



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

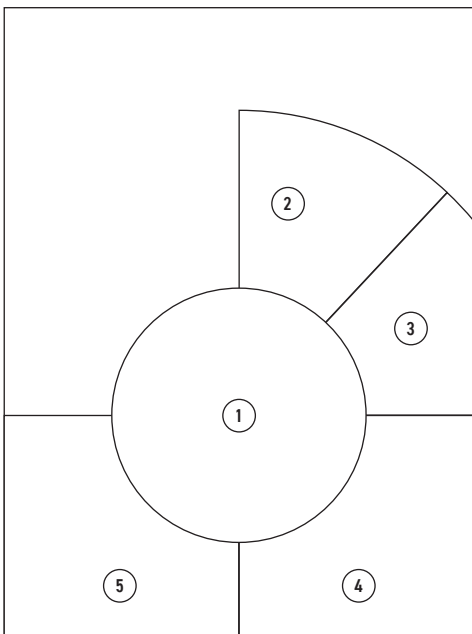
(a joint stock limited company incorporated in the People's Republic of China with limited liability)

Stock Code: 390

2023

INTERIM REPORT





1. Leiling River Super Bridge, Shantou-Shanwei Railway
2. Domestic Waste Incineration Power Plant Phase II Project, Guigang City
3. Chuzhou-Nanjing Inter-City Railway
4. Offshore Wind Power Project, Pingtan Offshore
5. Windmill Coastal Section, Hainan Island Tourist Highway

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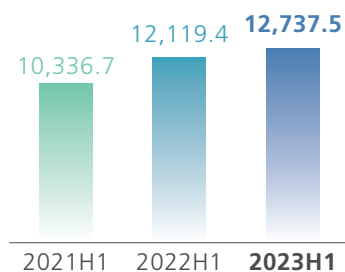


SNAPSHOT OF INTERIM REPORT



New contracts

(RMB100 million)



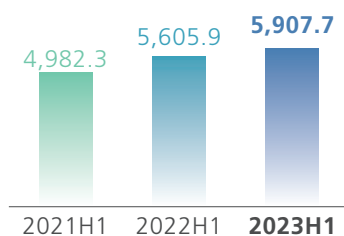
Year-on-year increase

5.1% ↑



Revenue

(RMB100 million)



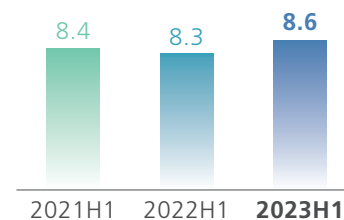
Year-on-year increase

5.4% ↑



Gross profit margin

%



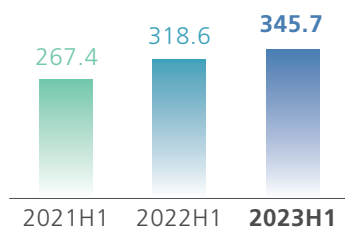
Year-on-year increase

0.3 percentage point ↑



EBITDA

(RMB100 million)



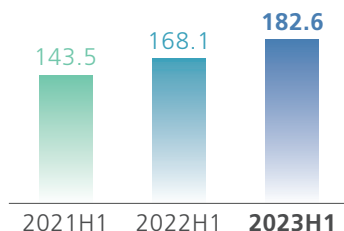
Year-on-year increase

8.5% ↑



Net profit

(RMB100 million)



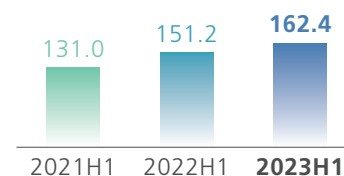
Year-on-year increase

8.7% ↑



Profit attributable to owners of the Company

(RMB100 million)



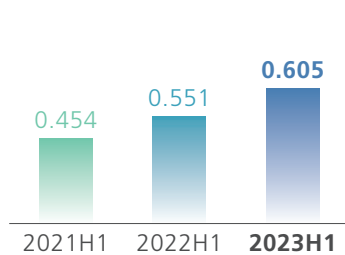
Year-on-year increase

7.4% ↑



Basic earnings per share

(RMB/share)



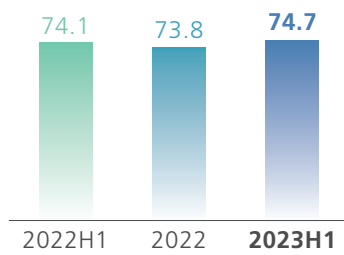
Year-on-year increase

9.8% ↑



Gearing ratio

%



Increase by **0.9** percent point ↑ from the beginning of the year

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 39th on the 2023 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

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

Summary of interim condensed consolidated statement of profit or loss

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

Summary of interim condensed consolidated balance sheet

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

Differences between Financial Data Prepared in accordance with IAS 34 and Chinese Accounting Standard ("CAS")

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

CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

1 Changes in Shares

(1) Changes in shares

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

(2) Explanation to the changes in shares

Not applicable

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

Not applicable

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

Not applicable

CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

2 Information on Shareholders

(1) Total number of shareholders

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

(2) Shareholdings of the top ten shareholders

Unit: Shares

No.	Name of shareholder	Increase/decrease during the reporting period	Shareholdings of the top ten shareholders					Nature of shareholder
			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	
1	CREC (Note 1)	0	11,623,119,890	46.96	0	Nil	0	State-owned legal person
2	HKSCC Nominees Limited (Note 2)	-302,000	4,009,290,922	16.20	0	Nil	0	Other
3	Hong Kong Securities Clearing Company Limited (Note 3)	93,349,331	641,379,102	2.59	0	Nil	0	Other
4	China Securities Finance Corporation Limited	0	619,264,325	2.50	0	Nil	0	State-owned legal person
5	China Reform Holdings Corporation Ltd.	0	387,050,131	1.56	0	Nil	0	State-owned legal person
6	Central Huijin Assets Management Co., Ltd.	0	230,435,700	0.93	0	Nil	0	State-owned legal person
7	China Great Wall Asset Management Co., Ltd.	-38,041,200	138,762,835	0.56	0	Nil	0	State-owned legal person
8	Boshi Fund – Agricultural Bank of China – Boshi China Securities Financial Asset Management Plan	0	131,135,600	0.53	0	Nil	0	Other
8	Yifangda Fund – Agricultural Bank of China – Yifangda China Securities Financial Asset Management Plan	0	131,135,600	0.53	0	Nil	0	Other
8	Dacheng Fund – Agricultural Bank of China – Dacheng China Securities Financial Asset Management Plan	0	131,135,600	0.53	0	Nil	0	Other
8	Jiashi Fund – Agricultural Bank of China – Jiashi China Securities Financial Asset Management Plan	0	131,135,600	0.53	0	Nil	0	Other

CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

No.	Name of shareholder	Increase/decrease during the reporting period	Shareholdings of the top ten shareholders					Nature of shareholder
			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	
8	Guangfa Fund – Agricultural Bank of China – Guangfa China Securities Financial Asset Management Plan	0	131,135,600	0.53	0	Nil	0	Other
8	Central European Fund – Agricultural Bank of China – Central European China Securities Financial Asset Management Plan	0	131,135,600	0.53	0	Nil	0	Other
8	Huaxia Fund – Agricultural Bank of China – Huaxia China Securities Financial Asset Management Plan	0	131,135,600	0.53	0	Nil	0	Other
8	Yinhua Fund – Agricultural Bank of China – Yinhua China Securities Financial Asset Management Plan	0	131,135,600	0.53	0	Nil	0	Other
8	Southern Fund – Agricultural Bank of China – Southern China Securities Financial Asset Management Plan	0	131,135,600	0.53	0	Nil	0	Other
Statement on the related relations and concerted actions between the shareholders above			CREC, the largest shareholder, does not have related relations or perform concerted actions with the above other shareholders. The Company is not aware of any related relationships or concerted action relationships among the above other shareholders.					

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

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

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

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

CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

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

Unit: Shares

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

CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

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

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

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

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

(4) Shareholdings of the top ten shareholders with selling restrictions

Not applicable

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

Not applicable

3 Information on Directors, Supervisors and Senior Management

(1) Changes in the shareholdings of incumbent directors, supervisors and senior management and those departed during the reporting period

Not applicable

(2) Share incentives granted to the directors, supervisors and senior management during the reporting period

Not applicable

4 Changes in the Controlling Shareholder or the Ultimate Controller

Not applicable

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

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

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

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

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

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

Holders of A Shares

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

Holders of H Shares

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

CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

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 shareholder	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.	–	–	–	5,885,000	–	–	–	1,116,000
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 2023, no person or corporation had any interest in the share capital of the Company as recorded in the register required to be kept under section 336 of the SFO as having an interest of or any short position in the issued share capital of the Company that would fall to be disclosed by the Company under Divisions 2 and 3 of Part XV of the SFO.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

1 Directors

The directors of the Company during the six months ended 30 June 2023 are as follows::

Name	Age	Position
CHEN Yun	60	Chairman and Executive Director
CHEN Wenjian	50	Executive Director and President
WANG Shiqi	57	Executive Director
WEN Limin	57	Non-executive Director
CHUNG Shui Ming Timpson	71	Independent Non-executive Director
ZHANG Cheng	65	Independent Non-executive Director
XIU Long	66	Independent Non-executive Director

2 Supervisors

The supervisors of the Company during the six months ended 30 June 2023 are as follows:

Name	Age	Position
JIA Huiping	58	Chairman of the Supervisory Committee and Shareholder Representative Supervisor
YUAN Baoyin	59	Employee Representative Supervisor
LI Xiaosheng	50	Employee Representative Supervisor
WANG Xinhua	52	Employee Representative Supervisor
WAN Ming	52	Employee Representative Supervisor

3 Senior Management

The senior management of the Company during the six months ended 30 June 2023 are as follows:

Name	Age	Position
CHEN Wenjian	50	Executive Director and President
SUN Cui	57	Chief Accountant
LIU Baolong	59	Vice President
REN Hongpeng	49	Vice President
KONG Dun	57	Vice President and Chief Engineer
MA Jiangqian	53	Vice President
LI Xinsheng	43	Vice President
HE Wen	59	Secretary to the Board and Joint Company Secretary
ZHAO Bin	54	Chief Economist
GENG Shubiao	45	President's Assistant
TAM Chun Chung	50	Joint Company Secretary

4 Change of Directors, Supervisors and Senior Management

Not applicable

5 Human Resources and Emolument Policy

The Company continues to improve the market-oriented salary distribution mechanism in accordance with the requirements of the modern enterprise system. In accordance with the general principle of “benefit determination, efficiency adjustment and level regulation”, the Company optimized the management of total salary, promoted the allocation of salary resources towards talents who have made outstanding contributions and to the key frontline positions with heavy pollution and risks; vigorously promoted the management of the total salary filing system, which granted greater autonomy to the enterprise; differentiated and determined the indexes linked to the approval system for total salary in line with the actual development of the enterprise; highlighted the efficiency adjustment, and leveraged the leading role of human resource input-output efficiency. The Company continuously improved the factor-based distribution system, actively and steadily promoted medium- and long-term incentive work, completed the registration of the first grant and the reserved grant of the 2021 restricted share incentive scheme, and deeply bound the interests of core and backbone employees with the interests of the enterprise; realized the full coverage of position-based bonus in technology-based enterprise, where the effect of knowledge as a production factor to participate in the distribution is obvious. The Company has strengthened the incentive and guarantee system for scientific and technological innovation, formulated and introduced the implementation plan to promote the construction of the incentive and guarantee mechanism for scientific and technological innovation, and given a full play to the role of science and technology as the “driving force” in promoting the development of productive forces. The Company has also ensured the payment of employees’ wages, established a long-term mechanism, and held on to the bottom line of “zero default”, so as to improve a harmonious labour relationship.

The member enterprises of the Company exercise the autonomy in the employee salary distribution and establish a basic salary system based on the position salary system. Employee remuneration of the Company comprises basic salary, performance-based bonus and allowances and subsidies. In accordance with PRC laws, the Company 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 Company 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 Company also provides voluntary benefits to employees which include enterprise annuities for employees.

