
Analysed for reporting purposes as:		
Non-current	7,616	7,983
Current	502,178	488,304
	<b>509,794</b>	496,287

The credit period on purchases of goods ranges from 180 days to 360 days. Included in trade and bills payables are retention payables of RMB10,118 million (31 December 2020: RMB10,791 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 2021 RMB million (Unaudited)	31 December 2020 RMB million (Audited)
Less than 1 year	358,066	354,958
1 year to 2 years	17,524	19,725
2 years to 3 years	8,786	4,933
More than 3 years	6,760	4,949
	<b>391,136</b>	384,565

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 27. Trade and other payables (Continued)

- (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 1.269%.

## 28. Borrowings

	As at	
	30 June 2021 RMB million (Unaudited)	31 December 2020 RMB million (Audited)
Bank borrowings:		
Secured	84,285	80,127
Unsecured	152,669	102,340
	<b>236,954</b>	182,467
Long-term debentures, unsecured	45,681	49,443
Other borrowings:		
Secured	–	262
Unsecured	21,704	17,883
	<b>67,385</b>	67,588
	<b>304,339</b>	250,055
Analysed for reporting purposes:		
Non-current	170,943	166,997
Current	133,396	83,058
	<b>304,339</b>	250,055

- (a) Bank borrowings carry interest at rates ranging from 0.75% to 9.50% (31 December 2020: 0.75% to 9.55%) per annum.

Long-term debentures were issued at fixed rates ranging from 2.14% to 4.50% (31 December 2020: 2.14% to 4.50%) per annum.

Other borrowings carry interest at rates ranging from 3.85% to 7.00% (31 December 2020: 3.85% to 7.00%) per annum.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 28. Borrowings (Continued)

(b) Movements in borrowings is analysed as follows:

	RMB million (Unaudited)
<b>Six months ended 30 June 2021</b>	
Opening amount as at 1 January 2021	250,055
Proceeds from borrowings	117,775
Acquisition of subsidiaries	503
Repayments of borrowings and interests	(59,962)
Disposal of subsidiaries	(9,418)
Net foreign exchange losses on borrowings	(32)
Accrued interest on borrowings	5,418
<b>Closing amount as at 30 June 2021</b>	<b>304,339</b>
<b>Six months ended 30 June 2020</b>	
Opening amount as at 1 January 2020	231,245
Proceeds from borrowings	124,803
Acquisition of subsidiaries	3,567
Repayments of borrowings and interests	(86,106)
Net foreign exchange losses on borrowings	(7)
Accrued interest on borrowings	5,503
<b>Closing amount as at 30 June 2020</b>	<b>279,005</b>

(c) As at 30 June 2021, the Group has undrawn borrowing facilities of RMB1,143,841 million (31 December 2020: RMB1,192,430 million).

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 28. Borrowings (Continued)

(d) The details of secured borrowings are set out below:

	30 June 2021		As at 31 December 2020	
	Secured borrowings RMB million (Unaudited)	Carrying amount of pledged assets and contract value of certain rights RMB million (Unaudited)	Secured borrowings RMB million (Audited)	Carrying amount of pledged assets and contract value of certain rights RMB million (Audited)
Property, plant and equipment (Note 16)	414	1,252	367	1,022
Lease prepayments	278	280	197	309
Intangible assets (Note 17)	45,574	50,222	39,104	50,991
Properties under development for sale (Note 18)	10,523	39,372	11,769	37,371
Trade and bills receivables (Note 22)	190	190	310	310
Trade receivables from subsidiaries of the Group	66	375	119	375
Contract assets (Note 21)	27,240	46,290	28,523	48,339
	<b>84,285</b>	<b>137,981</b>	80,389	138,717

## 29. Disposal of subsidiaries

**Disposal of Guiyang Subway Line 3 Phase I Engineering Construction Management Co., Ltd. (hereinafter referred to as "Guiyang Subway Line 3")**

In December 2020, China Railway Capital Co., Ltd. (hereinafter referred to as "China Railway Capital"), a subsidiary of the Company and one of the then shareholders of Guiyang Subway Line 3, entered into an equity transfer agreement with the Group's joint venture, China Railway Huixin Equity Investment Fund Management Co., Ltd. (hereinafter referred to as "China Railway Huixin"), pursuant to which China Railway Capital disposed of unfunded 21% equity interests in Guiyang Subway Line 3 to China Railway Huixin.

