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中国铁建

中國鐵建股份有限公司

China Railway Construction Corporation Limited

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

(Stock Code: 1186)

ANNOUNCEMENT OF 2014 INTERIM RESULTS

The board of directors of the Company is pleased to announce the unaudited interim results of the Company and its subsidiaries for the six months ended 30 June 2014. This announcement, containing the full text of the 2014 Interim Report of the Company, complies with the relevant requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited in relation to information to accompany preliminary announcements of the interim results. Printed version of the Company's 2014 Interim Report will be sent to the holders of H shares of the Company and available for viewing on the websites of The Stock Exchange of Hong Kong Limited at www.hkex.com.hk and of the Company at <http://www.crcc.cn> on or before 30 September 2014.

Important Notice

- I. The Board and the Supervisory Committee and the directors, supervisors and members of the senior management of the Company warrant the truthfulness, accuracy and completeness of the contents herein and confirm that there is no misrepresentation or misleading statements contained in or material omissions from this interim report, and accept joint and several responsibilities.
- II. Eight out of the nine eligible directors of the Company attended the 34th meeting of the second session of the Board. Vice Chairman Peng Shugui did not attend the meeting due to other business engagement and appointed Director Hu Zhenyi to vote on his behalf.
- III. The contents of this interim report are in compliance with all the requirements in relation to information to be disclosed in interim reports under the Shanghai Listing Rules and the Hong Kong Listing Rules. In addition, this interim report will be simultaneously published in the PRC and Hong Kong. This report is prepared in Chinese and English, respectively. Should there be any discrepancies between the Chinese and English versions, the Chinese version shall prevail.
- IV. The 2014 interim financial report of the Company is prepared under the PRC accounting standards. Ernst & Young Hua Ming LLP has reviewed and issued the report. Unless specifically indicated, Renminbi is the reporting currency in this interim report.
- V. The Audit and Risk Management Committee under the Board of the Company has reviewed the interim financial statements of the Group for the six months ended 30 June 2014, which have been reviewed by Ernst & Young Hua Ming LLP, and has also discussed issues such as the accounting policies and practices and internal control of the Company with its senior management.
- VI. MENG Fengchao, Chairman of the Company, WANG Xiuming, CFO, and CAO Xirui, Head of the Finance Department (person in charge of accounting), confirm that the financial report in this interim report is true, accurate and complete.
- VII. Forward looking statements such as future plan and development strategy contained in this report do not constitute substantive commitments to investors by the Company. Investors should be reminded of such investment risks.
- VIII. None of the Controlling Shareholder of the Company or its associates has misappropriated the Company's funds for purposes other than for business.
- IX. The Company did not provide external guarantees in violation of any prescribed decision-making procedures.

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Definitions

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

DEFINITION OF FREQUENTLY USED TERMS

“Company” or “CRCC”	means	China Railway Construction Corporation Limited (中國鐵建股份有限公司)
“Group”	means	China Railway Construction Corporation Limited and its wholly-owned and non-wholly-owned subsidiaries
“Controlling Shareholder” or “CRCCG”	means	China Railway Construction Corporation (中國鐵道建築總公司)
“General Meeting”	means	a general meeting of China Railway Construction Corporation Limited
“Board”	means	the board of directors of China Railway Construction Corporation Limited
“Supervisory Committee”	means	the supervisory committee of China Railway Construction Corporation Limited
“Reporting Period”	means	the period from January to June 2014
“end of the Reporting Period”	means	30 June 2014
“corresponding period last year”	means	the period from January to June 2013
“end of last year”	means	31 December 2013
“Hong Kong Stock Exchange”	means	The Stock Exchange of Hong Kong Limited
“Hong Kong Listing Rules”	means	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Shanghai Listing Rules”	means	the Rules Governing the Listing of Stocks on Shanghai Stock Exchange
“SFO”	means	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“CSRC”	means	China Securities Regulatory Commission
“Hong Kong”	means	the Hong Kong Special Administrative Region of the PRC
“PRC”	means	the People’s Republic of China which, for the purposes of this report, excluding Hong Kong, the Macau Special Administrative Region and Taiwan region
“SASAC”	means	State-owned Assets Supervision and Administration Commission of the State Council
“Articles of Association”	means	the Articles of Association of China Railway Construction Corporation Limited

Basic Corporate Information

I. CORPORATE INFORMATION

Official name of the Company in Chinese	中國鐵建股份有限公司
Chinese abbreviation	中國鐵建
English name of the Company	China Railway Construction Corporation Limited
English abbreviation	CRCC
Legal representative of the Company	MENG Fengchao

II. CONTACT PERSONS AND CONTACT METHODS

Secretary to the Board of the Company	YU Xingxi
Joint Company Secretaries	YU Xingxi, LAW Chun Biu
Telephone	010-52688600
Fax	010-52688302
E-mail	ir@crcc.cn
Correspondence address	East, No. 40 Fuxing Road, Haidian District, Beijing

III. CHANGES IN BASIC INFORMATION

Registered office of the Company	East, No. 40 Fuxing Road, Haidian District, Beijing (Postal Code: 100855)
Principal place of business in the PRC	East, No. 40 Fuxing Road, Haidian District, Beijing (Postal Code: 100855)
Principal place of business in Hong Kong	23/F, Railway Plaza, 39 Chatham Road South, Tsim Sha Tsui, Kowloon, Hong Kong
Website of the Company	www.crcc.cn
E-mail	ir@crcc.cn
Index to changes during the Reporting Period	During the Reporting Period, there was no change in basic corporate information of the Company.

IV. CHANGES IN INFORMATION DISCLOSURE AND PLACE OF INSPECTION

Newspapers selected by the Company for information disclosure	China Securities Journal, Shanghai Securities News, Securities Daily and Securities Times
Website designated by CSRC for publishing the interim report of the Company	www.sse.com.cn
Website designated by the Hong Kong Stock Exchange for publishing the interim report of the Company	www.hkex.com.hk
Place of inspection of the interim report of the Company	Secretariat of the Board of CRCC, East, No. 40 Fuxing Road, Haidian District, Beijing
Index to changes during the Reporting Period	During the Reporting Period, there was no change in information disclosure and place of inspection of the Company.

V. BASIC INFORMATION OF THE SHARES OF THE COMPANY

Place of listing for A shares of the Company	Shanghai Stock Exchange
Stock name for A shares of the Company	China Rail Cons
Stock code for A shares of the Company	601186
Place of listing for H shares of the Company	Hong Kong Stock Exchange
Stock name for H shares of the Company	China Rail Cons
Stock code for H shares of the Company	1186

Basic Corporate Information (continued)

VI. CHANGES IN REGISTRATION OF THE COMPANY DURING THE REPORTING PERIOD

There was no change in registration of the Company during the Reporting Period.

VII. OTHER INFORMATION

1. Auditors engaged by the Company

Name	Ernst & Young Hua Ming LLP
Office address	Level 16, Ernst & Young Tower, Oriental Plaza, No.1, East Chang An Ave., Dong Cheng District, Beijing

2. Legal advisers appointed by the Company

As to Hong Kong law	Name	Baker & McKenzie
	Office address	23/F, One Pacific Place, 88 Queensway, Hong Kong
As to the PRC law	Name	Beijing Deheng Law Office
	Office address	12/F, Tower B, Focus Place, No. 19 Finance Street, Beijing

3. Share registrar of H shares of the Company

Name	Computershare Hong Kong Investor Services Limited
Office address	Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong

Accounting Information and Financial Indicators

I. MAJOR ACCOUNTING INFORMATION AND FINANCIAL INDICATORS OF THE COMPANY

(I) Major accounting information

Unit: RMB'000

Major accounting information	Reporting Period (from January to June)	Adjusted	Before adjustment	Change as compared to the corresponding period last year (%)
Revenue	261,693,635	236,037,623	236,037,623	10.87
Net profit attributable to shareholders of the Company	4,982,941	4,755,435	4,673,699	4.78
Net profit excluding non-recurring profit or loss attributable to shareholders of the Company	4,645,754	4,542,746	4,461,010	2.27
Net cash flows from operating activities	-12,033,063	-9,766,510	-9,766,510	N/A
	As at the end of the Reporting Period	As at the end of last year		Change as compared with the end of last year (%)
Net assets attributable to shareholders of the Company	84,233,222	80,986,894		4.01
Total assets	578,207,501	553,018,596		4.55

(II) Major financial indicators

Major financial indicators	Reporting Period (from January to June)	Adjusted	Before adjustment	Change as compared to the corresponding period last year (%)
Basic earnings per share (<i>yuan per share</i>)	0.40	0.39	0.38	2.56
Diluted earnings per share (<i>yuan per share</i>)	N/A	N/A	N/A	N/A
Basic earnings per share after deduction of non-recurring profit or loss (<i>yuan per share</i>)	0.38	0.37	0.36	2.70
Weighted average return on net assets (%)	5.97	6.46	6.32	Decreased by 0.49 percentage point
Weighted average return on net assets after deduction of non-recurring profit or loss (%)	5.57	6.18	6.03	Decreased by 0.61 percentage point

Accounting Information and Financial Indicators (continued)

II. ACCOUNTING INFORMATION DIFFERENCES BETWEEN DOMESTIC AND OVERSEAS ACCOUNTING STANDARDS

Not applicable.

III. NON-RECURRING PROFIT OR LOSS ITEMS AND AMOUNTS

Unit: RMB'000

Items	For the six months ended 30 June 2014	For the six months ended 30 June 2013	For the six months ended 30 June 2012
Gains from disposal of fixed assets, intangible assets and other long-term assets	14,601	73,471	6,779
Gains from disposal of long-term equity investment	541	2,552	86,885
Government grants recognized through profit or loss (other than government grants which are closely related to the Company's normal business operations, which comply with national policies and can be enjoyed continuously based on a fixed amount or quantity)	185,218	104,922	90,686
Net gains from debt restructuring	5,132	3,827	1,852
(Losses)/gains from changes in fair value of financial assets at fair value through profit or loss	-11,266	12,724	1,748
Investment gains from disposal of financial assets at fair value through profit or loss	4,173	—	—
Reversal of impairment for accounts receivable	210,139	48,948	71,087
Other non-operating income and expenses other than the above items	46,668	39,540	19,885
Sub-total	455,206	285,984	278,922
Impact on income tax of non-recurring profit or loss, net (after tax)	-113,802	-71,496	-69,730
Impact of non-recurring profit or loss attributable to minority interests	-4,217	-1,799	-2,221
Not effect of non-recurring profit or loss	337,187	212,689	206,971

Report of Directors

I. DISCUSSION AND ANALYSIS OF THE BOARD ON THE OPERATION OF THE COMPANY DURING THE REPORTING PERIOD

(I) Discussion and analysis of the overall operations during the Reporting Period

In the first half of 2014, the Group intensified reform and enhanced management into each spectrum and each section of corporate development, further straightening out system and mechanism, continuously strengthening basic management and group control and endeavoring to enhance quality and efficiency of development, seizing opportunities with real practice and solid work, and sparing no efforts to push forward the overall enhancement of market development, revenue growth and efficiency level of projects, coordinated development level of industry, technological innovation level, asset quality level, employees' remuneration level, corporate reputation level and other aspects. The development of the Group was steady and promising.

1. Value of new contracts

During the Reporting Period, the value of new contracts signed by the Group amounted to RMB389,823.5 million, accounting for 50.88% of the annual plan and representing an increase of 13.29% as compared to the corresponding period last year. Among which, new contracts for overseas business amounted to RMB98,705.0 million, accounting for 25.32% of the total value of the new contracts; new contracts for domestic business amounted to RMB291,118.5 million in total, accounting for 74.68% of the total value of the new contracts. As at 30 June 2014, outstanding contracts for the Group amounted to RMB1,798,299.5 million. The major indicators are as follows:

Unit: '00 million

Category	Value of new contracts			Value of outstanding contracts		
	Reporting Period	Corresponding period last year	Growth (%)	End of the Reporting Period	End of last year	Growth (%)
Construction operations	3,220.648	2,653.054	21.39	16,608.082	16,016.263	3.70
Survey, design and consultancy operations	45.507	43.360	4.95	51.199	41.787	22.52
Manufacturing operations	69.141	56.399	22.59	42.780	32.493	31.66
Logistics and materials trading operations	453.017	561.616	-19.34	1,077.761	1,182.307	-8.84
Real estate development operations	103.218	120.604	-14.42	194.650	157.898	23.28
Other businesses	6.704	5.950	12.67	8.523	6.963	22.40
Total	3,898.235	3,440.983	13.29	17,982.995	17,437.711	3.13

Report of Directors (continued)

As a core business and advantageous segment of the Group, during the Reporting Period, construction operations were continuously consolidated and enhanced. The value of new contracts for construction operations segment amounted to RMB322,064.8 million, accounting for 82.62% of the total value of new contracts and representing a period-on-period increase of 21.39%. Among which, the value of new contracts for railway construction amounted to RMB129,174.4 million, accounting for 40.11% of the value of new contracts for construction operations segment and representing a period-on-period increase of 72.57%; the value of new contracts for road projects amounted to RMB42,234.7 million, accounting for 13.11% of the value of new contracts for construction operations segment and representing a period-on-period decrease of 29.67%; the value of new contracts for urban rail transit amounted to RMB30,432.7 million, accounting for 9.45% of the value of new contracts for construction operations segment and representing a period-on-period increase of 60.54%; the value of housing construction amounted to RMB72,218.3 million, accounting for 22.42% of the value of new contracts for construction operations segment and representing a period-on-period increase of 1.25%; the value of municipal engineering amounted to RMB26,004.4 million, accounting for 8.07% of the value of new contracts for construction operations segment and representing a period-on-period increase of 1.58%; the value of hydraulic and electric engineering amounted to RMB5,308.8 million, accounting for 1.65% of the value of new contracts for construction operations segment and representing a period-on-period increase of 8.27%; the value of airport terminals amounted to RMB1,793.9 million, accounting for 0.56% of the value of new contracts for construction operations segment and representing a period-on-period increase of 28.23%. The rapid growth of value of new contracts for railway projects was due to a significant increase in value of new contracts for overseas railway projects.

During the Reporting Period, the value of new contracts for non-construction operations segments of the Group amounted to RMB67,758.7 million, accounting for 17.38% of the total value of new contracts and representing a period-on-period decrease of 14.00%. Among which, the value of new contracts for survey, design and consultancy operations amounted to RMB4,550.7 million, representing a period-on-period increase of 4.95%; the value of new contracts for manufacturing operations amounted to RMB6,914.1 million, representing a period-on-period increase of 22.59%; the value of new contracts for logistics and materials trading operations amounted to RMB45,301.7 million, representing a period-on-period decrease of 19.34%; and the value of new contracts for real estate development operations amounted to RMB10,321.8 million, representing a period-on-period decrease of 14.42%.

Report of Directors (continued)

2. Major financial indicators and period-on-period changes

During the Reporting Period, the Group achieved a revenue of RMB261,693.6 million, representing a period-on-period increase of 10.87%, and a net profit of RMB5,045.3 million, representing a period-on-period increase of 5.22%.

Unit: '000

Item	Corresponding period last year			Change as compared to the corresponding period last year (%)
	Reporting Period	Adjusted	Before adjustment	
Revenue	261,693,635	236,037,623	236,037,623	10.87%
Cost of sales	235,175,637	212,333,969	212,333,969	10.76%
Operating profit	6,239,130	5,654,309	5,554,858	10.34%
Operating margin	2.38%	2.40%	2.35%	Decreased by 0.02 percentage point
Net profit	5,045,261	4,794,957	4,713,221	5.22%

3. Analysis on industry development trends

The overall infrastructure market was relatively stable since the beginning of this year, while the real estate market cooled evidently. It is expected that in the second half of this year, commencement of new railway projects will increase to a large extent. The investment scale of infrastructure construction will grow steadily in a fast manner as a whole.

4. Problems and difficulties ahead of operations and countermeasures for the second half of the year

The Company encounters the following major challenges in its operations: the increase in operation scale contributed by the domestic operation was limited due to the influence from domestic economic situation; economic basis was still vulnerable, pending further enhancement; and imbalance of development still existed between members of the Group.

The Group will adopt the following key measures in the second half of the year: the efforts made to domestic market operation will be comprehensively increased to strengthen the development of market outside of railway on the basis of ensuring the market share in domestic railway market and to promote undertaking of professional engineering projects for increase in value of domestic newly signed contracts to a certain extent; through comprehensive enhancement of education and training work, each member of the Group will be urged to formulate talent training plan for further consolidating the foundation of operations; and by introducing policies, disadvantageous enterprises will be supported to develop and gradually narrow the gap between members within the Group, so as to achieve an integrated, sustained and healthy development.

Report of Directors (continued)

(II) Analysis of main businesses

1. Analysis of changes of relevant items in the financial statements

Unit: '000

Item	Reporting Period	Corresponding period last year		Growth (%)
		Adjusted	Before adjustment	
Revenue	261,693,635	236,037,623	236,037,623	10.87%
Cost of sales	235,175,637	212,333,969	212,333,969	10.76%
Selling and distribution expenses	1,271,021	995,624	995,624	27.66%
General and administrative expenses	8,766,903	8,776,690	8,876,141	-0.11%
Finance costs	2,374,832	1,620,634	1,620,634	46.54%
Income tax expenses	1,453,638	1,089,261	1,071,546	33.45%
Net cash flow generated from operating activities	-12,033,063	-9,766,510	-9,766,510	N/A
Net cash flow generated from investment activities	-6,745,393	-8,551,569	-8,551,569	N/A
Net cash flow generated from financing activities	19,149,744	24,776,474	24,776,474	-22.71%
R&D expenditures	3,015,289	2,873,916	2,873,916	4.92%

Revenue for the six months ended 30 June 2014 was RMB261,693,635,000, representing an increase of 10.87% over the corresponding period last year, which was mainly due to a relatively large number of new construction projects undertaken by the Group during the Reporting Period, so as to an increase in operating revenue.

Cost of sales for the six months ended 30 June 2014 was RMB235,175,637,000, representing an increase of 10.76% over the corresponding period last year. The increase in cost of sales is basically in line with the increase in operating revenue.

Selling and distribution expenses for the six months ended 30 June 2014 were RMB1,271,021,000, representing an increase of 27.66% over the corresponding period last year, which was mainly due to an increase in sales staff remuneration and advertising and publicity expenses.

Finance costs for the six months ended 30 June 2014 were RMB2,374,832,000, representing an increase of 46.54% over the corresponding period last year. The increase in finance costs is mainly due to an increase in loans for satisfying capital demand, thus resulting in an increase in interest expenses for the period over the corresponding period last year.

Income tax expenses for the six months ended 30 June 2014 were RMB1,453,638,000, representing an increase of 33.45% (adjusted) over the corresponding period last year, which was mainly due to an increase in the total profit during the current period, due of preferential tax treatment for certain subsidiaries and lower effective interest rate for the corresponding period of last year.

Report of Directors (continued)

2. Others

(1) *Particulars of material changes in profit composition or source*

Not applicable.

(2) *Analysis and description of implementation progress of various financing activities and major assets reorganization at previous occasions*

- ① The implementation of the issuance of ultra short-term financing bonds by the Company

The 2011 Annual General Meeting held by the Company on 12 June 2012 considered and approved the proposal in relation to the issuance of ultra short-term financing bonds by the Company, approving the Company to register and issue ultra short-term financing bonds with an aggregate balance of principal amount of not more than RMB30 billion. The Company issued the first tranche of ultra short-term financing bonds of RMB1 billion for the year of 2012 with a term of 180 days on 18 October 2012. The ultra short-term financing bonds were repaid in full on the due date of 17 April 2013. On 5 November 2012, the Company issued the second tranche of ultra short-term financing bonds of RMB5 billion for the year of 2012 with a term of 270 days. The ultra short-term financing bonds were repaid in full on the due date of 2 August 2013. On 22 July 2013, the Company issued the first tranche of ultra short-term financing bonds of RMB3 billion for the year of 2013 with a term of 270 days. The ultra short-term financing bonds were repaid in full on the due date of 21 April 2014. On 22 August 2013, the Company issued the second tranche of ultra short-term financing bonds of RMB3 billion for the year of 2013 with a term of 270 days. The ultra short-term financing bonds were repaid in full on the due date of 23 May 2014. For details, please see the announcements dated 13 June 2012, 23 October 2012, 7 November 2012, 10 April 2013, 25 July 2013, 27 July 2013, 28 August 2013 and 15 April 2014 published in China Securities Journal, Shanghai Securities News, Securities Daily, Securities Times as well as on the website of the Shanghai Stock Exchange (www.sse.com.cn), the website of the Hong Kong Stock Exchange (www.hkex.com.hk) and the Company's website (www.crcc.cn). As at 30 June 2014, the balance of principal amount of the ultra short-term financing bonds issued by the Company was nil.

Report of Directors (continued)

- ② The implementation of the issuance of short-term financing bonds by the Company

The 2010 Annual General Meeting held by the Company on 31 May 2011 considered and approved the proposal in relation to the issuance of short-term financing bonds by the Company, approving the Company to register and issue short-term financing bonds with an aggregate balance of principal amount of not more than RMB15 billion. The 2012 Second Extraordinary General Meeting held on 28 December 2012 considered and approved the Proposal in Relation to the Increase in Amounts for Registration and Issuance of Medium-term Notes and Short-term Financing Bonds of the Company, approving the Company to register and issue short-term financing bonds with an aggregate balance of principal amount of not more than 40% of the net assets as stated in the audited financial report of the Company for each Reporting Period with the National Association of Financial Market Institutional Investors (中國銀行間市場交易商協會). On 4 November 2011, the Company issued the first tranche of short-term financing bonds of RMB5 billion for the year of 2011 with a term of 366 days. The short-term financing bonds were due on 4 November 2012 and had been repaid in full. On 18 July 2012, the Company issued the first tranche of short-term financing bonds of RMB10 billion for the year of 2012 with a term of 365 days. The short-term financing bonds were due on 19 July 2013 and had been repaid in full. On 29 May 2013, Company issued the first tranche of short-term financing bonds of RMB2.5 billion for the year of 2013 with a term of 365 days. The short-term financing bonds were due on 30 May 2014 and had been repaid in full. Taking into account the capital position, demand for financing and sources of capital of the Company, as well as the condition of the domestic bond market, the Company issued the first tranche of short-term financing bonds of RMB3.5 billion for the year of 2014 with a term of one year on 28 March 2014. For details, please see announcements dated 1 June 2011, 9 November 2011, 20 July 2012, 1 June 2013, 13 July 2013, 13 July 2013, 29 March 2014 and 27 May 2014 published in China Securities Journal, Shanghai Securities News, Securities Daily, Securities Times as well as on the website of Shanghai Stock Exchange (www.sse.com.cn), the website of the Hong Kong Stock Exchange (www.hkex.com.hk) and the Company's website (www.crcc.cn). As at 30 June 2014, the balance of principal amount of the short-term financing bonds issued by the Company was RMB3.5 billion.

- ③ The implementation of the issuance of medium-term notes by the Company

The general meetings held on 13 January 2009 and 31 May 2011 respectively by the Company considered and approved the proposal in relation to the issuance of medium-term notes by the Company. The 2012 Second Extraordinary General Meeting held on 28 December 2012 considered and approved the proposal in relation to the increase in amounts for registration and issuance of medium-term notes and short-term financing bonds of the Company, approving the Company to register and issue short-term financing bonds with an aggregate balance of principal amount of not more than 40% of the net assets as stated in the audited financial report of the Company for each Reporting Period with the National Association of Financial Market Institutional Investors (中國銀行間市場交易商協會). On 27 August 2010, the Company issued the first tranche of medium-term notes of RMB5 billion for the year of 2010 with a term of 5 years. On 14 October 2011, the Company issued the first tranche of medium-term notes of RMB7.5 billion for the year of 2011 with a term of 7 years. On 20 June 2013, the Company issued the first tranche of medium-term notes of RMB10 billion for the year of 2013 with a term of 7 years. For details, please see announcement dated 14 January 2009, 1 June 2011, 19 October 2011, 29 December 2012 and 21 June 2013 published in China Securities Journal, Shanghai Securities News, Securities Daily, Securities Times as well as on the website of Shanghai Stock Exchange (www.sse.com.cn), the website of the Hong Kong Stock Exchange (www.hkex.com.hk) and the Company's website (www.crcc.cn). As at 30 June 2014, the balance of principal amount of the medium-term notes issued by the Company was RMB22.5 billion.

Report of Directors (continued)

- ④ The implementation of the issuance of non-public debt financing instruments by the Company

The 2011 Annual General Meeting held on 12 June 2012 by the Company considered and approved the proposal in relation to the issuance of non-public debt financing instruments by the Company, approving the Company to register and issue non-public debt financing instruments with a balance of principal amount of not more than RMB15 billion. For details, please see announcement dated 13 June 2012 published in China Securities Journal, Shanghai Securities News, Securities Daily, Securities Times as well as on the website of Shanghai Stock Exchange (www.sse.com.cn), the website of the Hong Kong Stock Exchange (www.hkex.com.hk) and the Company's website (www.crcc.cn). As at 30 June 2014, the Company had not yet registered and issued non-public debt financing instruments.

- ⑤ The implementation of the issuance of overseas bonds by the Company

The 2011 Annual General Meeting held by the Company on 12 June 2012 considered and approved the proposal in relation to the issuance of overseas bonds by the Company, approving the Company to issue overseas bonds with a balance of principal amount equivalent to not more than RMB5 billion. The 2012 Annual General Meeting of the Company convened on 6 June 2013 considered and approved the proposal in relation to the increase of the issuance size of overseas bonds of the Company, authorizing the increase of issuance of overseas bonds of no more than RMB10 billion in Hong Kong or other overseas bond markets by the Company or a wholly-owned subsidiary of the Company. On 16 May 2013, the Company and CRCC Yuxiang Limited, a wholly-owned subsidiary of the Company entered into a Trust Deed with The Hongkong and Shanghai Banking Corporation Limited, the trustee of the notes, in respect to the US\$800 million 3.5% guaranteed notes due 2023 issued by CRCC Yuxiang Limited. For details, please refer to the announcements dated 13 June 2012, 17 May 2013 and 7 June 2013 respectively published in China Securities Journal, Shanghai Securities News, Securities Daily, Securities Times as well as on the website of Shanghai Stock Exchange (www.sse.com.cn), the website of the Hong Kong Stock Exchange (www.hkex.com.hk) and the Company's website (www.crcc.cn). As at 30 June 2014, the balance of principal amount of the overseas bond issued by the Company was US\$800 million.

- ⑥ The implementation for the issue of short-term financing bonds by the Company's wholly-owned subsidiaries

As at 30 June 2014, the short-term financing bonds issued by the Company's wholly-owned subsidiaries was due and repaid in full. The balance of principal amount of the short-term financing bonds in issue was nil.

Report of Directors (continued)

- ⑦ The Implementation for the issue of non-public debt financing instruments by the Company's wholly-owned subsidiaries

As at 30 June 2014, the balance of principal amount of the non-public debt financing instruments issued by the Company's wholly-owned subsidiaries was RMB5.4 billion, and the issuing details are shown in the following table.

Unit: '00 million

Type of bond	Name of company	Date of issue	Maturity	Amount issued
Private placement notes	China Railway 25th Bureau Group Co., Ltd.	6 August 2012	Three years	4.0
Private placement notes	China Railway 23rd Bureau Group Co., Ltd.	9 August 2012	Two years	3.5
Private placement notes	China Railway 14th Bureau Group Co., Ltd.	27 August 2012	Five years	4.0
Private placement notes	China Railway 25th Bureau Group Co., Ltd.	9 November 2012	Two years	5.0
Private placement notes	China Railway 15th Bureau Group Co., Ltd.	23 November 2012	Three years	4.0
Private placement notes	China Railway 17th Bureau Group Co., Ltd.	21 March 2013	Three years	5.0
Private placement notes	China Railway 15th Bureau Group Co., Ltd.	28 March 2013	Three years	4.0
Private placement notes	China Railway 24th Bureau Group Co., Ltd.	11 April 2013	Three years	6.0
Private placement notes	China Railway 23rd Bureau Group Co., Ltd.	14 March 2014	Two years	1.5
Private placement notes	China Railway 19th Bureau Group Co., Ltd.	24 March 2014	One year	10.0
Private placement notes	CRCC Harbort & Channel Engineering Bureau Group Co., Ltd	30 April 2014	Three years	2.0
Private placement notes	China Railway 17th Bureau Group Co., Ltd.	25 June 2014	Three years	5.0
Total	—	—	—	54.0

(3) Progress for operating plans

- ① Completion of business plans

The value of new contracts for the Group in the first half of the year was RMB389,823.5 million, representing 50.88% of the target set for the year of RMB766.1 billion. The revenue amounted to RMB261,693.6 million, representing 49.69% of the target set for the year of RMB526.6 billion, conforming to the requirements of schedule.