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 as well as the performance evaluation results.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

For the six months ended 30 June 2023, the remuneration expenses of our employees is RMB25.802 billion. As at 30 June 2023, the Group had 295,733 employees. The following table sets out the classification of the Group's employees by professional composition as of 30 June 2023:

Professional composition	Number of employees as of 30 June 2023
Production staff	35,513
Sales staff	10,268
Technical staff	121,728
Finance staff	15,667
Administrative staff	49,226
Others	63,331
Total	295,733

Education level	Number of employees as of 30 June 2023
PhD candidate	319
Master's degree candidate	13,736
Bachelor	164,144
Junior college and below	117,534
Total	295,733

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 2023 to 30 June 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

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

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

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

1 Industry Development Overview

Engineering construction

Domestically, 2023 marks the opening year for implementing the spirit of the 20th Party Congress and promoting Chinese-style modernization. In the first half of the year, the GDP grew by 5.5% year-on-year amid a complicated and severe external environment, and China's economy continued to recover, with an overall upturn towards improvement. However, the economy faces new difficulties and challenges in operation, mainly due to the scant domestic demand, various risks and hidden dangers in key areas, and the complicated and severe external environment. According to the data released by the National Bureau of Statistics, in the first half of the year, the fixed assets investments nationwide (excluding rural households) amounted to RMB24.31 trillion, representing a year-on-year increase of 3.8%. By industry, the investment in infrastructure (excluding the production and supply of electricity, heat, gas and water) in the tertiary industry grew by 7.2%, of which the investment in rail transport grew by 20.5%, in water conservancy management grew by 9.6%, in road transport grew by 3.1%, and in public facilities management grew by 2.1%. By field, the national fixed asset investment in transportation increased by 9.1% year-on-year to approximately RMB1.83 trillion, providing a strong guarantee for the economic recovery. In particular, the investment in railways increased by 6.9% year-

on-year to RMB304.9 billion, the first rebound after three consecutive years of decline; the investment in highways increased by 8.9% year-on-year to RMB1,383.0 billion; the investment in waterways increased by 26.7% year-on-year to RMB93.6 billion. With regard to urban rail transit, in the first half of the year, a total of 10,566.55 kilometers of urban rail transit lines were put into operation in 57 cities in Mainland China, of which two new cities with eight new lines were added to the list of cities operating urban rail transit lines. The new operating mileage amounted to 236.55 kilometers. Since July, with the Party Central Committee and the State Council intensively releasing new and successive measures to stabilize the economy, infrastructure construction will continue to play an active role in increasing effective investment, stabilizing the economy, and encouraging improvement to economic quality and reasonable growth in quantity.

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

Design and consulting

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

MANAGEMENT DISCUSSION AND ANALYSIS

Equipment manufacturing

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

Property development

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

Asset operation

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

Resource utilization

In the first half of 2023, the global economy continued its low growth trend. Due to factors such as the persistence of the high interest rate overseas, the deterioration of the conflicts between Russia and Ukraine, the weak domestic economic recovery, and the decline in overseas manufacturing activities, the overall sentiment of the non-ferrous metal market was bearish, and the price generally showed a trend of weak volatility. In terms of copper products, in the first quarter, because the market had strong expectations for the domestic economic recovery, copper prices remained high with wide fluctuations; in the second quarter, due to the weak recovery of domestic economy, risk events in the overseas banking industry, the US debt approaching the ceiling and other risk factors, copper prices entered the downward range, and as risk events cooled, copper prices recovered. In terms of cobalt products, because the performance of the new energy automobile industry chain was less than expected at the beginning of the year, the price of MB metal cobalt continued to decline; in the second quarter, thanks to the stabilization and recovery of battery market demands, the price recovered, and the overall trend in the first half of the year was characterized by a decline and then a rise. In terms of molybdenum products, the steady increase in demand of molybdenum was triggered by the overseas supply constraints, upgrade of domestic manufacturing industry and bidding of steel mills. Molybdenum concentrate prices rose rapidly to nearly 20-year highs at the beginning of the year. Later, due to the increased resistance of steel mills and end users, the price gradually fell. In the second quarter, some mining plants cut production to protect prices, and prices gradually recovered and rebounded. In terms of lead products, the production of lead products continued to rebound year-on-year, but the recovery speed was slow, and LME lead price was maintained at US\$2,200-2,310/ton, showing a stable trend. In terms of zinc products, due to gradual resumption of production at the overseas supply side and the expected increase in production at the domestic smelting supply side, the overall price trend of zinc products showed a downward pattern of shocks, especially in the second quarter, the price fell drastically.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial and merchandise trading

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

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

Emerging businesses

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

2 Business Development Overview

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

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

Second, the Group achieved significant results in quality and efficiency improvement. Under the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics in the New Era, the Group anchored on the primary task of high-quality development, and set the development goals of “three increases, two controls and four upgrades” according to the assessment index system of “one profit and five ratios” by the SASAC. Focusing on “benefit increase and value creation”, the Group made every endeavor to advance large-scale business management and enhance project efficiency, and carried out comprehensive governance projects for continuously improving the quality of economic operation. The Group implemented large-scale business management across the board. Specifically, the Group constructed a large business management system, set up an engineering economics research institute to guide the work of efficiency creation, and organized large-scale business management training in a hierarchical manner with full coverage. In addition, the Group strengthened horizontal synergy and vertical penetration, and promoted quality and efficiency improvement in all aspects of operation and development, project performance, finishing touches and settlement, with the average profit rate of engineering projects continuously rising. The Group deeply launched “special campaigns” to clear the backlog of projects, dispose of inefficient and ineffective assets in the investment segment. Paying close attention to problem identification and rectification, the Group continued to inject new and stronger impetus into “benefit increase and value creation”, which helped drive the construction of a new development pattern and enhance the development quality. The Group achieved revenue of RMB590.766 billion, representing a year-on-year increase of 5.4%, and profit before income tax of RMB22.972 billion, representing a year-on-year increase of 4.9%; the profit for the period was RMB18.264 billion, representing a year-on-year increase of 8.7%; the profit for the period attributable to owners of the Company was RMB16.239 billion, representing a year-on-year increase of 7.4%.

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

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

Value of New Contracts

Unit: 100 million Currency: RMB

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

Engineering construction

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

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

Design and consulting

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

Equipment manufacturing

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

Property development

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

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

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

Asset operation

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

Resource utilization

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

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

Mining Resource Project

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

MANAGEMENT DISCUSSION AND ANALYSIS

Financial and merchandise trading

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

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

Emerging businesses

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

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

3 Scientific Research Investment and Technological Achievements

As one of the country's first "innovation-oriented enterprises" awarded by the Ministry of Science and Technology, the State-owned Assets Supervision and Administration Commission and the All-china Federation of Trade Unions, China Railway has built a scientific research and innovation system integrating basic research, technological innovation, achievement transformation, and industrial application of new and high technologies. China Railway has 3 national laboratories (engineering research centers) including the "National Engineering Research Center of High-speed Railway Construction Technology", the "National Key Laboratory of Tunnel Boring Machine and Intelligent Operation and Maintenance" and the "National Key Laboratory of Intelligent and Green Bridge Construction", as well as the "National and Local Joint Engineering Research Center for Research and Application of Digital Rail Transit Technology"; in addition, China Railway has 10 post-doctoral workstations, 49 provincial and ministerial research and development centers (laboratories), 18 nationally recognized enterprise technology centers and 137 provincially recognized enterprise technology centers. Besides, China Railway has also set up 22 professional R&D centers and invested in the national technology innovation center for the Sichuan-Tibet Railway.

In the first half of 2023, the Group made scientific and technological breakthroughs in major projects, and implemented research projects focusing on railway construction technology for plateau and alpine regions, high-speed railway construction technology, bridge construction technology, tunnel and underground project construction technology, communications engineering, signal engineering, electrical engineering and electrification engineering technology, construction equipment and industrial product manufacturing technology, building technology, smart manufacturing and information technology, energy conservation and emissions reduction technology, and other key areas. In response to the actual needs for production and operation, the Group conducted technical research based on key difficult engineering projects, such as the Dianzhong Water Diversion Project, Chengdu-Chongqing Middle Line High-speed Railway, Zhoushan Xihoumen Road-Railway Bridge, Chongqi Road-Railway Yangtze River Bridge, Hangzhou Bay Cross-sea Railway Bridge, and Luhong Mountain-Cili High-speed Railway Cili Tunnel, with a focus on bridge survey and design theories and methods, new bridge structures and materials, and bridge intelligent construction technologies and equipment, complete technologies for fast construction of the hard rock large-span underground chambers, development of through-type synchronous power supply devices, intelligent assessment and performance improvement of serviceability of high-speed railway ballastless track-bridge structure system, and new components, materials and technology, and industrial software for industrial manufacturing. We also carried out research based on highland engineering projects such as the Daduhe Bridge, the construction technologies of roadbeds under complex environments and disaster prevention, key technologies for railway suspension bridges spanning plateau canyons for a kilometer or above, drilling and blasting construction technology for high-altitude and deep-buried complex geological and environmental tunnels, and we have developed high-end engineering construction equipment such as the "Loyalty" shield tunneling machine and the "Yong'an" two-model shield tunneling machine (i.e., earth pressure balance and TBM) with the largest diameter domestically.

4 Consolidated Results of Operations

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

Revenue

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

Cost of sales and services and gross profit

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

Other income

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

Other expenses

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

Net impairment losses on financial assets and contract assets

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

Other gains, net

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

Losses from derecognition of financial assets at amortised cost

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

Selling and marketing expenses

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

Administrative expenses

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

Research and development expenditures

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

Finance costs, net

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

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 2023 increased by 4.9% to RMB22.972 billion from RMB21.897 billion for the corresponding period of 2022.

Income tax expense

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

Profit for the period attributable to owners of the Company

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

5 Segment Results

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

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

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

Infrastructure construction

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

Design and consulting

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

Equipment manufacturing

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

Property development

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

Other businesses

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

6 Cash Flow

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

Capital expenditure

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

Working capital

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

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

Trade and bills receivables

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

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

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

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

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

7 Borrowings

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

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

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

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

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

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

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

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

8 Contingent Liabilities

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

	As at	
	30 June 2023 RMB million	31 December 2022 RMB million
Pending lawsuits ^(Note 1)		
– arising in the ordinary course of business	4,146	5,116

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

9 Business Risks

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

- (1) **Investment risk:** It refers to the risk that due to the uncertainty of investment results arising from uncontrollable external factors, insufficient feasibility analysis and argument prior to project investment, inappropriate project implementation and management, significant changes in external macro environment and policies and other factors, an investment return may be lower than expected or an investment failure of the Group may be possible, and the scale risk may be brought about by the increase in the Group's investment projects; among which, the overseas investment risk refers to the risk that overseas investment may be affected by factors including local society, politics, economy, culture, policies and regulations, as well as relevant domestic policies and the corporate internationalization talent pool, which may lead to investment failure, lower-than-expected investment return, lower personnel security, damage to the reputation of the enterprise, etc.
- (2) **International operation risk:** It refers to the risk that due to the influence of international political situation, foreign policy changes, administrative policy intervention from government, economic, social, environmental or technological standard changes and other factors, which may lead to the failure to normally carry out the Group's overseas construction projects.
- (3) **Cash flow risk:** It refers to the possibility that the Group may incur economic losses or damage of reputation in the event of failure to meet the requirements of timely payment, investment expenses or timely repayment of the Group's debts in its operations due to improper management of cash flow.

MANAGEMENT DISCUSSION AND ANALYSIS

- (4) **Health, safety and environmental protection risk:** The health, safety and environmental protection risks faced by the Group are mainly concentrated in the construction safety risks of construction engineering projects, which mainly refer to the risk that due to the lack of effective management in management system implementation, measure implementation, technical management, subcontract management, equipment management and accident management of the Group, which may lead to major production safety accidents and safety hazards in the enterprise.