As of April 2021, the external funds amounting to RMB510 million have been injected into Guiyang Subway Line 3 through China Railway Huixin – Guiyang Subway Private Equity Investment Fund (hereinafter referred to as the "Investment Fund"), while China Railway Huixin acts as the fund manager. As a result of the new shareholder and the external funds injection, the Group lost the control over Guiyang Subway Line 3. Upon the completion of equity transfer, the Group retained 49% equity interests in and has joint control over Guiyang Subway Line 3. Thereafter, Guiyang Subway Line 3 has been accounted as a joint venture using the equity method.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 29. Disposal of subsidiaries (Continued)

**Disposal of Guiyang Subway Line 3 Phase I Engineering Construction Management Co., Ltd. (hereinafter referred to as "Guiyang Subway Line 3") (Continued)**

Details of sales proceeds and gains on disposal are as follows:

	Guiyang Subway Line 3 RMB million
Sales proceeds:	
– Cash received	–
Less: Share of net assets disposed	<b>(10)</b>
Gains on disposal	<b>10</b>

## 30. Contingencies liabilities

	As at	
	30 June 2021 RMB million (Unaudited)	31 December 2020 RMB million (Audited)
Pending lawsuits (a)		
– arising in the ordinary course of business	<b>3,528</b>	3,073

- (a) 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.

## 31. Commitments

**(a) Capital expenditure**

Capital expenditure contracted for but not yet incurred at the balance sheet date is as follows:

	As at	
	30 June 2021 RMB million (Unaudited)	31 December 2020 RMB million (Audited)
Property, plant and equipment	<b>3,281</b>	3,544

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 31. Commitments (Continued)

## (b) Investment commitment

According to relevant agreements, the Group has the following commitments:

	As at	
	30 June 2021 RMB million (Unaudited)	31 December 2020 RMB million (Audited)
Investment commitment to associates, joint ventures and others	<b>49,935</b>	51,393

- (i) It includes the Group's investment in certain mining projects (including development and construction expenditures) of an associate in the Democratic Republic of the Congo pursuant to co-operation agreements signed between the co-operation partners. Since the signing of relevant co-operation agreements, the co-operation partners have carried out continuous negotiation on the details of the cooperation and gradually promoted the mining development and infrastructure construction. The amount of investment commitment disclosed above was based on the latest situation of the mining projects which is subject to change based on the projects progress in the future.

## 32. Related-party transactions

The Company is controlled by the following entity:

Name	Relationship	Place of incorporation and operation	Ownership interest As at	
			30 June 2021	31 December 2020
CREC	Parent and ultimate holding company	PRC	<b>47.21%</b>	47.21%

The Company is controlled by CREC, the parent company and a state-owned enterprise established in the PRC. CREC is controlled by the PRC government (CREC and its subsidiaries other than the Group are referred to as the "CREC Group"). The Group operates in an economic environment currently predominated by entities controlled, jointly controlled or under significant influence by the PRC government ("government-related entities").

During the period, the Group had transactions with government-related entities including, but not limited to, the provision of infrastructure construction services, survey, design and consulting services and sales of goods. The Directors consider that the transactions with these government-related entities are activities in the ordinary course of the Group's business and that the dealings of the Group have not been significantly or unduly affected by the fact that the Group and these government-related entities are ultimately controlled or owned by the PRC government. The Group has also established pricing policies for services and products, and such pricing policies do not depend on whether or not the customers are government-related entities. For the purpose of the related party transaction disclosures, management believes that meaningful information relating to related party transactions has been adequately disclosed.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 32. Related-party transactions (Continued)

The following is a summary of significant related party transactions between the Group and its related parties during the period and balances arising from related party transactions at the end of the reporting period.