Report of Directors (continued)

② Fulfilment of profit forecasts

During the Reporting Period, the Company had no profit forecasts.

③ Revised business plans for the second half of the year by the Board of the Company

Nil.

(III) Analysis of the operations on various industries, products and regions

1. Principal operations by industry

Operation of each business segment (before elimination of inter-segment transactions)

Unit: RMB'000

Item	Revenue		Cost of sales		Gross profit		Gross profit margin	
	Reporting Period	Corresponding period last year	Reporting Period	Corresponding period last year	Reporting Period	Corresponding period last year	Reporting Period	Corresponding period last year
Construction operations	225,520,256	194,854,340	204,957,640	176,389,442	20,562,616	18,464,898	9.12%	9.48%
Survey, design and consultancy operations	3,609,542	3,177,933	2,466,291	2,115,698	1,143,251	1,062,235	31.67%	33.43%
Manufacturing operations	5,885,424	5,383,522	4,609,061	4,298,486	1,276,363	1,085,036	21.69%	20.15%
Real estate development operations	6,646,623	4,468,388	4,822,420	3,266,658	1,824,203	1,201,730	27.45%	26.89%
Other businesses	27,913,968	33,542,584	26,088,935	31,922,783	1,825,033	1,619,801	6.54%	4.83%
Of which: Logistics and materials trading operations	25,899,558	32,125,790	24,949,913	31,025,161	949,645	1,100,629	3.67%	3.43%
Inter-segment elimination	-7,882,178	-5,389,144	-7,768,710	-5,659,098	-113,468	269,954	—	—
Total	261,693,635	236,037,623	235,175,637	212,333,969	26,517,998	23,703,654	10.13%	10.04%

(1) Construction operations

As the core and traditional business segment of the Group, construction operations covered various fields, such as railways, highways, buildings, urban utilities, urban rail transit, water conservancy and hydroelectricity, bridges, tunnels and airports. The Group provided services to 31 provinces, cities and autonomous regions in the PRC as well as in Hong Kong and Macau and took part in infrastructure construction projects in foreign countries and regions such as Africa, Asia, the Middle East and Europe. During the Reporting Period, the Group's revenue from construction operations amounted to RMB225,520.3 billion, representing an increase of 15.74% as compared to the corresponding period last year, while the gross profit increased by 11.36% as compared with the corresponding period last year.

Report of Directors (continued)

Construction operations (before elimination of inter-segment transactions)

Unit: RMB'000

Item	Reporting Period	Corresponding period last year (Adjusted)	Growth rate
Revenue	225,520,256	194,854,340	15.74%
Cost of sales	204,957,640	176,389,442	16.20%
Gross profit	20,562,616	18,464,898	11.36%
Gross profit margin	9.12%	9.48%	Decreased by 0.36 percentage point
Selling and distribution expenses	347,485	186,141	86.68%
General and administrative expenses	7,248,084	7,139,079	1.53%
Total profit	3,840,954	3,487,101	10.15%

(2) Survey, design and consultancy operations

The survey, design and consultancy operations are another major contributor to the revenue of the Group, the scope of which covers the provision of survey, design and consultancy services relating to civil engineering and transportation infrastructure construction including railways, highways, urban rail transit, water conservancy and hydroelectricity facilities, airports, docks, industrial and civil buildings and municipal utilities. During the Reporting Period, the Group's revenue from the survey, design and consultancy operations reached RMB3,609.5 million, representing an increase of 13.58% as compared to the corresponding period last year, while the gross profit increased by 7.63% as compared to the corresponding period last year.

Report of Directors (continued)

Survey, design and consultancy operations (before elimination of inter-segment transactions)

Unit: RMB'000

Item	Reporting Period	Corresponding period last year (Adjusted)	Growth rate
Revenue	3,609,542	3,177,933	13.58%
Cost of sales	2,466,291	2,115,698	16.57%
Gross profit	1,143,251	1,062,235	7.63%
Gross profit margin	31.67%	33.43%	Decreased by 1.76 percentage points
Selling and distribution expenses	294,753	261,062	12.91%
General and administrative expenses	438,374	453,046	-3.24%
Total profit	436,806	392,799	11.20%

(3) Manufacturing operations

The manufacturing operations segment of the Group mainly covers design, research and development, manufacturing and maintenance of construction machinery equipment such as large-size road maintenance machinery equipment and shield as well as parts and components for railways, bridges, track crosstie and track system. During the Reporting Period, the Group's revenue from manufacturing operations amounted to RMB5,885.4 million, representing an increase of 9.32% as compared to the corresponding period last year, while the gross profit increased by 17.63% as compared with the corresponding period last year.

Manufacturing operations (before elimination of inter-segment transactions)

Unit: RMB'000

Item	Reporting Period	Corresponding period last year (Adjusted)	Growth rate
Revenue	5,885,424	5,383,522	9.32%
Cost of sales	4,609,061	4,298,486	7.23%
Gross profit	1,276,363	1,085,036	17.63%
Gross profit margin	21.69%	20.15%	Increase by 1.54 percentage points
Selling and distribution expenses	129,847	131,388	-1.17%
General and administrative expenses	444,750	476,082	-6.58%
Total profit	609,805	419,684	45.30%

Report of Directors (continued)

(4) Real estate development operations

The real estate business is a principal business of the Company as approved by SASAC. During the Reporting Period, the Group's revenue from real estate segment amounted to RMB6,646.6 million, representing an increase of 48.75% as compared to the corresponding period last year, while the gross profit increased by 51.80% as compared to the corresponding period last year. As at 30 June 2014, the Group launched its real estate development business in 44 domestic cities, with total land area for construction of 11,070,000 m² and a planned gross floor area of approximately 34,610,000 m².

Real estate development operations (before elimination of inter-segment transactions)

Unit: RMB'000

Item	Reporting Period	Corresponding period last year (Adjusted)	Growth rate
Revenue	6,646,623	4,468,388	48.75%
Cost of Sales	4,822,420	3,266,658	47.63%
Gross profit	1,824,203	1,201,730	51.80%
Gross profit margin	27.45%	26.89%	Increased by 0.56 percentage point
Selling and distribution expenses	234,849	165,889	41.57%
General and administrative expenses	190,459	177,381	7.37%
Total profit	917,167	546,870	67.71%

Report of Directors (continued)

(5) Logistics and materials trading and other businesses

The other businesses segment mainly includes logistics and material trading, finance and other businesses.

Logistics and materials trading and other businesses (before elimination of inter-segment transactions)

Unit: RMB'000

Item	Reporting Period	Corresponding period last year (Adjusted)	Growth rate
Revenue	27,913,968	33,542,584	-16.78%
Of which: logistic and materials trading	25,899,558	32,125,790	-19.38%
Cost of sales	26,088,935	31,922,783	-18.27%
Of which: logistics and materials trading	24,949,913	31,025,161	-19.58%
Gross profit	1,825,033	1,619,801	12.67%
Of which: logistics and materials trading	949,645	1,100,629	-13.72%
Gross profit margin	6.54%	4.83%	Increased by 1.71 percentage points
Of which: logistic and materials trading	3.67%	3.43%	Increased by 0.24 percentage point
Selling and distribution expenses	264,087	251,144	5.15%
Of which: logistic and materials trading	242,122	234,027	3.46%
General and administrative expenses	445,236	531,102	-16.17%
Of which: logistic and materials trading	326,510	412,982	-20.94%
Total profit	807,635	767,810	5.19%
Of which: logistic and materials trading	203,854	343,803	-40.71%

2. Principal operations by region

Revenue by region

Unit: RMB'000

Item	Reporting Period	Corresponding period last year	Growth rate
Domestic	250,212,689	227,426,393	10.02%
Overseas	11,480,946	8,611,230	33.33%
Total	261,693,635	236,037,623	10.87%

During the Reporting Period, the Group's revenue from overseas operations amounted to RMB11,480.9 million, representing an increase of 33.33% as compared with the corresponding period last year. As 30 June 2014, the Group had overseas operating business distributed in 71 countries as well as in Hong Kong, Macao and other regions all over the world, and had 568 projects under construction in total. The overseas operations recorded stable growth.

Report of Directors (continued)

(IV) Liquidity and capital resources

1. Cash flow of the Group

Unit: RMB'000

Item	Reporting Period	Corresponding period last year	Amount of changes during the Reporting Period as compared to the corresponding period last year
Net cash flow from operating activities	-12,033,063	-9,766,510	-2,266,553
Net cash flow from investment activities	-6,745,393	-8,551,569	1,806,176
Net cash flow from financing activities	19,149,744	24,776,474	-5,626,730

During the Reporting Period, the net cash outflow from operating activities of the Group was RMB12,033.1 million, representing an increase of RMB2,266.6 million as compared to the net outflow of RMB9,766.5 million for the corresponding period last year.

During the Reporting Period, the net cash outflow from investment activities of the Group was RMB6,745.4 million, representing a decrease of RMB1,806.2 million as compared to the net outflow of RMB8,551.6 million for the corresponding period last year.

During the Reporting Period, the net cash inflow from financing activities of the Group was RMB19,149.7 million, representing a decrease of RMB5,626.8 million as compared to the net inflow of RMB24,776.5 million for the corresponding period last year.

2. Capital expenditures

The Group incurred capital expenditures mainly for the construction, expansion and technology upgrade of facilities, purchase of equipment used for construction projects and construction of BOT projects. The Group's capital expenditures were RMB6,372.8 million and RMB8,320.3 million for the six months period ended 30 June 2013 and for the six months period ended 30 June 2014, respectively. Such increase was mainly due to the construction cost of BOT projects representing a period-on-period increase.

Unit: RMB'000

Category	For the six months ended 30 June 2014	For the six months ended 30 June 2013
Construction operations	4,970,724	5,667,223
Survey, design and consultancy operations	108,349	152,269
Manufacturing operations	5,810	295,718
Real estate development operations	27,583	44,021
Other businesses	3,207,785	213,530
Total	8,320,251	6,372,761

Report of Directors (continued)

3. Working capital

(1) Construction contracts in progress

The following table sets forth the Group's construction contracts in progress as at the balance sheet dates indicated:

Unit: RMB'000

	30 June 2014	31 December 2013
Contract costs incurred to date	2,480,641,362	2,279,694,819
Total recognized gross profits		
less recognized losses, net	183,819,575	163,751,142
Less: progress billings	-2,581,056,383	-2,367,429,705
Total	83,404,554	76,016,256

Construction contracts as at the end of the period/year:

Unit: RMB'000

	30 June 2014	31 December 2013
Gross amount due from contract customers	96,085,907	88,715,021
Less: gross amount due to contract customers	-12,681,353	-12,698,765
Total	83,404,554	76,016,256

The Group's construction contracts in progress increased to RMB83,404.6 million as at 30 June 2014 from RMB76,016.3 million as at 31 December 2013.

(2) Accounts receivable, long-term receivables and accounts payable

The following table sets forth the turnover days of the Group's accounts receivable and accounts payable as at the balance sheet dates indicated:

	30 June 2014	31 December 2013
Turnover days of accounts receivable	61	50
Turnover days of accounts payable	134	117

- ① The number of turnover days of accounts receivable is derived by dividing the arithmetic mean of the opening and closing balances of accounts receivable for the six months period ended 30 June 2014 by revenue multiplying 180 days (calculated by multiplying 365 days for the year ended 31 December 2013).
- ② The number of turnover days of accounts payable is derived by dividing the arithmetic mean of the opening and closing balances of accounts payable for the six months period ended 30 June 2014 by cost of sales multiplying 180 days (calculated by multiplying 365 days for the year ended 31 December 2013).

Report of Directors (continued)

The following table sets forth an aging analysis of the accounts receivable as at the balance sheet dates indicated:

Unit: RMB'000

Accounts receivable	30 June 2014	31 December 2013
Within 1 year	81,416,537	81,793,582
1 to 2 years	5,031,496	4,851,995
2 to 3 years	2,147,417	1,155,707
Over 3 years	1,803,538	886,251
Total	90,398,988	88,687,535
Less: provision for bad debts	-940,134	-889,813
Total	89,458,854	87,797,722

The directors of the Company are of the opinion that the provision for bad debts of the Group is adequate.

The following table sets forth an aging analysis of accounts payable as at the balance sheet dates indicated:

Unit: RMB'000

	30 June 2014	31 December 2013
Within 1 year	169,019,751	169,006,568
1 to 2 years	3,156,831	6,084,613
2 to 3 years	399,871	1,894,038
Over 3 years	423,379	806,556
Total	172,999,832	177,791,775

As at 30 June 2014, the Group's accounts payable decreased to RMB172,999.8 million from RMB177,791.8 million as at 31 December 2013.

4. Prepayments and other receivables

The Group's prepayments and other receivables increased to RMB68,180.6 million as at 30 June 2014 from RMB63,510.3 million as at 31 December 2013.

5. Other payables and accruals

Other payables and accruals included advance from customers, other payables, employee benefits payables, taxes payable and other non-current liabilities. As at 31 December 2013 and 30 June 2014, the Group had other payables and accruals of RMB124,075.3 million and RMB126,062.9 million, respectively.

Report of Directors (continued)

6. Indebtedness

(1) Loans

The short-term loans of the Group as at 31 December 2013 and 30 June 2014 were as follows:

Unit: RMB'000

	30 June 2014	31 December 2013
Pledged loans	4,086,789	3,711,544
Mortgaged loans	47,500	75,300
Guaranteed loans	6,709,602	6,767,486
Credit loans	42,789,423	36,507,813
Total	53,633,314	47,062,143

The short-term bonds of the Group as at 31 December 2013 and 30 June 2014 were as follows:

Unit: RMB'000

	30 June 2014	31 December 2013
Short-term unsecured financing bonds and private placement note	4,565,560	8,666,277

The long-term loans of the Group due within one year as of 31 December 2013 and 30 June 2014 were as follows:

Unit: RMB'000

	30 June 2014	31 December 2013
Pledged loans	30,690	30,690
Mortgaged loans	1,827,020	2,575,220
Guaranteed loans	933,929	1,762,406
Credit loans	9,789,189	5,443,614
Total	12,580,828	9,811,930

The long-term loans of the Group as at 31 December 2013 and 30 June 2014 were as follows:

Unit: RMB'000

	30 June 2014	31 December 2013
Pledged loans	746,410	291,410
Mortgaged loans	9,045,572	7,009,840
Guaranteed loans	13,874,088	9,415,151
Credit loans	34,372,145	25,080,119
Total	58,038,215	41,796,520

Report of Directors (continued)

The bonds payable of the Group as at 31 December 2013 and 30 June 2014 were as follows:

Unit: RMB'000

	30 June 2014	31 December 2013
Bonds payable	30,800,285	29,888,586
Bonds payable due within one year	850,000	850,000
Total	31,650,285	30,738,586

On 31 December 2013 and 30 June 2014, the Group's gearing ratio was 78.03% and 78.25%, respectively. Gearing ratio is calculated by dividing net liabilities by the sum of total equity plus net liabilities. Net liabilities includes the sum of accounts payable, bills payable, other payables, long-term and short-term loans, other current liabilities, bonds payables, employee benefits payable (excluding the early retirement benefits payable), dividends payable, interest payables, long-term payable and non-current liabilities due within a year, less cash and bank balances. Total equity comprises equity attributable to shareholders of the parent company and minority interests.

(2) Commitments

Unit: RMB'000

	30 June 2014	31 December 2013
Capital commitments Contracted, but not provided for	515,996	378,719
Investment commitments Contracted, but not fulfilled	500,000	115,000
Authorized by the Board but not contracted	—	500,000
Total	500,000	615,000
Other commitments Contracted, but not provided for	11,380,000	2,780,000
Authorized by the board, but not contracted for	2,130,000	—
Total	13,510,000	2,780,000

Please refer to "Commitments" in Note XIII of the financial statements of this report for further details.

(3) Contingent liabilities

During the Reporting Period, the Group had no material contingent liabilities.

Report of Directors (continued)

7. Pledge of assets

Please refer to Item 18 (notes 1-5) under Note V of the financial statements of this report for further details.

8. Foreign exchange risks and exchange gains or losses

Since the Group's business is mainly carried out in the PRC, the incomes, expenditures and over 90% of the financial assets and financial liabilities of the Group are denominated in Renminbi. Therefore, the foreign currency transaction risks of the Group are insignificant. As at 30 June 2014, the Group did not use foreign currency contracts to hedge foreign exchange risks.

(V) Analysis of core competitiveness

1. Outstanding and unique corporate culture

Having inherited the fine tradition and style of the railway corps, the Group entails high degree of normalization and executive force, has the courage to accept challenge and constantly brings forth new ideas and carries forward the spirit of "being fearless of danger and difficulties, being bold to scale new heights, staying ahead in the industry and building a good reputation both at home and abroad" to create good brand advantages in the industry.

2. Experienced management team

The Group's management team has extensive industry management experience in respect of enterprise operation, financial management, capital operation and the development of corporate culture, and is able to control complicated and volatile situation.

3. Skilled workforce with solid professional knowledge

The Group has strong professional teams consisting of a number of Chinese Academy of Engineering academicians, national survey and design masters, experts enjoying special allowance of the State Council and engineering specialists.

4. Abundant engineering construction resources

The Group has numerous engineering and technical equipment, professional, complete and high-level engineering construction qualifications and professional institutions of various types, as well as a complete industrial chain, enabling it to provide complete one-stop engineering construction services for customers. The Group's technology and equipment capability for the year had been further strengthened. As at 30 June 2014, the Group's shield equipment increased to 180 sets, and special equipment for the construction of concrete box girder for high-speed railways and passenger lines increased to 376 sets.

5. Strong market development capability

The Group has established a complete business network, and vigorously promoted regional operation, advocated the regional operation and management mode featuring market-orientation, unified management and rational operation. Currently, regional operating institutions established by the Group and its subsidiaries have covered various provinces, autonomous regions and municipalities directly under the central government in China, which have become an important force for maintaining the growth of Group's operating scale. At organization level, it provides an important security for the sustainable development of its operations.

Report of Directors (continued)

(VI) Analysis of investment

1. Overall analysis of investment in external equities

As at 30 June 2014, the carrying balance of the Group's long term equity investment was RMB5,758.0 million, up RMB61.3 million as compared to RMB5,696.7 million at the beginning of the year, representing an increase of 1.08%. In particular, the impairment provision for long term equity investment was RMB22.6 million, leveling off that at the beginning of the year.

(1) Investment in securities

Unit: RMB'000

No	Type of securities	Stock code	Abbreviated stock name	Amount of initial investment	Number of securities held (Share)	Carrying value at the end of the period	Percentage over total securities investment at the end of the period (%)	Profit/loss during the Reporting Period
1	Stock	HK01699	China CNR	178,588	43,519,000	179,279	66.36	688
2	Stock	HK01258	ChiNF Mining	64,863	36,363,000	58,086	21.50	-5,809
3	Fund	184692	Yulong Fund	20,570	20,090,700	16,113	5.96	-904
4	Stock	601618	MCC	59,265	10,600,000	12,621	4.67	586
5	Fund	500011	Jinxin Fund	3,350	3,600,000	3,694	1.37	-111
6	Stock	600028	Sinopec	533	135,000	390	0.14	0
Investment profit or loss from disposal of securities during the Reporting Period				—	—	—	—	433
Total				327,169	—	270,183	100.00	-5,117

Note: During the Reporting Period, the Company subscribed for 43,519,000 H shares of China CNR (HK01699) listed on the Main Board of the Hong Kong Stock Exchange, and disposed of 15,300,000 shares of Anshun Fund (500009), which were all its shares held by the Company on the secondary market of the Shanghai Stock Exchange.

Report of Directors (continued)

(2) Shareholdings in other listed companies

Unit: RMB'000

Stock code	Abbreviated stock name	Amount of initial investment	Percentage of interests in the investee	Carrying value at the end of the period	Profit/loss during the Reporting Period	Changes in equity of owners during the Reporting Period	Accounting item	Source of shares
601328	Bank of Communications	49,892	0.07%	172,424	—	5,453	Available-for-sale financial assets	Original issue stock
002159	Sante Cableway	3,000	0.99%	20,275	—	977	Available-for-sale financial assets	Original issue stock
000759	Wuhan Zhongbai	1,058	0.14%	9,923	—	3,139	Available-for-sale financial assets	Original issue stock
600885	Hongfa Group	1,440	0.71%	20,278	—	10	Available-for-sale financial assets	Original issue stock
600809	Shanxi Fenjiu	708	0.05%	5,312	—	-2,408	Available-for-sale financial assets	Original issue stock
600322	Tianjin Reality Development	160	0.03%	330	—	0	Available-for-sale financial assets	Original issue stock
601169	Bank of Beijing	2	—	780	—	53	Available-for-sale financial assets	Original issue stock
Total	—	56,260	—	229,322	—	7,224	—	—

(3) Shareholdings in non-listed financial enterprises

Unit: RMB'000

Name of investees	Cost of investment	Number of shares held (share)	Percentage of interests in the investee	Investment during the period	Carrying value at the end of the period	Profit/loss during the Reporting Period	Changes in equity of owners during the Reporting Period	Accounting item	Source of shares
Guotai Junan Securities Co., Ltd.	7,660	7,660,000	0.16%	—	7,660	—	—	Long-term equity Investment	initiator
Essence Securities Co., Ltd.	268,452	66,952,467	2.09%	—	268,452	—	—	Long-term equity Investment	initiator
Total	276,112	—	—	—	276,112	—	—	—	—

(4) Sale and purchase of shares of other listed companies

During the period, no shares of other listed companies were traded by the Company.

Report of Directors (continued)

2. Entrusted financial management and derivatives investment of non-financial companies

During the Reporting Period, the Group had no entrusted financial management or entrusted loan.

3. Use of proceeds

During the Reporting Period, the Company had neither raised proceeds nor used proceeds raised from the previous period.

4. Analysis of major subsidiaries and companies in which the Company invested

(1) Major subsidiaries

During the Reporting Period, the major subsidiaries of the Group are as follows:

Unit: RMB'000

Name of the Company	Registered capital	Major financial indicators as at 30 June 2014			Principal operations	Industry
		Total assets	Net assets	Net profits		
China Civil Engineering Construction Corporation	1,210,000	24,754,349	4,287,535	262,486	Construction	Construction
China Railway 11th Bureau Group Co., Ltd.	1,031,850	35,414,378	3,813,765	295,092	Construction	Construction
China Railway 12th Bureau Group Co., Ltd.	1,060,677	35,435,085	4,776,332	369,575	Construction	Construction
China Railway Construction Bridge Engineering Bureau Group Co., Ltd. ^{Note 1}	2,000,000	23,693,756	3,452,213	184,348	Construction	Construction
China Railway 14th Bureau Group Co., Ltd.	1,110,000	26,870,673	3,073,609	237,959	Construction	Construction
China Railway 15th Bureau Group Co., Ltd.	1,117,210	22,263,736	1,962,689	35,515	Construction	Construction
China Railway 16th Bureau Group Co., Ltd.	1,068,300	22,597,805	2,215,030	205,282	Construction	Construction
China Railway 17th Bureau Group Co., Ltd.	1,105,470	29,490,633	3,312,855	238,725	Construction	Construction
China Railway 18th Bureau Group Co., Ltd.	1,130,000	25,729,388	2,858,604	211,898	Construction	Construction
China Railway 19th Bureau Group Co., Ltd.	1,095,469	25,887,341	2,866,938	160,479	Construction	Construction
China Railway 20th Bureau Group Co., Ltd.	1,130,850	24,249,506	2,438,320	141,161	Construction	Construction
China Railway 21st Bureau Group Co., Ltd.	1,150,000	18,557,656	2,072,244	133,566	Construction	Construction
China Railway 22nd Bureau Group Co., Ltd.	1,057,000	15,844,371	2,207,267	160,049	Construction	Construction
China Railway 23rd Bureau Group Co., Ltd.	965,000	15,837,372	1,656,705	43,691	Construction	Construction
China Railway 24th Bureau Group Co., Ltd.	1,050,000	13,281,614	1,714,444	100,040	Construction	Construction
China Railway 25th Bureau Group Co., Ltd.	910,720	11,615,351	1,218,716	35,750	Construction	Construction
China Railway Construction Group Ltd.	1,300,000	33,822,139	3,898,014	119,362	Construction	Construction
China Railway Construction Electrification Bureau Group Co., Ltd.	710,000	15,516,541	2,691,326	330,151	Construction	Construction
China Railway Real Estate Group Co., Ltd.	7,000,000	73,006,206	12,524,178	454,086	Real estate development and operations	Real Estate
China Railway Goods and Materials Co., Ltd.	2,000,000	25,605,891	4,180,685	200,448	Purchase and sales of goods and materials	Logistics
China Railway Construction Investment Co., Ltd.	6,275,510	36,895,452	11,421,561	73,262	Project investment	Investment
CRCC Finance Company Limited	6,000,000	27,017,361	6,651,990	307,742	Financial agency operation	Finance
CRCC Urban Construction Group Corporation (中鐵建城建集團有限公司) ^{Note 2}	2,000,000	8,078,263	2,047,378	46,332	Construction	Construction

Report of Directors (continued)

Note 1: On 27 March 2014, China Railway Construction Bridge Engineering Group Co., Ltd. (中國鐵建大橋工程局集團有限公司) (formerly by known as China Railway 13th Bureau Group Co., Ltd. (中國鐵建十三局集團有限公司)) changed its company name to China Railway Construction Bridge Engineering Group Co., Ltd. (中國鐵建大橋工程局集團有限公司). The changed registered capital amounted to RMB2,000,000,000, with the additional registered capital of RMB955,190,000 in this period. The relevant change procedures with the industry and commerce administration were completed on 27 March 2014.

Note 2: On 20 February 2014, CRCC Urban Construction Group Corporation (中鐵建城建集團有限公司) (formerly known as CRCC Urban Construction Corporation (中鐵建城建有限公司)) changed its company name to CRCC Urban Construction Group Corporation (中鐵建城建集團有限公司).

(2) Major companies in which the Company invested

There was no important company invested by the Company. For detailed information, please see "Note V. 10. Investment in jointly-controlled entities and associates" in the Notes to Financial Statements of this report.

5. Substantial projects not funded by raised proceeds

(1) BOT Project for Ziyuan-Xing'an Expressway in Guangxi

The total project investment was RMB9,308 million. The capital was RMB2,327 million. The Group held 100% of the equity and the proposed capital was RMB2,327 million. During the Reporting Period, the capital contribution by the Group was RMB180 million. As at 30 June 2014, the accumulated contribution of fund by the Group was RMB280 million. During the Reporting Period, the investment completed by the Group was RMB697.17 million. As at 30 June 2014, the accumulated investment completed for the project was RMB1,309.65 million.

(2) BOT Project for Jinan-Leling Highway

The total project investment was RMB7,541.89 million. The capital was RMB1,767.50 million. The Group held 65% of the equity and the proposed capital contribution was RMB1,148.90 million which was fully settled before the Reporting Period. During the Reporting Period, the investment completed for the project was RMB540.24 million. As at 30 June 2014, the accumulated contribution of fund completed for the project was RMB5,549.65 million.

(3) BOT Project for Chengyu Expressway Double-line (Chongqing Section)

The total project investment was RMB8,539.78 million. The capital was RMB2,134.90 million. The Group held 40% equity and the proposed capital contribution was RMB853.96 million which was fully settled before the Reporting Period. During the Reporting Period, the investment completed for the project was RMB761.03 million. As at 30 June 2014, the accumulated contribution of fund completed for the project was RMB8,129.23 million.

(4) BOT Project for Jianyang-Pujiang Expressway in Sichuan

The total project investment was RMB15,678.50 million. The capital was RMB3,919.62 million. The Group held 100% of the equity and its proposed capital contribution was RMB3,919.62 million. During the Reporting Period, the Group did not make capital contribution to the project and the accumulated contribution of fund to the project was RMB200 million. During the Reporting Period, the investment completed for the project was RMB1,598.45 million. As at 30 June 2014, the accumulated contribution of fund completed for the project was RMB1,598.45 million.