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

Foreign exchange risk

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

1 Overview of General Meeting

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

Description of the general meeting:

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

2 The Plan for Profit Distribution or Capitalisation of Capital Reserves

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

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

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

SIGNIFICANT EVENTS

(1) The summary of the 2021 Incentive Scheme

(i) Purpose of the 2021 Incentive Scheme

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

(ii) Participants of the 2021 Incentive Scheme

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

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

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

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

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

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

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

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

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

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

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

(viii) Basis of determining the grant price

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

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

(ix) The remaining life of the 2021 Incentive Scheme

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

(x) Agreement on the granting of restricted shares

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

(2) The details of the restricted shares granted under the 2021 Incentive Scheme

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

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

Notes:

1. *The incentive participants of the 2021 Incentive Scheme are the employees of the Group, including (1) senior management of the Group; (2) middle management of the Group; and (3) core key personnel of the Group. The participants do not include (1) each of the directors, chief executive or substantial shareholders of the Company, or their respective associates; (2) each participant with options and awards granted and to be granted in excess of 1% individual limit; or (3) each related entity participant or service provider with options and awards granted and to be granted in any 12-month period exceeding 0.1% of the relevant class of shares in issue.*
2. *Regarding 5 participants of the initial grant, 2 participants were transferred from the Company and ceased to take office in the Company due to organisational arrangements, 3 participants were disqualified from the 2021 Incentive Scheme due to incompetence in the position, disqualification in performance appraisal, negligence, violation of laws, non-compliance of laws, etc.. The Company completed the repurchase and cancellation of 1,379,700 restricted shares that had been granted to the above five participants but not yet unlocked on 28 December 2022. The 1,379,700 restricted shares were granted to the incentive participants on 17 January 2022 at the price of grant of RMB3.55 per share. The repurchase price of the restricted shares repurchased from 3 participants was RMB3.354 per share. The repurchase price of the restricted shares repurchased from 2 participants was RMB3.354 per share, plus interests calculated according to the benchmark deposit interest rate published by the People's Bank of China for the same period.*
3. *Under the 2021 Incentive Scheme, the restricted shares were granted to the participants directly, and it did not involve the grant of any options or awards in respect of which shares may be issued. Therefore, particulars of the outstanding options and unvested awards at the beginning and at the end of 2022 are inapplicable. The 2021 Incentive Scheme was only approved by the A Share Class Meeting on 30 December 2021 and the H Share Class Meeting on 12 January 2022, which means that no shares would have been available for grant at the beginning of 2022. The number of restricted shares to be granted under the 2021 Incentive Scheme is not more than 200,000,000 A shares and, as at 31 December 2022, 181,266,700 A shares have been granted and the 2021 Incentive Scheme was implemented completely (which means that no shares were available for grant under the 2021 Incentive Scheme as at the end of 2022).*
4. *Conditions of grant of the restricted shares: The Company granted restricted shares to the participants upon satisfaction of all of the following conditions of grant, and no restricted shares would be granted to the participants if any of the following conditions of grant has not been satisfied. 1. None of the following events with respect to the Company has occurred: i. issue of an auditors' report with adverse opinion or which indicates an inability to give an opinion by a certified public accountant with respect to the financial and accounting report of the Company for the latest accounting year; ii. issue of an auditors' report with adverse opinion or which indicates an inability to give an opinion by a certified public accountant with respect to the internal control of the financial report of the Company for the latest accounting year; iii. failure to conduct profit distribution in accordance with laws and regulations, the Articles of Association and public undertakings during the 36 months after listing; iv. prohibition from implementation of a share incentive scheme by laws and regulations; v. other circumstance as determined by the CSRC. 2. None of the following events with respect to the participant has occurred: i. he or she has been determined by the Shanghai Stock Exchange as an ineligible person in the past 12 months; ii. he or she has been determined by the CSRC or any of its delegated agencies as an ineligible person in the past 12 months; iii. he or she has been imposed with administrative penalties or measures prohibiting access into the securities market by the CSRC or any of its delegated agencies due to material non-compliance of laws and regulations in the past 12 months; iv. he or she is prohibited from being a director or senior management of a company under the Company Law; v. he or she is prohibited from participating in any share incentive scheme of listed companies as required by laws and regulations; vi. he or she falls under any other circumstances as determined by the CSRC. 3. The Company is deemed to have achieved the performance target if all of the following conditions are satisfied: i. the average growth rate of the net profit for 2018 to 2020 shall not be less than 11.75%; ii. the average return on net assets for 2018 to 2020 shall not be less than 9.86%; iii. the economic value added performance targets set by SASAC in 2020 is achieved. 4. The individual performance appraisal of the participants: the individual performance appraisal result of the participants in 2020 is competent or above.*
5. *The restricted shares granted under the 2021 Incentive Scheme do not have any vesting period per se as they were all vested with the participants at the same time as they were granted.*
6. *No options which may be exercised were granted under the 2021 Incentive Scheme.*
7. *The restricted shares of the 2021 Incentive Scheme shall be released in three batches. Lock-up Period shall be 24 months, 36 months and 48 months from the relevant completion date of registration of the restricted shares under the corresponding grant. After the expiry of each of the three lock-up periods, 1/3 of the restricted shares granted under the first grant and the grant of the reserved shares will be unlocked.*
8. *In accordance with the relevant requirements of the "Accounting Standards for Enterprises No.11 – Share-based Payment" of the PRC, the Company shall measure the fair value of the restricted shares based on the market prices of the shares. On the measurement date, the fair value of share-based payment per restricted share shall equal the market price of the shares of the Company minus the grant price. Based on the data on 17 January 2022, the total amount of the fair value of share-based payment of the restricted shares first granted by the Company to the participants was RMB414.9 million. The accounting treatment of the reserved restricted shares granted to the participants subsequently is the same as that of the restricted shares under the abovementioned first grant. Based on the data on 2 November 2022, the total amount of the fair value of share-based payment of the reserved restricted shares granted by the Company to the participants was RMB16.3 million.*
9. *As at the respective dates of grants of restricted shares, the weighted average closing price immediately before the dates on which the restricted shares were granted during 2022 is RMB5.88/share.*
10. *The total number of restricted shares granted under the 2021 Incentive Scheme by the Company represents 0.88% of the weighted average number of A shares of the Company in issue during 2022.*
11. *Under the 2021 Incentive Scheme, the restricted shares were granted to the participants directly, and except for the restricted shares canceled in 2022, it did not involve the grant of any options or awards which could lapse.*

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

Notes:

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

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

Not applicable

6 Illegal Guarantee

Not applicable

7 Auditors

(1) The Description of Appointment and Removal of auditors

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

(2) Explanation of the Company on the “Modified Audit Report” from auditors

Not applicable

(3) 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 Penalty and Rectification Order against the Company and its Directors, Supervisors, Senior Management, Controlling Shareholders, Ultimate Controller and Acquirer

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.

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 an announcement with subsequent progress or changes

Unit: Thousand Currency: RMB

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

Description of related party transactions

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

(iii) Matters undisclosed in announcement

Not applicable

SIGNIFICANT EVENTS

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

- (i) **Matters which were disclosed in an announcement without subsequent progress or changes**
Not applicable
- (ii) **Matters which were disclosed in an announcement with subsequent progress or changes**
Not applicable
- (iii) **Matters undisclosed in announcement**
Not applicable
- (iv) **Discloseable performance for the reporting period of related party transactions with agreed-upon performance targets**
Not applicable

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

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

(i) Deposit business

Unit: Thousand Currency: RMB

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

SIGNIFICANT EVENTS

(ii) Loan business

Unit: Thousand Currency: RMB

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

(iii) Credit granting business or other financial business

Unit: Thousand Currency: RMB

Related Party	Related relationship	Business type	Total	Amount incurred
CREC	Parent company	Comprehensive credit granting	3,500,000	0
Total			3,500,000	0

(iv) Others notes

Unit: Thousand Currency: RMB

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

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

(6) Other significant related party transactions

Unit: Thousand Currency: RMB

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

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

13 Material Contracts and Their Performance**(1) Trusteeship, contracting and leasing**

Not applicable

SIGNIFICANT EVENTS

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

Unit: 0'000 Currency: RMB

Guarantor	Relationship between guarantor and the listed company	Guarantees provided by the Company (excluding the guarantees to subsidiaries)											
		Secured party	Guarantee amount	Commencement date of guarantee agreement	Commencement date of guarantee	Expiry date of guarantee	Type of guarantee	Main debt condition	Collateral (if any)	Guarantee fully performed	Overdue amount	Counter guarantee available	Guarantee provided to related parties
China Railway Group Limited	The Company	Limha Railway Co., Ltd.	41,789.00	30 June 2008	30 June 2008	20 June 2027	Joint and several liability guarantee	Normal performance	No	/	Yes	No	/
China Railway No.4 Engineering Group Co., Ltd.	Wholly-owned subsidiary	Xuzhou Yingbin Expressway Construction Co., Ltd.	119,000.00	22 October 2018	30 October 2018	29 October 2028	Joint and several liability guarantee	Normal performance	Equity pledge	No	None	No	/
China Railway No.5 Engineering Group Co., Ltd.	Wholly-owned subsidiary	Qinghai Minerals China Railway Highway Construction Management Co., Ltd.	14,850.00	14 January 2020	14 January 2020	30 December 2045	Joint and several liability guarantee	Normal performance	Equity pledge	No	None	No	/
China Railway No.5 Engineering Group Co., Ltd.	Wholly-owned subsidiary	Jiangxi Chengke Yunchuang Real Estate Co., Ltd.	4,079.05	22 September 2021	22 September 2021	21 September 2029	Joint and several liability guarantee	Normal performance	No	/	None	No	/
China Railway No.10 Engineering Group Co., Ltd.	Wholly-owned subsidiary	Chongqing CREC Renzhi Pension Industry Co., Ltd.	50,000.00	12 January 2017	12 January 2017	30 November 2024	Joint and several liability guarantee	Normal performance	No	/	None	No	/
China Railway Major Bridge Engineering Group Co., Ltd.	Wholly-owned subsidiary	Wuhan Yangsigang Bridge Co., Ltd.	60,541.06	30 May 2016	30 May 2016	25 June 2024	Joint and several liability guarantee	Normal performance	No	/	None	No	/
China Railway Major Bridge Engineering Group Co., Ltd.	Wholly-owned subsidiary	Shantou Niutianyang Expressway Investment Development Co., Ltd.	7,881.64	14 November 2019	14 November 2019	23 August 2039	Joint and several liability guarantee	Normal performance	Equity pledge	No	None	No	/
China Railway Shanghai Engineering Group Co., Ltd.	Wholly-owned subsidiary	Fangchenggang China Railway Diluyuan Investment Development Co., Ltd.	500.00	8 May 2019	8 May 2019	31 December 2030	Joint and several liability guarantee	Normal performance	Equity pledge	No	None	No	/
China Railway International Group Co., Ltd.	Wholly-owned subsidiary	MontagProp Proprietary Limited	5,800.50	3 July 2015	3 July 2015	3 November 2023	Joint and several liability guarantee	Normal performance	No	/	None	No	/
China Southern Investment Group Co., Ltd.	Wholly-owned subsidiary	Shantou Niutianyang Expressway Investment Development Co., Ltd.	353,885.50	14 November 2019	14 November 2019	23 August 2039	Joint and several liability guarantee	Normal performance	Equity pledge	No	None	No	/

Guarantor	Relationship between guarantor and the listed company	Secured party	Guarantees provided by the Company (excluding the guarantees to subsidiaries)					Guarantee provided to related parties	Related relationship
			Guarantee amount	Commencement date of guarantee agreement	Expiry date of guarantee	Main debt condition	Collateral (if any)		

Total amount of guarantees incurred during the reporting period (excluding the guarantees provided to subsidiaries)

Total balance of guarantees as at the end of the reporting period (A) (excluding the guarantees provided to subsidiaries)

Guarantees provided by the Company and its subsidiaries to its subsidiaries

Total amount of guarantees provided to subsidiaries during the reporting period

Total balance of guarantees provided to subsidiaries at the end of the reporting period (B)

Total amount of guarantees provided by the Company (including the guarantees for subsidiaries)

Total amount of guarantees (A+B)

Percentage of total guarantees over the net assets of the Company (%)

Of which:

Amount of guarantees provided to shareholders, de facto controller and their related parties (C)

Amount of debt guarantees directly or indirectly provided to the parties with the gearing ratio exceeding 70% (D)

Total amount of guarantees exceeding 50% of net assets (E)

Total amount of the above three types of guarantees (C+D+E)

Statement on the contingent joint and several liability in connection with unexpired guarantee

Explanations on guarantees

-73,332.15

658,326.75

-18,233.76

15,296,548.19

15,954,874.94

37.02

0.00

13,333,873.09

0.00

13,333,873.09

Not applicable

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

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

SIGNIFICANT EVENTS

14 Other Material Contracts

(1) Material contracts signed by the Group during the reporting period

(i) Engineering construction

No.	Signatory	Name of contract	Date of winning the bidding/contract signature	Contract sum (RMB'0,000)	Construction period
Railways					
1	China Railway No. 3 Engineering, China Railway No. 5 Engineering, China Railway Construction	Sections XADXDSG-2, XADXDSG-3 and XADXDSG-5 of civil works and related supporting works of Xiong'an New Area underground section for Xiong'an-Xinzhou High-speed Railway	April 2023	958,591	1,096/1,463 calendar days
2	China Railway No. 2 Engineering, China Railway No. 3 Engineering, China Railway No. 7 Engineering	Sections GZZQ-12, GZZQ-17 and GZZQ-18 of Pearl River Delta Hub Airport Station Engineering for the newly built Guangzhou-Zhanjiang High-speed Railway	February 2023	594,180	1,035 calendar days
3	China Railway No. 3 Engineering, China Railway No. 10 Engineering	Sections BWZH-1 and BWZH-3 of Binzhou, South Dongying, Weifang North Hub and related projects for the newly built Tianjin-Weifang High-speed Railway	January 2023	553,274	57.5 months
Highways					
1.	China Railway No. 5 Engineering	Section HM-SG2 of Henan-Zuomao highway project for G1816 Wuhai-Maqin Highway	February 2023	148,746	1,096 days
2	China Railway No. 1 Engineering	Hezhou North Transit Line (Guangxi Mailing (Hunan-Guangxi Boundary) to Hezhou Highway Hezhou Branch Line) financing + general contracting of No.4 Section	March 2023	123,053	36 months
3	China Railway No. 7 Engineering	Provincial Highway – Helong-Nanping Highway	March 2023	121,980	1,186 calendar days