#### (a) Significant related party transactions

The following transactions were carried out with related parties other than government-related entities:

	Six months ended 30 June	
	2021 RMB million (Unaudited)	2020 RMB million (Unaudited)
<b>Transactions with the CREC Group</b>		
– Rental expense	6	8
– Interest income	35	4
– Interest expense	7	4
– Provision of borrowings	750	1,500
– Repayment of borrowings	1,500	–
<b>Transactions with joint ventures</b>		
– Revenue from construction contracts	16,394	11,563
– Revenue from sales of goods	166	254
– Rental income	–	2
– Rental expense	–	17
– Interest income	177	294
– Interest expense	3	3
– Lending funds	852	5,040
– Repayment of borrowings	1,300	6,867
– Purchases	634	603
<b>Transactions with associates</b>		
– Revenue from construction contracts	9,979	12,252
– Revenue from sales of goods	1,112	528
– Rental income	2	1
– Rental expense	–	3
– Interest income	159	–
– Interest expense	1	–
– Lending funds	56	–
– Repayment of borrowings	52	–
– Purchases	4,229	2,691

These transactions are carried out on terms agreed with the counter parties in the ordinary course of business.

#### (b) Key management compensation

The remuneration of Directors and other members of key management during the year were as follows:

	Six months ended 30 June	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Basic salaries, housing allowances and other allowances	2,344	2,393
Contributions to pension plans	314	172
Others	1,282	1,337
	<b>3,940</b>	<b>3,902</b>



## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 32. Related-party transactions (Continued)

## (c) Balances with related parties

	As at	
	30 June 2021 RMB million (Unaudited)	31 December 2020 RMB million (Audited)
<b>Balances with the CREC Group</b>		
Trade and bills receivables	1	2
Other financial assets at amortised cost	1,120	1,840
Trade payables	5	–
Other payables	78	68
Contract liabilities	–	1
Deposits	414	1,307
Right-of-use assets	–	1
Lease liabilities	–	1
<b>Balances with joint ventures</b>		
Trade and bills receivables	3,640	2,403
Other receivables	1,158	1,193
Advance to suppliers	21	136
Other financial assets at amortised cost	4,616	5,245
Contract assets	3,851	2,978
Trade payables	1,202	963
Other payables	175	222
Contract liabilities	4,397	6,585
Advance from customers	257	323
Deposits	297	985
<b>Balances with associates</b>		
Trade and bills receivables	5,525	5,015
Other receivables	1,312	1,233
Contract assets	1,874	3,558
Advance to suppliers	33	71
Trade payables	193	501
Other payables	534	544
Contract liabilities	1,479	1,720
Advance from customers	10	3
Deposits	12	77

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 32. Related-party transactions (Continued)

## (d) Guarantees

	As at	
	30 June 2021 RMB million (Unaudited)	31 December 2020 RMB million (Audited)
<b>Outstanding loan guarantees provided by the Group to</b>		
– Joint ventures	5,456	5,048
– An associate	2,118	2,441
– Government-related entities	277	480
<b>Outstanding debentures guarantees provided by CREC to the Group</b>	<b>3,500</b>	<b>3,500</b>

## 33. Reclassification

Certain comparative information has been reclassified to conform with the presentation of the interim financial information for the current period.



庆祝中国共产党成立100周年  
The 100th Anniversary of the Founding of  
The Communist Party of China



中國中鐵  
CHINA RAILWAY

Block A, China Railway Square, No.69, Fuxing Road,  
Haidian District, Beijing, China  
Postal Code: 100039

<http://www.crec.cn>