Report of Directors (continued)

(5) BT Project for Urban Rail Transit Works in Blue Silicon Valley in Qingdao

The total investment of the project was RMB16,782.26 million. During the Reporting Period, the investment completed for the project was RMB387.64 million. As at 30 June 2014, the accumulated contribution of fund completed for the project was RMB1,345.05 million. As at 30 June 2014, the period of repurchase had not yet arrived.

(6) BT Project for Chongqing Rail Transit (Huannan Section)

The total project investment was RMB7,000 million. During the Reporting Period, the investment completed for the project was RMB77.21 million. As at 30 June 2014, the accumulated contribution of fund completed for the project was RMB77.21 million. As at 30 June 2014, the period of repurchase had not yet arrived.

(7) Project for Level-1 land development of Phase 1 of the project (B Area) in the Western City Centre of Zhuhai

The aggregate investment in the project was RMB9,848 million. During the Reporting Period, the investment completed for the project was RMB636.29 million. As at 30 June 2014, the accumulated contribution of fund completed for the project was RMB657.29 million. As at 30 June 2014, the period of repurchase had not yet arrived.

(8) Project for Level-1 land development in Cuijia Datan, Lanzhou

The aggregate investment in the project was RMB10,000 million. During the Reporting Period, the investment completed for the project was RMB828.37 million. As at 30 June 2014, the accumulated contribution of fund completed for the project was RMB1,717.57 million. As at 30 June 2014, the period of collection of payment had not yet arrived.

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

(I) Details of the implementation or adjustment of the profit distribution plan during the Reporting Period

It was resolved at the 31st meeting of the second session of the Board convened by the Company from 27 to 28 March 2014 that a cash dividend for 2013 of RMB0.13 (tax inclusive) per share based on the total share capital of 12,337,541,500 shares as at 31 December 2013 was declared, totaling RMB1,603,880,395.00. The profit distribution plan had been considered and passed at the 2013 Annual General Meeting convened on 18 June 2014. As at 5 August 2014, the distribution of the above cash dividend was completed.

(II) The proposed profit distribution plan or reserves-to-equity transfer plan for the half year

There was no profit distribution or reserves-to-equity transfer plan of the Company during the interim period of 2014.

Report of Directors (continued)

III. OTHER DISCLOSURE

- (I) ***Profit warning and explanation of anticipated loss on the cumulative net profits from the beginning of the year to the end of the next reporting period or significant changes over corresponding period last year***

Not applicable.

- (II) ***Explanation from the Board and the Supervisory Committee on the “Modified Audit Report” from accounting firm***

Not applicable.

- (III) ***Indebtedness, changes in credit facilities and cash repayment arrangement of the Company for the future years (only applicable to listed companies issuing corporate convertible bonds)***

Not applicable.

- (IV) ***Status of and remuneration and trainings for the Company's staff***

During the Reporting Period, there were no substantial changes to the number and composition of the Group's staff as well as their remuneration and trainings since the disclosure of 2013 annual report.

Significant Events

I. MATERIAL LITIGATION, ARBITRATION AND MATTERS GENERALLY QUESTIONED BY THE MEDIA

During the Reporting Period, the Group was not involved in any material litigation, arbitration and matters generally questioned by the media.

II. EVENTS REGARDING BANKRUPTCY AND RESTRUCTURING

During the Reporting Period, there was no event regarding bankruptcy or restructuring of the Group.

III. TRANSACTION OF ASSETS AND MERGER OF BUSINESS

Not applicable.

IV. SHARE INCENTIVE PLAN OF THE COMPANY AND IMPACTS THEREOF

During the Reporting Period, the Company had not implemented any share incentive plan. The preliminary proposal of the share incentive plan for the senior management and core employees of the Company was in the process of going through the approval procedures of the relevant state departments.

V. MATERIAL RELATED PARTY TRANSACTIONS

During the Reporting Period, the related party transactions did not impose significant impacts on the production and operation of the Group.

(I) The related party transactions relating to ordinary operations

1. Events disclosed in the temporary announcement and with no progress or change in subsequent implementation

According to the requirements of "No. 3 Guidelines for the Content and Format of Information Disclosure by Companies with Public Issue of Securities-Content and Format of Interim Report" (as revised in 2014) by the CSRC, the Listing Rules of the Shanghai Stock Exchange and the Guidelines for the Implementation of Related Transactions of Listed Companies in Shanghai Stock Exchange, the related parties involved in related transactions of the Group mainly include CRCCG, the Controlling Shareholder, and subsidiaries controlled by it.

Significant Events (continued)

The Company convened the seventeenth meeting of the second session of the Board on 28 December 2012, during which it considered and approved the Proposal of Renewing the Transaction Cap of Continuing Connected Transaction and Relevant Framework Agreement from 2013 to 2015 (《關於2013-2015年持續關連交易上限和相關框架協議續簽的議案》); agreed to enter into the Provision of Services Framework Agreement (《服務提供框架協議》) and the Supplemental Agreement of Property Leasing Framework Agreement (《房屋租賃框架協議》之補充協議) and set up the annual transaction cap for each of the years from 2013 to 2015 under the agreements. Prior to submitting to the Board meeting of the Company for consideration, the proposal had already obtained approval from the independent non-executive directors of the Company. As the Board was considering relevant proposals, the independent non-executive directors of the Company issued their independent opinions which indicated their approval to the proposal: the voting procedures complied with the requirements of regulatory legal documents such as laws and regulations and the Articles of Association; the pricing methods of each of the transactions were objective and fair; and the arrangement of transaction procedures complied with requirements of regulatory legal documents such as laws and regulations and was fair and reasonable. The transactions are favorable to the development of the Group and no harm has been made to the interest of the Group and its shareholders, especially the minority. For details of disclosures, please refer to the relevant announcement dated 29 December 2012 as published on China Securities Journal, Shanghai Securities News, Securities Daily and Securities Times, as well as on the website of the Shanghai Stock Exchange (www.sse.com.cn), the website of The Hong Kong Stock Exchange (www.hkex.com.hk) and our corporate website (www.crcc.cn).

Major related party transactions related to ordinary operations of the Group during the first half of 2014 are as follows:

Unit: RMB'000

Related party	Related party transactions type	Related party transactions content	Related party transaction pricing principle	Related party transactions price	Related party transactions amount	Proportion in the same category of transactions	Related party transaction settlement method	Market price	Reason for the significant difference between transaction price and market price
11 units including Shaanxi Railway Engineering Investigation Co., Ltd.	Expenditure for labor service	Survey and design consultation	Agreement pricing	—	206,149	0.09%	Cash	—	—
Jinli Assets Management Center	Property leasing expense	Property Leasing	Agreement pricing	—	4,850	—	Cash	—	—

2. Events disclosed in the temporary announcement and with progress or change in subsequent implementation

Not applicable.

3. Events undisclosed in the temporary announcement

The Group was not involved in any related party transactions undisclosed in the temporary announcement, with no circumstances under which the Company presented any regular report instead of the temporary announcement.

Significant Events (continued)

(II) Compliance with the non-competition agreement

CRCCG stated that in the first half of 2014, it did not violate any of the undertakings in the “Non-competition Agreement” signed on 5 November 2007 with the Company.

(III) Related party transactions from asset acquisition and sales

During the Reporting Period, the Group did not have any related party transactions from asset acquisition and sales.

(IV) Significant related party transactions on the joint external investment

During the Reporting Period, the Group did not have any significant related party transaction on the joint external investment.

(V) Claims and liabilities between related parties

According to the requirements of “No. 3 Guidelines for the Content and Format of Information Disclosure by Companies with Public Offering of Securities-Content and Format of Interim Report” (as revised in 2014) by the CSRC, the Listing Rules of the Shanghai Stock Exchange and the Guidelines for the Implementation of Related Party Transactions of Listed Companies in Shanghai Stock Exchange, the connected persons involved in related party transactions of the Group mainly include CRCCG, the Controlling Shareholder, and subsidiaries controlled by it.

1. Events that were disclosed in the temporary announcement and had no progress or change in the subsequent implementation process

Not applicable.

Significant Events (continued)

2. Events that were disclosed in the temporary announcements but had progress or change in the subsequent implementation process

Unit: RMB'000

Related party	Related party relationship	Provision of funds to the listed Company by related party			Provision of funds to related party by the listed company		
		Beginning balance	Amount incurred	Closing balance	Beginning balance	Amount incurred	Closing balance
CRCCG ^{Note 1}	Controlling Shareholder	500,000	-500,000	0	901,276	65,331	966,607
CRCCG ^{Note 2}	Controlling Shareholder	79,674	-60,959	18,715	0	983,612	983,612
CRCCG ^{Note 2}	Controlling Shareholder	8,894	-4,618	4,276			
CRCCG ^{Note 3}	Controlling Shareholder				276,480	-79,399	197,081
Jinli Asset Management Center ^{Note 3}	Wholly-owned subsidiary of the Controlling Shareholder				118,506	4,348	122,854
Jinli Asset Management Center ^{Note 4}	Wholly-owned subsidiary of the Controlling Shareholder				3,533	-212	3,321
Xi'an Tianchang Real Estate Co., Ltd. ^{Note 3}	Non-wholly-owned subsidiary of Controlling Shareholder	584	0	584	47,410	11,190	58,600
Beijing Tongda Jingcheng Highway Co., Ltd. ^{Note 2}	Non-wholly-owned subsidiary of Controlling Shareholder				41,885	9,085	50,970
Chongqing Tie Fa Suiyu Highway Co., Ltd. ^{Note 3}	Non-wholly-owned subsidiary of Controlling Shareholder	2,914	-2,914	0	761	4	765
Total		592,066	-568,491	23,575	1,389,851	993,959	2,383,810

During the Reporting Period, the amount of funds to CRCCG and its subsidiaries by the Company (RMB'000)

0

Cause to claims and liabilities between related parties

Claims and liabilities between the Company and related parties were claims and liabilities resulted from operations.

Settlement of claims and liabilities between related parties

Settlement by normal progress.

Commitments related to claims and liabilities between related parties

None.

Impact of such claims and liabilities on the Company's operating result and financial position

No significant impact.

Note 1. The fund provided to related parties by the Company was resulted from the transfer of the light railway project, in Mecca, Saudi Arabia, between the Company and its Controlling Shareholder. On 21 January 2011, the Company and CRCCG signed the Agreement on the Arrangement of Matters Related to the Saudi Mecca Light Railway Project. Please refer to the announcement dated 21 January 2011 published respectively in China Securities Journal, Shanghai Securities News, Securities Daily, Securities Times, the website of Shanghai Stock Exchange (www.sse.com.cn) and the website of Hong Kong Stock Exchange (www.hkex.com.hk) for details. Under the agreement, from 31 October 2010 the Company would transfer all rights and obligations of the Mecca light railway project in Saudi Arabia to the Controlling Shareholder while the Controlling Shareholder should pay a consideration of RMB2,077 million to the Company. As at 30 June 2014, the above consideration has been paid in full.

Significant Events (continued)

The fund provided by related parties to the Company was primarily the allocation from the Ministry of Finance to Controlling Shareholder. Pursuant to the requirements of “Temporary Requirements in relation to the Enhancement of Management to Corporate Financial Information”《加強企業財務信息管理暫行規定》) by the Ministry of Finance, the Controlling Shareholder will lend the amount to the Group as entrusted loan. In the meantime, it was agreed in the entrusted loan contract that the entrusted loan will be transferred to equity interest investment of the Controlling Shareholder as capital increase when share capital enlargement and other events occurred in the Company.

Note 2: The fund provided to related parties by the Company derived from the continuing related party transactions between the Company and the Controlling Shareholder together with its subsidiaries occurred in the previous year.

The fund provided by related parties to the Company was declared but undistributed dividends for the year 2013.

Note 3: The fund provided to related parties by the Company derived from the continuing related party transactions between the Company and the Controlling Shareholder together with its subsidiaries occurred in the previous year.

The fund provided to the Company by related parties represents the deposits of the Controlling Shareholder and its subsidiaries, which are deposited in CRCC Finance Company Limited as a subsidiary of the Group.

Note 4: Jinli Asset Management Center provided capital with a closing balance of RMB3.321 million to the Company which was an unpaid rental fee related to the lease of properties to the former by China Railway Construction Heavy Industry Co., Ltd., a subsidiary under the Group.

3. Issues not disclosed in temporary announcements

Not applicable.

(VI) Other significant related party transactions

During the Reporting Period, the Group did not have any other significant related party transactions.

VI. MAJOR CONTRACTS AND PERFORMANCE

(I) Trusteeship, contracting and leasing matters

During the Reporting Period, the Group had no trusteeship, contracting and leasing matters.

Significant Events (continued)

(II) Guarantees

1. During the Reporting Period, the external guarantees granted by the Company were as follows:

Unit: RMB'000

External guarantees by the Company (exclusive of such guarantees to its subsidiaries)						
Name of the party guaranteed	Date of occurrence (Date of signing agreement)	Guarantee amount	Guarantee type	Guarantee period	Performance completed or not	Guarantee by connected party (yes or no)
Sichuan Naxu Railway CO., LTD. (四川納敘鐵路有限公司)	28 December 2006	67,200	General guarantee	28 December 2006 – 28 December 2026	No	No
Sichuan Naxu Railway CO., Ltd. (四川納敘鐵路有限公司)	16 April 2008	50,400	General guarantee	16 April 2008 – 16 April 2028	No	No
CRCC Tongguan Investment Co., Ltd.	25 May 2010	29,534	General guarantee	25 May 2010 – 25 May 2015	No	Yes
CRCC Tongguan Investment Co., Ltd.	25 May 2010	393,779	General guarantee	25 May 2010 – 25 May 2015	No	Yes
Total amount of guarantees for the Reporting Period					-399,449	
Ending balance of guarantees for the Reporting Period					540,913	
Guarantees provided for its subsidiaries by the Company						
Total amount of guarantees provided for subsidiaries for the Reporting Period					287,462	
Ending balance of guarantees provided for subsidiaries for the Reporting Period					8,677,310	
Total guarantees by the Company (inclusive of such guarantees provided for its subsidiaries)						
Total guarantees					9,218,223	
The proportion of total guarantees in net assets of the Company					10.44%	
Of which:						
The amount of guarantees provided for the Company's shareholders, actual controllers and their related parties					—	
Debt guarantees directly or indirectly to guaranteed objects with the asset-liability ratio higher than 70%					7,675,987	
Of total guarantees, the portion in excess of 50% net assets of the Company					—	
Total of the above three categories of guarantees					7,675,987	

2. The Company's decision-making procedures of guarantees

(1) Decision-making procedures of guarantees provided for wholly-owned subsidiaries

It was considered at the 30th meeting of the second session of the Board held on 22 January 2014 that the total cap for internal guarantees of the Company in 2014 was determined to be RMB40 billion. During the Reporting Period, guarantee provided for wholly-owned subsidiaries by the Company was in strict compliance with the set guarantee cap. As at the end of the Reporting Period, the total amount of outstanding guarantee was RMB8,677.3 million and did not exceed the approved amount.

Significant Events (continued)

(2) Decision-making procedures of external guarantees

During the Reporting Period, the Company had not granted new external guarantees. As at 30 June 2014, the total amount of outstanding external guarantees by the Company was of RMB540.9 million, including the following two guarantees:

- ① In 2006, CRCCG had provided RMB400 million of loans and RMB67.2 million of guarantee, representing 16.8% of capital contribution, to Sichuan Naxu Railway Co., Ltd.. Due to the reform of the Company in December 2007, it entered into a tripartite agreement with China Railway Construction Corporation Limited and the Luzhou branch of China Construction Bank, and to revise the subject of the contract to China Railway Construction Corporation Limited. The proposal in relation to the provision of guarantee for Naxu Company for loans had been considered and approved in the tenth meeting of the first session of the Board. In proportion to the capital contribution of 16.8%, RMB50.4 million of guarantee for RMB300 million of loans were agreed to be provided to Sichuan Naxu Railway Co., Ltd., the joint-stock company, hence amounting to a total of RMB117.6 million of guarantee to the Naxu Company.
- ② The resolutions of providing capital and bank loan guarantee to CRCC-Tongguan Investment Co., Ltd. had been considered and approved in the 31st meeting of the first session of the Board of the Company. In proportion to the capital contribution, the Board agreed to provide guarantees for the loan agreement entered by CRCC-Tongguan Investment Co., Ltd. with China Development Bank, Agricultural Bank of China and Bank of China. As at 30 June 2014, CRCC-Tongguan Investment Co., Ltd. has repaid part of the loans. The amount of guarantee provision from the Company was reduced to RMB423.3 million correspondingly.

(III) Other major contracts or transactions

1. Domestic business contract

Unit: RMB'00 million

Contract time	Abstract	Contract amount	The Company's contracting entity	Time limit of performance
31 March 2014	Stripping engineering project in the Wunugetushan copper/molybdenum mine for the years from 2014 to 2018	51.4612	China Railway 19th Bureau Group Co., Ltd.	2014-2018

2. Overseas business contract

Unit: US\$'00 million

Contract time	Project name	Contract amount	The Company's contracting entity	Time limit of performance
5 May 2014	Nigeria Coastal Railway (尼日利亞沿海鐵路)	131.2200	China Civil Engineering Construction Corporation	To be confirmed

Significant Events (continued)

VII. THE PERFORMANCE OF UNDERTAKINGS

(I) Undertakings during or carried forward to the Reporting Period by listed company, shareholders holding 5% or more equity, Controlling Shareholder and actual controller

1. In its IPO prospectus, the Company disclosed it totally held 836 lots of land, of which, 349 were under the procedures for obtaining the land use right with the state appraisal price while 53 in the process of land transfer procedures.

As at 18 June 2014, before convening the 2013 Annual General Meeting of the Company, among the 349 lots of land under the procedures for obtaining the land use right with the state appraisal price upon the Company's IPO, 348 lots already had the land use permits. And 53 lots under the transfer procedures then already completed all assignment procedures, with the land use permit obtained. There is still one lot (13,554 m², with price of RMB20.67 million upon commencement) currently under such procedures due to government reasons.

2. The Company disclosed in its IPO prospectus that it held a total of 822 properties without obtaining the ownership certificates.

As at 18 June 2014, before convening the 2013 Annual General Meeting of the Company, among the 822 properties without obtaining ownership certificates upon the Company's IPO, 220 already obtained ownership certificates, and of the remaining 602 properties, 480 need no application for ownership certificate because they are productive auxiliary housings, 121 are not qualified to apply for any ownership certificate due to excessively long history since their establishment, and the final one property (1,064 m², with price of RMB4.47 million upon commencement) cannot obtain ownership certificate due to the absence of the overall property certificate of the building. Though the aforementioned properties have not yet obtained ownership certificates, yet they are investment of the Company as self-built properties, with the related accounting certificates and construction base. While there are no controversies or disputes over their ownerships, the Company has been enjoying and executing the rights of occupancy, utilization, to make income and factual disposal of such properties.

Pursuant to the "Regulatory Guidelines for Listed Companies No.4: Undertakings of and Performance of Undertakings by De Facto Controllers, Shareholders, Related Parties and Acquirers of Listed Companies and Listed Companies" (《上市公司監管指引第4號—上市公司實際控制人、股東、關聯方、收購人以及上市公司承諾及履行》) issued by China Securities Regulatory Commission, taking into account the actual situation of the Company, after negotiated with CRCCG, performance of undertakings in respect of the Company's self-owned buildings and land use rights made by the controlling shareholder was changed. The details are as follows:

- (1) CRCCG will not proceed with application for the ownership certificates of the abovementioned buildings for which building ownership certificates are not required or could not be obtained.
- (2) CRCCG shall continue to apply for the ownership certificates of one building and one land parcel which were going through application procedures. However, due to the uncontrollable processing time, relevant undertakings are proposed to be changed to long-term undertakings.

Significant Events (continued)

- (3) As for the buildings and land parcels mentioned in the above points 1 and 2, any losses and expenses caused to the Company by any issues arising from their ownership or ownership certificates will be assumed by CRCCG. If the Company proposes, CRCCG may negotiate with the Company over repurchasing from the Company such buildings and land parcels at a fair price that is no less than the original value contributed to the Company upon the Company's establishment.

The relevant resolution was considered and approved at the 2013 Annual General Meeting on 18 June 2014. Please refer to the announcements dated 29 March and 19 June 2014 respectively, as published by the Company on China Securities Journal, Shanghai Securities News, Securities Daily, Securities Times and the website of the Shanghai Stock Exchange (www.sse.com.cn), the website of the Hong Kong Stock Exchange (www.hkex.com.hk) and the website of the Company (www.crcc.com.cn) for details of above events.

XIII. APPOINTMENT AND REMOVAL OF AUDITORS

During the year, the Company continued to engage Ernst & Young Hua Ming LLP as its external auditors to audit the 2014 annual financial statements of the Company and review the 2014 interim financial statements of the Company. The Company has appointed Ernst & Young Hua Ming LLP to provide auditing services for eight consecutive years. The relevant audit fees are under negotiation.

IX. PUNISHMENTS AND RECTIFICATIONS INVOLVED BY LISTED COMPANY, ITS DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT, SHAREHOLDERS HOLDING 5% OR MORE EQUITY, ACTUAL CONTROLLER OR BUYER

During the Reporting Period, the Company, its directors, supervisors, senior management, shareholders holding 5% or more equity and actual controller had not been in such circumstances as under the investigation by competent authorities, coercive measures by judicial or discipline inspection departments, to be handed over to judicial or prosecuted with criminal liability, administrative penalties, securities market banning, identification as the inappropriate candidates by CSRC, or punishments by other administrative departments or public censure by relevant stock exchange.

X. CONVERTIBLE CORPORATE BONDS

Not applicable.

XI. CORPORATE GOVERNANCE

(I) *Basic information of corporate governance of the Company*

During the Reporting Period, in strict compliance with the regulatory provisions and listing rules of the places where the Company's shares are listed, the Company enhanced its corporate governance structure continuously. It completed its internal control system, standardized corporate operations and introduced investor relations management proactively. In an effort to improve the communications with investors, the Company standardized and refined the procedures for information disclosure, which enhanced its level of corporate governance. During the Reporting Period, the Company convened one Annual General Meeting and four Board meetings.

During the Reporting Period, the overall operations of the Company were up to the standard. The actual situation of its corporate governance was in compliance with the relevant requirements stipulated under regulatory documents regarding governance of listed companies issued by China Securities Regulatory Commission. Going forward, the Company will continuously explore and innovate new corporate governance initiatives whilst uplifting its governance standards, with a view to improving its corporate governance regime and further standardizing its operation continuously for the sustainable, sound and coordinated development of the Company.

Significant Events (continued)

(II) Compliance with Code on Corporate Governance

The Articles of Association, the terms of reference of each of the Audit and Risk Management Committee, the Remuneration and Evaluation Committee, the Nomination Committee and the Strategy and Investment Committee, the terms of reference of the Supervisory Committee of the Company and the code of conduct on directors and relevant employees for securities trading together constitute the basis of the code of corporate governance practices of the Company. The Company had complied with the code provisions under the Corporate Governance Code and Corporate Governance Report in Appendix 14 to the Hong Kong Listing Rules during the Reporting Period.

XII. EXPLANATION OF OTHER SIGNIFICANT EVENTS

(I) Analysis and Explanation from the Board on the Reasons and Impact of the Change of Accounting Policies, Accounting Estimates or Calculation Methods

Not applicable.

(II) Analysis and Explanation from the Board on the Reasons and Impact of the Clarification on Material Preliminary Errors

Not applicable.

XIII. SUBSEQUENT EVENTS

On 24 July 2014, CRCC Yupeng Limited, a wholly-owned subsidiary of the Company, issued senior perpetual securities in an aggregate principal amount of US\$800 million overseas, with an interest rate of 3.95% per annum. The net proceeds of RMB4,906.709 million would be used by the issuer for general corporate purposes. The Company provided guarantees for the securities issued above.

As of the approval date of the financial statements, save as disclosed above, the Group had no other significant subsequent events that need disclosure after the balance sheet date.

Changes in Shares and Particulars of Shareholders

I. CHANGES IN SHARE CAPITAL

(I) Table of changes in shares

1. Table of changes in Shares

Unit: share

	Before Change		Issue of new shares	After increase/decrease (+/-) Conversion			Subtotal	After change	
	Quantity	Percentage (%)		Bonus issue	from reserves	Others		Quantity	Percentage (%)
I. Shares subject to trading moratorium									
1. State-owned shares									
2. State-owned legal person shares	245,000,000	1.98				-245,000,000	-245,000,000	0	0
3. Other domestic shares									
Of which: domestic non-state-owned legal person shares									
Domestic natural person shares									
4. Foreign shares									
Of which: Overseas legal person shares									
Overseas natural person shares									
II. Circulating shares not subject to trading moratorium									
1. RMB ordinary shares	10,016,245,500	81.19				+245,000,000	+245,000,000	10,261,245,500	83.17
2. Foreign shares listed domestically									
3. Foreign shares listed overseas	2,076,296,000	16.83						2,076,296,000	16.83
4. Others									
III. Total shares	12,337,541,500	100						12,337,541,500	100

2. Particulars of changes in shareholding

The restriction of the 245,000,000 restricted shares of National Council for Social Security Fund was cancelled on 10 March 2014.

3. Effect to financial indicators such as earnings per share and net assets per share within the period from the Reporting Period to the disclosure date of the interim report after changes in shareholding

Nil.

4. Other contents that the Company deemed necessary to or required by security regulatory institutes to disclose

Nil.

Changes in Shares and Particulars of Shareholders (continued)

(II) Changes in shares subject to trading moratorium

Unit: share

Name of shareholder	Number of shares subject to trading moratorium at the beginning of the period	Number of shares released from trading moratorium in the period	Number of Shares increased subject to trading moratorium in the period	Number of shares subject to trading moratorium at the end of the period	Reason for trading moratorium	Release date of trading moratorium
National Council for Social Security Fund	245,000,000	245,000,000	0	0	Lock-up period extended by another three years following the expiry of the original statutory and voluntary lock-up period undertaken by the state-owned shareholder (China Railway Construction Corporation)	10 March 2014
Total	245,000,000	245,000,000	0	0 /		/

(III) Repurchase, sales on redemption of securities of the Company

During the Reporting Period, neither the Company nor any of its subsidiaries repurchased, sold or redeemed any securities of the Company.

II. PARTICULARS OF SHAREHOLDERS

(I) Structure of share capital

As at 30 June 2014, share capital structure of the Company is set out as follows:

Shareholder	Class of shares	Number of shares	Approximate percentage of the issued share capital (%)
CRCCG	A share	7,566,245,500	61.33
National Council for Social Security Fund	A share ^{Note 1}	245,000,000	1.98
Public holders of A shares	A share	2,450,000,000	19.86
Public holders of H shares	H share ^{Note 2}	2,076,296,000	16.83
Total		12,337,541,500	100.00

Note 1. The lock-up period will end on 10 March 2014.

Note 2. Including the H shares held by National Council for Social Security Fund.

Changes in Shares and Particulars of Shareholders (continued)

(II) Total number of shareholders and top ten shareholders holding over 5% of the Company's shares as at the end of the Reporting Period

1. Total number of shareholders

As at 30 June 2014, the total number of shareholders of the Company was 240,831, of which 217,919 were holders of A shares and 22,912 were holders of H shares.