No.	Signatory	Name of contract	Date of winning the bidding/contract signature	Contract sum (RMB'0,000)	Construction period
Municipal works and others					
1	China Railway Group, China Railway (Guangzhou) Investment & Development, China Railway No. 1 Engineering, China Railway No. 2 Engineering, China Railway No. 3 Engineering, China Railway No. 4 Engineering, China Railway No. 6 Engineering, China Railway No. 10 Engineering, and other parties	General contract for Guangzhou Urban Rail Transit Line 8 north extension project (Jiangfu-Memorial Hall) and simultaneous implementation of construction works	June 2023	776,385	1,785 calendar days
2	China Railway Group, China Railway No. 2 Engineering, China Railway No. 8 Engineering	General contract for the construction of Chengdu- Deyang Line of municipal (suburban) railway project	May 2023	769,078	1,373 calendar days
3	China Southern Railway Construction Investment, China Railway No. 4 Engineering, China Railway No. 7 Engineering, China Railway Tunnel	Third Section of North Extension Access Project, Qiaocheng East Road, Shenzhen city	April 2023	662,047	63 months

SIGNIFICANT EVENTS

(ii) Design and consulting

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

(iii) Engineering manufacturing

No. Signatory	Name of contract	Date of winning the bidding/ contract signature	Contract sum (RMB'0,000)	Construction period
Steel structures				
1 CRHIC	Manufacturing and installation of steel girders for Jiujiang-Nanchang section CJZQ-6 of the newly built Beijing-Hong Kong High-speed Railway	May 2023	33,904	10 May 2023-10 January 2024
2 CRHIC	Construction contract for steel box girder processing and ancillary processing, manufacturing and installation for the sub-management division II of civil construction of Pingnan-Cenxi Highway	March 2023	26,739	641 calendar days from the date of Party B's actual entry on site
3 CRHIC	Contract agreement for professional subcontracting of steel structure fabrication and installation of bridge on the south bank of Qinyang-Yichuan Highway QYTJ-2 section project	June 2023	25,921	15 June 2023-24 February 2025
Turnout				
1 CRHIC	Hangzhou-Wenzhou Railway product purchase contract	January 2023	33,800	As required by the customer
2 CRHIC	Procurement contract of customer-supplied materials for the management of State Railway Group for the newly built Shanghai-Nanjing-Hefei High-speed Railway Nanjing Hub (Jiangbei Area) and Nantong area project	April 2023	11,230	From June 2023 to the completion of the project
3 CRHIC	Purchase and sale contract for turnout products and fasteners (Shanghai Airport Line China Railway Longchang Fasteners and Yongkang South Station Project)	April 2023	10,975	Supply according to construction progress
Engineering machinery (including track equipment and shields)				
1 CRHIC	Shield machine procurement contract	June 2023	22,500	One month after contract signing
2 CRHIC	Procurement of a shield with 14.29m earth pressure-TBM dual mode	February 2023	21,800	1 February 2024
3 CRHIC	Procurement contract of φ14.33m mud-water balanced shield machine for SSSG-6 section of Shenzhen-Shenshan Cooperation Zone Railway	June 2023	19,500	15 August 2023

SIGNIFICANT EVENTS

(iv) Property development business

Land purchases

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

Property held for development

Name of building or project	Address	Current land use	Land area (0'000 square meters)	Floor area (0'000 square meters)	State of completion	Expected completion date	Interests of the Company and its subsidiaries
China Railway Caishi Project	South of Jingshidong Road, north of Guangfu Avenue and west of Panlong Road, Licheng District, Jinan City, Shandong Province	Commercial housing land, commercial land	58.81	106.58	Under construction	2027	100%
Guangzhou Nuode Cloud City	North of Jiangfu Road and west of Guanghua Road, Jianggao Town, Baiyun District, Guangzhou City, Guangdong Province	Urban residential land	11.7	35	Under construction	2024	80%
Yipin Garden	Lane 1758, Huqingping Highway, Xujing Town, Qingpu District, Shanghai	Ordinary commercial housing	6.04	15.4	Under construction	2024	100%
Beijing Daxing District Huangcun Town Project	Huangcun Town, Daxing District, Beijing	Public service facilities, underground garage, underground storage, residential, commercial	4.64	19.79	Under construction	2024	100%
China Railway Changchun Expo City	No.6888 Yongchun Street, Yongchun Town, Chaoyang District, Changchun City, Jilin Province	Urban residential land, other land for commercial use, land for cultural facilities	232.71	447.16	Under construction	2032	90%

Property held for investment

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

SIGNIFICANT EVENTS

(v) Emerging businesses

No.	Signatory	Name of contract	Date of winning the bidding/contract signature	Contract sum (RMB'0,000)	Construction period
Water conservancy and hydropower					
1	China Railway No. 4 Engineering, China Railway No. 5 Engineering, China Railway Tunnel	Sections A5 & A6 of Guangdong water resources allocation project in the North Gulf Rim	February 2023	418,477	March 2023-August 2030
2	China Railway No. 5 Engineering	Engineering, Procurement, Construction (EPC) of Tongguzibulong reservoir project in Keping County, Aksu Region, Xinjiang	January 2023	78,000	28 February 2023-30 December 2025
3	China Railway No. 5 Engineering	General contract for design and construction of the integrated urban and rural water supply construction project in Cangyuan Wa Autonomous County, Yunnan Province	May 2023	68,674	1,095 calendar days
Ecological protection					
1	China Railway No. 4 Engineering	Section I of EPC contract project (construction) of initial stormwater management and rainwater resource utilization of Dezhou City Center	March 2023	141,748	730 calendar days
2	China Railway Guangzhou	Section I of general contract project of pipeline network and supporting municipal infrastructure of Baoding City (Lianchi District)	May 2023	117,730	31 October 2024
3	China Railway No. 4 Engineering	Phase I ancillary outlet trunk pipe project of Shibu Water Treatment Plant	May 2023	87,693	1,095 calendar days
Clean energy					
1	China Railway Major Bridge Engineering	General contract of design and construction for Phase II Project of Zhangpu Liuaio Offshore Wind Farm	February 2023	283,368	884 calendar days
2	China Railway Beijing	EPC contract for Shangsi Hongsheng Wind Farm Project	May 2023	166,717	730 calendar days
3	China Railway No. 10 Engineering	EPC contract for Hehui Dashiqiao 200MW Wind Power Project	May 2023	135,400	470 calendar days

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

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

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

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

SIGNIFICANT EVENTS

(4) Strategic framework agreements signed during the reporting period

No.	Signing date	Agreement name	Main contents of the Agreement
1	March 2023	Strategic Cooperation Agreement between the People's Government of Wanzhou District, Chongqing and China Railway Group Limited	According to the overall urban planning, mid- and long-term development planning, key areas for urban value enhancement and recent construction tasks of Wanzhou District, to carry out in-depth cooperation in projects including but not limited to highways, ports and terminals, urban construction, urban renewal, water conservancy, ecological and environmental protection, industrial parks, education and healthcare infrastructures, cultural, tourism, recreational and cultural rejuvenation and rural revitalization in the premise of compliance with law and regulations
2	March 2023	Strategic Cooperation Agreement between China Forestry Group Corporation and China Railway Group Limited	Cooperation in the fields of "dual carbon", construction of national reserve forests, construction of industrial infrastructure, development of eco-tourism resources, realization of the value of ecological products, and biomass energy
3	March 2023	Strategic Cooperation Agreement between State Development & Investment Corporation and China Railway Group Limited	To carry out comprehensive and in-depth strategic cooperation in various aspects such as power industry, transportation, ecological and environmental protection, health and pension, new materials, financial and monetary affairs, human resources and offshore projects, etc., so as to form a strategic partnership of win-win cooperation

15 Compliance with Corporate Governance Code

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

16 Review of Interim Financial Report

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

17 Event after the Reporting Period

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

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

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

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

ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

1 Environmental Information

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

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

Not applicable

(iii) Reasons for not disclosing other environmental information

Not applicable

(3) Description of follow-up progress or changes in the disclosure of environmental information during the reporting period

Not applicable

(4) Information on ecological protection, pollution prevention and fulfillment of environmental responsibilities

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

The main energy consumed by the Company is electricity, gasoline, diesel fuel and natural gas used in the construction and office processes. The Company has been promoting energy saving and efficiency enhancement solidly. In accordance with the provisions of the Regulations on the Supervision and Management of Energy Saving and Emission Reduction and the "14th Five-Year Plan" for Energy Conservation and Emission Reduction, the Company has issued the Quantitative Indicators of Energy Saving and Ecological Environment Protection for 2023. In the first half of 2023, the comprehensive energy consumption (comparable price) per ten-thousand yuan of operating income of the Company was 0.041 ton of standard coal/RMB10,000, 3.3% lower than the same period last year; and the emissions of CO₂ per ten-thousand yuan were 0.1429 ton/RMB10,000, 3.5% lower than the same period last year. The following table shows the specific energy consumption.

ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

Key Performance Indicators for Energy and Resource Consumption

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

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

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

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

ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

Key Performance Indicators for Emissions and Waste

Indicator	First half of 2023	Increase/Decrease as compared to the same period (%)
Total carbon dioxide emissions (10,000 tons)	808.28	0.85
CO ₂ emission intensity (tons/RMB10,000)	0.1429	-3.5
NOx emissions (tons)	4.774	2.287
Smoke (powder) dust emissions (tons)	31.9535	965
SO ₂ (tons)	2.146	/
Total hazardous wastes (tons)	693.063	171.79
Discharge of hazardous waste per RMB10,000 (kg/RMB10,000)	0.012	166.67
Total non-hazardous waste (10,000 tons)	245	4.25
Discharge of non-hazardous waste per RMB10,000 (kg/RMB10,000)	41.3	-6.13

Notes:

1. The Company is a central construction enterprise under SASAC, and its CO₂ emissions are indirect greenhouse gas emissions.
2. The emissions of nitrogen oxides, sulfur dioxide, smoke (powder) dust and volatile organic compounds are calculated according to the pollutant discharge permit.
3. In the first half of 2023, China Railway's industrial segment added China Railway Baoji Bridge (Zhoushan) Co., Ltd. (中鐵寶橋(舟山)有限公司) and the processing workshop of Zhengzhou Industrial Park of CREG, with the operating income of the industrial segment rising further, and the licensed pollutant discharge data increased to certain extent. The industrial enterprises strictly complied with the local requirements of discharge, with the key performance indicators of the discharges and wastes in line with the requirements of the environmental impact assessment report and the licensed discharge.
4. Due to rounding, the numbers of individual items may differ slightly from the total.

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

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

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

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

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

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

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

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

DEFINITION AND GLOSSARY OF TECHNICAL TERMS

1.	“123456” development strategy	Focusing on “one big task”, emphasizing “two principles”, adhering to “three bottom lines”, realising “four strong capabilities and five excellent aspects”, and coordinating “six keys”
2.	Articles of Association	Articles of Association of China Railway Group Limited
3.	Belt and Road	Silk Road Economic Belt and 21st Century Maritime Silk Road
4.	BOT	“Build-Operate-Transfer” mode
5.	Company, China Railway	China Railway Group Limited
6.	CREC	China Railway Engineering Group Company Limited, formerly known as China Railway Engineering Corporation
7.	CREG	China Railway Engineering Equipment Group Co., Ltd.
8.	CRHEEC	China Railway High-Speed Electrification Equipment Corporation Limited (stock code: 688285.SH)
9.	CRHIC	China Railway Hi-Tech Industry Corporation Ltd. (stock code: 600528.SH)
10.	CRPCC	China Railway Prefabricated Construction Co., Ltd. (stock code: 300374.SZ)
11.	Group	the Company and its subsidiaries
12.	PPP	“Public-Private-Partnership” mode
13.	SASAC	State-owned Assets Supervision and Administration Commission
14.	Shield Tunneling Machine	a full-section tunneling excavator which can complete tunneling, slag discharging, pipe segments assembling and other operations under the protection of a rigid shield
15.	TBM	Tunnel Boring Machine
16.	Three Transformations	Promoting the transformation from made in China to created in China, speed of China to quality of China, and products of China to brands of China
17.	TOD	Transit-Oriented Development
18.	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

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
WAN Ming

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 and investment committee

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

Nomination committee

CHEN Yun (*Chairman*)
CHUNG Shui Ming Timpson
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
No.188, South Yanggao Road
Pudong New Area, 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 76 to 132, 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 2023 and the interim condensed consolidated statement of profit or loss, the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the six-month period then ended, and selected 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 2023

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Note	Unaudited	
		Six month ended 30 June	
		2023	2022
		RMB million	RMB million (Restated)
Revenue	7	590,766	560,587
Cost of sales and services	14	(539,860)	(514,037)
Gross profit		50,906	46,550
Other income	8	1,525	1,494
Other expenses	8	(384)	(287)
Net impairment losses on financial assets and contract assets	9	(1,855)	(1,413)
Other gains, net	10	426	735
Losses from derecognition of financial assets at amortised cost	11	(1,476)	(1,592)
Selling and marketing expenses	14	(3,066)	(2,706)
Administrative expenses	14	(13,130)	(12,226)
Research and development expenditures	14	(10,291)	(8,980)
Operating profit		22,655	21,575
Finance income	12	4,303	2,956
Finance costs	12	(5,535)	(4,121)
Share of post-tax losses of joint ventures		(638)	(564)
Share of post-tax profits of associates		2,187	2,051
Profit before income tax		22,972	21,897
Income tax expense	13	(4,708)	(5,089)
Profit for the period		18,264	16,808
Profit attributable to:			
– Owners of the Company		16,239	15,115
– Non-controlling interests		2,025	1,693
		18,264	16,808
Earnings per share for profit attributable to owners of the Company (expressed in RMB per share)			
– Basic	16	0.605	0.551
– Diluted	16	0.605	0.551

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

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

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

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

	<i>Note</i>	Unaudited 30 June 2023 RMB million	Audited 31 December 2022 RMB million (Restated)
ASSETS			
Non-current assets			
Property, plant and equipment	17	122,514	118,250
Right-of-use assets		13,814	14,603
Deposits for acquisition of property, plant and equipment		4,378	1,918
Investment properties		15,170	15,224
Intangible assets	18	168,642	155,137
Mining assets		3,270	3,376
Contract assets	19	219,988	203,132
Investments in joint ventures		56,666	55,122
Investments in associates		58,890	54,611
Goodwill		1,803	1,771
Financial assets at fair value through other comprehensive income	20	16,041	14,945
Other financial assets at amortised cost	21	23,967	19,139
Financial assets at fair value through profit or loss	22	15,944	13,543
Deferred tax assets		12,637	12,225
Other prepayments		971	1,065
Trade and other receivables	23	29,478	30,508
		764,173	714,569
Current assets			
Properties held for sale		51,402	56,979
Properties under development for sale	24	117,326	101,694
Inventories		59,258	49,198
Financial assets at fair value through other comprehensive income	20	718	766
Trade and other receivables	23	291,715	252,672
Contract assets	19	189,125	169,735
Current income tax recoverable		5,024	3,849
Other financial assets at amortised cost	21	8,288	14,777
Financial assets at fair value through profit or loss	22	7,622	10,312
Restricted cash and term deposit with maturity over three months		34,265	33,597
Cash and cash equivalents		173,817	204,987
		938,560	898,566
Total assets		1,702,733	1,613,135

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

	<i>Note</i>	Unaudited 30 June 2023 RMB million	Audited 31 December 2022 RMB million (Restated)
EQUITY			
Equity attributable to owners of the Company			
Share capital	25	24,752	24,752
Shares held for 2021 Restricted Share Incentive Scheme	26	(576)	(612)
Share premium and reserves		241,734	231,296
Perpetual notes	28	39,765	45,621
		305,675	301,057
Non-controlling interests		125,103	121,812
Total equity		430,778	422,869
LIABILITIES			
Non-current liabilities			
Trade and other payables	29	23,889	26,288
Borrowings	30	310,946	282,508
Lease liabilities		1,117	1,139
Retirement and other supplemental benefit obligations		2,038	2,050
Provisions		678	578
Deferred government grants and income		1,023	1,152
Deferred tax liabilities		3,270	3,176
		342,961	316,891
Current liabilities			
Trade and other payables	29	646,319	617,305
Contract liabilities	19	146,215	136,937
Current income tax liabilities		7,666	8,663
Borrowings	30	128,180	109,734
Lease liabilities		256	343
Retirement and other supplemental benefit obligations		181	275
Financial liabilities at fair value through profit or loss	22	158	96
Provision		19	22
		928,994	873,375
Total liabilities		1,271,955	1,190,266
Total equity and liabilities		1,702,733	1,613,135

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

The condensed consolidated interim financial information on pages 76 to 132 was approved by the Board of Directors on 30 August 2023 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											Total
		Share capital	Share premium	Shares held for 2021 Restricted Share Incentive Scheme	Capital reserve	Statutory reserve	Foreign currency translation reserve	Investment revaluation reserve	Retained earnings	Perpetual notes	Total	Non-controlling interests	
Balance at 31 December 2022		24,752	52,615	(612)	3,431	19,827	(849)	678	155,619	45,621	301,082	121,828	
Change in accounting policy	4	-	-	-	-	-	-	-	(25)	-	(25)	(16)	(41)
Balance at 1 January 2023		24,752	52,615	(612)	3,431	19,827	(849)	678	155,594	45,621	301,057	121,812	422,869
Profit for the period		-	-	-	-	-	-	-	14,909	1,330	16,239	2,025	18,264
Other comprehensive expenses		-	-	-	(25)	-	42	325	-	-	342	40	382
Total comprehensive (expenses)/ income for the period ended 30 June 2023		-	-	-	(25)	-	42	325	14,909	1,330	16,581	2,065	18,646
Total transactions with owners, recognised directly in equity													
Amount recorded in shareholders' equity arising from 2021 Restricted Share Incentive Scheme	26	-	-	-	74	-	-	-	-	-	74	2	76
Capital contributions from non-controlling shareholders of subsidiaries		-	-	-	-	-	-	-	-	-	-	2,330	2,330
Transaction with non-controlling interests resulting from acquisition of equity interests of certain subsidiaries		-	(83)	-	(25)	-	-	-	-	-	(108)	59	(49)
Disposal of subsidiaries		-	-	-	-	-	-	-	-	-	-	1	1
Redemption of perpetual notes	28	-	-	-	-	-	-	-	-	(5,600)	(5,600)	-	(5,600)
Dividends declared to shareholders	15	-	-	36	-	-	-	-	(4,950)	-	(4,914)	-	(4,914)
Dividends declared to non-controlling shareholders of subsidiaries		-	-	-	-	-	-	-	-	-	-	(632)	(632)
Dividends declared to perpetual notes holders	28	-	-	-	-	-	-	-	-	(1,586)	(1,586)	(534)	(2,120)
Transferred to reserves		-	-	-	-	19	-	-	(19)	-	-	-	-
Transfer of fair value gains of equity investment in other comprehensive income upon disposal		-	-	-	-	-	-	-	171	-	171	-	171
Balance at 30 June 2023		24,752	52,532	(576)	3,455	19,846	(807)	1,003	165,705	39,765	305,675	125,103	430,778

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Unaudited													
	Attributable to owners of the Company												Non-controlling interests	Total
	Note	Share capital	Share premium	Shares held for 2021 Restricted Share Incentive Scheme	Capital reserve	Statutory reserve	Foreign currency translation reserve	Investment revaluation reserve	Retained earnings	Perpetual notes	Total	RMB million		
RMB million														
Balance at 31 December 2021		24,571	51,930	-	3,222	16,664	(935)	(88)	134,134	45,624	275,122	83,072	358,194	
Change in accounting policy	4	-	-	-	-	-	-	-	(22)	-	(22)	(14)	(36)	
Restated total equity at 1 January 2022		24,571	51,930	-	3,222	16,664	(935)	(88)	134,112	45,624	275,100	83,058	358,158	
Profit for the period (restated)		-	-	-	-	-	-	-	13,572	1,543	15,115	1,693	16,808	
Other comprehensive expenses		-	-	-	-	-	(10)	355	-	-	345	35	380	
Total comprehensive (expenses)/ income for the period ended 30 June 2022		-	-	-	-	-	(10)	355	13,572	1,543	15,460	1,728	17,188	
Total transactions with owners, recognised directly in equity														
Issuance of shares for 2021 Restricted Share Incentive Scheme	26	171	435	(606)	-	-	-	-	-	-	-	-	-	
Amount recorded in shareholders' equity arising from 2021 Restricted Share Incentive Scheme		-	-	-	65	-	-	-	-	-	65	-	65	
Capital contributions from non-controlling shareholders of subsidiaries		-	-	-	-	-	-	-	-	-	-	12,532	12,532	
Transaction with non-controlling interests resulting from acquisition of equity interests of certain subsidiaries		-	-	-	-	-	-	-	-	-	-	17,176	17,176	
Disposal of subsidiaries		-	-	-	-	-	-	-	-	-	-	(216)	(216)	
Dividends declared to shareholders	15	-	-	33	-	-	-	-	(4,849)	-	(4,816)	-	(4,816)	
Dividends declared to non-controlling shareholders of subsidiaries		-	-	-	-	-	-	-	-	-	-	(699)	(699)	
Dividends declared to perpetual notes holders	28	-	-	-	-	-	-	-	-	(1,799)	(1,799)	(613)	(2,412)	
Transferred to reserves		-	-	-	-	20	-	-	(20)	-	-	-	-	
Balance at 30 June 2022		24,742	52,365	(573)	3,287	16,684	(945)	267	142,815	45,368	284,010	112,966	396,976	

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	
	2023	2022
	RMB million	RMB million
Net cash used in operating activities	(29,967)	(37,716)
Cash flows from investing activities		
– Additions of property, plant and equipment	(12,518)	(4,991)
– Disposal of property, plant and equipment	479	343
– Additions of right of use Asset	(204)	(6)
– Disposal of right of use Asset	172	13
– Additions of intangible assets	(14,308)	(16,342)
– Disposal of intangible assets	–	54
– Additions of mining assets	–	(4)
– Purchase of investment properties	(485)	(245)
– Disposal of investment properties	266	1
– Acquisition of subsidiaries	(1,252)	(1,026)
– Investments in associates	(2,272)	(4,618)
– Investments in joint ventures	(2,768)	(1,720)
– Disposal of joint ventures	118	1
– Disposal of associates	332	393
– Deposits paid for investments	(39)	(196)
– Purchase of financial assets at fair value through other comprehensive income	(1,490)	(1,264)
– Disposal of financial assets at fair value through other comprehensive income	359	91
– Purchase of financial assets at fair value through profit or loss	(7,922)	(9,251)
– Disposal of financial assets at fair value through profit or loss	8,591	6,038
– Net flow in respect of other financial assets at amortised cost	(1,533)	389
– Interests received	474	220
– Dividends received	397	511
– Decrease of term deposits with initial term of over three months	660	271
– Increase of term deposits with initial term of over three months	(1,595)	(431)
– Other investing cash flows	47	168
Net cash used in investing activities	(34,491)	(31,601)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited	
	Six months ended 30 June	
	2023	2022
	RMB million	RMB million
Cash flows from financing activities		
– Capital contributions from non-controlling shareholders of subsidiaries	6,415	12,532
– Issuance of shares for 2021 Restricted Share Incentive Scheme	–	606
– Transaction with non-controlling interests resulting from acquisition of equity interests of certain subsidiaries	(4,069)	(421)
– Proceeds from debentures	6,299	5,692
– Repayment of debentures	(13,043)	(10,490)
– Repayment of perpetual notes	(5,600)	–
– Proceeds from bank borrowings	125,274	137,245
– Repayments of bank borrowings	(74,169)	(59,037)
– Proceeds from other borrowings	6,390	1,342
– Proceeds from deposits of associates and joint ventures	2,295	–
– Repayment of other borrowings	(7,780)	(3,645)
– Interests paid	(7,066)	(6,123)
– Dividends paid to non-controlling shareholders of subsidiaries	(863)	(992)
– Dividends paid to holders of perpetual notes	(471)	(471)
– Advances from non-controlling shareholders of subsidiaries	326	366
– Repayments of advances from non-controlling shareholders of subsidiaries	(715)	(253)
– Repayments of lease liabilities	(573)	(329)
Net cash generated from financing activities	32,650	76,022
Net (decrease)/increase in cash and cash equivalents	(31,808)	6,705
Cash and cash equivalents at beginning of the period	204,987	148,116
Effect of foreign exchange rate changes	638	662
Cash and cash equivalents at end of the period	173,817	155,483

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 of China Railway Engineering Group Company Limited (“CREC”) in preparation for the listing of the Company’s A shares on Shanghai Stock Exchange and H shares on the Main Board of The Stock Exchange of Hong Kong Limited (the “HKSE”).