2. Particulars of shareholdings of the top ten shareholders

Unit: share

Total number of shareholders as at the end of the Reporting Period (households) 240,813

Number of shareholders of preference shares with restored voting rights as at the end of the Reporting Period (households) 0

Name of shareholder	Nature of shareholder	Shareholding percentage (%)	Total number of shares held	Increase/decrease during the Reporting Period	Number of shares held subject to trading moratorium	Number of shares pledged or frozen
CRCCG	State-owned shares	61.33	7,566,245,500	0	—	0
HKSCC NOMINEES LIMITED	Overseas legal person	16.66	2,055,424,881	42,000	—	Unknown
Account No.3 of National Council for Social Security Fund (全國社會保障基金理事會轉持三戶)	State-owned legal person shares	1.98	245,000,000	-245,000,000	0	0
Gaohua-HSBC-GOLDMAN, SACHS & CO. (高華-匯豐-GOLDMAN, SACHS & CO.)	Others	0.43	53,145,165	-1,281,340	—	0
MORGAN STANLEY & CO. INTERNATIONAL PLC.	Others	0.30	36,750,966	21,450,759	—	0
GIC PRIVATE LIMITED	Others	0.30	36,457,072	36,457,072	—	0
UBS AG	Others	0.28	35,074,205	13,121,311	—	0
CSOP Asset Management Limited – CSOP FTSE China A50ETF (南方東英資產管理有限公司 – 南方富時中國A50ETF)	Others	0.24	30,216,128	6,260,725	—	0
China Resources SZITIC Trust Co., Ltd.* – Runjin No.17Assembled Funds Trust Plan (華潤深國投信託有限公司 – 潤金71號集合資金信託計畫)	Others	0.22	26,966,046	20,336,230	—	0
Wuhan Spring and Harmony Property Management Co., Ltd. (武漢春天和諧物業管理有限公司)	Others	0.21	25,658,718	4,205,773	—	0

* For identification purpose only

Changes in Shares and Particulars of Shareholders (continued)

Particulars of shareholdings of the top ten shareholders not subject to trading moratorium:

Name of shareholder	Number of shares held not subject to trading moratorium	Class and number of shares	
		Class	Number
CRCCG	7,566,245,500	RMB ordinary shares	7,566,245,500
HKSCC NOMINEES LIMITED	2,055,424,881	Overseas listed foreign shares	2,055,424,881
Account No.3 of National Council for Social Security Fund (全國社會保障基金理事會轉持三戶)	245,000,000	RMB ordinary shares	245,000,000
Gaohua—HSBC—GOLDMAN, SACHS & CO. (高華—匯豐—GOLDMAN, SACHS & CO.)	53,145,165	RMB ordinary shares	53,145,165
MORGAN STANLEY & CO. INTERNATIONAL PLC.	36,750,966	RMB ordinary shares	36,750,966
GIC PRIVATE LIMITED	36,457,072	RMB ordinary shares	36,457,072
UBS AG	35,074,205	RMB ordinary shares	35,074,205
CSOP Asset Management Limited — CSOP FTSE China A50ETF (南方東英資產管理有限公司—南方富時中國A50ETF)	30,216,128	RMB ordinary shares	30,216,128
China Resources SZITIC Trust Co., Ltd.* — Runjin No.17Assembled Funds Trust Plan (華潤深國投信託有限公司 — 潤金71號集合資金信託計畫)	26,966,046	RMB ordinary shares	26,966,046
Wuhan Spring and Harmony Property Management Co., Ltd. (武漢春天和諧物業管理有限公司)	25,658,718	RMB ordinary shares	25,658,718

* For identification purpose only

Explanations of the connected relationship or concerted action among the above shareholders

The Company has no information on whether there is any connected relationship among the above shareholders or whether such shareholders are parties acting in concert.

Explanation of shareholders of preference shares with restored voting rights and number of shares they held

Not applicable.

Number of shares held by the top ten shareholders subject to trading moratorium and particulars of such trading moratorium:

The restriction of the restricted shares of National Council for Social Security Fund was cancelled on 10 March 2014. At present, the Company has no share subject to trading moratorium.

Changes in Shares and Particulars of Shareholders (continued)

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

So far as the directors of the Company are aware, as at 30 June 2014, the persons other than directors, supervisors or chief executive of the Company who had interests and short positions in the shares or underlying shares of the Company which are recorded in the register of the Company required to be kept under Section 336 of Part XV of the SFO were as follows:

Name of substantial shareholder	Class of shares	Capacity	Number of shares held ^{Note 1}	Percentage of issued share capital of the relevant class of shares	Percentage of total issued share capital
CRCCG	A shares	Beneficial owner	7,566,245,500	73.74%	61.33%
National Council for Social Security Fund	H shares	Beneficial owner	188,754,500(L)	9.09%	1.53%
	A shares	Beneficial owner	245,000,000	2.39%	1.98%
BlackRock, Inc. ^{Note 2}	H shares	Interest of corporation controlled by the substantial shareholder	173,879,769(L)	8.37%	1.41%
		Interest of corporation controlled by the substantial shareholder	404,000(S)	0.02%	0.003%
JPMorgan Chase & Co. ^{Note 3}	H shares	Beneficial owner, investment manager, trustee (other than a bare trustee) and custodian-corporation/ approved lending agent	148,045,829(L)	7.13%	1.20%
		Beneficial owner	24,084,657(S)	1.16%	0.20%
		Custodian-corporation/ approved lending agent	109,636,617(P)	5.28%	0.89%
Plowden, Charles ^{Note 4}	H shares	Interest of corporation controlled by the substantial shareholder	105,064,500(L)	5.06%	0.85%

Note 1. L - long position; S - short position; P- lending pool

Note 2. As at 30 June 2014, BlackRock, Inc. held long positions in 173,879,769 H shares and short positions in 404,000 H shares of the Company through certain corporations under its control.

Note 3. As at 30 June 2014, JPMorgan Chase & Co., including through certain corporations under its control, held long positions in 148,045,829 H shares and short positions in 24,084,657 H shares of the Company.

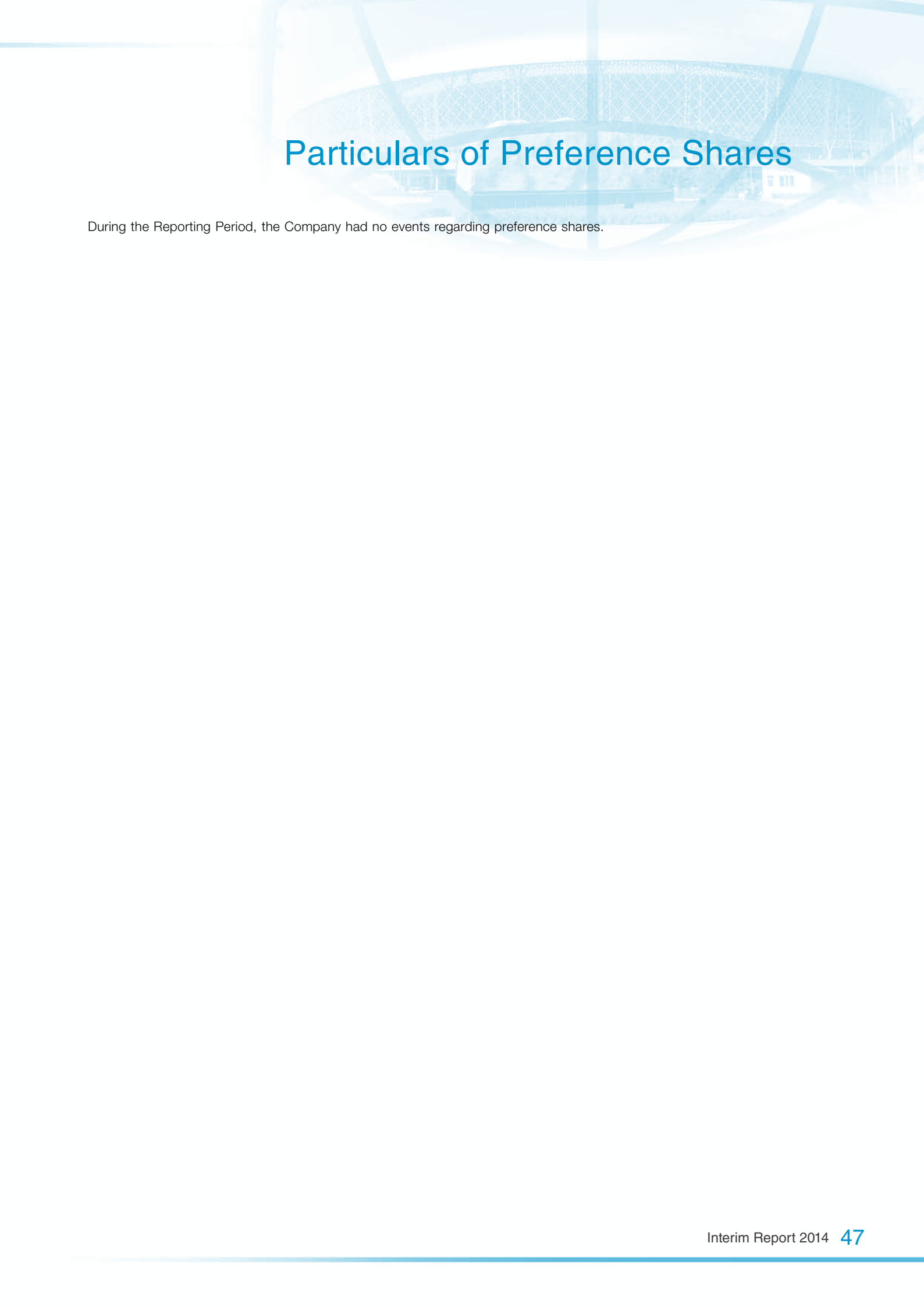
Note 4. As at 30 June 2014, Charles Plowden held long positions in 105,064,500 H shares of the Company through certain corporations under its control.

(IV) *Top ten shareholders from strategic investors or general legal persons participating in the placing of the new shares*

Not applicable.

(V) *Changes in Controlling Shareholder and de facto controller*

During the Reporting Period, there was no change in the Controlling Shareholder or de facto controller.



Particulars of Preference Shares

During the Reporting Period, the Company had no events regarding preference shares.

Directors, Supervisors and Senior Management

I. CHANGES IN SHAREHOLDING

(I) *Changes in shareholding of current and resigned directors, supervisors and senior management during the Reporting Period*

During the Reporting Period, there was no change in shareholding in directors, supervisors and senior management.

(II) *Share incentives granted to the directors, supervisors and senior management during the Reporting Period*

Not applicable.

(III) *Directors', supervisors' and senior management's interests in the securities of the Company*

As at the end of the Reporting Period, none of the directors, supervisors or members of senior management held any shares of the Company, nor were they granted any share options or restricted shares of the Company.

As at the end of the Reporting Period, none of the directors, supervisors and chief executive of the Company and their respective associates had any interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which are (a) required to be recorded in the register kept by the Company pursuant to Section 352 of the SFO; or (b) required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers under the Appendix X of the Listing Rules.

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

Name	Position	Change	Reason for the change
WANG Xiuming	CFO	Appointed	Appointed by the Board
ZHUANG Shangbiao	Vice President and Chief Legal Adviser, previously served as CFO	Dismissed from CFO	Dismissed by the Board

On 29 April 2014, the Company convened the 32nd meeting of the second session of the Board, during which the Proposal in Relation to the Appointment and Dismissal of CFO of the Company was considered and approved. The Board agreed to appoint Mr. WANG Xiuming as CFO of the Company, effective from the date of consideration and approval by the Board to 31 May 2014 (same with the existing senior management). Mr. ZHUANG Shangbiao will cease to be CFO of the Company. For details, please refer to relevant announcements dated 30 April 2014, respectively, as published by the Company on China Securities Journal, Shanghai Securities News, Securities Daily, Securities Times and the website of the Shanghai Stock Exchange (www.sse.com.cn), the website of the Hong Kong Stock Exchange (www.hkex.com.hk) and the website of the Company (www.crcc.com.cn).

As confirmed by the directors of the second session of the Board and the supervisors of the second session of the Supervisory Committee of the Company, save as disclosed above, there was no change in other directors, supervisors and senior management of the Company and their biographies since the disclosure in the 2013 annual report of the Company.

III. CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

The Company has adopted a code of conduct regarding securities transactions by the directors, supervisors and relevant employees (the "Required Standard") on terms no less exacting than the required standard of dealings set out in the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix 10 to the Hong Kong Listing Rules. After specific enquiries with all directors and supervisors of the Company, the Company confirmed that the Required Standard had been complied with during the Reporting Period.

Report on Review of Interim Financial Statements

Ernst & Young Hua Ming (2014) Zhuan Zi No. 60618770_A06

To the shareholders of China Railway Construction Corporation Limited

We have reviewed the accompanying financial statements of China Railway Construction Corporation Limited (the "Company"), which comprise the consolidated and the Company's balance sheets as at 30 June 2014, and the consolidated and the Company's income statements, statements of changes in equity and cash flow statements for the six months then ended, and notes to the financial statements (hereinafter collectively referred to as the "Interim Financial Statements"). The Interim Financial Statements were prepared in accordance with the requirements of Accounting Standards for Business Enterprises No. 32 Interim Financial Reporting ("ASBE 32") issued by the Ministry of Finance of the People's Republic of China, and the preparation of the Interim Financial Statements is the responsibility of the Company's management. Our responsibility is to express a conclusion on these Interim Financial Statements based on our review.

We conducted our review in accordance with China Standard on Review No.2101 Engagements to Review Financial Statements. This Standard requires us to plan and perform the review to obtain limited assurance about whether the Interim Financial Statements are free from material misstatement. A review is limited primarily to inquiries of the company personnel and analytical review procedures applied to the financial information and thus provides less assurance than an audit. We have not performed an audit, and therefore we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the Interim Financial Statements are not prepared in accordance with the requirements of ASBE 32, and cannot present fairly, in all material respects, the consolidated and the Company's financial position, operating performance and cash flows.

Ernst & Young Hua Ming LLP

Yang Shujuan

Chinese Certified Public Accountant

Shen Yan

Chinese Certified Public Accountant

Beijing, the People's Republic of China 29 August 2014

Consolidated Balance Sheet

As at 30 June 2014

(All amounts in RMB'000 unless otherwise stated)

ASSETS	Note V	30 June 2014 (Unaudited)	31 December 2013
Current assets			
Cash and bank balances	1	93,585,349	93,433,837
Financial assets at fair value through profit or loss	2	270,183	123,161
Bills receivable	3	2,222,216	3,466,399
Accounts receivable	4	89,458,854	87,797,722
Advances to suppliers	5	35,742,957	32,529,418
Interest receivables		238,207	213,195
Dividends receivable		10,808	5,951
Other receivables	6	32,437,604	30,980,916
Inventories	7	218,993,284	201,636,822
Current portion of non-current assets	9	16,923,870	20,407,440
Other current assets		570,810	466,539
Total current assets		490,454,142	471,061,400
Non-current assets			
Available-for-sale financial assets	8	229,322	222,097
Held-to-maturity investments		1,245	1,269
Long-term receivables	9	23,142,909	19,898,598
Long-term equity investments	11	5,735,447	5,674,186
Fixed assets	12	39,927,826	40,515,332
Construction in progress	13	3,412,393	2,648,696
Intangible assets	14	13,045,547	10,630,583
Goodwill	15	100,145	100,487
Long-term prepayments		239,839	191,384
Deferred tax assets	16	1,821,436	1,961,435
Other non-current assets		97,250	113,129
Total non-current assets		87,753,359	81,957,196
TOTAL ASSETS		578,207,501	553,018,596

Consolidated Balance Sheet (continued)

As at 30 June 2014

(All amounts in RMB'000 unless otherwise stated)

LIABILITIES AND EQUITY	Note V	30 June 2014 (Unaudited)	31 December 2013
Current liabilities			
Short-term loans	19	53,633,314	47,062,143
Due to customers	20	380,216	437,821
Bills payable	21	22,135,138	22,824,023
Accounts payable	22	172,999,832	177,791,775
Advances from customers	23	68,198,258	66,225,429
Employee benefits payable	24	6,699,828	6,242,209
Taxes payable	25	6,889,622	8,422,348
Interest payables	26	846,749	644,557
Dividends payable	27	1,758,533	105,692
Other payables	28	41,143,014	39,836,680
Current portion of non-current liabilities	30	15,426,540	12,623,491
Other current liabilities	31	4,588,745	8,689,636
Total current liabilities		394,699,789	390,905,804
Non-current liabilities			
Long-term loans	32	58,038,215	41,796,520
Bonds payable	33	30,800,285	29,888,586
Long-term payables	34	3,372,021	3,570,862
Long-term employee benefits payable	35	2,252,381	2,441,550
Special payables	36	397,964	320,015
Provision	29	3,990	3,887
Deferred tax liabilities	16	142,438	83,392
Other non-current liabilities	37	170,543	183,264
Total non-current liabilities		95,177,837	78,288,076
Total liabilities		489,877,626	469,193,880
Shareholders' equity			
Share capital	38	12,337,542	12,337,542
Capital reserve	39	33,541,709	33,573,938
Surplus reserve	41	1,491,897	1,491,897
Retained earnings	42	36,611,512	33,232,451
Foreign currency translation reserve		250,562	351,066
Equity attributable to: Owners of the Company		84,233,222	80,986,894
Non-controlling interests		4,096,653	2,837,822
Total shareholders' equity		88,329,875	83,824,716
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		578,207,501	553,018,596

The financial statements have been signed by:

Legal Representative:
Meng Fengchao
29 August 2014

CFO:
Wang Xiuming
29 August 2014

Financial Controller:
Cao Xirui
29 August 2014

Consolidated Income Statement

30 June 2014

(All amounts in RMB'000 unless otherwise stated)

		For the six months ended 30 June	
	Note V	2014 (Unaudited)	2013 (Unaudited)
Revenue	43	261,693,635	236,037,623
Less: Cost of sales	43	235,175,637	212,333,969
Taxes and surcharges	44	7,649,821	6,667,558
Selling and distribution expenses	45	1,271,021	995,624
General and administrative expenses	46	8,766,903	8,776,690
Finance costs	47	2,374,832	1,620,634
Losses from impairment of assets	48	199,607	13,201
Add: (Losses)/gains on fair value changes	49	(11,266)	12,724
Investment (losses)/income	50	(5,418)	11,638
Including: Share of (losses)/profits of associates and jointly-controlled entities		(27,867)	5,645
Operating profit		6,239,130	5,654,309
Add: Non-operating income	51	386,356	279,102
Less: Non-operating expenses	52	126,587	49,193
Including: Loss on disposal of non-current assets		60,200	6,729
Profit before tax	53	6,498,899	5,884,218
Less: Income tax expenses	54	1,453,638	1,089,261
Net profit		5,045,261	4,794,957
Attributable to:			
Owners of the Company		4,982,941	4,755,435
Non-controlling interests		62,320	39,522
Earnings per share:			
Basic earnings per share (RMB/share)	55	0.40	0.39
Diluted earnings per share (RMB/share)	55	N/A	N/A
Other comprehensive income/(loss)			
Other comprehensive income not to be reclassified to profit or loss in subsequent periods			
Remeasurement of defined benefit obligation, net of tax		(42,417)	20,712
Other comprehensive income to be reclassified to profit or loss in subsequent periods			
(Losses)/gains from changes in fair value of available-for-sale financial assets, net of tax		6,203	(30,658)
Share of other comprehensive income of associates		973	—
Exchange differences on translation of foreign operations		(100,504)	64,953
Other comprehensive loss/(income), net of tax	56	(135,745)	55,007
Total comprehensive income/(loss)		4,909,516	4,849,964
Attributable to:			
Owners of the Company		4,847,196	4,810,442
Non-controlling interests		62,320	39,522

Consolidated Statement of Changes in Equity

For the six months ended 30 June 2014

(All amounts in RMB'000 unless otherwise stated)

	For the six months ended 30 June 2014 (Unaudited)								
	Equity attributable to owners of the Company								Total equity
	Share capital	Capital reserve	Special reserve	Surplus reserve	Retained earnings	Foreign currency translation reserve	Subtotal	Non-controlling interests	
1. As at 1 January 2014	12,337,542	33,573,938	—	1,491,897	33,232,451	351,066	80,986,894	2,837,822	83,824,716
2. Increase/(decrease) during the period									
(a) Net profit for the period	—	—	—	—	4,982,941	—	4,982,941	62,320	5,045,261
(b) Other comprehensive loss (Note V.53)	—	(35,241)	—	—	—	(100,504)	(135,745)	—	(135,745)
Total comprehensive (loss)/income	—	(35,241)	—	—	4,982,941	(100,504)	4,847,196	62,320	4,909,516
(c) Capital contributions and withdrawals by shareholders									
(1) Capital contributions	—	—	—	—	—	—	—	1,322,865	1,322,865
(d) Profit appropriation and distribution									
(1) Distribution to owners (Note 1)	—	—	—	—	(1,603,880)	—	(1,603,880)	(126,354)	(1,730,234)
(e) Special reserve (Note V.38)									
(1) Appropriated in the current year	—	—	2,897,668	—	—	—	2,897,668	—	2,897,668
(2) Used in the current year	—	—	(2,897,668)	—	—	—	(2,897,668)	—	(2,897,668)
(f) Others									
(1) Others	—	3,012	—	—	—	—	3,012	—	3,012
3. As at 30 June 2014	12,337,542	33,541,709	—	1,491,897	36,611,512	250,562	84,233,222	4,096,653	88,329,875

Note 1: In accordance with the resolution at the 2013 annual general meeting of shareholders on 18 June 2014, the Company declared a final cash dividend for the year ended 31 December 2013 of RMB0.13 per share (31 December 2012: RMB0.11), which amounted to RMB1,603,880,000 (31 December 2012: RMB1,357,130,000) based on the 12,337,541,500 ordinary shares in issue.

Consolidated Statement of Changes in Equity (continued)

For the six months ended 30 June 2014

(All amounts in RMB'000 unless otherwise stated)

For the six months ended 30 June 2013 (Unaudited)									
Equity attributable to owners of the Company									
	Share capital	Capital reserve	Special reserve	Surplus reserve	Retained earnings	Foreign currency translation reserve	Subtotal	Non-controlling interests	Total equity
1. As at 1 January 2013	12,337,542	33,527,795	—	1,217,159	24,519,661	238,762	71,840,919	1,365,640	73,206,559
2. Increase/(decrease) during the period									
(a) Net profit for the period	—	—	—	—	4,755,435	—	4,755,435	39,522	4,794,957
(b) Other comprehensive (loss)/income (Note V.53)	—	(9,946)	—	—	—	64,953	55,007	—	55,007
Total comprehensive (loss)/income	—	(9,946)	—	—	4,755,435	64,953	4,810,442	39,522	4,849,964
(c) Capital contributions and withdraws by shareholders									
(1) Capital contributions	—	—	—	—	—	—	—	91,155	91,155
(2) Acquisition of non-controlling interests	—	(28,209)	—	—	—	—	(28,209)	(30,370)	(58,579)
(d) Profit appropriation and distribution									
(1) Distribution to owners	—	—	—	—	(1,357,130)	—	(1,357,130)	(12,010)	(1,369,140)
(e) Special reserve (Note V.38)									
(1) Appropriated in the current period	—	—	2,511,589	—	—	—	2,511,589	—	2,511,589
(2) Used in the current period	—	—	(2,511,589)	—	—	—	(2,511,589)	—	(2,511,589)
3. As at 30 June 2013	12,337,542	33,489,640	—	1,217,159	27,917,966	303,715	75,266,022	1,453,937	76,719,959

Consolidated Statement of Cash Flows

For the six months ended 30 June 2014
(All amounts in RMB'000 unless otherwise stated)

	Note V	For the six months ended 30 June	
		2014 (Unaudited)	2013 (Unaudited)
1. CASH FLOWS USED IN OPERATING ACTIVITIES			
Cash received from the sale of goods or rendering of services		255,698,341	239,244,978
Refunds of tax		72,739	152,948
Cash received from other operating activities	57	1,018,019	1,009,151
Subtotal of cash inflows from operating activities		256,789,099	240,407,077
Cash paid for goods and services		(239,188,738)	(219,425,833)
Net decrease in amounts due to customers		(57,605)	(1,189,401)
Increase in amounts due from the central bank		(905,027)	—
Cash paid to and on behalf of employees		(16,002,109)	(16,495,833)
Cash paid for all types of taxes		(10,670,065)	(9,348,983)
Cash paid for other operating activities	57	(1,998,618)	(3,713,537)
Subtotal of cash outflows from operating activities		(268,822,162)	(250,173,587)
Net cash flows used in operating activities	58	(12,033,063)	(9,766,510)
2. CASH FLOWS USED IN INVESTING ACTIVITIES			
Cash received from disposal of investments		22,009	2,600
Cash received from investment income		18,424	18,837
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		665,724	437,109
Increase in pledged time deposits and other restricted cash		1,136,814	2,406,990
Cash received from other investing activities		1,663,895	1,096,660
Subtotal of cash inflows from investing activities		3,506,866	3,962,196
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		(9,027,190)	(8,227,340)
Cash paid for acquisition of investments		(300,069)	(227,846)
Cash paid for acquisition of non-controlling interests		—	(58,579)
Cash paid for other investing activities		(925,000)	(4,000,000)
Subtotal of cash outflows from investing activities		(10,252,259)	(12,513,765)
Net cash flows used in investing activities		(6,745,393)	(8,551,569)

Consolidated Statement of Cash Flows (continued)

For the six months ended 30 June 2014

(All amounts in RMB'000 unless otherwise stated)

	Note V	For the six months ended 30 June	
		2014 (Unaudited)	2013 (Unaudited)
3. CASH FLOWS FROM FINANCING ACTIVITIES			
Cash received as capital contributions		1,322,865	91,155
Including: Cash received from non-controlling shareholders of subsidiaries		1,322,865	91,155
Cash received from borrowings		63,634,603	40,543,135
Cash received from issuing bonds		5,350,000	18,942,960
Subtotal of cash inflows from financing activities		70,307,468	59,577,250
Cash repayments for borrowings		(46,995,377)	(32,015,866)
Cash paid for distribution of dividends or profits and for interest expenses		(4,162,347)	(2,784,910)
Including: Cash paid to non-controlling shareholders for distribution of dividends by subsidiaries		(77,393)	(2,579)
Subtotal of cash outflows from financing activities		(51,157,724)	(34,800,776)
Net cash flows from financing activities		19,149,744	24,776,474
4. EFFECT OF CHANGES IN EXCHANGE RATES ON CASH AND CASH EQUIVALENTS		12,011	(163,977)
5. NET INCREASE IN CASH AND CASH EQUIVALENTS	58	383,299	6,294,418
Add: Cash and cash equivalents at beginning of the period		79,783,453	82,346,225
6. CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	58	80,166,752	88,640,643

Balance Sheet

30 June 2014

(All amounts in RMB'000 unless otherwise stated)

ASSETS	Note XI	30 June 2014 (Unaudited)	31 December 2013
Current assets			
Cash and bank balances		8,598,910	5,135,065
Financial assets at fair value through profit or loss		19,806	38,359
Accounts receivable	1	407,299	—
Advances to suppliers		508,699	696,192
Dividends receivable		1,007,018	109,577
Other receivables	2	37,458,941	37,275,074
Inventories		2,714,530	2,611,219
Current portion of non-current assets		—	500,000
Total current assets		50,715,203	46,365,486
Non-current assets			
Available-for-sale financial assets		97,905	96,896
Long-term receivables		1,325,478	574,772
Long-term equity investments	3	67,677,065	66,872,585
Fixed assets		31,122	25,293
Construction in progress		24,799	22,835
Intangible assets		4,505	4,776
Deferred tax assets		11,996	11,909
Total non-current assets		69,172,870	67,609,066
TOTAL ASSETS		119,888,073	113,974,552

Balance Sheet (continued)

30 June 2014

(All amounts in RMB'000 unless otherwise stated)

LIABILITIES AND EQUITY	Note XI	30 June 2014 (Unaudited)	31 December 2013
Current liabilities:			
Short-term loans		369,168	868,876
Accounts payable		985,559	811,366
Advances from customers		3,608,191	3,612,840
Employee benefits payable		56,591	40,593
Taxes payable		94,664	97,989
Interest payables		517,362	463,008
Dividends payable		1,603,880	—
Other payables		11,376,817	9,978,486
Current portion of non-current liabilities		2,064,387	3,696,201
Other current liabilities		3,548,281	8,666,277
Total current liabilities		24,224,900	28,235,636
Non-current liabilities:			
Long-term loans		11,293,764	3,382,870
Bonds payable		22,373,446	22,358,185
Long-term payables		1,640,000	905,000
Long-term employee benefits payable		20,950	20,950
Total non-current liabilities		35,328,160	26,667,005
Total liabilities		59,553,060	54,902,641
Shareholders' equity			
Share capital		12,337,542	12,337,542
Capital reserve		38,982,658	38,981,901
Surplus reserve		1,491,897	1,491,897
Retained earnings		7,522,916	6,260,571
Total shareholders' equity		60,335,013	59,071,911
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		119,888,073	113,974,552

Income Statement

For the six months ended 30 June 2014
(All amounts in RMB'000 unless otherwise stated)

		For the six months ended 30 June	
		2014	2013
		(Unaudited)	(Unaudited)
Revenue	4	1,194,393	255,335
Less: Cost of sales	4	1,158,171	247,384
Taxes and surcharges		1,438	836
Selling and distribution expenses		1,712	1,166
General and administrative expenses		127,053	134,125
Finance income		302,838	69,275
Add: (Losses)/gains on fair value changes		(6,732)	207
Investment income	5	3,151,500	2,866,753
Including: Share of (losses)/profits of jointly-controlled entities		(4,480)	1,370
Operating profit		2,747,944	2,669,509
Add: Non-operating income		118,009	1,000
Less: Non-operating expenses		66	420
Including: Loss on disposal of non-current assets		66	348
Profit before tax		2,865,887	2,670,089
Less: Income tax (profits)/expenses		(338)	1,539
Net profit		2,866,225	2,668,550
Other comprehensive income/(loss)			
Gains/(losses) from changes in fair value of available-for-sale financial assets, net of tax		757	(16,465)
Other comprehensive income/(loss), net of tax		757	(16,465)
Total comprehensive income		2,866,982	2,652,085

Statement of Changes in Equity

For the six months ended 30 June 2014

(All amounts in RMB'000 unless otherwise stated)

	For the six months ended 30 June 2014 (Unaudited)				
	Share capital	Capital reserve	Surplus reserve	Retained earnings	Total equity
1. As at 1 January 2014	12,337,542	38,981,901	1,491,897	6,260,571	59,071,911
2. Increase/(decrease) during the period					
(a) Net profit for the period	—	—	—	2,866,225	2,866,225
(b) Other comprehensive income	—	757	—	—	757
Total comprehensive income	—	757	—	2,866,225	2,866,982
(c) Profit appropriation and distribution					
(1) Distribution to owners (Note)	—	—	—	(1,603,880)	(1,603,880)
3. As at 30 June 2014	12,337,542	38,982,658	1,491,897	7,522,916	60,335,013

Note: Further details are stated in the note to the consolidated statement of changes in equity.

	For the six months ended 30 June 2013 (Unaudited)				
	Share capital	Capital reserve	Surplus reserve	Retained earnings	Total equity
1. As at 1 January 2013	12,337,542	39,000,514	1,217,159	5,145,063	57,700,278
2. Increase/(decrease) during the period					
(a) Net profit for the period	—	—	—	2,668,550	2,668,550
(b) Other comprehensive loss	—	(16,465)	—	—	(16,465)
Total comprehensive (loss)/income	—	(16,465)	—	2,668,550	2,652,085
(c) Profit appropriation and distribution					
(1) Distribution to owners	—	—	—	(1,357,130)	(1,357,130)
3. As at 30 June 2013	12,337,542	38,984,049	1,217,159	6,456,483	58,995,233

Statement of Cash Flows

For the six months ended 30 June 2014
(All amounts in RMB'000 unless otherwise stated)

	Note XI	For the six months ended 30 June	
		2014 (Unaudited)	2013 (Unaudited)
1. CASH FLOWS FROM(USED IN) OPERATING ACTIVITIES			
Cash received from the sale of goods or rendering of services		1,184,380	1,678,509
Cash received from other operating activities		1,744,172	2,309,229
Subtotal of cash inflows from operating activities		2,928,552	3,987,738
Cash paid for goods and services		(778,570)	(604,390)
Cash paid to and on behalf of employees		(69,512)	(46,147)
Cash paid for all types of taxes		(11,592)	(8,726)
Cash paid for other operating activities		(552,561)	(3,766,157)
Subtotal of cash outflows from operating activities		(1,412,235)	(4,425,420)
Net cash flows from/(used in) operating activities	6	1,516,317	(437,682)
2. CASH FLOWS FROM INVESTING ACTIVITIES			
Cash received from returns of investments		11,820	—
Cash received from returns on investments		2,249,580	2,774,556
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		118	437
Cash received from other investing activities		1,852,766	1,666,028
Subtotal of cash inflows from investing activities		4,114,284	4,441,021
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		(13,452)	(4,788)
Cash paid for acquisition of investments		(800,000)	(70,000)
Cash paid for other investing activities		(1,115,000)	(1,000,000)
Subtotal of cash outflows from investing activities		(1,928,452)	(1,074,788)
Net cash flows from investing activities		2,185,832	3,366,233

Statement of Cash Flows (continued)

For the six months ended 30 June 2014

(All amounts in RMB'000 unless otherwise stated)

	Note XI	For the six months ended 30 June	
		2014 (Unaudited)	2013 (Unaudited)
3 CASH FLOWS (USED IN)/FROM FINANCING ACTIVITIES			
Cash received from borrowings		8,321,498	556,083
Cash received from issuing bonds		3,500,000	12,500,000
Subtotal of cash inflows from financing activities		11,821,498	13,056,083
Cash repayments for borrowings		(11,058,793)	(4,183,669)
Cash paid for distribution of dividends or profits and for interest expenses		(1,030,540)	(189,828)
Cash paid for other financing activities		—	(11,250)
Subtotal of cash outflows from financing activities		(12,089,333)	(4,384,747)
Net cash flows (used in)/from financing activities		(267,835)	8,671,336
4. EFFECT OF CHANGES IN EXCHANGE RATES ON CASH AND CASH EQUIVALENTS		29,531	(7,026)
5. NET INCREASE IN CASH AND CASH EQUIVALENTS		3,463,845	11,592,861
Add: Cash and cash equivalents at beginning of the period		5,123,065	10,084,836
6. CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	6	8,586,910	21,677,697

Notes to Financial Statements

30 June 2014

(All amounts in RMB'000 unless otherwise stated)

I. CORPORATE INFORMATION

China Railway Construction Corporation Limited (the "Company") is a joint stock company with limited liability registered in Beijing in the People's Republic of China (the "PRC" or "Mainland China"), which was established by China Railway Construction Corporation (hereinafter referred to as "CRCCG") upon the approval by the State-owned Assets Supervision and Administration Commission of the State Council (the "SASAC") of Guozi Reform [2007] 878 Approval for CRCCG's Group Restructuring and Dual Listing in Domestic and Overseas Markets, issued on 17 August 2007, and Guozi Reform [2007] 1218 Approval for the Establishment of China Railway Construction Corporation Limited issued on 4 November 2007. The Company's registration was approved by the Administration for Industry and Commerce of Beijing with the business license code of 100000000041302. The registered address of the Company's head office is East, No. 40 Fuxing Road, Haidian District, Beijing, China. The principal activities of the Company and its subsidiaries (collectively referred to as the "Group") mainly consist of the construction of infrastructure, the provision of survey, design and consultancy services, the provision of logistics services, industrial manufacturing and real estate development.

Pursuant to the restructuring, the net assets of CRCCG's principal businesses (including the assets and liabilities associated with its construction operations, survey, design and consultancy operations, manufacturing operations, logistics and real estate development operations) that are to be injected into the Company were valued by a PRC independent qualified asset valuer at the base date of 31 December 2006. According to the asset valuation report issued by DeveChina International Appraisal Co., Ltd., the value of the restructuring net assets was RMB9,498,744,300. SASAC authorized the Company to issue 8,000,000,000 shares to CRCCG for 84.22165865% of the amount of the valued net assets, with all the then remaining amount of RMB1,498,744,300 dealt with in the capital reserve of the Company.

The Company was registered in Beijing, the PRC, on 5 November 2007 with total share capital of RMB8,000,000,000, representing 8,000,000,000 shares of RMB1 each.

During the period from 25 February to 26 February 2008, the Company issued 2,450 million A Shares through The Shanghai Stock Exchange (the "SSE") at RMB9.08 per A Share with the nominal value of RMB1.00 each, which raised total gross proceeds, before listing expenses, of RMB22.2 billion. The A Shares were listed on the SSE on 10 March 2008.

During the period from 29 February to 5 March 2008, the Company issued 1,706 million H Shares through the Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") at HK\$10.70 per H Share with a nominal value of RMB1.00 each, which raised total gross proceeds, before listing expenses, of HK\$18.3 billion. The H Shares were listed on the Main Board of the Hong Kong Stock Exchange on 13 March 2008. CRCCG converted its 170,600,000 state legal person shares of the Company into H Shares and transferred the shares to the National Council for Social Security Fund ("NSSF") of the PRC on the same day.

On 8 April 2008, the over-allotment option of H Shares was exercised in part and an additional 181,541,500 H Shares were issued at HK\$10.70 each, which were listed on the Main Board of the Hong Kong Stock Exchange on the same day. The gross proceeds from the issuance of these H Shares, before listing expenses, amounted to HK\$1.9 billion. On 8 April 2008, CRCCG converted 18,154,500 state legal person shares of the Company into H Shares and transferred the shares to the NSSF.

On 22 September 2009, CRCCG converted 245,000,000 state legal person shares of the Company into A Shares and transferred the shares to the NSSF.

As at 30 June 2014, the Company has issued an aggregate of 12,337,541,500 shares as share capital. See Note V.38 for details.

The Company's business scope is: construction of railways, highways, metropolitan railways, airports, ports, tunnels, bridges, water conservancy and hydropower facilities, post and telecommunication facilities, mining facilities; lumbering; industrial and civil construction for municipal projects, provision of survey, design and consultancy services for the installation of circuitry, pipelines and equipment and general construction contracting of the installation; overseas and domestic construction contracting; construction contracting of prevention and control of geologic disasters; provision of construction project management services, manufacture and installation of industrial equipment; real estate development; wholesale and retail sales of automobiles, ferrous metal, timber, cement, fuel, construction materials, chemical products, mechanical and electrical products, armored concrete products and special railway equipment; provision of storage services; provision of rental services of machinery and construction equipment; provision of renovation and interior decoration services; import and export; and provision of consulting and technical services related to the above businesses.

The Group's parent and ultimate holding company is CRCCG, a company registered in the PRC.

These financial statements were approved and authorized for issue by the board of directors of the Company on 29 August 2014.

Notes to Financial Statements (continued)

30 June 2014

(All amounts in RMB'000 unless otherwise stated)

II. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

1. Basis of preparation

The financial statements have been prepared in accordance with the *Accounting Standards for Business Enterprises - Basic Standard* and 38 specific standards, and the implementation guidance, interpretations and other relevant provisions issued subsequently by the Ministry of Finance (collectively referred to as *Accounting Standards for Business Enterprises*).

The Interim Financial Statements have been prepared in accordance with the *Accounting Standard for Business Enterprises No. 32 Interim Financial Reporting* issued by the Ministry of Finance, and do not include all the information and disclosures required in the annual financial statements. Therefore, the Interim Financial Statements should be read in conjunction with the Group's annual financial statements as at 31 December 2013.

The financial statements have been presented on a going concern basis.

2. Adoption of new and revised Accounting Standards

The Ministry of Finance issued *Accounting Standard for Business Enterprises No.39 Fair Value Measurement*, *Accounting Standard for Business Enterprises No.40 Joint Arrangements* and revised *Accounting Standard for Business Enterprises No.30 Presentation of Financial Statements*, *Accounting Standard for Business Enterprises No.9 Employee Benefits*, *Accounting Standard for Business Enterprises No.33 Consolidated Financial Statements* and *Accounting Standard for Business Enterprises No.2 Long-term Equity Investment* from January to March 2014. The above six accounting standards will be effective from 1 July 2014, and entities listed overseas are encouraged to adopt the above six accounting in advance. As an overseas listed company, the Company has adopted the above six accounting standards for the prior year and the current period's financial statements in accordance with the regulations and also made retroactive adjustments to the data of the comparative period.

The Ministry of Finance issued *Accounting Standard for Business Enterprises No.41 the Disclosure of the Interests in Other Entities* from March to July 2014. This standard will be effective from 1 July 2014, and entities listed overseas are encouraged to adopt Accounting Standards for Business Enterprises in advance. As an overseas listed company, the Company has adopted Accounting Standards for Business Enterprises for the current period's financial statements in accordance with the regulations and also made relevant retrospective adjustments. The adoption of the accounting policy has not had any significant impact on the financial statements of the company.

3. Statement of compliance with Accounting Standards for Business Enterprises

The financial statements present fairly and fully the financial position of the Group and the Company as at 30 June 2014 and the financial performance and the cash flows of the Group and the Company for the year then ended in accordance with *Accounting Standards for Business Enterprises*.

4. Accounting period

The accounting year of the Group is from 1 January to 31 December of each calendar year. Only the interim financial statements are prepared for the six months ended 30 June 2014.

5. Functional currency

The Group's reporting and presentation currency is Renminbi ("RMB"). Unless otherwise stated, all values are rounded to the nearest thousand.

The overseas subsidiaries, jointly-controlled entities and associates of the Group may determine their own functional currencies based on their specific economic environments. In preparation of the financial statements, their functional currencies shall be translated into RMB.

Notes to Financial Statements (continued)

30 June 2014

(All amounts in RMB'000 unless otherwise stated)

II. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

6. Business combinations

A business combination is a transaction or event that brings together two or more separate entities into one reporting entity. Business combinations are classified into business combinations involving entities under common control and business combinations not involving entities under common control.

Business combinations involving entities under common control

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

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

Business combinations involving entities not under common control

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

The acquirer shall measure the acquiree's identifiable assets, liabilities and contingent liabilities acquired in the business combination at their fair values on the acquisition date.

Goodwill is measured at cost being the excess of the aggregate of the fair value of the consideration transferred (or the fair value of the equity securities issued) and any fair value of the acquirer's previously held equity interest in the acquiree over the acquirer's interest in the fair value of the acquiree's net identifiable assets. After recognition, goodwill is subsequently measured at cost less any accumulated impairment losses. If the sum of this consideration and other items mentioned above is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognized in profit or loss for the current period.

7. Basis of consolidation

The consolidation scope of the consolidated financial statements is determined on the basis of control, including the financial statements of the Company and its subsidiaries for the period ended 30 June 2014. A subsidiary is an entity that is controlled by the Company (including an enterprise, divided part of an investee and a structured entity that is controlled by the Company).

The financial statements of the subsidiaries are prepared for the same reporting period as the Company using consistent accounting policies. All intra-group balances, transactions, unrealized gains and losses resulting from intra-group balances, transactions, unrealized gains and losses and dividends are eliminated on consolidation in full.

Where the amount of losses of a subsidiary attributable to the non-controlling shareholders exceeds their share of the opening balance of owners' equity of the subsidiary, the excess shall be allocated against non-controlling interests.

For subsidiaries acquired through business combinations not involving entities under common control, the operating results and cash flows of the acquiree shall be included in the consolidated financial statements, from the date on which the Group gains control, until the Group ceases the control of it. While preparing the consolidated financial statements, the acquirer shall adjust the subsidiary's financial statements, on the basis of the fair values of the identifiable assets, liabilities and contingent liabilities recognized on the acquisition date.

Notes to Financial Statements (continued)

30 June 2014

(All amounts in RMB'000 unless otherwise stated)

II. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

7. Basis of consolidation (continued)

For subsidiaries acquired through business combinations involving entities under common control, the operating results and cash flows of the acquiree shall be included in the consolidated financial statements from the beginning of the period in which the combination occurs. While preparing the prior period financial statements, adjustments are made to related items in the financial statements for the prior period as if the reporting entity established through combination had existed since the ultimate controlling party begins to exercise control.

The Group shall reassess whether it controls an investee if facts and circumstances indicate that there are changes to one or more of elements of control.

Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary are equity transactions.

If the disposal of the equity investment of a subsidiary is realized through multiple transactions until loss of control and is a package deal, the accounting treatment of these transactions should be dealt with as one transaction of disposal of the subsidiary until loss of control. However, before the Company loses total control of the subsidiary, the differences between the actual disposal price and the share of the net assets of the subsidiary disposed of in every transaction should be recognized as other comprehensive income in the consolidated financial statements, and transferred to profit or loss when losing control.

If the disposal of the equity investment of a subsidiary is realized through multiple transactions until loss of control but is not a package deal, each transaction should be dealt with, depending on whether the transaction is related to the loss of control of the subsidiary. For the transactions that do not lead to loss of control of the subsidiary, changes in non-controlling interests should be dealt with by the equity method. For the transactions that lead to loss of control of the subsidiary, the remaining equity should be remeasured at fair value on the date of loss of control. The difference between the total amount of disposal consideration and the remaining equity measured at fair value and the share of net assets of the subsidiary, calculating by original ownership continued, since the purchase date should be recognized in the investment income of losing control current period; if there is goodwill on the subsidiary, deduct the amount of goodwill when calculating the disposal gain or loss; the other comprehensive income related investments in the original subsidiary should be transferred as current period investment income when losing control.

8. Cash and cash equivalents

Cash comprises the Group's cash on hand and deposits that can be readily withdrawn on demand. Cash equivalents are short-term, highly liquid investments held by the Group, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

9. Foreign currency transactions and foreign currency translations

The Group translates the amounts of foreign currency transactions into its functional currency.

Foreign currency transactions are initially recorded using the functional currency rates ruling at the dates of the transactions. Monetary items denominated in foreign currencies are translated into functional currencies at the rates of exchange ruling at the balance sheet date. All differences are taken into the income statement, except those arising from the principals and interests on foreign currency borrowings specifically for the purpose of acquisition, construction or production of qualifying assets. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated into functional currencies using the foreign exchange rate at the transaction date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated using the foreign exchange rate at the date the fair value is determined; the exchange differences are recognized in other comprehensive income.

Notes to Financial Statements (continued)

30 June 2014

(All amounts in RMB'000 unless otherwise stated)

II. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

9. Foreign currency transactions and foreign currency translations (continued)

For foreign operations, the Group translates functional currencies of overseas businesses into Renminbi when preparing financial statements. All assets and liabilities are translated at the rates of exchange ruling at the balance sheet date; shareholders' equity, with the exception of retained earnings, is translated at the rates of exchange ruling at the transaction date; all income and expense items in the income statement are translated at the average rates of exchange during the period. Exchange fluctuations arising from the translation mentioned above are recognized as other comprehensive income, and are presented separately in the shareholders' equity in the balance sheet. When the overseas business is disposed of, the exchange fluctuation reserve of the overseas business will be transferred to the income statement in the same period. In the case of a partial disposal, only the proportionate share of the related exchange fluctuation reserve is transferred to the income statement.

Foreign currency cash flows and cash flows of overseas subsidiaries are translated into RMB at the rates of exchange ruling at the dates of the cash flows. The effects of changes in rates of exchange on cash and cash equivalents are presented separately in the statement of cash flows.

10. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Recognition and derecognition of financial instruments

The Group recognizes a financial asset or a financial liability when it becomes a party to the contractual provisions of a financial instrument.

The Group derecognizes a financial asset (or part of a financial asset, or part of a group of similar financial assets) when the following conditions are met:

- (1) the rights to receive cash flows from the asset have expired; or
- (2) the Group has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

The financial liability is derecognized when the underlying obligation of a financial liability has been discharged or cancelled or has expired. If an existing financial liability is replaced by the same creditor with a new financial liability that has substantially different terms, or if the terms of an existing financial liability are substantially revised, such replacement or revision is accounted for as the derecognition of the original liability and the recognition of a new liability, and the resulting difference is recognized in profit or loss for the current period.

Regular way purchases or sales of financial assets are recognized and derecognized on the trade date. Regular way purchases or sales of financial assets refer to that the financial assets are delivered to or by the Group under the terms of a contract within a period as specified by regulation or convention in the market place. The trade date is the date that the Group commits to purchase or sell the asset.

Classification and measurement of financial assets

Financial assets are, on initial recognition, classified into the following categories: financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables and available-for-sale financial assets. A financial asset is recognized initially at fair value. In the case of financial assets at fair value through profit or loss, relevant transaction costs are directly charged to profit or loss for the current period; transaction costs relating to financial assets of other categories are included in the value initially recognized.

Notes to Financial Statements (continued)

30 June 2014

(All amounts in RMB'000 unless otherwise stated)

II. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

10. Financial instruments (continued)

Classification and measurement of financial assets (continued)

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are designated upon initial recognition as financial assets at fair value through profit or loss. A financial asset held for trading is the financial asset that meets one of the following conditions: 1) the financial asset is acquired for the purpose of sale in a short term; 2) the financial asset is a part of a portfolio of identifiable financial instruments that are collectively managed, and there is objective evidence indicating that the enterprise recently manages this portfolio for the purpose of short-term profits; or 3) the financial asset is a derivative, except for a derivative that is designated as an effective hedging instrument, or a financial guarantee contract, or a derivative that is linked to and must be settled by delivery of an unquoted equity instrument whose fair value cannot be reliably measured. These kinds of financial assets are subsequently measured at fair value. All the realized or unrealized gains or losses on these financial assets are recognized in profit or loss for the current period. Dividend income or interest income related to financial assets at fair value through profit or loss is charged to profit or loss for the current period.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that an entity has the positive intention and ability to hold to maturity. These kinds of financial assets are subsequently measured at amortized cost using the effective interest rate method. Gains or losses arising from amortization or impairment and derecognition are recognized in profit or loss for the current period.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These kind of financial assets are subsequently measured at amortized cost using the effective interest rate method. Gains or losses arising from amortization or impairment are recognized in profit or loss for the current period.

Available-for-sale financial assets

Available-for-sale financial assets are those non-derivative financial assets that are designated as available for sale or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through profit or loss. After initial recognition, available-for-sale financial assets are measured at fair value. The premium or discount is amortized using the effective interest rate method and recognized as interest income or expense. A gain or loss arising from a change in the fair value of an available-for-sale financial asset is recognized as other comprehensive income in capital reserve, except for impairment losses and foreign exchange gains or losses resulted from monetary financial assets, until the financial asset is derecognized or determined to be impaired, at which time the accumulated gain or loss previously recognized is transferred to profit or loss for the current period. Interest and dividends relating to an available-for-sale financial asset are recognized in profit or loss for the current period.

Investments in equity instruments, which do not have quoted prices in an active market and whose fair values cannot be reliably measured, are measured at cost.

Notes to Financial Statements (continued)

30 June 2014

(All amounts in RMB'000 unless otherwise stated)

II. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

10. Financial instruments (continued)

Classification and measurement of financial liabilities

The Group's financial liabilities are, on initial recognition, classified into financial liabilities at fair value through profit or loss and other financial liabilities. For financial liabilities at fair value through profit or loss, relevant transaction costs are directly recognized in profit or loss for the current period, and transaction costs relating to other financial liabilities are included in the initial recognition amounts.

The subsequent measurement of financial liabilities is determined by their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss are financial liabilities that meet one of the following conditions: 1) the financial liability is assumed for the purpose of repurchasing in a short term; 2) the financial liability is a part of a portfolio of identifiable financial instruments that are collectively managed, and there is objective evidence indicating that the enterprise recently manages this portfolio for the purpose of short-term profits; or 3) the financial liability is a derivative, except for a derivative that is designated as an effective hedging instrument, or a financial guarantee contract, or a derivative that is linked to and must be settled by delivery of an equity instrument without a quoted price in an active market, and whose fair value cannot be reliably measured. These kinds of financial liabilities are subsequently measured at fair value. All the realized or unrealized gains or losses on these financial liabilities are recognized in profit or loss for the current period.

Bonds payable

Bonds payable are recorded based on fair value, the difference between proceeds of issue and the face value of the bonds is recognized as premium or discount and amortized according to the effective interest rate method over the life of the bonds along with the interest.

Other financial liabilities

After initial recognition, these kinds of financial liabilities are measured at amortized cost by using the effective interest rate method.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to settle a debt or assume a liability to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are measured, on initial recognition, at fair value. For financial guarantee contracts that are not designated as at fair value through profit or loss, they are, after initial recognition, subsequently measured at the higher of: (i) the amount of the best estimate of the expenditure required to settle the present obligation at the balance sheet date; and (ii) the amount initially recognized less the accumulated amortization determined according to the principles of revenue recognition.

Impairment of financial assets

The Group assesses at the balance sheet date the carrying amount of every financial asset. If there is objective evidence indicating a financial asset may be impaired, a provision is made for the impairment. Objective evidence that a financial asset is impaired is one or more events that occur after the initial recognition of the asset and have an impact (which can be reliably estimated) on the estimated future cash flows of the financial asset.

Financial assets carried at amortized cost

If an impairment loss on a financial asset has incurred, the carrying amount of the asset is reduced to the present value of estimated future cash flows (excluding future credit losses that have not been incurred). Impairment is recognized in profit or loss for the current period. The present value of estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., effective interest rate computed on initial recognition) and includes the value of any related collateral.

Notes to Financial Statements (continued)

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(All amounts in RMB'000 unless otherwise stated)

II. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

10. Financial instruments (continued)

Impairment of financial assets (continued)

Financial assets carried at amortized cost (continued)

For a financial asset that is individually significant, the asset is individually assessed for impairment, and the amount of impairment is recognized in profit or loss if there is objective evidence of impairment. For a financial asset that is not individually significant, the asset is also individually assessed for impairment. If no objective evidence of impairment incurs for an individually assessed financial asset (whether the financial asset is individually significant or not individually significant), it is included in a group of financial assets with similar credit risk characteristics and collectively assessed for impairment. Assets for which an impairment loss is individually recognized are not included in a group of financial assets with similar credit risk characteristics and collectively assessed for impairment.

Subsequent to the Group's recognition of impairment loss on a financial asset carried at amortized cost, if there is objective evidence of a recovery in value of the financial assets and the recovery can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed and recognized in profit or loss. However, the reversal shall not result in a carrying amount of the financial asset that exceeds what the amortized cost would have been had the impairment loss not been recognized at the date the impairment is reversed.

Available-for-sale financial assets

If there is objective evidence that such an asset is impaired, the accumulated loss arising from decline in fair value previously recognized in other comprehensive income is removed and recognized in profit or loss. The accumulated loss removed from other comprehensive income is the difference between the acquisition cost (net of any principal repayment and amortization) and the current fair value, less any impairment loss on the financial asset previously recognized in profit or loss.

The objective evidence showing the impairment of an equity instrument held-for-sale includes the severe decline and the other-than-temporary decline of its fair value. There should be a method to distinguish the "severe" decline and the "other-than-temporary" one. The gap between the fair value and the cost decides how severe the impairment is. The persistence of the difference between the fair value and the cost decides whether it is "other-than-temporary". The impairment loss of an equity instrument held for sale cannot be reversed through profit or loss, and any increase in fair value that occurs after the impairment is recognized directly in other comprehensive income.

If, after an impairment loss has been recognized on an available-for-sale debt instrument, the fair value of the debt instrument increases in a subsequent period and the increase can be objectively related to an event occurring after the impairment loss was recognized, the impairment loss is reversed with the amount of the reversal recognized in profit or loss. The impairment loss on an available-for-sale equity instrument is not reversed through profit or loss, and any increase in fair value that occurs after the impairment is recognized directly in other comprehensive income.

Financial assets carried at cost

If there is objective evidence that such an asset is impaired, the difference between its carrying amount and the present value of estimated future cash flows which are discounted at the current market interest rate is recognized as an impairment loss in profit or loss. Once an impairment loss is recognized, it is not reversed.

Notes to Financial Statements (continued)

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(All amounts in RMB'000 unless otherwise stated)

II. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

10. Financial instruments (continued)

Impairment of financial assets (continued)

Financial assets carried at cost (continued)

For a long-term equity investment, measured using the cost method and accounted for in accordance with *Accounting Standards for Business Enterprises No. 2 Long-term Equity Investments* which is not quoted in an active market and for which the fair value cannot be reliably measured, any impairment is also accounted for in accordance with the above principles.

Transfer of financial assets

If the Group transfers substantially all the risks and rewards of ownership of a financial asset, the Group derecognizes the financial asset; if the Group retains substantially all the risks and rewards of ownership of a financial asset, the Group does not derecognize a financial asset.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership of a financial asset, it accounts for the transactions as follows: (i) if the Group has not retained control, it derecognizes the financial asset and recognizes any resulting assets or liabilities; and (ii) if the Group has retained control, it continues to recognize the financial asset to the extent of its continuing involvement in the transferred financial asset and recognizes an associated liability.

11. Receivables

The Group's receivables comprise accounts receivable, long-term accounts receivable and other receivables. The Group assesses the carrying amount of receivables at the balance sheet date. If there is objective evidence that an impairment loss has been incurred, a provision, which is the difference between the carrying amount and the present value of the estimated future cash flow, is recognized as an impairment loss.

(1) Receivables individually significant for which provision for impairment is assessed separately

A receivable with an amount greater than RMB10,000,000 is considered to be individually significant and is separately assessed for provision. If there is objective evidence that a receivable is impaired (such as the debtor in serious financial difficulties or entering bankruptcy, or breach of contracts), the amount of the loss is measured as the difference between the receivable's carrying amount and the present value of estimated future cash flows, and shall be recognized in profit or loss for the current period.