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

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

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

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

2. Basis of preparation

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

3. Accounting policies

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

(a) Amended standards adopted by the Group

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

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

3. Accounting policies (Continued)

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

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

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

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

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

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

4. Changes in accounting policies

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

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

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

5. 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 2022.

6. Financial risk management and financial instruments

6.1 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 2022.

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.

6.2 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 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 2023		31 December 2022	
	RMB million (Unaudited)	Expiry period	RMB million (Audited)	Expiry period
Guarantees given to banks in respect of banking facilities to:				
– Joint ventures	5,312	2024-2039	5,139	2024-2039
– Associates	853	2023-2045	1,816	2023-2045
– Government-related entities	418	2024-2027	362	2023-2027
– Property purchasers	49,662	2023-2028	49,788	2022-2027
Shortfall payments given to the senior tranches in respect of ABN & ABS	96,236	2023-2036	97,413	2022-2037
	152,481		154,518	

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

6. Financial risk management and financial instruments (Continued)

6.3 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
At 30 June 2023						
Trade and other payables (excluding statutory and non- financial liabilities) (Note 29)	603,914	6,298	5,747	12,655	628,614	627,594
Borrowings (Note 30)	142,034	53,587	115,838	260,843	572,302	439,126
Lease liabilities	359	368	441	238	1,406	1,373
Financial liabilities at FVPL (Note 22)	158	-	-	-	158	158
Financial guarantee contracts and shortfall payments	152,481	-	-	-	152,481	-
	898,946	60,253	122,026	273,736	1,354,961	1,068,251
At 31 December 2022						
Trade and other payables (excluding statutory and non- financial liabilities) (Note 29)	575,987	8,868	6,113	12,150	603,118	602,091
Borrowings (Note 30)	121,242	51,486	98,659	251,326	522,713	392,242
Lease liabilities	417	451	450	238	1,556	1,482
Financial liabilities at FVPL (Note 22)	96	-	-	-	96	96
Financial guarantee contracts and shortfall payments	154,518	-	-	-	154,518	-
	852,260	60,805	105,222	263,714	1,282,001	995,911

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.

6. Financial risk management and financial instruments (Continued)

6.3 Liquidity risk (Continued)

As at 30 June 2023, 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) 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.
- (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
At 30 June 2023						
Lease contracts	1,940	26	6	–	1,972	–

	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
At 31 December 2022						
Lease contracts	1,320	42	5	–	1,367	–

6. Financial risk management and financial instruments (Continued)

6.4 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

6. Financial risk management and financial instruments (Continued)

6.4 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 2023 (Unaudited)		31 December 2022 (Audited)						
	Assets/Liabilities	Amount	Assets/Liabilities	Amount					
1) Derivative financial instruments	Assets	134	Assets	134	Level 3	Option pricing model	Risk-free interest, Volatility	2.22%, 22.04%	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:						
	Industry	Amount	Industry	Amount					
	Finance	4,148	Finance	7,466					
	Manufacturing	46	Manufacturing	50					
	Transportation	1	Transportation	1					
	Others	-	Others	2					
		4,195		7,519	Level 1	Quoted bid prices in active markets.	N/A	N/A	N/A
3) Listed equity securities at fair value through other comprehensive income ("FVOCI")	Listed equity securities in Mainland China:		Listed equity securities in Mainland China:						
	Industry	Amount	Industry	Amount					
	Finance	156	Finance	416					
	Transportation	9	Transportation	11					
		165		427					
	Listed equity securities in Hong Kong:		Listed equity securities in Hong Kong:						
	Industry	Amount	Industry	Amount					
	Manufacturing	336	Manufacturing	280	Level 1	Quoted bid prices in active markets.	N/A	N/A	N/A

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

6. Financial risk management and financial instruments (Continued)

6.4 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 2023 (Unaudited)		31 December 2022 (Audited)								
4) Unlisted open-end equity funds at FVPL	Unlisted open end equity funds in Mainland China:										
	Assets	Industry	Amount	Assets	Industry	Amount					
	Finance		1,875	Finance		1,066	Level 1	Quoted bid prices in active markets.	N/A	N/A	N/A
	Finance		2,889	Finance		2,100	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.	2.22%	The higher the future cash flow, the higher the fair value. The lower the discount rate, the higher the fair value.
	Total		4,764	Total		3,166					
	Liabilities	Industry	Amount	Liabilities	Industry	Amount					
	Finance		37	Finance		28	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.	2.22%	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:						
	Industry	Amount	Industry	Amount							
Construction	703	Construction	649								
Real estate	2,756	Real estate	3,515								
Finance	2,340	Finance	1,863								
Others	129	Others	163	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.	23.32%-33.56%	The higher the future cash flow, the higher the fair value. The lower the discount rate, the higher the fair value.			
Total	5,928	Total	6,190								

6. Financial risk management and financial instruments (Continued)

6.4 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 2023 (Unaudited)		31 December 2022 (Audited)						
6) Unlisted equity investments at FVOCI	Unlisted equity investment in Mainland China:				Unlisted equity investment in Mainland China:				
	Industry	Amount	Industry	Amount					
	Construction	10,668	Construction	9,663					
	Finance	1,326	Finance	1,306					
	Manufacturing	138	Manufacturing	135					
	Real estate	98	Real estate	-					
	Mining	5	Mining	5					
	Others	3,305	Others	3,129					
Total	15,540	Total	14,238	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	0.94-1.28, 1.46-2.49, 16.50, 23.32%-33.56%, 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:				
	Industry	Amount	Industry	Amount					
	Finance	8,545	Finance	6,846	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	0.94-1.28, 23.32%-33.56%, 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:				
	Industry	Amount	Industry	Amount					
	Construction	718	Construction	766	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.	3.55%	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

6. Financial risk management and financial instruments (Continued)

6.4 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)
30 June 2023						
Opening balance at 1 January	4,631	2,072	21,084	–	2,459	30,246
Acquisitions	1,753	820	3,084	–	793	6,450
(Losses)/gains recognised in profit or loss	(141)	17	(39)	–	(58)	(221)
Losses recognised in other comprehensive income	–	–	(40)	–	–	(40)
Disposals	(2,249)	(57)	(4)	–	(408)	(2,718)
Closing balance at 30 June	3,994	2,852	24,085	–	2,786	33,717

	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)
30 June 2022						
Opening balance at 1 January	3,125	1,816	16,420	–	3,809	25,170
Acquisitions	422	556	3,593	–	563	5,134
(Losses)/gains recognised in profit or loss	(30)	(11)	26	–	(99)	(114)
Gains recognised in other comprehensive income	–	–	13	–	–	13
Disposals	(553)	(92)	(99)	–	(144)	(888)
Closing balance at 30 June	2,964	2,269	19,953	–	4,129	29,315

6. Financial risk management and financial instruments (Continued)

6.4 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:

	30 June 2023		As at 31 December 2022	
	Carrying amount RMB million (Unaudited)	Fair value RMB million (Unaudited)	Carrying amount RMB million (Audited)	Fair value RMB million (Audited)
Financial assets				
Other financial assets at amortised cost – fixed rate	30,755	32,184	30,416	31,786
Financial liabilities				
Long-term bank borrowings – fixed rate	51,906	54,400	46,361	51,732
Long-term debentures – fixed rate	46,652	46,444	53,122	53,091
Other long-term borrowings – fixed rate	4,928	4,956	3,600	3,690

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.

7. Segment information

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

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

- (a) Construction of railways, highways, bridges, tunnels, metropolitan railways (including subways and light railways), buildings, irrigation works, hydroelectricity projects, ports, docks, airports and other municipal works (“Infrastructure construction”);
- (b) Survey, design, consulting, research and development, feasibility study and compliance certification services with respect to infrastructure construction projects (“Design and consulting”);
- (c) Design, research and development, manufacture and sale of turnouts, bridge steel structures, and other railway related equipment, engineering equipment, component manufacturing and materials (“Equipment manufacturing”);
- (d) Development, sale and management of residential and commercial properties (“Property development”); and
- (e) Mining, financial business, operation of service concession arrangements, merchandise trading and other ancillary business (“Other businesses”).

Revenue between segments is carried out at actual transaction prices.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

7. 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 2023 (Unaudited)						Total RMB million
	Infrastructure construction RMB million	Design and consulting RMB million	Equipment manufacturing RMB million	Property development RMB million	Other businesses RMB million	Elimination RMB million	
External revenue	507,323	9,349	13,312	20,919	34,480	-	585,383
Inter-segment revenue	15,805	199	3,891	-	18,196	(38,091)	-
Other revenue	2,517	74	316	268	2,208	-	5,383
Inter-segment other revenue	1,004	-	-	-	147	(1,151)	-
Segment revenue	526,649	9,622	17,519	21,187	55,031	(39,242)	590,766
Segment results							
Profit before tax	19,596	761	1,118	(523)	3,772	(2,464)	22,260
Segment results included:							
Share of post-tax (losses)/profits of joint ventures	(568)	(8)	6	24	(92)	-	(638)
Share of post-tax profits/(losses) of associates	425	(2)	12	33	1,719	-	2,187
Interest income	1,192	49	41	101	3,373	(453)	4,303
Interest expenses	(2,073)	(70)	(41)	(783)	(3,311)	832	(5,446)
Losses from derecognition of financial assets at amortised cost	(1,393)	-	-	-	(83)	-	(1,476)

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

7. 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	
	2023 RMB million (Unaudited)	2022 RMB million (Unaudited)
(i) Segment interest income, before inter-segment elimination	4,756	3,317
Inter-segment elimination	(453)	(361)
Total consolidated finance income, as reported	4,303	2,956
(ii) Segment interest expenses, before inter-segment elimination	6,278	4,542
Inter-segment elimination	(832)	(560)
Reconciling item:	5,446	3,982
Imputed interest expenses on retention payables (Note 12)	89	139
Total consolidated finance costs, as reported	5,535	4,121
(iii) Segment results, before inter-segment elimination	24,724	23,282
Inter-segment elimination	(2,464)	(2,259)
Reconciling item:	22,260	21,023
Land appreciation tax (a) (Note 13)	712	874
Total consolidated profit before tax, as reported	22,972	21,897

- (a) Land appreciation tax is included as charge to segment results under segment reporting and is classified as income tax expense in the consolidated income statement.

7. Segment information (Continued)

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

Segment assets

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

Segment liabilities

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

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

7. Segment information (Continued)

Segment liabilities (Continued)

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

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

- (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.

7. Segment information (Continued)

(i) Disaggregation of revenue from contracts with customers

Type of services and products	Six months ended 30 June 2023 (Unaudited)					Total RMB million
	Infrastructure construction	Design and consulting	Equipment manufacturing	Property development	Other businesses	
	RMB million	RMB million	RMB million	RMB million	RMB million	
Infrastructure construction contracts	507,323	-	-	-	-	507,323
Manufacturing and sales of equipment	-	-	13,312	-	-	13,312
Rendering of services	-	9,349	-	-	3,195	12,544
Sales of properties	-	-	-	20,919	-	20,919
Sales of goods and others	2,517	74	316	268	33,493	36,668
Total revenue	509,840	9,423	13,628	21,187	36,688	590,766
Timing of revenue recognition:						
– At a point of time	2,517	74	8,661	20,523	35,636	67,411
– Over time	507,323	9,349	4,813	664	-	522,149
Rental income	-	-	154	-	1,052	1,206
Total revenue from contracts with customers	509,840	9,423	13,628	21,187	36,688	590,766

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

7. Segment information (Continued)

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

Type of services and products	Six months ended 30 June 2022 (Unaudited)					Total RMB million
	Infrastructure construction RMB million	Design and consulting RMB million	Equipment manufacturing RMB million	Property development RMB million	Other businesses RMB million	
Infrastructure construction contracts	483,701	–	–	–	–	483,701
Manufacturing and sales of equipment	–	–	12,756	–	–	12,756
Rendering of services	–	8,705	–	–	2,993	11,698
Sales of properties	–	–	–	23,447	–	23,447
Sales of goods and others	1,875	87	325	262	26,436	28,985
Total revenue	485,576	8,792	13,081	23,709	29,429	560,587
Timing of revenue recognition:						
– At a point of time	1,875	87	8,506	23,098	28,456	62,022
– Over time	483,701	8,705	4,453	611	–	497,470
Rental income	–	–	122	–	973	1,095
Total revenue from contracts with customers	485,576	8,792	13,081	23,709	29,429	560,587

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

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

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

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

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

8. Other Income and Expenses

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

- (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.