(2) Receivables for which provision for impairment is assessed collectively in a group

Receivables that are not individually significant and receivables that are not impaired through the individual assessment are included in a group of receivables with similar credit risk characteristics and tested collectively for impairment. The Group estimated the future cash flows of the receivables based on its experiences and applied the ageing analysis method for the recognition of provision for impairment for the receivables. The provision rates were as follows:

	Accounts receivable provision rate %	Other receivables provision rate %
Within 6 months	—	—
6 months to 1 year (inclusive)	0.5	0.5
1 to 2 years (inclusive)	5	5
2 to 3 years (inclusive)	10	10
3 to 5 years (inclusive)	30	30
Over 5 years	80	80

Notes to Financial Statements (continued)

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(All amounts in RMB'000 unless otherwise stated)

II. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

11. Receivables (continued)

(2) Receivables for which provision for impairment is assessed collectively in a group (continued)

In addition, retention money receivables are overdue if they have not been released by the customers after the maintenance (warranty) period according to the relevant contract terms, and impairment losses for the overdue retentions are assessed based on the above provision rate, with ageing counted from the due date.

(3) Other individually not significant receivables but separately tested for impairment

Receivables, that are individually insignificant and could not be grouped by the similar or related risk characteristics, are individually assessed for provision. If there is objective evidence that a receivable is impaired (such as the debtor encountering serious financial difficulties or bankruptcy, or breach of contracts), the amount of the impairment loss shall be recognized in the current profit or loss after taking into account the rate of accounts receivable losses of the prior year.

12. Inventories

Inventories include raw materials, work in progress, finished goods, turnover materials, properties under development, completed properties held for sale and gross amount due from contract customers. Costs of properties under development and completed properties held for sale mainly consists acquisition cost of land use rights, advance expenditures of land development, construction costs, infrastructure costs, supporting facility costs and other relevant costs.

Inventories are initially carried at the actual cost. Cost of inventories comprises all costs of purchase, costs of conversion and other costs. The actual cost of inventories transferred out is determined by using the weighted average method. Turnover materials include low value consumables and packing materials. Low value consumables and packing materials are charged to the income statement when issued, and other turnover materials are amortized based on the number of times that they are estimated to be used.

Inventories are accounted for using the perpetual inventory system.

At each balance sheet date, inventories shall be measured at the lower of cost and net realizable value. If the cost is in excess of amounts expected to be realized from their sale or use, provision for inventories is recognized in the income statement. When the circumstances that previously caused inventories to be written down below cost no longer exist and the net realizable value is higher than the carrying amount, the original amount of the write-down is reversed and charged to the income statement.

Net realizable value is the estimated selling price under the normal business term deducted by the estimated costs to completion, the estimated selling expenses and related taxes. Provision is considered on a category basis for inventories in large quantity and with relatively low unit prices and on an individual basis for all other inventories.

13. Construction contracts

The balances of construction contracts represent the net amount of construction costs incurred to date and recognized profits (less recognized losses), less progress billings and provision for foreseeable contract losses.

Construction contract costs are valued at actual cost, and comprise direct materials, direct labor costs, construction machinery costs, other direct costs and construction overheads. For an individual contract whose costs incurred to date plus recognized profits (less recognized losses) exceeds progress billings, the gross amount due from customers for contract work in inventory is presented as a current asset. For an individual contract whose progress billings exceeds costs incurred to date plus recognized profits (less recognized losses), the gross amount due to customers for contract work in advance from customers is presented as a current liability.

The Group estimates total contract costs based on actual circumstances for each contract. Provision for foreseeable contract losses will be recognized in profit or loss where total estimated contract costs exceed total contract revenue.

Notes to Financial Statements (continued)

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(All amounts in RMB'000 unless otherwise stated)

II. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

14. Long-term equity investments

Long-term equity investments include investments in subsidiaries, jointly-controlled entities and associates, and investments where the Group does not have control, joint control or significant influence over the investees and investments which are not quoted in an active market and the fair values of which cannot be reliably measured.

Long-term equity investment shall be recognized at initial investment cost upon acquisition. For a long-term equity investment acquired through a business combination involving enterprises under common control, the initial investment cost of the long-term equity investment is the acquirer's share of the carrying value of the owner's equity of the party being absorbed at the combination date; for a long-term equity investment through a business combination involving enterprises not under common control, the initial investment cost of the long-term equity investment is the cost of combination (for a business combination not involving enterprises under common control achieved in stages that involves multiple exchange transactions, the initial investment cost is carried at the aggregate of the carrying amount of the acquirer's previously held equity interest in the acquiree and the new investment cost incurred on the acquisition date). The cost of combination is the aggregate of the fair values, at the acquisition date, of the assets given, liabilities incurred or assumed, and equity securities issued by the acquirer, in exchange for control of the acquiree. Other comprehensive income that is consisted of the initial investment cost before the date of acquisition should be reclassified to investment income when the long term equity investment is being disposed of. For a long-term equity investment acquired otherwise than through a business combination, the initial investment cost is determined as follows: for a long-term equity investment acquired by cash, the initial investment cost is the actual purchase price paid and direct costs, taxes and other necessary expenditures directly attributable to the acquisition of the long-term equity investment; for a long-term equity investment acquired by the issue of equity securities, the initial investment cost is the fair value of the securities issued; for contribution from an investor, the initial investment cost is the value stipulated in the investment contract or agreement, unless the consideration in investment contract or agreement is not at fair value.

The cost method is applied for long term equity investments when the investees are neither jointly controlled nor significantly influenced by the Group, and no quoted market price in an active market so that whose fair value cannot be reliably measured. The cost method is applied for long term equity investments in the financial statements of the Company when the investee is controlled by the Company. Control refers to the right to decide on the financial and operating policies of a company and to obtain profit from the operating activities of the company.

Under the cost method, the long-term equity investment is recorded at initial investment cost. Profits or cash dividends declared to be distributed by the investee should be recognized as investment income in the current period, but such investment income is limited to proportionate distributions from accumulated profits after the date of acquisition. Also, it should consider whether there is impairment for the long term investment in accordance with the related asset provision policy.

The equity method is applied for long term equity investments when investees are jointly controlled or significantly influenced by the Group. Joint control is the contractually agreed sharing of control over an economic activity, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers). Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

When the equity method is adopted, the initial cost of investment that in excess of the share of investee's fair value on identifiable net assets remains unchanged; the initial cost of the investment that falls short of the share of investee's fair value on identifiable net assets shall be adjusted, by which the difference had been charged to the income statement.

Notes to Financial Statements (continued)

30 June 2014

(All amounts in RMB'000 unless otherwise stated)

II. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

14. Long-term equity investments (continued)

When the equity method is adopted, the investor recognises its investment income and adjusts the carrying amount of the investment based on the post-acquisition change in the investor's share of net assets of the investee. The recognition of the investee's result should base on the fair values of the individual identifiable assets of the investee according to the Group's accounting policies and accounting period. And the gains and losses resulting from intercompany transactions with the investee should be eliminated to the extent of the amount attributable to the investor according to the shareholding (but if the gains and losses belong to asset impairment losses, it should be entirely recognized). The recognition should base on the adjusted income statement of the investee. With respect to the long-term equity investments in associates and jointly-controlled entities acquired before the first time adoption date, the remaining equity investment difference arising from the amortization using the straight-line method (if exists) should be recognized as investment income or loss. The investor's share of profits distribution or cash dividends declared by the investee is deducted from the carrying amount of the investment. The Group recognizes net losses incurred by the investee to the extent that the carrying amount of the investment and other substantially treated as equity interests to the investee is reduced to zero, except for which the investor has extra obligation to assume loss of it. For the changes of equity in the investee other than net profit or loss, the investor adjusts the carrying amount of the investment in the shareholders' equity.

When long-term equity investments are being disposed of, the difference between the carrying amount and the actual proceeds received should be charged to the income statement. For long-term equity investments under the equity method, the amount recognized in the equity previously shall be transferred to the income statement upon its disposal.

If the disposal of the equity investment of a subsidiary is realized through several transactions until loss of control and is a package deal, the accounting treatment of these transactions should be dealt with as one transaction of disposal of the subsidiary until loss of control. If the disposal of the equity investment of a subsidiary is realized through several transactions until loss of control but is not a package deal, each transaction should be dealt with correspondingly. For the transactions that lead to loss of control, the remaining equity should be recognized as long-term equity investment or other related financial assets at book value (the remaining equity which has joint control of or has significant influence on the original subsidiary should be dealt with the relative rules of the conversion cost method to equity method.)

For the impairment assessment and measurement of provision for impairment of long-term investments in subsidiaries, jointly-controlled entities and associates, further details are stated in Note II.26. For other long-term equity investments that do not have quoted market prices from an active market and the fair value cannot be reliably measured, the impairment assessment and measurement of provision for impairment, further details are stated in Note II.10.

15. Fixed assets

A fixed asset is recognized only when the economic benefits associated with the asset will probably flow to the Group and the cost of the asset can be measured reliably. Subsequent expenditure incurred for a fixed asset that meet the recognition criteria shall be included in the cost of the fixed asset, and the carrying amount of the component of the fixed asset that is replaced shall be derecognized. Otherwise, such expenditure shall be recognized in profit or loss for the period in which they are incurred.

Fixed assets are initially measured at cost, and the effect of any estimated costs of abandoning the asset is considered. The purchase cost of a fixed asset comprises its purchase price, related taxes and any directly attributable expenditure for bringing the asset to its working condition for its intended use, such as transportation fees and installation expenses. If the payment for a purchased fixed asset is deferred beyond the normal credit terms, the cost of the fixed asset shall be determined based on the present value of the installment. The difference between the actual payment and the present value of the purchase price is recognized in profit or loss over the credit period, except for such difference that is capitalized according to *Accounting Standards for Business Enterprises No. 17 Borrowing Costs*.

Notes to Financial Statements (continued)

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(All amounts in RMB'000 unless otherwise stated)

II. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

15. Fixed assets (continued)

Except for the fixed assets generated from using safety production expenses, depreciation is calculated using the straight-line method. The estimated useful lives, estimated residual value rates and annual depreciation rates of fixed assets by category are as follows:

Category	Estimated residual value rate	Useful life	Annual depreciation rate
Buildings	5%	35 years	2.71%
Machinery	5%	10 years	9.50%
Vehicles	5%	5 years	19.00%
Production equipment	5%	10 years	9.50%
Measuring and testing equipment	5%	5 years	19.00%
Others	5%	5 years	19.00%

Where the individual component parts of an item of fixed assets have different useful lives or provide benefits to the enterprise in different patterns, different depreciation rates are applied.

Fixed assets that are held under finance leases shall be depreciated by applying the same policy as that for the fixed assets owned by the Group. If it can be reasonably determined that the ownership of the leased asset can be obtained at the end of the lease period, the leased asset is depreciated over its useful life; otherwise, the leased asset is depreciated over the shorter of the lease term and its useful life.

The Group reviews the useful life and estimated net residual value of a fixed asset and the depreciation method applied at least at each financial year end, and adjustments are made when necessary.

Impairment assessment and measurement of the provision for impairment of fixed assets are stated in Note II.26.

16. Construction in progress

Construction in progress is recognized based on the actual construction expenditures incurred. It consists of all types of expenditures necessarily to be incurred, capitalized borrowing costs on related borrowed funds before the asset is ready for its intended use, and other related expenditures during the period of construction.

Construction in progress is transferred to fixed assets, intangible assets or completed properties held for sale when the asset is ready for its intended use.

For impairment assessment and measurement of provision for impairment of construction in progress, further details are stated in Note II.26.

17. Borrowing costs

Borrowing costs are interest and other costs arising from the Group's borrowings. Borrowing costs include interest, amortization of discounts or premiums, ancillary expenses and exchange differences arising from foreign currency borrowings.

All the borrowing costs directly attributable to construction or production of all qualifying assets are capitalized and other borrowing costs are recognized as expenses. A qualifying asset is defined as a fixed asset, investment property or inventory that necessarily takes a substantial period of time to get ready for its intended use or sale.

Notes to Financial Statements (continued)

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(All amounts in RMB'000 unless otherwise stated)

II. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

17. Borrowing costs (continued)

Capitalization of borrowing costs commences only when all of the following conditions are satisfied:

- (1) expenditures for the asset are being incurred;
- (2) borrowing costs are being incurred; and
- (3) activities relating to the acquisition, construction or production of the asset that are necessary to bring the asset to get ready for its intended use or sale have commenced.

Capitalization of borrowing costs ceases when the qualifying asset being acquired, constructed or produced becomes ready for its intended use or sale. Any borrowing costs subsequently incurred are recognized as expenses in the period in which they incurred.

During the capitalization period, the amount of interest to be capitalized for each accounting period shall be determined as follows:

- (1) for specific borrowings, the borrowing costs eligible for capitalization are the actual borrowing costs incurred during the current period deducted by any temporary interest or investment income; and
- (2) for general borrowings, the borrowing costs eligible for capitalization are determined by applying a capitalization rate to the capital expenditure that accumulated capital expenditures exceed the specific borrowings.

Capitalization of borrowing costs is suspended during extended periods in which the acquisition or construction of a fixed asset is interrupted abnormally and the interruption lasts for more than three months, until the acquisition or construction is resumed. Borrowing costs incurred during the suspended periods are recognized as expenses until the acquisition or construction of a fixed asset is resumed.

18. Intangible assets

The Group's intangible assets include land use rights, concession assets, and mining rights.

An intangible asset shall be recognized only when it is probable that the related economic benefits will flow to the Group and the costs of which can be measured reliably. Intangible assets are measured initially at cost. However, intangible assets acquired in a business combination with a fair value that can be measured reliably are recognized separately as intangible assets and measured at fair value at the date of acquisition.

The useful lives of intangible assets are assessed based on estimated economic benefit periods. Those intangible assets without foreseeable economic benefit periods are classified as intangible assets with indefinite useful lives.

Intangible assets with finite useful lives are amortised over the useful lives on the straight-line basis. The Group reviews the useful lives and the amortisation method of intangible assets with finite useful lives, and adjusts if appropriate, at least at each balance sheet date.

Land use rights

Land use rights represent costs incurred for a certain lease period.

The Group accounts for its land use rights as intangible assets. The land use rights are measured as intangible assets that are separate from internally generated buildings measured as fixed assets. With respect to the land use rights purchased together with buildings, the acquisition cost is allocated between the two parts proportionately, or otherwise, is wholly accounted for as fixed assets.

Land use rights of the Group are amortized on the straight-line basis according to the useful lives approved in the obtained land use certificates.

Notes to Financial Statements (continued)

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(All amounts in RMB'000 unless otherwise stated)

II. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

18. Intangible assets (continued)

Concession assets

The Group engages in certain service concession arrangements in which the Group carries out construction work (such as turnpike highways and bridges) for the granting authority and receives in exchange a right to operate the assets concerned in accordance with the pre-established conditions set by the granting authority. The assets under the concession arrangements may be classified as intangible assets or receivables from the granting authority. The Group recognizes revenue and a financial asset to the extent that it has an unconditional contractual right to receive a specified or determinable amount of cash or another financial asset from the granting authority, or to receive the shortfall, if any, between amounts received from users of the public service and specified or determinable amounts. If the Group receives a right to charge users of public service, with an undeterminable amount, the assets are classified as intangible assets and the Group recognizes revenue at the same time. The Group classifies the non-current assets linked to the long term investment in these concession arrangements as "concession assets" within intangible assets on the balance sheet if the intangible asset model is adopted. Once the underlying infrastructure of the concession arrangements has been completed, the concession assets will be amortized over the term of the concession on the straight-line basis under the intangible asset model.

Mining rights

Mining rights are stated at cost incurred to obtain the mining license. Amortization is calculated based on the units of production method based only on proved mining reserves.

Development expenditure

The Group classifies the expenditure in an internal research and development project into expenditure in the research phase and expenditure in the development phase. Expenditure in the research phase is recognized in profit or loss for the period in which it is incurred. Expenditure in the development phase is capitalized when the Group can demonstrate all of the following: (i) the technical feasibility of completing the intangible asset so that it will be available for use or sale; (ii) the intention to complete the intangible asset and use or sell it; (iii) how the intangible asset will generate probable future economic benefits. Among other things, the Group can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset; (iv) the availability of adequate technical, financial and other resources to complete the development and the ability to use or sell the intangible asset; and (v) the expenditure attributable to the intangible asset during its development can be measured reliably. Expenditure in the development phase that does not meet the above criteria is recognized in profit or loss for the period in which it is incurred.

For the impairment assessment and measurement of provision for impairment of the intangible assets, further details are stated in Note II.26.

19. Long-term prepayments

Long-term prepayments represent expenditures incurred but should be recognized as expenses over more than one year in the current and subsequent periods including costs of improvements to fixed assets under operating leases. Long-term prepayments are amortized on the straight-line basis over the estimated benefit period. Expenditure incurred during the pre-operating period should be recognized in profit or loss immediately as incurred.

20. Assets transfer under a repurchase agreement

The Group determines whether a transfer of an asset under a repurchase agreement shall be derecognized based on the economic substance of the transfer. If an asset is sold by the Group (the transferor) under an agreement to repurchase the same or substantially the same asset at a fixed price or at the sale price plus a reasonable return, the asset sold shall not be derecognized. If the Group (the transferor) sells an asset and retains only a pre-emptive right to repurchase the transferred asset at fair value if the transferee subsequently sells it, the asset shall be derecognized.

Notes to Financial Statements (continued)

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(All amounts in RMB'000 unless otherwise stated)

II. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

21. Provisions

Except for a contingent consideration transferred and a contingent liability assumed in business combinations, the Group recognizes an obligation related to a contingency as a provision when all of the following conditions are satisfied:

- (1) the obligation is a present obligation of the Group;
- (2) it is probable that an outflow of economic benefits from the Group will be required to settle the obligation; and
- (3) the amount of the obligation can be measured reliably.

A provision is initially measured at the best estimate of the expenditure required to settle the related present obligation, with comprehensive consideration of factors such as the risks, uncertainty and time value of money relating to a contingency. The carrying amount of a provision is reviewed at the balance sheet date. If there is clear evidence that the carrying amount does not reflect the current best estimate, the carrying amount is adjusted to the best estimate.

A contingent liability recognized in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of (i) the amount that would be recognized in accordance with the general guidance for provisions above; and (ii) the amount initially recognized less, when appropriate, cumulative amortization recognized in accordance with the principle of revenue recognition.

22. Revenue

Revenue is recognized only when it is probable that the associated economic benefits will flow to the Group and when the revenue can be measured reliably, as well as all the following conditions are satisfied:

Revenue from construction contracts

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs associated with the construction contract are recognized using the percentage of completion method at the balance sheet date. Depending on the type of the construction contract, the percentage of completion of a contract is determined in the following ways: (1) the proportion of contract costs incurred to date to estimated total contract costs; (2) the proportion of completed contract work that has been confirmed by the supervision party to the estimated total contract work; or (3) surveys of the work performed.

The outcome of a construction contract is considered to be reliably estimated when all the following conditions are satisfied:

- (1) the total contract revenue can be measured reliably;
- (2) it is probable that the economic benefits associated with the contract will flow to the Group;
- (3) both the contract costs to complete the contract and the stage of contract completion on the balance sheet date can be measured reliably; and
- (4) the contract costs attributable to the contract can be clearly identified and measured reliably so that actual contract costs incurred can be compared with prior estimates.

Notes to Financial Statements (continued)

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II. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

22. Revenue (continued)

Revenue from construction contracts (continued)

When the outcome of a construction contract cannot be estimated reliably, revenue shall be recognized only to the extent of contract costs incurred that probably will be recoverable, and contract costs shall be recognized as an expense in the period in which they are incurred. Contract costs that are not probable of being recovered are recognized as an expense immediately when incurred and no contract revenue shall be recognized. When it is probable that total contract costs will exceed total contract revenue, the estimated loss shall be recognized as an expense immediately.

Total contract revenue comprises the initial amount of revenue agreed in the contract and amounts resulting from variations in contract work, claims and incentive payments.

Revenue from the rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably at the balance sheet date, revenue associated with the transaction is recognized using the percentage of completion method. Based on the nature of the transaction, the percentage of completion is determined in the following ways: (1) the proportion of costs incurred to date to the estimated total costs; (2) surveys of work performed; or (3) the proportion of services performed to date to the total services to be performed. Concession revenue is recognized when it is probable that the economic benefits will flow to the Group and the amount of the revenue can be measured reliably.

The outcome of the rendering of services can be estimated reliably when the following conditions are satisfied:

- (1) the amount of revenue can be measured reliably;
- (2) it is probable that the associated economic benefits will flow to the Group;
- (3) both the service costs to be incurred for the transaction and the stage of transaction completed on the balance sheet date can be measured reliably; and
- (4) the actual costs incurred can be clearly identified and measured reliably, so as to compare with prior estimates.

The total service revenue is determined in accordance with the consideration received or receivable from the recipient of services under contract or agreement, except where the consideration received or receivable under contract or agreement is not at fair value.

When the outcome of a transaction involving the rendering of services cannot be estimated reliably, revenue shall be recognized only to the extent of costs incurred that probably will be recoverable, and costs shall be recognized as an expense in the period in which they are incurred. When it is probable that total service costs will exceed total revenue, the estimated loss shall be recognized as an expense immediately.

When the Group has entered into a contract or agreement with other enterprises comprising both sales of goods and the rendering of services, if the portion of sales of goods and the rendering of services can be separately identified and measured, they are accounted for separately; if the portion of sales of goods and the rendering of services cannot be separately identified, or can be separately identified but cannot be separately measured, the contract is treated as the sales of goods.

Revenue from the sales of goods

Revenue from the sale of goods is recognized when the significant risks and rewards in relation to the ownership of the goods have been transferred to the buyer, the Group retains neither continuing management nor effective control over the goods sold; and the relevant amounts of costs can be measured reliably. The amount of revenue arising from the sales of goods is determined by the amount of consideration received or receivable from the buyer under contract or agreement, except where the consideration received or receivable stipulated in contract or agreement is not fair. Where the consideration receivable under contract or agreement is deferred so that the arrangement is in substance of a financing nature, the amount of revenue arising on the sales of goods is measured at the fair value of the consideration receivable.

Notes to Financial Statements (continued)

30 June 2014

(All amounts in RMB'000 unless otherwise stated)

II. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

22. Revenue (continued)

Interest income

Interest income is recognized based on the time horizon of the use of the Group's fund by others and the effective interest rate.

Royalty income

Royalty income is recognized according to period and charge rate as stipulated in the relevant contract or agreement.

Lease income

Lease income from operating leases is recognized over the lease term on the straight-line basis. Contingent lease income is recognized in profit or loss in the period when it is incurred.

23. Government grants

Government grants are recognized when all attaching conditions will be complied with and the grant can be received. If a government grant is in the form of a transfer of a monetary asset, it is measured at the amount received or receivable. If a government grant is in the form of a transfer of a non-monetary asset, it is measured at fair value; if fair value is not reliably determinable, it is measured at a nominal amount.

Grants related to assets are government grants whose primary condition is that an entity qualifying for them should purchase, construct or otherwise acquire long-term assets pursuant to government provisions. When government provisions are not stated clearly, subsidiary conditions restricting the fundamental conditions of acquiring the grant may also be attached. Grants related to income are government grants other than those related to assets.

A government grant related to income is accounted for as follows: (a) if the grant is a compensation for related expenses or losses to be incurred in subsequent periods, the grant is recognized as deferred income, and recognized in profit or loss over the periods in which the related costs are recognized; and (b) if the grant is a compensation for related expenses or losses already incurred, it is recognized immediately in profit or loss for the current period. A government grant related to an asset shall be recognized as deferred income, and evenly amortized to profit or loss over the useful life of the related asset. However, a government grant measured at a nominal amount is recognized immediately in profit or loss for the current period.

Relocation compensation received due to public interests

The Group receives relocation compensation from the government for the benefit of public interests such as urban overall planning, reservoir construction, and transformation of squatter settlements and settling area control. The relocation compensation is paid out of financial budgets by the government and is recognized as special payables when received. Compensation granted for losses of fixed assets and intangible assets, expenses incurred, losses from suspension of projects, and assets to be constructed after the relocation, should be transferred to deferred income, and recognized as government grants relating to assets or expenses accordingly. Excess of the relocation compensation over the amount transferred to deferred income should be recorded in capital reserve.

Notes to Financial Statements (continued)

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(All amounts in RMB'000 unless otherwise stated)

II. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

24. Income tax

Income tax comprises current and deferred tax. Income tax is recognized as income or an expense in the income statement, except for the tax arising from adjustment of goodwill arising from a business combination, or recognized directly in shareholders' equity if it arises from a transaction or event which is recognized directly in shareholders' equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered or paid according to the taxation laws and regulations.

Based on the differences between the carrying amount of an asset or liability in the balance sheet and its tax base; and the differences between the carrying amount of some items that have a tax base but are not recognized as assets and liabilities and its tax base, the Group adopts the liability method for provision for deferred tax.

A deferred tax liability is recognized for all taxable temporary differences, except:

- (1) where the taxable temporary differences arise from the initial recognition of goodwill, or the initial recognition of an asset or liability in a transaction that is not a business combination, and at the time of the transaction, it affects neither accounting profit nor taxable profit or loss; or
- (2) taxable temporary differences associated with investments in subsidiaries, jointly-controlled entities and associates, where the timing of the reversal of the temporary differences can be controlled by the Group and it is probable that the temporary differences will not be reversed in the foreseeable future.

A deferred tax asset is recognized for deductible temporary differences, carryforward of unused deductible tax losses and tax credits, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of deductible tax losses and tax credits can be utilized, except:

- (1) where the deferred tax asset arises from a transaction that is not a business combination and, at the time of the transaction, neither affects the accounting profit nor taxable profit or loss; or
- (2) deductible temporary differences associated with investments in subsidiaries, associates and jointly-controlled entities, a deferred tax asset is only recognized to the extent that it is probable that the temporary differences will be reversed in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized in the future.

At the balance sheet date, deferred tax assets and liabilities are measured at the tax rates that are estimated to apply to the period when the asset is realized or the liability is settled, according to the requirements of tax laws. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the balance sheet date, to recover the assets or settle the liabilities.

The carrying amount of deferred tax assets is reviewed at the balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available in future periods to allow the deferred tax assets to be utilized. Unrecognized deferred tax assets are reassessed at the balance sheet date and are recognized to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Notes to Financial Statements (continued)

30 June 2014

(All amounts in RMB'000 unless otherwise stated)

II. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

25. Leases

A finance lease is a lease that transfers in substance all the risks and rewards of ownership of an asset. All the other leases are termed as operating leases.

As lessee of an operating lease

Lease payments under an operating lease are recognized by a lessee on the straight-line basis over the lease terms, and either included in the cost of the related asset or charged to profit or loss for the current period. Contingent rents are charged to profit or loss when incurred.

As lessor of an operating lease

Rental income under an operating lease is recognized by a lessor on the straight-line basis over the lease terms through profit or loss. Contingent rents are charged to profit or loss in the period in which they actually arise.

As lessee of a finance lease

An asset held under finance lease is recognized at the lease commencement at the lower of its fair value at the lease commencement and the present value of the minimum lease payments, and the minimum lease payment is recorded as the carrying amount of the long-term payables; and the difference between the recorded amount of the leased asset and the recorded amount of the payable is accounted for as unrecognized finance charge, which is amortized using the effective interest rate method over each period during the lease term. Contingent rents are charged to profit or loss in the period in which they actually arise.

26. Impairment of assets

The Group determines the impairment of assets, other than the impairment of inventories, construction contracts, deferred income taxes, financial assets and long-term equity investments, which are accounted for using the cost method as there are no quoted market prices in active markets and whose fair value cannot be reliably measured, using the following methods:

The Group assesses at the balance sheet date whether there is any indication that an asset may be impaired. If any indication exists that an asset may be impaired, the Group estimates the recoverable amount of the asset and performs test for impairment. Goodwill arising from a business combination and an intangible asset with an indefinite useful life is tested for impairment at least at each year end, irrespective of whether there is any indication that the asset may be impaired. Intangible assets that have not been ready for their intended use are tested for impairment each year.

The recoverable amount of an asset is the higher of its fair value less costs to sell and the present value of the future cash flow estimated to be derived from the asset. The Group estimates the recoverable amount on an individual basis. If it is not possible to estimate the recoverable amount of the individual asset, the Group determines the recoverable amount of the asset group to which the asset belongs. Identification of an asset group is based on whether major cash inflows generated by the asset group are largely independent of the cash inflows from other assets or asset groups.

When the recoverable amount of an asset or an asset group is less than its carrying amount, the carrying amount is reduced to the recoverable amount. The reduction in carrying amount is treated as impairment loss and recognized in profit or loss for the current period. A provision for impairment loss of the asset is recognized accordingly.

For the purpose of impairment testing, the carrying amount of goodwill acquired in a business combination is allocated from the acquisition date on a reasonable basis to each of the related asset groups; if it is impossible to allocate to the related asset groups, it is allocated to each of the related set of asset groups. Each of the related asset groups or set of asset groups is an asset group or set of asset groups that is able to benefit from the synergies of the business combination and shall not be larger than a reportable segment determined by the Group.

Notes to Financial Statements (continued)

30 June 2014

(All amounts in RMB'000 unless otherwise stated)

II. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

26. Impairment of assets (continued)

In testing an asset group or a set of asset groups to which goodwill has been allocated for impairment, if there is any indication of impairment, the Group first tests the asset group or set of asset groups excluding the amount of goodwill allocated for impairment, i.e., it determines and compares the recoverable amount with the related carrying amount and recognize any impairment loss. After that, the Group tests the asset group or set of asset groups including goodwill for impairment, the carrying amount (including the portion of the carrying amount of goodwill allocated) of the related asset group or set of asset groups is compared to its recoverable amount. If the carrying amount of the asset group or set of asset groups is higher than its recoverable amount, the amount of the impairment loss first reduced by the carrying amount of the goodwill allocated to the asset group or set of asset groups, and then the carrying amount of other assets (other than the goodwill) within the asset group or set of asset groups, pro rata based on the carrying amount of each asset.

Once the above impairment loss is recognized, it cannot be reversed in subsequent accounting periods.

27. Employee benefits

Employee benefits are all forms of considerations given by an entity in exchange for services rendered by employees or for the termination of employment. Employee benefits include short-term benefits, post-employment benefits, termination benefits and other long-term employee benefits. The benefits the Group provided to employees' spouse, children, dependents, and families of deceased employees also belong to employee benefits.

Post-employment benefits (defined contribution plans)

Employees of the Group join the endowment insurance plans managed by local governments, relevant costs occurred are recorded in the relevant capital costs and expenses by the Group.

Early retirement benefits

Early retirement benefits are recognized in the period in which the Group has entered into an agreement with the employee specifying the terms of redundancy, or after the individual employee has been advised of the specific terms. As for early retirement benefits, the Group recognizes monthly paid salaries and social benefits for these early retirees during the period from the date of early retirement to the normal retirement date as employee benefits payable and charges to profit or loss of the current period. The specific terms for early retired employees vary depending on various factors including their position, length of service, and salary level at the time of application, minimum compensation levels set by the local regulatory authorities, and the district in which the employee is located.

Early retirement benefits are considered as defined benefit plans. The Group does not put any funds in the plan; the costs of the defined benefit plan are measured by the projected cumulative unit credit method.

Any remeasurement caused by defined benefit plans, including actuarial gains or losses, is all recognized in the balance sheet immediately and recorded in equity by other comprehensive income in the accounting period the re-measurement occurred. Those losses and gains should not be recognized in profit or loss in the subsequent accounting periods.

The past service costs should be recognized as current expenses at the earlier of the following dates: a) when the Group modifies the defined benefit plans; and b) when the Group recognizes the relevant restructuring costs and termination benefits.

Interest cost equal to net defined benefit liability multiplies discount rate. The Group recognized changes of net defined benefit obligation as management expenses in profit or loss. Those changes include service costs, including current service costs, past service costs and gains and losses on settlement, and interest cost, which are the interest expenses of the plan.

Termination benefits

The Group recognizes a liability and expenses for termination benefits at the earlier of the following dates: a) when the Group can no longer withdraw the offer of those benefits; and b) when the entity recognizes costs for a restructuring and involves the payment of termination costs.

Notes to Financial Statements (continued)

30 June 2014

(All amounts in RMB'000 unless otherwise stated)

II. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

27. Employee benefits (continued)

Housing funds

All full-time employees of the Group in Mainland China are entitled to participate in various government-sponsored housing funds. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees. The Group's liability in respect of these funds is limited to the contributions payable in each period.

Bonus entitlements

The estimated cost of bonus payments is recognized as a liability when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made. Liabilities for bonuses are estimated to be settled within twelve months and are measured at the amounts estimated to be paid when they are settled.

28. Distribution of profit

The cash dividend of the Company is recognized as a liability upon approval in the annual shareholders' meeting.

29. Production safety expenses

The Group accrues for production safety expenses pursuant to the *Circular on Printing and Issuing the Management Measures on the Enterprise Production Safety Expenses Appropriation and Utilization* <CaiQi [2012]No.16> and the *Management Measures on the Enterprises Production Safety Expenses Appropriation and Utilization*, issued by the Ministry of Finance and the State Administration of Work Safety.

Production safety expenses accrued based on the aforesaid regulations shall be recorded in the costs of related products or expenses in profit or loss for the current period, and provided as a fund in the special reserve. When the expenditures are utilized as expenses, they should be recognized in the income statement and offset against the special reserve; when the expenditures incurred relate to fixed assets, they shall be recognized in the cost of fixed assets, which will be recognized when it is ready for use. The same amount as the expenditure will be offset against the special reserve and recorded as accumulated depreciation equivalent at the same time.

30. Fair value measurement

The Group measures its equity investments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Notes to Financial Statements (continued)

30 June 2014

(All amounts in RMB'000 unless otherwise stated)

II. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

30. Fair value measurement (continued)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole: Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly; Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

31. Joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group recognizes in relation to its interest in a joint operation: (i) its assets, including its share of any assets held jointly; (ii) its liabilities, including its share of any liabilities incurred jointly; (iii) its revenue from the sale of its share of the output arising from the joint operation; (iv) its share of the revenue from the sale of the output by the joint operation; (v) its expenses, including its share of any expenses incurred jointly.

32. Significant accounting judgments and estimates

The preparation of the financial statements requires management to make judgments, estimates and assumptions that will affect the reported amounts of revenue, expenses, assets and liabilities, and the disclosure of contingent liabilities at the balance sheet date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgments

In the process of applying the Group's accounting policies, management has made the following judgments which have significant effects on the amounts recognized in the financial statements:

Impairment of available-for-sale financial assets

The Group determines if available-for-sale investments are not temporarily impaired in accordance with the requirements of *Accounting Standard for Enterprises No. 22 Recognition and Measurement of Financial Instruments*. The determination requires significant judgment. In making this judgment, the Group evaluates various factors, including the duration and the extent to which the fair value of an investment is less than its cost. In addition, impairment may be appropriate when there is evidence of deterioration in the financial health and short-term business prospects of the investee, including industry and sector performance, changes in technology, and operating and financing cash flows, etc.

Contingent liabilities arising from litigation and claims

The Group is involved in a number of litigation and claims in respect of certain construction work performed at present and in the past. Contingent liabilities arising from these litigation and claims have been assessed by management with reference to legal advice. Provisions on the possible obligations have been made based on management's best estimates and judgments.

Notes to Financial Statements (continued)

30 June 2014

(All amounts in RMB'000 unless otherwise stated)

II. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

32. Significant accounting judgments and estimates (continued)

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the future accounting periods, are discussed below.

Useful lives and residual values of fixed assets

The useful lives of fixed assets are estimated based on historical experience of the Group with similar assets used in a similar way. If useful lives of the fixed assets are estimated to be shorter than previously estimated, the Group will increase the depreciation rates accordingly, or dispose of those assets that are idle or technically obsolete.

In determining the useful lives and residual values of items of fixed assets, the Group periodically reviews the changes in market conditions, estimated physical wear and tear, and the maintenance of the asset. The estimation of the useful life of the asset is based on historical experience of the Group with similar assets that are used in a similar way. The depreciation amount will be adjusted if the estimated useful lives and/or the residual values of items of fixed assets are different from previous estimation. Useful lives and residual values are reviewed, at the end of each reporting period, based on changes in circumstances.

Income tax and deferred tax assets

The Company and its subsidiaries are subject to income taxes in numerous jurisdictions in domestic provinces and certain overseas countries. In order to reliably estimate and judge, the income tax provision is required to be determined based on existing tax laws, regulations and practices, if the relevant affairs of income tax have not yet been confirmed by relevant tax authorities. Where the final tax outcome of these matters is different from the amounts originally recorded, the differences will impact on the current period income tax provisions in the periods in which the differences arise.

Deferred tax assets relating to certain temporary differences and tax losses are recognized as management considers it is probable that future taxable profit will be available against which the temporary differences or tax losses can be utilized. The realization of the deferred tax assets mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In cases where the actual future profits generated are less than estimated, a material reversal of deferred tax assets may arise, which will be recognized in the income statement in the period in which such a reversal takes place.

Percentage of completion of construction work

The Group recognizes revenue according to the percentage of completion of individual contracts for construction work, which requires estimation to be made by management. The stage of completion is estimated by reference to the actual costs incurred over the total budgeted costs, and the corresponding contract revenue is also estimated by management. Due to the nature of the activity undertaken in construction contracts, the date at which the activity is entered into and the date at which the activity is completed usually fall into different accounting periods. Hence, the Group reviews and revises the estimates of both contract revenue and contract costs in the budget prepared for each contract as the contract progresses. Where the actual contract revenue is less than estimated or actual contract costs are more than estimated, a foreseeable loss may arise.

Impairment of account receivables

The Group maintains an allowance for the estimated loss arising from the inability of its customers to make the required payments. The Group makes its estimates based on the ageing of its trade receivable balances, customers' creditworthiness, and historical write-off experience. If the financial condition of its customers will deteriorate such that the actual impairment loss might be higher than estimated, the Group would be required to revise the basis for making the allowance and its future results would be affected.

Notes to Financial Statements (continued)

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(All amounts in RMB'000 unless otherwise stated)

II. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

32. Significant accounting judgments and estimates (continued)

Estimation uncertainty (continued)

Provision for properties under development

The Group makes a provision for properties under development when the net realizable values of the properties under development are lower than the carrying amounts at the balance sheet date. The principal assumptions for the Group's estimation of the net realizable values of the properties under development include those related to current market prices for similar properties in the same location and condition, estimated costs to be incurred to completion of the properties and discount rates.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the present value of the future expected cash flows from the asset group or set of asset groups to which the goodwill is allocated. Estimating the present value requires the Group to make an estimate of the expected future cash flows from the asset group or set of asset groups and also choose a suitable discount rate in order to calculate the present value of those cash flows.

Retirement benefits

The Group establishes liabilities in connection with benefits paid to certain early retired employees. The amounts of employee benefit expenses and liabilities are determined using various assumptions and conditions, assumptions on discount rates, estimated rates of return on assets, pension benefit inflation rates, medical benefit inflation rates, and other factors. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

Actual results that differ from the assumptions are recognized immediately and therefore affect recognized other comprehensive income in the period in which such differences arise. While management believes that its assumptions are appropriate, differences in actual experience or changes in assumptions may affect the other comprehensive income and the balance of liabilities related to the employee retirement benefit obligations.

Notes to Financial Statements (continued)

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(All amounts in RMB'000 unless otherwise stated)

III. TAXES

1. Major categories of taxes and respective tax rates

Value-added tax ("VAT")	—	For the Company and certain subsidiaries which are recognized as general VAT payers, VAT payable is imposed on the taxable sales amount multiplied by the tax rate of 6% or 17% (Output-VAT) less deductible input-VAT of the current period. VAT of other subsidiaries recognized as small scale taxpayers is levied at the rate of 3%.
Business tax ("BT")	—	The Company and its subsidiaries are subject to BT for the income generated from the provision of construction services and other services at rates of 3% and 5%, respectively.
City maintenance and construction tax ("CCT")	—	The Company and its subsidiaries are subject to CCT on the total payment of BT and VAT at a rate of 7%, 5% or 1% depending on the location of the taxpayers.
Education surcharge	—	The Company and its subsidiaries are subject to the education surcharge at a rate of 3% on the total payment of BT and VAT.
Corporate income tax ("CIT")	—	Except for certain preferential treatments available to the Company's domestic subsidiaries and overseas subsidiaries which are required to accrue CIT based on tax laws and regulations of foreign jurisdictions, the corporations within the Group are subject to CIT at a rate of 25%. Each of the Company and its subsidiaries calculates and pays CIT as a legal entity at the location where it is registered. Overseas subsidiaries (including those located in the Hong Kong and Macau Special Administrative Regions of the People's Republic of China) are taxed according to the prevailing tax laws and regulations in the relevant countries/ jurisdictions.
Real estate tax	—	Real estate tax is levied at a rate of 1.2% based on 70%, 75% or 80% of the original cost of the properties and is filed and paid by the Company and its subsidiaries accordingly.
Individual income tax ("IIT")		According to the relevant tax laws and regulations, the Company and its subsidiaries have obligations to withhold IIT for their employees' salary income.

2. Preferential tax treatments

Additional deduction of research and development (R&D) expenditures

Pursuant to Chapter IV, Item 1 of Article 30 of the PRC Corporate Income Tax Law (the New CIT Law) and the *Circular on Printing and Issuing the Administrative Measures for the Pre-tax Deduction of Enterprises' Expenditures for Research and Development (for Trial Implementation)* of the State Administration of Taxation (Guo Shui Fa [2008] No.116), subsidiaries of the Group complying with the relevant provisions can make an additional deduction on their research and development expenditures when calculating the taxable income.

Notes to Financial Statements (continued)

30 June 2014

(All amounts in RMB'000 unless otherwise stated)

III. TAXES (CONTINUED)

2. Preferential tax treatments (continued)

Preferential tax treatment for the Western Region Development

Pursuant to the *Circular on Issues Concerning Tax Policies for In-depth Implementation of Western Development Strategies* of the State Administration of Taxation, the Ministry of Finance and General Administration of Customs (Cai Shui [2011] No.58), the Tax preferential treatments for the Western Region Development are valid until 2020. According to the Circular, "from 1 January 2011 to 31 December 2020, corporate income tax may be levied at a reduced tax rate of 15% for enterprises established in the western region and engaged in encouraged industries. The above-mentioned industries shall refer to enterprises whose principal businesses are the industrial projects prescribed in the Catalogue of Encouraged Industries in the Western Region, the income of which accounts for more than 70% of the total income of such enterprises. The Catalogue of Encouraged Industries in the Western Region shall be issued separately." Pursuant to *Announcement of the State Administration of Taxation on Issues of Enterprise Income Tax Concerning In-depth Implementation of Western Region Development Strategy* (Announcement of the State Administration of Taxation [2012] No.12), before the Catalogue of Encouraged Industries in the Western Region has been released, enterprises whose principal businesses are the industrial projects prescribed in the Industrial Restructuring Guidance Catalogue (2005), Industrial Restructuring Guidance Catalogue (2011), the Catalogue for the Guidance of Foreign Investment Industries (Amended in 2007) and the Implementation of the Catalogues of Advantage Industries in Central-Western Areas by Customs (2008 Revision), can be entitled to enjoy a preferential Corporate Income Tax rate of 15% after the tax authorities' confirmation. After issuance of the Western Catalogue, enterprises, which have performed annual CIT filings based on the 15% CIT rate, may need to re-file the CIT returns based on the applicable CIT rate, if they do not qualify for the conditions stipulated in Article 1 of the announcement.

By the approval date of the financial statements, certain subsidiaries of the Group, including China Railway 11th Bureau Group 5th Engineering Co., Ltd. (中鐵十一局集團第五工程有限公司), China Railway 12th Bureau Group 4th Engineering Co., Ltd. (中鐵十二局集團第四工程有限公司), Railway Maintenance Engineering Co., Ltd. of 12th Bureau Group of China Railway (中鐵十二局集團鐵路養護工程有限公司), China Railway 13th Bureau Group 5th Engineering Co., Ltd. (中鐵十三局集團第五工程有限公司), China Railway 17th Bureau Group 2nd Engineering Co., Ltd. (中鐵十七局集團第二工程有限公司), China Railway 17th Bureau Group 4th Engineering Co., Ltd. (中鐵十七局集團第四工程有限公司), China Railway 20th Bureau Group Co., Ltd. (中鐵二十局集團有限公司), China Railway 20th Bureau Group 5th Engineering Co., Ltd. (中鐵二十局集團第五工程有限公司), China Railway 20th Bureau Group 6th Engineering Co., Ltd. (中鐵二十局集團第六工程有限公司), China Railway 20th Bureau Group Electrical Engineering Co., Ltd. (中鐵二十局集團有限公司電氣化工程有限公司), China Railway 21st Bureau Group Co., Ltd. (中鐵二十一局集團有限公司), China Railway 21st Bureau Group 1st Engineering Co., Ltd. (中鐵二十一局集團第一工程有限公司), China Railway 21st Bureau Group 2nd Engineering Co., Ltd. (中鐵二十一局集團第二工程有限公司), China Railway 21st Bureau Group 3rd Engineering Co., Ltd. (中鐵二十一局集團第三工程有限公司), China Railway 21st Bureau Group 4th Engineering Co., Ltd. (中鐵二十一局集團第四工程有限公司), China Railway 21st Bureau Group 5th Engineering Co., Ltd. (中鐵二十一局集團第五工程有限公司), China Railway 21st Bureau Group Electrical Engineering Co., Ltd. (中鐵二十一局集團電務電化工程有限公司), China Railway 21st Bureau Group Road & Bridge Engineering Co., Ltd. (中鐵二十一局集團路橋工程有限公司), Lanzhou Jincheng Railway Concrete Co., Ltd. (蘭州金誠鐵路混凝土有限公司), China Railway 22nd Bureau Group 5th Engineering Co., Ltd. (中鐵二十二局集團第五工程有限公司), China Railway 23rd Bureau Group Co., Ltd. (中鐵二十三局集團有限公司), China Railway 23rd Bureau Group 3rd Engineering Co., Ltd. (中鐵二十三局集團第三工程有限公司), China Railway 23rd Bureau Group 4th Engineering Co., Ltd. (中鐵二十三局集團第四工程有限公司), China Railway 23rd Bureau Group 6th Engineering Co., Ltd. (中鐵二十三局集團第六工程有限公司), China Railway 23rd Bureau Group 8th Engineering Co., Ltd. (中鐵二十三局集團第八工程有限公司), China Railway 1st Survey and Design Institute Group Ltd. (中鐵第一勘察設計院集團有限公司), Gansu Runtong Electric Engineering Co., Ltd. (甘肅潤通電氣化工程有限公司), Gansu Runtong Telecom Engineering Co., Ltd. (甘肅潤通電信與自動化控制工程有限公司), Chengdu China Railway Project Management Co., Ltd. (成都中鐵建項目建設管理有限公司), Kunming Autongda Railway Engineering Machinery Co., Ltd. (昆明奧通達鐵路機械有限公司) and Kunming China Railway Large Maintenance Machinery Co., Ltd. (昆明中鐵大型養路機械集團有限公司) were assumed to have enjoyed the corporate income tax preferential treatment for the Western Region Development temporarily after confirmation by the local tax authorities.

Notes to Financial Statements (continued)

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(All amounts in RMB'000 unless otherwise stated)

III. TAXES (CONTINUED)

2. Preferential tax treatments (continued)

Other preferential tax treatments for the Company's subsidiaries

China Railway 11th Bureau Group Co., Ltd. (中鐵十一局集團有限公司) and its subsidiaries

China Railway 11th Bureau Group Bridge Co., Ltd. (中鐵十一局集團橋樑有限公司) has been recognized as a High-New Technology Enterprises by the Science and Technology Department of Jiangxi Province, Jiangxi Provincial Department of Finance, Jiangxi State Administration of Taxation and the Jiangxi Local Taxation Bureau since 2013, and is entitled to enjoy a preferential Corporate Income Tax rate of 15% from 1 January 2013 to 31 December 2015.

China Railway 11st Bureau Group Electrical Engineering Co., Ltd. (中鐵十一局集團電務工程有限公司) has been recognized as a High-New Technology Enterprise by the Science and Technology Department of Hubei Province, Hubei Provincial Department of Finance, Hubei State Administration of Taxation and the Hubei Local Taxation Bureau since 2012, and is entitled to enjoy a preferential Corporate Income Tax rate of 15% from 1 January 2012 to 31 December 2014.

China Railway 11th Bureau Group City Orbit Co., Ltd. (中鐵十一局集團城市軌道工程有限公司) has been recognized as a High-New Technology Enterprises by the Science and Technology Department of Hubei Province, Hubei Provincial Department of Finance, Hubei State Administration of Taxation and the Hubei Local Taxation Bureau since 2013, and is entitled to enjoy a preferential Corporate Income Tax rate of 15% from 1 January 2013 to 31 December 2015.

China Railway 12th Bureau Group Co., Ltd. (中鐵十二局集團有限公司) and its subsidiaries

China Railway 12th Bureau Group 2nd Engineering Co., Ltd. (中鐵十二局集團有限公司第二工程有限公司) has been recognized as a High-New Technology Enterprise by the Science and Technology Department of Shanxi Province, Shanxi Provincial Department of Finance, Shanxi State Administration of Taxation and the Shanxi Local Taxation Bureau since 2012, and is entitled to enjoy a preferential Corporate Income Tax rate of 15% from 1 January 2012 to 31 December 2014.

China Railway 12th Bureau Group 3rd Engineering Co., Ltd. (中鐵十二局集團有限公司三工程有限公司) has been recognized as a High-New Technology Enterprise by the Science and Technology Department of Shanxi Province, Shanxi Provincial Department of Finance, Shanxi State Administration of Taxation and the Shanxi Local Taxation Bureau since 2012, and was entitled to enjoy a preferential Corporate Income Tax rate at a rate of 15% from 1 January 2012 to 31 December 2014.

China Railway 12th Bureau Group Electrical Engineering Co., Ltd. (中鐵十二局集團有限公司電氣化工程有限公司) has been recognized as a High-New Technology Enterprise by the Tianjin Science and Technology Department, Tianjin Municipal Department of Finance, Tianjin State Administration of Taxation and the Tianjin Local Taxation Bureau since 2012, and is entitled to enjoy a preferential Corporate Income Tax rate of 15% from 1 January 2012 to 31 December 2014.

China Railway Construction Bridge Engineering Bureau Group Co., Ltd. (中國鐵建大橋工程局集團有限公司) and its subsidiaries

China Railway Construction Bridge Engineering Bureau Group Co., Ltd. (中國鐵建大橋工程局集團有限公司) has been recognized as a High-New Technology Enterprise by the Tianjin Municipal Science and Technology Department, Tianjin Department of Finance, Tianjin State Administration of Taxation and the Tianjin Local Taxation Bureau since 2013, and is entitled to enjoy a preferential Corporate Income Tax rate of 15% from 1 January 2013 to 31 December 2015.

China Railway 13th Bureau Group 4th Engineering Co., Ltd. (中鐵十三局集團有限公司第四工程有限公司) has been recognized as a High-New Technology Enterprise by the Science and Technology Department of Heilongjiang Province, Heilongjiang Provincial Department of Finance, Heilongjiang State Administration of Taxation and the Heilongjiang Local Taxation Bureau since 2013, and is entitled to enjoy a preferential Corporate Income Tax rate of 15% from 1 January 2013 to 31 December 2015.

Notes to Financial Statements (continued)

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(All amounts in RMB'000 unless otherwise stated)

III. TAXES (CONTINUED)

2. Preferential tax treatments (continued)

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

China Railway 14th Bureau Group Co., Ltd. (中鐵十四局集團有限公司) and its subsidiaries

China Railway 14th Bureau Group Beijing China Railway Fangshan Bridge Co., Ltd. (中鐵十四局集團北京中鐵房山橋樑有限公司) has been recognized as a High-New Technology Enterprise by the Beijing Municipal Science and Technology Commission, Beijing Municipal Bureau of Finance, Beijing Municipal Office of the State Administration of Taxation and the Beijing Local Taxation Bureau since 2012, and is entitled to enjoy a preferential Corporate Income Tax rate of 15% from 1 January 2012 to 31 December 2014.

China Railway 14th Bureau Group Electrical Engineering Co., Ltd. (中鐵十四局集團電氣化工程有限公司) has been recognized as a High-New Technology Enterprises by the Science and Technology Department of Shandong Province, Shandong Provincial Department of Finance, Shandong State Administration of Taxation and the Shandong Local Taxation Bureau since 2012, and is entitled to enjoy a preferential Corporate Income Tax of 15% from 1 January 2012 to 31 December 2014.

China Railway 15th Bureau Group Co., Ltd. (中鐵十五局集團有限公司)

China Railway 15th Bureau Group Co., Ltd. (中鐵十五局集團有限公司) has been recognized as a High-New Technology Enterprise by the Science and Technology Department of Henan Province, Henan Provincial Department of Finance, Henan State Administration of Taxation and the Henan Local Taxation Bureau since 2012, and is entitled to enjoy a preferential Corporate Income Tax rate of 15% from 1 January 2012 to 31 December 2014.

China Railway 16th Bureau Group Co., Ltd. (中鐵十六局集團有限公司) and its subsidiaries

China Railway 16th Bureau Group Co., Ltd. (中鐵十六局集團有限公司) has been recognized as a High-New Technology Enterprise by the Beijing Municipal Science and Technology Commission, Beijing Municipal Bureau of Finance, Beijing Municipal Office of the State Administration of Taxation and the Beijing Local Taxation Bureau since 2012, and is entitled to enjoy a preferential Corporate Income Tax rate of 15% from 1 January 2012 to 31 December 2014.

China Railway 16th Bureau Group 1st Engineering Co., Ltd. (中鐵十六局集團第一工程有限公司) has been recognized as a High-New Technology Enterprise by the Beijing Municipal Science and Technology Commission, Beijing Municipal Bureau of Finance, Beijing Municipal Office of the State Administration of Taxation and the Beijing Local Taxation Bureau since 2013, and is entitled to enjoy a preferential Corporate Income Tax rate of 15% from 1 January 2013 to 31 December 2015.

China Railway 16th Bureau Group Beijing Metro Engineering Construction Co., Ltd. (中鐵十六局集團北京軌道交通建設工程有限公司) has been recognized as a High-New Technology Enterprise by the Beijing Municipal Science and Technology Commission, Beijing Municipal Bureau of Finance, Beijing Municipal Office of the State Administration of Taxation and the Beijing Local Taxation Bureau since 2013, and is entitled to enjoy a preferential Corporate Income Tax rate of 15% from 1 January 2013 to 31 December 2015.

China Railway 16th Bureau Group 4th Engineering Co., Ltd. (中鐵十六局集團第四工程有限公司) has been recognized as a High-New Technology Enterprise by the Beijing Municipal Science and Technology Commission, Beijing Municipal Bureau of Finance, Beijing Municipal Office of the State Administration of Taxation and the Beijing Local Taxation Bureau since 2013, and is entitled to enjoy a preferential Corporate Income Tax rate of 15% from 1 January 2013 to 31 December 2015.

Notes to Financial Statements (continued)

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(All amounts in RMB'000 unless otherwise stated)

III. TAXES (CONTINUED)

2. Preferential tax treatments (continued)

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

China Railway 17th Bureau Group Co., Ltd. (中鐵十七局集團有限公司) and its subsidiaries

China Railway 17th Bureau Group Electrical Engineering Co., Ltd. (中鐵十七局集團電氣化工程有限公司) has been recognized as a High-New Technology Enterprise by the Science and Technology Department of Shanxi Province, Shanxi Provincial Department of Finance, Shanxi State Administration of Taxation and the Shanxi Local Taxation Bureau since 2013, and is entitled to enjoy a preferential Corporate Income Tax rate of 15% from 1 January 2013 to 31 December 2015.

China Railway 17th Bureau Group Construction Co., Ltd. (中鐵十七局集團建築工程有限公司) has been recognized as a High-New Technology Enterprise by the Science and Technology Department of Shanxi Province, Shanxi Provincial Department of Finance, Shanxi State Administration of Taxation and the Shanxi Local Taxation Bureau since 2013, and is entitled to enjoy a preferential Corporate Income Tax rate of 15% from 1 January 2013 to 31 December 2015.