9. Net impairment losses on financial assets and contract assets

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

10. Other gains, net

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

11. Losses from derecognition of financial assets at amortised cost

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

12. Finance income and costs

	Six months ended 30 June	
	2023 RMB million (Unaudited)	2022 RMB million (Unaudited)
Finance income from:		
Trade receivables and contract assets	3,493	2,519
Cash and cash equivalents and restricted cash	810	437
Total finance income	4,303	2,956
Interest expenses on:		
Bank borrowings	6,595	5,444
Long-term debentures	635	894
Other long-term borrowings	123	193
Other short-term borrowings	27	18
Total borrowing costs	7,380	6,549
Less: amount capitalised	(1,976)	(2,584)
	5,404	3,965
Lease interest expenses	10	3
Imputed interest expenses on retention payables	89	139
Others	32	14
Total finance costs	5,535	4,121

12. 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 RMB1,976 million (six months ended 30 June 2022: RMB2,584 million) were capitalised in the six months period ended 30 June 2023, of which approximately RMB1,129 million was charged to properties under development for sale, approximately RMB321 million was included in cost of construction-in-progress and approximately RMB526 million was included in cost of intangible assets (six months ended 30 June 2022: approximately RMB1,259 million was charged to properties under development for sale, approximately RMB197 million was included in cost of construction-in-progress and approximately RMB1,128 million was included in cost of intangible assets). A general capitalisation rate of 2.65%-5.10% (six months ended 30 June 2022: 3.50%~5.70%) per annum was used, representing the costs of the borrowings used to finance the qualifying assets.

13. Income tax expense

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

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

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

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

14. Expenses by nature

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

	Six months ended 30 June	
	2023	2022
	RMB million	RMB million
	(Unaudited)	(Unaudited)
Employee benefit expenses & subcontracting costs	229,795	223,087
Raw materials and consumables used	214,581	200,949
Equipment usage costs	19,636	17,183
Cost of property development	17,785	20,082
Cost of production safety	9,734	7,956
Depreciation of property, plant and equipment (<i>Note 17</i>) and investment properties	4,812	4,744
Amortisation of intangible assets (<i>Note 18</i>)	715	451
Depreciation of right-of-use assets	576	425
Amortisation of mining assets	106	103

15. Dividends

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

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

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

16. Earnings per share

(a) Basic

Basic earnings per share for the six months ended 30 June 2023 is calculated by dividing the profit attributable to owners of the Company, after deducting the profit attributable to holders of perpetual notes and the impact of 2021 Restricted Share Incentive Scheme (*Note 26*) of RMB14,873 million (six months ended 30 June 2022: RMB13,538 million) by 24,570,929,283 shares (six months ended 30 June 2022: 24,570,929,283 shares) in issue during the period.

(b) Diluted

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

17. Property, plant and equipment

	Six months ended 30 June 2023 RMB million (Unaudited)
At 30 June 2023	
Opening net book amount	118,250
Additions (a)	9,243
Transfer from investment properties	113
Acquisition of subsidiaries	62
Disposals	(603)
Transfer to investment properties	(63)
Depreciation	(4,585)
Currency translation differences	97
Closing net book amount	122,514

	Six months ended 30 June 2022 RMB million (Unaudited)
At 30 June 2022	
Opening net book amount	77,368
Additions (a)	6,547
Transfer from investment properties	325
Transfer from properties held for sale	11
Acquisition of subsidiaries	28,908
Disposals	(465)
Transfer to investment properties	(38)
Disposal of subsidiaries	(10)
Depreciation	(4,529)
Impairment losses recognised	(17)
Currency translation differences	100
Closing net book amount	108,200

17. Property, plant and equipment (Continued)

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

	Six months ended 30 June	
	2023 RMB million (Unaudited)	2022 RMB million (Unaudited)
Construction in process	5,585	3,518
Infrastructure construction equipment	2,263	1,484
Transportation equipment	476	526
Manufacturing equipment	187	245
Testing equipment and instruments	185	180
Buildings	113	19
Other equipment	434	575
	9,243	6,547

- (b) As at 30 June 2023, bank borrowings amounting to RMB1,006 million (31 December 2022: RMB2,205 million) are secured by certain property, plant and equipment with an aggregate book carrying amount of approximately RMB3,452 million (31 December 2022: RMB3,878 million) (Note 30).
- (c) As at 30 June 2023, 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 RMB2,196 million (31 December 2022: RMB2,023 million). The Directors of the Company are of the opinion that the Group is entitled to lawfully and validly occupy or use these properties.

18. Intangible assets

	Six months ended 30 June 2023 RMB million (Unaudited)
At 30 June 2023	
Opening net book amount	155,137
Additions (a)	16,058
Disposals	(1,850)
Amortisation	(715)
Currency translation differences	12
Closing net book amount	168,642

	Six months ended 30 June 2022 RMB million (Unaudited)
At 30 June 2022	
Opening net book amount	110,496
Acquisition of subsidiaries	1
Additions (a)	18,552
Disposals	(2)
Amortisation	(451)
Currency translation differences	27
Closing net book amount	128,623

(a) Additions to intangible assets include:

	Six months ended 30 June 2023 RMB million (Unaudited)	2022 RMB million (Unaudited)
Service concession arrangements	15,957	18,472
Computer software	96	59
Others	5	21
Total	16,058	18,552

(b) As at 30 June 2023, bank borrowings amounting to RMB76,796 million (31 December 2022: RMB75,252 million) are secured by concession assets with carrying amount of approximately RMB100,788 million (31 December 2022: RMB96,955 million) (Note 30).

19. 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 2023 RMB million (Unaudited)	31 December 2022 RMB million (Audited)
Contract assets		
– Amount due from contract customers for contract work and retentions	256,209	226,443
– Financial assets under concession arrangements (a)	149,970	142,916
– Primary land development	7,453	7,519
	413,632	376,878
Less: credit loss allowance (b)	(4,519)	(4,011)
Less: amount due after one year included in non-current assets	(219,988)	(203,132)
Amount due within one year included in current assets	189,125	169,735
Contract liabilities		
– Sale of properties	53,124	43,992
– Infrastructure construction and engineering contracts	51,848	51,614
– Amount due to contract customers for contract work	23,148	23,055
– Sales of manufacturing products	6,085	7,441
– Design and consulting services	3,836	4,898
– Sales of materials	2,156	2,000
– Others	6,018	3,937
Total current contract liabilities	146,215	136,937

- (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 2023, a provision of RMB4,519 million was made against the gross amount of contract assets (31 December 2022: RMB4,011 million).
- (c) As at 30 June 2023, bank borrowings amounting to RMB44,230 million (31 December 2022: RMB39,541 million) are secured by contract assets with carrying amount of approximately RMB65,646 million (31 December 2022: RMB63,529 million) (Note 30).

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20. Financial assets at fair value through other comprehensive income

	As at	
	30 June 2023 RMB million (Unaudited)	31 December 2022 RMB million (Audited)
Non-current assets		
Unlisted equity investments	15,540	14,238
Listed equity securities		
– Mainland China	165	427
– Hong Kong	336	280
	16,041	14,945
Current assets		
Bills receivables	718	766

21. Other financial assets at amortised cost

	As at	
	30 June 2023 RMB million (Unaudited)	31 December 2022 RMB million (Audited)
Debt investments		
– Short-term	9,461	15,978
– Long-term	29,166	23,971
	38,627	39,949
Less: credit loss allowance for debt investments	(6,372)	(6,033)
Total other financial assets at amortised cost	32,255	33,916
Less: amount due within one year included in current assets	(8,288)	(14,777)
Amount due after one year	23,967	19,139

The other financial assets at amortised cost carry fixed-rate interests within a range of 1.95 % to 24.00% (31 December 2022: 1.25 % to 24.00%) per annum.

As at 30 June 2023, other financial assets at amortised cost amounting to RMB4,539 million (31 December 2022: RMB4,694 million) are secured by property, plant and equipment, lease prepayments, investment properties and/or guaranteed by a third party.

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

(a) Financial assets at FVPL include the following:

	As at	
	30 June 2023 RMB million (Unaudited)	31 December 2022 RMB million (Audited)
Non-current assets		
Equity instruments		
Listed equity securities in Mainland China	–	7
Unlisted equity investments	8,545	6,846
	8,545	6,853
Debt instruments		
Unlisted entrusted products	3,491	3,308
Unlisted open-end equity funds	2,861	2,015
Others	1,047	1,367
	7,399	6,690
	15,944	13,543
Current assets		
Equity instruments		
Equity securities listed in Mainland China	866	796
Debt instruments		
Money-market securities investment funds	3,329	6,716
Unlisted open-end equity funds	1,903	1,151
Unlisted entrusted products	503	1,323
Others	887	192
	6,622	9,382
Derivative financial instruments		
–Option contract	134	134
	7,622	10,312
Total	23,566	23,855

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

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

(b) Financial liabilities at FVPL include the following:

	As at	
	30 June 2023 RMB million (Unaudited)	31 December 2022 RMB million (Audited)
Current liabilities		
Unlisted open-end equity funds	158	96

23. Trade and other receivables

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

23. Trade and other receivables (Continued)

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

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

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

- (b) Trade and bills receivables of RMB300 million (31 December 2022: RMB319 million) were pledged to secure borrowings amounting to RMB300 million (31 December 2022: RMB319 million) (Note 30).
- (c) For the six months ended 30 June 2023, trade receivables of RMB22,757 million (six months ended 30 June 2022: RMB23,643 million) and long-term trade receivables of RMB1,080 million (six months ended 30 June 2022: nil) had been transferred in accordance with relevant ABN and ABS issuance, and trade receivables of RMB3,178 million (six months ended 30 June 2022: RMB3,937 million) had been transferred to financial institutions in accordance with relevant non-recourse factoring agreements. Relevant trade receivables were derecognised as the Directors are of the opinion that the substantial risks and rewards associated with the trade receivables have been transferred and therefore qualified for derecognition.
- (d) As at 30 June 2023, bills receivables – bank acceptance and commercial acceptance notes of RMB120 million (31 December 2022: RMB336 million) were endorsed to suppliers and RMB422 million (31 December 2022: RMB312 million) were discounted with banks. In the opinion of the Directors, as the counter party bears higher credit risk, such transactions did not qualify for derecognition. In addition, as at 30 June 2023, bills receivables – bank acceptance notes of RMB524 million (31 December 2022: RMB307 million) were endorsed to suppliers, and RMB6 million (31 December 2022: RMB37 million) were discounted with banks. Relevant bills receivables were derecognised as the Directors are of the opinion that the substantial risks and rewards associated with those bank acceptance notes have been transferred and therefore qualified for derecognition.

23. Trade and other receivables (Continued)

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

Central-governmental enterprises

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

Locally-administrated state-owned enterprises

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

23. Trade and other receivables (Continued)

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

China State Railway Group Co., Ltd.

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

Overseas enterprises

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

23. Trade and other receivables (Continued)

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

Other entities

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

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

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

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

24. Properties under development for sale

As at 30 June 2023, properties under development for sale amounting to RMB14,043 million (31 December 2022: RMB13,420 million) have been pledged to secure borrowings amounting to RMB5,997 million (31 December 2022: RMB5,013 million) (Note 30).

As at 30 June 2023, properties under development for sale amounting to RMB1,540 million (31 December 2022: RMB1,519 million) have been pledged to secure trade and other payables amounting to RMB1,067 million (31 December 2022: RMB1,333 million) granted to the Group.

25. Share capital

	Number of shares		Nominal value	
	Six months ended 30 June 2023 (thousands)	Year ended 31 December 2022 (thousands)	Six months ended 30 June 2023 RMB million (Unaudited)	Year ended 31 December 2022 RMB million (Audited)
A shares of RMB1.00 each				
At beginning and end of period/year	20,544,806	20,363,540	20,545	20,364
Registered, issued and fully paid	–	181,266	–	181
At end of period/year	20,544,806	20,544,806	20,545	20,545
H shares of RMB1.00 each				
At beginning and end of period/year	4,207,390	4,207,390	4,207	4,207
	24,752,196	24,752,196	24,752	24,752

As at 30 June 2023, the A Shares (20,544,806 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.

26. Shares held for 2021 Restricted Share Incentive Scheme

	Number of shares		Nominal value	
	Six months ended 30 June 2023 (thousands)	Year ended 31 December 2022 (thousands)	Six months ended 30 June 2023 RMB million (Unaudited)	Year ended 31 December 2022 RMB million (Audited)
At beginning of period/year	611,855	–	612	–
Issuance of shares for 2021 Restricted Share Incentive Scheme	–	649,945	–	650
Amount recorded in				
– dividends paid during the year	(35,745)	(33,462)	(36)	(33)
– repurchase of restricted shares	–	(4,628)	–	(5)
At end of period/year	576,110	611,855	576	612

In accordance with the 2021 Restricted Share Incentive Scheme, the Company is responsible to purchase the restricted shares if certain service and performance conditions are not met. Therefore, the Company recognised the shares held for 2021 Restricted Share Incentive Scheme repurchase obligation of RMB606 million and RMB44 million on 23 February 2022 and 30 November 2022, respectively. On 28 October 2022, the Board of Directors of the Company approved the repurchase and cancellation some of the restricted shares which were granted but not yet unlocked, resulting in the reduction of shares held for 2021 Restricted Share Incentive Scheme repurchase obligation of RMB5 million. On 28 June 2023, pursuant to the resolution of the 2022 annual general meeting of shareholders, the 2021 Restricted Share Incentive Scheme participants received cash dividends, resulting in the reduction of shares held for restricted share incentive scheme repurchase obligation of RMB36 million (six months ended 30 June 2022: On 22 June 2022, RMB33 million).

27. 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.

28. Perpetual notes

	Year ended 31 December 2022 RMB million (Audited)	Additions RMB million	Redemption/ Declaration RMB million	Six months ended 30 June 2023 RMB million (Unaudited)
Public medium notes (a)	5,327	–	–	5,327
Public renewable corporate bonds (b)	40,038	–	(5,600)	34,438
Dividends (c)	256	1,330	(1,586)	–
Total	45,621	1,330	(7,186)	39,765

(a) From 26 November 2018 to 27 November 2018, 11 December 2018 to 12 December 2018 and on 17 December 2018, the Company issued three tranches of Medium Notes (category two) with an aggregate principal amount of RMB1.4 billion, RMB1 billion and RMB0.8 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 4.8%, 4.8% and 4.8% per annum, respectively and has no maturity date. The interest rate will be reset every five 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, five 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.

From 21 November 2019 to 22 November 2019, the Company issued one tranche of Medium Notes (category two) with an aggregate principal amount of RMB2.5 billion. 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 4.41% per annum, and has no maturity date. The interest rate will be reset every five 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, five 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.

On 16 September 2020, the Company issued one tranche of Medium Notes with an aggregate principal amount of RMB1.5 billion. 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 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.

28. Perpetual notes (Continued)

- (b) In May and June 2023, the Company redeemed three tranches of the public renewable corporate bonds ("Renewable Bonds") (category one) issued on 26 May 2020, 15 June 2020 and 23 June 2020 in cash consideration of RMB2.6 billion, RMB2 billion and RMB1 billion, respectively.

On 5 November 2018, 14 November 2018, 26 November 2018 and 17 December 2018, the Company issued four tranches of Renewable Bonds (category two) with an aggregate principal amount of RMB0.7 billion, RMB1.8 billion, RMB1.4 billion and RMB0.8 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 4.99%, 4.90%, 4.80% and 4.78% per annum, respectively, and has no maturity date. The interest rate will be reset every five 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, five 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.

On 23 July 2020 and 18 August 2020, the Company issued two tranches of Renewable Bonds with an aggregate principal amount of RMB3.5 billion and 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 3.95% and 3.95% per annum, respectively, 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.

On 15 June 2020 and 16 October 2020, the Company issued two tranches of Renewable Bonds with an aggregate principal amount of RMB1.5 billion and RMB1 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 3.99% and 4.47% per annum (category two), respectively, and has no maturity date. The interest rate will be reset every five years, and three 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, five years and three 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.

28. Perpetual notes (Continued)

(b) (Continued)

On 2 June 2021, 17 June 2021, 9 November 2021 and 23 November 2021, the Company issued four tranches Renewable Bonds with an aggregate principal amount of RMB3 billion, RMB3 billion, RMB3 billion and RMB2.9 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%, 3.73%, 3.15% and 3.14% per annum (category one), respectively, and 3.85%, 4.05%, 3.37% and 3.30% per annum (category two), respectively, and has no maturity date. The interest rate will be reset every three years, three years, two years and two years (category one), respectively and every five years, five years, three years and three 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, three years, two years and two years (category one), respectively and five years, five years, three years and three 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 2 September 2022, 25 October 2022 and 16 December 2022, the Company issued three tranches Renewable Bonds with an aggregate principal amount of RMB2.5 billion, RMB2.5 billion and RMB3.4 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 2.69%, 2.70% and 3.75% per annum (category one), respectively, and 3.07%, 3.09% and 3.97% per annum (category two), respectively, and has no maturity date. The interest rate will be reset every three years, three years and two years (category one), respectively and every five years, five years and three 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, three years and two years (category one), respectively and five years, five years and three 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.

(c) For the six months period ended 30 June 2023, 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 RMB1,586 million, including the interest of RMB1,330 million which was generated during the period was deducted from retained earnings, and RMB256 million represented the accrued interest in the balance of perpetual notes as at 31 December 2022.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

29. Trade and other payables

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

The credit period on purchases of goods ranges from 180 days to 360 days. As at 30 June 2023, included in trade and bills payables are retention payables of RMB12,204 million (31 December 2022: RMB13,817 million). Retention payables are interest-free and payable at the end of the retention period of the respective infrastructure construction and products manufacturing and installation contracts.

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

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

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

29. Trade and other payables (Continued)

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

30. Borrowings

	As at	
	30 June 2023 RMB million (Unaudited)	31 December 2022 RMB million (Audited)
Bank borrowings:		
Secured	126,339	120,449
Unsecured	249,649	205,020
	375,988	325,469
Long-term debentures, unsecured	46,652	53,122
Other borrowings:		
Secured	1,994	1,895
Unsecured	14,492	11,756
	16,486	13,651
	439,126	392,242
Analysed for reporting purposes:		
Non-current	310,946	282,508
Current	128,180	109,734
	439,126	392,242

- (a) Bank borrowings carry interest at rates ranging from 0.75% to 10.71% (31 December 2022: 0.75% to 6.65%) per annum.

Long-term debentures were issued at fixed rates ranging from 2.58% to 4.80% (31 December 2022: 2.14% to 4.80%) per annum.

Other borrowings carry interest at rates ranging from 3.06% to 4.43% (31 December 2022: 2.90% to 4.43%) per annum.

30. Borrowings (Continued)

(b) Movements in borrowings is analysed as follows:

	RMB million (Unaudited)
Six months ended 30 June 2023	
Opening amount as at 1 January 2023	392,242
Proceeds from borrowings	134,417
Repayments of borrowings and interests	(95,088)
Net foreign exchange gains on borrowings	41
Accrued interest on borrowings	7,514
Closing amount as at 30 June 2023	439,126
Six months ended 30 June 2022	
Opening amount as at 1 January 2022	311,927
Proceeds from borrowings	144,279
Acquisition of subsidiaries	247
Repayments of borrowings and interests	(79,295)
Net foreign exchange gains on borrowings	80
Accrued interest on borrowings	6,790
Others	2,868
Closing amount as at 30 June 2022	386,896

(c) As at 30 June 2023, the Group has undrawn borrowing facilities of RMB1,597,778 million (31 December 2022: RMB1,505,574 million).

30. Borrowings (Continued)

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

	As at		As at	
	30 June 2023	31 December 2022	30 June 2023	31 December 2022
	Secured borrowings	Carrying amount of pledged assets and contract value of certain rights	Secured borrowings	Carrying amount of pledged assets and contract value of certain rights
	RMB million (Unaudited)	RMB million (Unaudited)	RMB million (Audited)	RMB million (Audited)
Property, plant and equipment (Note 17)	1,006	3,452	2,205	3,878
Intangible assets (Note 18)	76,796	100,788	75,252	96,955
Properties under development for sale (Note 24)	5,997	14,043	5,013	13,420
Trade and bills receivables (Note 23)	300	300	319	319
Trade receivables from subsidiaries of the Group	4	375	14	375
Contract assets (Note 19)	44,230	65,646	39,541	63,529
	128,333	184,604	122,344	178,476

Besides, the Group has secured borrowings, with amount of RMB2,276 million, were secured by the future collection right of the subsidiaries of the Group.

31. Contingencies liabilities

	As at	
	30 June 2023	31 December 2022
	RMB million (Unaudited)	RMB million (Audited)
Pending lawsuits (a)		
– arising in the ordinary course of business	4,146	5,116

(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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

32. Commitments

(a) Capital expenditure

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

	As at	
	30 June 2023 RMB million (Unaudited)	31 December 2022 RMB million (Audited)
Property, plant and equipment	1,201	302

(b) Investment commitment

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

	As at	
	30 June 2023 RMB million (Unaudited)	31 December 2022 RMB million (Audited)
Investment commitment to associates, joint ventures and others	40,560	42,266

- (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.

33. Related-party transactions

The Company is controlled by the following entity:

Name	Relationship	Place of incorporation and operation	Ownership interest	
			As at 30 June 2023	31 December 2022
CREC	Parent and ultimate holding company	PRC	46.96%	46.96%

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").

33. Related-party transactions (Continued)

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.

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	
	2023 RMB million (Unaudited)	2022 RMB million (Unaudited)
Transactions with the CREC Group		
– Rental expense	3	3
– Interest income	12	23
– Interest expense	11	5
– Provision of borrowings	–	1,100
– Repayment of borrowings	1,112	750
– Service expenses paid	25	9
Transactions with joint ventures		
– Revenue from construction contracts	6,170	11,603
– Revenue from sales of goods	138	150
– Rental income	2	2
– Rental expense	26	22
– Other income	166	81
– Interest expense	3	1
– Proceeds of borrowings	–	39
– Lending funds	2,838	200
– Repayment of borrowings	3,726	1,586
– Purchases	22	620
Transactions with associates		
– Revenue from construction contracts	8,924	9,851
– Revenue from sales of goods	1,045	1,676
– Rental expense	1	–
– Other income	54	54
– Interest expense	1	–
– Lending funds	362	4
– Repayment of borrowings	711	124
– Purchases	8,008	6,754

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

33. Related-party transactions (Continued)

(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	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Basic salaries, housing allowances and other allowances	2,442	2,229
Fees	110	110
Contributions to pension plans	400	339
Share-based payment	890	777
Others	1,800	1,362
	5,642	4,817

33. Related-party transactions (Continued)

(c) Balances with related parties

	As at	
	30 June 2023 RMB million (Unaudited)	31 December 2022 RMB million (Audited)
Balances with the CREC Group		
Trade and bills receivables	1	1
Other financial assets at amortised cost	–	1,100
Trade payables	7	8
Other payables	243	249
Deposits	709	627
Right-of-use assets	2	3
Lease liabilities	2	3
Contract liabilities	6	7
Balances with joint ventures		
Trade and bills receivables	2,785	2,568
Other receivables	1,173	798
Other financial assets at amortised cost	7,791	8,563
Contract assets	1,538	1,357
Advance to suppliers	32	–
Trade payables	160	122
Other payables	91	92
Contract liabilities	1,413	1,220
Advance from customers	86	–
Deposits	162	2,941
Balances with associates		
Trade and bills receivables	6,965	4,243
Other receivables	333	260
Other financial assets at amortised cost	2,731	3,106
Contract assets	2,798	3,388
Advance to suppliers	123	74
Trade payables	5,743	3,848
Other payables	468	483
Contract liabilities	3,629	2,165
Advance from customers	2	2
Deposits	85	526

33. Related-party transactions (Continued)

(d) Guarantees

	As at	
	30 June 2023 RMB million (Unaudited)	31 December 2022 RMB million (Audited)
Outstanding loan guarantees provided by the Group to		
– Joint ventures	5,312	5,139
– Associates	853	1,816
– Government-related entities	418	362
Outstanding debentures guarantees provided by CREC to the Group	3,500	3,500

34. Events after the reporting period

Subsequent to 30 June 2023, the following significant event took place:

- (a) On 12 July 2023, the Company issued the Science and Technology Innovation Renewable Bonds with an aggregate principal amount of RMB3.5 billion. Pursuant to the terms and conditions of the Renewable Bonds, these Renewable Bonds bear the initial interest rate of 3.39% per annum.
- (b) On 24 July 2023, the Company issued the Science and Technology Innovation Renewable Corporate Bonds with an aggregate principal amount of RMB3.0 billion. Pursuant to the terms and conditions of the Renewable Bonds, these Renewable Bonds bear the initial interest rate of 2.95% per annum (category one) and 3.30% per annum (category two).
- (c) On 11 August 2023, the Company issued the Science and Technology Innovation Renewable Corporate Bonds with an aggregate principal amount of RMB3.5 billion. Pursuant to the terms and conditions of the Renewable Bonds, these Renewable Bonds bear the initial interest rate of 2.94% per annum (category one) and 3.30% per annum (category two).
- (d) On 25 August 2023, the Company issued the Science and Technology Innovation Renewable Corporate Bonds with an aggregate principal amount of RMB3.0 billion. Pursuant to the terms and conditions of the Renewable Bonds, these Renewable Bonds bear the initial interest rate of 2.88% per annum (category one) and 3.19% per annum (category two).

永遠的開路先鋒



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>