China Railway 17th Bureau Group 1st Engineering Co., Ltd. (中鐵十七局集團第一工程有限公司) has been recognized as a High-New Technology Enterprise by the Science and Technology Department of Shaanxi Province, Shaanxi Provincial Department of Finance, Shaanxi State Administration of Taxation and the Shaanxi Local Taxation Bureau since 2013, and is entitled to enjoy a preferential Corporate Income Tax rate of 15% from 1 January 2013 to 31 December 2015.

China Railway 17th Bureau Group 2nd Engineering Co., Ltd. (中鐵十七局集團第二工程有限公司) has been recognized as a High-New Technology Enterprise by the Science and Technology Department of Shaanxi Province, Shaanxi Provincial Department of Finance, Shaanxi State Administration of Taxation and the Shaanxi Local Taxation Bureau since 2012, and is entitled to enjoy a preferential Corporate Income Tax rate of 15% from 1 January 2012 to 31 December 2014.

China Railway 18th Bureau Group Co., Ltd. (中鐵十八局集團有限公司)

China Railway 18th Bureau Group Co., Ltd. (中鐵十八局集團有限公司) has been recognized as a High-New Technology Enterprise by the Tianjin Municipal Science and Technology Commission, Tianjin Municipal Bureau of Finance, Tianjin Municipal Office of the State Administration of Taxation and the Tianjin Local Taxation Bureau since 2013, and is entitled to enjoy a preferential Corporate Income Tax rate of 15% from 1 January 2013 to 31 December 2015.

China Railway 19th Bureau Group Co., Ltd. (中鐵十九局集團有限公司) and its subsidiaries

China Railway 19th Bureau Group Co., Ltd. (中鐵十九局集團有限公司) has been recognized as a High-New Technology Enterprise by the Beijing Municipal Science and Technology Commission, Beijing Municipal Bureau of Finance, Beijing Municipal Office of the State Administration of Taxation and the Beijing Local Taxation Bureau since 2013, and is entitled to enjoy a preferential Corporate Income Tax rate of 15% from 1 January 2013 to 31 December 2015.

China Railway 19th Bureau Group 3rd Engineering Co., Ltd. (中鐵十九局集團有限公司第三工程有限公司) has been recognized as a High-New Technology Enterprise by the Science and Technology Department of Liaoning Province, Liaoning Provincial Department of Finance, Liaoning State Administration of Taxation and the Liaoning Local Taxation Bureau since 2012, and is entitled to enjoy a preferential Corporate Income Tax rate of 15% from 1 January 2012 to 31 December 2014.

China Railway 19th Bureau Group Metro Engineering Construction Co., Ltd. (中鐵十九局集團軌道交通工程有限公司) has been recognized as a High-New Technology Enterprise by the Beijing Municipal Science and Technology Commission, Beijing Municipal Bureau of Finance, Beijing Municipal Office of the State Administration of Taxation and the Beijing Local Taxation Bureau since 2012, and is entitled to enjoy a preferential Corporate Income Tax rate of 15% from 1 January 2012 to 31 December 2014.

Notes to Financial Statements (continued)

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(All amounts in RMB'000 unless otherwise stated)

III. TAXES (CONTINUED)

2. Preferential tax treatments (continued)

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

China Railway 20th Bureau Group Co., Ltd. (中鐵二十局集團有限公司) and its subsidiaries

China Railway 20th Bureau Group Xi'an Engineering Co., Ltd. (中鐵二十局集團西安工程機械有限公司) has been recognized as a High-New Technology Enterprise by the Shaanxi Municipal Science and Technology Commission, Shaanxi Finance Department, Shaanxi Municipal Office of the State Administration of Taxation and the Shaanxi Local Taxation Bureau since 2013, and is entitled to enjoy a preferential Corporate Income Tax rate of 15% from 1 January 2013 to 31 December 2015.

China Railway 20th Bureau Group 4th Engineering Co., Ltd. (中鐵二十局集團第四工程有限公司) has been recognized as a High-New Technology Enterprise by the Qingdao Municipal Science and Technology Commission, Qingdao Finance Department, Qingdao Municipal Office of the State Administration of Taxation and the Qingdao Local Taxation Bureau since 2013, and is entitled to enjoy a preferential Corporate Income Tax rate of 15% from 1 January 2013 to 31 December 2015.

China Railway 23rd Bureau Group Co., Ltd. (中鐵二十三局集團有限公司) and its subsidiaries

China Railway 23rd Bureau Group Electrical Engineering Co., Ltd. (中鐵二十三局集團有限公司電務工程有限公司) has been recognized as a High-New Technology Enterprise by the Tianjin Municipal Science and Technology Commission, Tianjin Municipal Bureau of Finance, Tianjin Municipal Office of the State Administration of Taxation and the Tianjin Local Taxation Bureau since 2012, and is entitled to enjoy a preferential Corporate Income Tax rate of 15% from 1 January 2012 to 31 December 2014.

China Railway 24th Bureau Group Co., Ltd. (中鐵二十四局集團有限公司)

China Railway 24th Bureau Group Co., Ltd. (中鐵二十四局集團有限公司) has been recognized as a High-New Technology Enterprises by Shanghai Municipal Science and Technology Commission, Shanghai Municipal Bureau of Finance, Shanghai Municipal Office of the State Administration of Taxation and the Shanghai Local Taxation Bureau since 2013, and is entitled to enjoy a preferential Corporate Income Tax rate of 15% from 1 January 2013 to 31 December 2015.

Kunming China Railway Large Maintenance Machinery Co., Ltd. (昆明中鐵大型養路機械集團有限公司) and its subsidiaries

Beijing Ruiweitong Engineering Machinery Co., Ltd. (北京瑞維通工程機械有限公司) has been recognized as a High-New Technology Enterprise by the Beijing Municipal Science and Technology Commission, Beijing Municipal Bureau of Finance, Beijing Municipal Office of the State Administration of Taxation and the Beijing Local Taxation Bureau since 2012, and is entitled to enjoy a preferential Corporate Income Tax rate of 15% from 1 January 2012 to 31 December 2014.

Beijing Kunweitong Railway Engineering Machinery Co., Ltd. (北京昆維通鐵路機械化工程有限公司) has been recognized as a High-New Technology Enterprise by the Beijing Municipal Science and Technology Commission, Beijing Municipal Bureau of Finance, Beijing Municipal Office of the State Administration of Taxation and the Beijing Local Taxation Bureau since 2012, and is entitled to enjoy a preferential Corporate Income Tax rate of 15% from 1 January 2012 to 31 December 2014.

Notes to Financial Statements (continued)

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(All amounts in RMB'000 unless otherwise stated)

III. TAXES (CONTINUED)

2. Preferential tax treatments (continued)

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

China Railway Construction Electrification Bureau (Group) Co., Ltd. (中國鐵建電氣化局集團有限公司) and its subsidiaries

China Railway Construction Electrification Bureau (Group) Co., Ltd. (中國鐵建電氣化局集團有限公司) has been recognized as a High-New Technology Enterprise by the Beijing Municipal Science and Technology Department, Beijing Department of Finance, Beijing State Administration of Taxation and the Beijing Local Taxation Bureau since 2012, and is entitled to enjoy a preferential Corporate Income Tax rate of 15% from 1 January 2012 to 31 December 2014.

China Railway Construction Electrification Bureau (Group) 2nd Engineering Co., Ltd. (中國鐵建電氣化局集團第二工程有限公司) has been recognized as a High-New Technology Enterprise by the Shanxi Provincial Science and Technology Department, Shanxi Provincial Department of Finance, Shanxi State Administration of Taxation and the Shanxi Local Taxation Bureau since 2013, and is entitled to enjoy a preferential Corporate Income Tax rate of 15% from 1 January 2013 to 31 December 2015.

China Railway Construction Electrification Bureau (Group) 3rd Engineering Co., Ltd. (中鐵建電氣化局集團第三工程有限公司) has been recognized as a High-New Technology Enterprise by the Hebei Provincial Science and Technology Department, Hebei Provincial Department of Finance, Hebei State Administration of Taxation and the Hebei Local Taxation Bureau since 2013, and is entitled to enjoy a preferential Corporate Income Tax rate of 15% from 1 January 2013 to 31 December 2015.

Beijing China Railway Construction Electrification Bureau (Group) Design Institute Engineering Co., Ltd. (北京中鐵建電氣化局集團設計研究院有限公司) has been recognized as a High-New Technology Enterprise by the Beijing Science and Technology Department, Beijing Department of Finance, Beijing State Administration of Taxation and the Beijing Local Taxation Bureau since 2012, and is entitled to enjoy a preferential Corporate Income Tax rate of 15% from 1 January 2012 to 31 December 2014.

China Railway Construction Electrification Bureau (Group) South Engineering Co., Ltd. (中鐵建電氣化局集團南方工程有限公司) has been recognized as a High-New Technology Enterprises by the Hubei Provincial Science and Technology Department, Hubei Provincial Department of Finance, Hubei State Administration of Taxation and the Hubei Local Taxation Bureau since 2012, and is entitled to enjoy a preferential Corporate Income Tax rate of 15% from 1 January 2012 to 31 December 2014.

China Railway Construction Electrification Bureau (Group) 5th Engineering Co., Ltd. (中國鐵建電氣化局集團第五工程有限公司) has been recognized as a High-New Technology Enterprise by the Guangxi Provincial Science and Technology Department, Guangxi Provincial Department of Finance, Guangxi State Administration of Taxation and the Guangxi Local Taxation Bureau since 2013, and is entitled to enjoy a preferential Corporate Income Tax rate of 15% from 1 January 2013 to 31 December 2015.

China Railway Construction Electrification Bureau (Group) Kang Yuan New Materials Co., Ltd. (中鐵建電氣化局集團康遠新材料有限公司) has been recognized as a High-New Technology Enterprise by the Jiangsu Provincial Science and Technology Department, Jiangsu Provincial Department of Finance, Jiangsu State Administration of Taxation and the Jiangsu Local Taxation Bureau since 2012, and is entitled to enjoy a preferential Corporate Income Tax rate of 15% from 1 January 2012 to 31 December 2014.

China Railway Construction Electrification Bureau (Group) Science and Technology Co., Ltd. (中鐵建電氣化局集團科技有限公司) has been recognized as a High-New Technology Enterprise by the Hebei Provincial Science and Technology Department, Hebei Provincial Department of Finance, Hebei State Administration of Taxation and the Hebei Local Taxation Bureau since 2012, and is entitled to enjoy a preferential Corporate Income Tax rate of 15% from 1 January 2012 to 31 December 2014.

China Railway Construction Electrification Bureau (Group) Metro Engineering Machinery Co., Ltd. (中鐵建電氣化局集團軌道交通器材有限公司) has been recognized as a High-New Technology Enterprise by the Jiangsu Provincial Science and Technology Department, Jiangsu Provincial Department of Finance, Jiangsu State Administration of Taxation and the Jiangsu Local Taxation Bureau since 2012, and is entitled to enjoy a preferential Corporate Income Tax rate of 15% from 1 January 2012 to 31 December 2014.

Notes to Financial Statements (continued)

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(All amounts in RMB'000 unless otherwise stated)

IV. CONSOLIDATION SCOPE OF THE CONSOLIDATED FINANCIAL STATEMENTS

1. Subsidiaries

Particulars of the principal subsidiaries of the Company are as follows:

Company name	Type	Place of registration	Legal representative	Registered capital	Principal activities	Organization code	Actual contribution at period end (Unaudited)	Percentage of equity interest	Percentage of voting rights	Consolidated or not	Non-controlling interests (Note (d))	
China Civil Engineering Construction Ltd.	Wholly-owned subsidiary	Beijing	Liu Zhiming	1,210,000	Construction	10000081-7	3,254,969	Direct	100	100	Yes	2,932
China Railway 11 th Bureau Group Co., Ltd. (Note (a))	Wholly-owned subsidiary	Wuhan, Hubei	He Yibin	1,031,850	Construction	17931508-7	1,893,912	Direct	100	100	Yes	—
China Railway 12 th Bureau Group Co., Ltd.	Wholly-owned subsidiary	Taiyuan, Shanxi	Shi Daoquan	1,060,677	Construction	11007118-4	1,957,277	Direct	100	100	Yes	78,210
China Railway Construction Bridge Engineering	Bureau Group Co., Ltd. (Note (b))	Wholly-owned subsidiary	Tianjin Jiang Yongjun	2,000,000	Construction	24499795-1	2,460,480	Direct	100	100	Yes	—
China Railway 14 th Bureau Group Co., Ltd.	Wholly-owned subsidiary	Ji'nan, Shandong	Yang Youshi	1,110,000	Construction	16305598-9	2,130,105	Direct	100	100	Yes	26,869
China Railway 15 th Bureau Group Co., Ltd.	Wholly-owned subsidiary	Luoyang, Henan	Wu Xiangong	1,117,210	Construction	16995347-2	1,446,941	Direct	100	100	Yes	5,021
China Railway 16 th Bureau Group Co., Ltd.	Wholly-owned subsidiary	Beijing	Kong Lingjian	1,068,300	Construction	10163676-1	1,282,412	Direct	100	100	Yes	2,768
China Railway 17 th Bureau Group Co., Ltd.	Wholly-owned subsidiary	Taiyuan, Shanxi	Duan Dongming	1,105,470	Construction	11007084-3	1,714,582	Direct	100	100	Yes	—
China Railway 18 th Bureau Group Co., Ltd.	Wholly-owned subsidiary	Tianjin	Hao Chenyi	1,130,000	Construction	10306009-X	1,103,234	Direct	100	100	Yes	617,315
China Railway 19 th Bureau Group Co., Ltd.	Wholly-owned subsidiary	Beijing	Ge Yongli	1,095,469	Construction	12202739-1	1,454,638	Direct	100	100	Yes	300,000
China Railway 20 th Bureau Group Co., Ltd.	Wholly-owned subsidiary	Xi'an, Shaanxi	Lei Shengxiang	1,130,850	Construction	22052306-5	1,615,144	Direct	100	100	Yes	3,737

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(All amounts in RMB'000 unless otherwise stated)

IV. CONSOLIDATION SCOPE OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1. Subsidiaries (continued)

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

Company name	Type	Place of registration	Legal representative	Registered capital	Principal activities	Organization code	Actual contribution at period end <i>(Unaudited)</i>	Percentage of equity interest	Percentage of voting rights	Consolidated or not	Non-controlling interests <i>(Note (d))</i>	
China Railway 21 st BureauGroup Co., Ltd.	Wholly-owned subsidiary	Lanzhou, Gansu	Meng Guangshun	1,150,000	Construction	22433362-1	1,557,251	Direct	100	100	Yes	—
China Railway 22 nd BureauGroup Co., Ltd.	Wholly-owned subsidiary	Beijing	Liu Guozhi	1,057,000	Construction	71092227-X	1,295,286	Direct	100	100	Yes	30,730
China Railway 23 rd BureauGroup Co., Ltd.	Wholly-owned subsidiary	Chengdu, Sichuan	Xu Mingxin	965,000	Construction	74033824-2	1,395,004	Direct	100	100	Yes	40,796
China Railway 24 th BureauGroup Co., Ltd.	Wholly-owned subsidiary	Shanghai	Guo Yanjing	1,050,000	Construction	13220244-8	1,346,917	Direct	100	100	Yes	6,568
China Railway 25 th BureauGroup Co., Ltd.	Wholly-owned subsidiary	Guangzhou, Guangdong	Liang Yi	910,720	Construction	19043049-X	1,053,597	Direct	100	100	Yes	—
China Railway Construction Group Ltd.	Wholly-owned subsidiary	Beijing	Wang Wenzhong	1,300,000	Construction	10228709-X	2,368,346	Direct	100	100	Yes	26,643
China Railway Electrification Bureau Group Co., Ltd.	Wholly-owned subsidiary	Beijing	Wang Hanlin	710,000	Construction	77705261-9	1,105,530	Direct	100	100	Yes	(7,244)
China Railway Construction Real Estate Group Co., Ltd.	Wholly-owned subsidiary	Beijing	Li Li	7,000,000	Real estate development	66050723-7	7,062,941	Direct	100	100	Yes	201,928
China Railway Goods and Materials Group Co., Ltd.	Wholly-owned subsidiary	Beijing	Jin Yueliang	2,000,000	Trading of construction materials	10209797-4	2,314,805	Direct	100	100	Yes	107,844

Notes to Financial Statements (continued)

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(All amounts in RMB'000 unless otherwise stated)

IV. CONSOLIDATION SCOPE OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1. Subsidiaries (continued)

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

Company name	Type	Place of registration	Legal representative	Registered capital	Principal activities	Organization code	Actual contribution at period end	Percentage of equity interest	Percentage of voting rights		Consolidated or not	Non-controlling interests (Note (d))
China Railway Construction Investment Co., Ltd.	Wholly-owned subsidiary	Beijing	Li Ning	6,275,510	Project investment	57317581-X	10,000,000	Direct	100	100	Yes	717,600
CRCC Finance Company Limited	subsidiary	Beijing	Zhuang Shangbiao	6,000,000	Finance service	10112857-2	5,640,000	Direct	94	94	Yes	399,118
CRCC Assets Management Co., Ltd.	Wholly-owned subsidiary	Beijing	Feng Zhonghai	10,000	Assets management	717828913	10,000	Direct	100	100	Yes	1,500,511
CRCC Urban Construction Group Co., Ltd. (Note (c))	Wholly-owned subsidiary	Changsha, Hunan	Luo Habin	2,000,000	Construction	085432629	2,000,000	Direct	100	100	Yes	—

Notes:

- (a) The legal representative of China Railway 11th Bureau Group Co., Ltd. was changed to He Yibin from Wang Guilin on 3 April 2014.
- (b) The corporate name of China Railway 13th Bureau Group Co., Ltd. was changed to China Railway Construction Bridge Engineering Bureau Group Co., Ltd. on 27 March 2014. The registered capital was increased by RMB955,190,000 and the change of business registration was completed on 3 April 2014. As at 30 June 2014, the registered capital was RMB2,000,000,000.
- (c) The corporate name of CRCC Urban Engineering Co., Ltd. was changed to CRCC Urban Construction Group Co., Ltd. on 20 February 2014.
- (d) All non-controlling interests arise from the subsidiaries of the Company's second tier subsidiaries, except for CRCC Finance Company Limited.

2. Changes in the scope of consolidation

The consolidation scope had no significant change compared with prior year.

3. Exchange rates used to translate the financial statements of foreign operations

	Average exchange rate		Exchange rate at period/year end	
	For the six months ended 30 June 2014	For the six months ended 30 June 2013	30 June 2014	31 December 2013
United States Dollar ("USD")	6.12485	6.23210	6.15280	6.09690
European Dollar ("EUR")	8.40675	8.18560	8.39460	8.41890
Nigerian Naira ("NGN")	0.03747	0.03954	0.03739	0.03755
Ethiopian Birr ("ETB")	0.31342	0.33754	0.31128	0.31556
Algerian Dinar ("DZD")	0.07688	0.07939	0.07592	0.07784
Hongkong Dollar ("HKD")	0.78999	0.80370	0.79375	0.78623
Macao Pataca ("MOP")	0.75272	0.78884	0.75694	0.74850
Saudi Riyal ("SAR")	1.63491	1.77422	1.64086	1.62896
Libyan dinar ("LYD")	4.94987	4.95553	5.05561	4.84413
Angolan kwanza ("AOA")	0.06268	0.06477	0.06292	0.06244
Australian Dollar ("AUD")	5.61398	6.12120	5.80640	5.42156
Singapore dollar ("SGD")	4.86895	5.02348	4.92195	4.81595
Botswana pula ("BWP")	0.68878	0.83252	0.68933	0.68822
United Arab Emirates Dirham ("AED")	1.66941	1.70245	1.67543	1.66339

Notes to Financial Statements (continued)

30 June 2014

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Cash and bank balances

	30 June 2014 (Unaudited)		
	Original currency	Exchange rate	RMB equivalent
Cash			
RMB	159,318	1.00000	159,318
USD	5,004	6.15280	30,788
EUR	247	8.39460	2,073
Others			43,227
			235,406
Cash at banks			
RMB	75,126,460	1.00000	75,126,460
USD	1,157,871	6.15280	7,124,149
NGN	40,345,707	0.03739	1,508,526
ETB	1,424,978	0.31128	443,567
EUR	28,040	8.39460	235,385
DZD	2,351,278	0.07592	178,509
AUD	24,389	5.80640	141,612
SAR	85,152	1.64086	139,723
LYD	27,251	5.05561	137,770
Others			396,186
			85,431,887
Others			
RMB	4,598,303	1.00000	4,598,303
Others			635
			4,598,938
Mandatory reserves placed by CRCC Finance Company Limited with the central bank			
RMB	3,319,118	1.00000	3,319,118
			93,585,349

Notes to Financial Statements (continued)

30 June 2014

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1. Cash and bank balances (continued)

	Original currency	31 December 2013 Exchange rate	RMB equivalent
Cash			
RMB	72,303	1.00000	72,303
USD	3,647	6.09690	22,235
EUR	239	8.41890	2,012
Others			34,666
			131,216
Cash at banks			
RMB	77,832,748	1.00000	77,832,748
USD	445,054	6.09690	2,713,450
NGN	66,221,784	0.03755	2,486,628
ETB	1,600,916	0.31556	505,185
EUR	32,487	8.41890	273,505
DZD	3,405,948	0.07784	265,119
HKD	275,484	0.78623	216,594
MOP	222,263	0.74850	166,364
SAR	90,060	1.62896	146,704
LYD	29,585	4.84413	143,314
Others			360,166
			85,109,777
Others			
RMB	5,726,198	1.00000	5,726,198
Others			52,555
			5,778,753
Mandatory reserves placed by CRCC Finance Company Limited with the central bank			
RMB	2,414,091	1.00000	2,414,091
			93,433,837

Notes to Financial Statements (continued)

30 June 2014

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1. Cash and bank balances (continued)

Cash and bank balances with title restrictions were stated in Note V.18.

Cash deposited in the current account earns interest at floating interest rates. Terms of short-term time deposits are from one day to three months depending on the cash flow demand of the Group. These deposits earn interest at the respective bank deposit rates.

	30 June 2014 (Unaudited)	31 December 2013
Cash and bank balances at period/year end	93,585,349	93,433,837
Less: mandatory reserves with the central bank	(3,319,118)	(2,414,091)
Less: non-pledged time deposits with original maturity of three months or more when acquired	(5,536,574)	(5,636,327)
Less: other restricted cash and bank balances	(4,562,905)	(5,599,966)
Cash and cash equivalents at period/year end	80,166,752	79,783,453
Less: cash and cash equivalents at beginning of the period/year	(79,783,453)	(79,782,051)
Net increase in cash and cash equivalents	383,299	1,402

2. Financial assets at fair value through profit or loss

	30 June 2014 (Unaudited)	31 December 2013
Equity instruments held for trading	270,183	123,161

Management considered that there was no material restriction on the recovery of the financial assets held for trading.

3. Bills receivable

	30 June 2014 (Unaudited)	31 December 2013
Commercial acceptance bills	1,170,818	1,973,365
Bank acceptance bills	1,051,398	1,493,034
	2,222,216	3,466,399

Bills receivable with title restriction were stated in Note V.18.

As at 30 June 2014 and 31 December 2013, there were no bills receivable pledged.

Notes to Financial Statements (continued)

30 June 2014

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. Bills receivable (continued)

As at 30 June 2014, the Group had derecognized the following bank acceptance bills which were not matured but had been endorsed to other parties:

Issuer	Date of issuance	Due date	Amount
Shaanxi Longmen Iron&Steel Co., Ltd.	21 January 2014	21 July 2014	10,000
Shaanxi Longmen Iron&Steel Co., Ltd.	21 January 2014	21 July 2014	10,000
Shaanxi Longmen Iron&Steel Co., Ltd.	21 January 2014	21 July 2014	10,000
Sichuan Rongxin Group Co., Ltd.	22 February 2014	22 July 2014	10,000
Shenzhouhuazi Group Co., Ltd.	19 March 2014	19 September 2014	10,000
Others			863,370
			913,370

As at 31 December 2013, the Group had derecognized the following bank acceptance bills which were not matured but had been endorsed to other parties:

Issuer	Date of issuance	Due date	Amount
China Railway Erju Co., Ltd.	30 October 2013	30 January 2014	62,593
Zhangjiagang Bonded Zone Changlongyuan International Trade Co., Ltd.	17 December 2013	17 June 2014	20,000
Zhangjiagang Bonded Zone Changlongyuan International Trade Co., Ltd.	17 December 2013	17 June 2014	20,000
Zhangjiagang Bonded Zone Changlongyuan International Trade Co., Ltd.	17 December 2013	17 June 2014	20,000
Zhangjiagang Bonded Zone Changlongyuan International Trade Co., Ltd.	17 December 2013	17 June 2014	20,000
Zhangjiagang Bonded Zone Changlongyuan International Trade Co., Ltd.	17 December 2013	17 June 2014	20,000
Others			1,137,020
			1,279,613

As at 30 June 2014, the Group had derecognized bank acceptance bills of RMB238,356,000 issued by third parties which were not matured (31 December 2013: RMB249,615,000).

As at 30 June 2014, the Group held no bills receivable from shareholders that held 5% or more of the voting rights of the Company (31 December 2013: nil).

As at 30 June 2014, the Group's bills receivable were neither past due nor impaired (31 December 2013: nil).

Notes to Financial Statements (continued)

30 June 2014

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. Accounts receivable

The majority of the Group's revenues is generated through construction projects and settlements are made in accordance with the terms specified in the contracts governing the relevant transactions. For the sale of products, a credit period ranging from 30 to 90 days may be granted to the customers. For retention money receivables in respect of construction work carried out by the Group, the due dates usually range from one to six years after the completion of the construction work. The retention money whose maturity is more than one year is recognized as long-term receivables. Accounts receivable are non-interest-bearing.

An ageing analysis of accounts receivable is presented as follows:

	30 June 2014 (Unaudited)	31 December 2013
Within 1 year	81,416,537	81,793,582
1 to 2 years	5,031,496	4,851,995
2 to 3 years	2,147,417	1,155,707
Over 3 years	1,803,538	886,251
Less: provision for bad debts	90,398,988 (940,134)	88,687,535 (889,813)
	89,458,854	87,797,722

Movements in the provision for bad debts are as follows:

	For the six months ended 30 June 2014 (Unaudited)	2013
Opening balance	889,813	458,824
Provision	134,738	580,305
Reversal	(71,788)	(133,626)
Write-off	(12,629)	(15,690)
Closing balance	940,134	889,813

Notes to Financial Statements (continued)

30 June 2014

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. Accounts receivable (continued)

Accounts receivable and provision for bad debts by category are presented as follows:

	30 June 2014 (Unaudited)			
	Gross carrying amount		Provision for bad debts	
	Amount	Percentage	Amount	Percentage
Individually significant and subject to separate provision for bad debts	78,049,581	86.34	(334,228)	0.43
Subject to provision by group				
— Within 6 months	8,902,494	9.85	—	—
— 6 months to 1 year	525,563	0.58	(2,628)	0.50
— 1 to 2 years	452,452	0.50	(22,623)	5.00
— 2 to 3 years	264,696	0.29	(26,470)	10.00
— Over 3 years	322,120	0.36	(170,088)	52.80
Individually not significant but subject to separate provision for bad debts	1,882,082	2.08	(384,097)	20.41
	90,398,988	100.00	(940,134)	

	31 December 2013			
	Gross carrying amount		Provision for bad debts	
	Amount	Percentage	Amount	Percentage
Individually significant and subject to separate provision for bad debts	75,892,085	85.57	(309,632)	0.41
Subject to provision by group				
— Within 6 months	9,324,502	10.51	—	—
— 6 months to 1 year	538,382	0.61	(2,692)	0.50
— 1 to 2 years	550,085	0.62	(27,509)	5.00
— 2 to 3 years	302,512	0.34	(30,240)	10.00
— Over 3 years	343,423	0.39	(189,872)	55.29
Individually not significant but subject to separate provision for bad debts	1,736,546	1.96	(329,868)	19.00
	88,687,535	100.00	(889,813)	

Notes to Financial Statements (continued)

30 June 2014

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. Accounts receivable (continued)

As at 30 June 2014, accounts receivable which are individually significant and subject to separate provision for bad debts were as follows:

Due from	Gross carrying amount	Provision for bad debts	Percentage	Reason
Company 1	43,338	(33,990)	78.43	Note
Company 2	13,137	(13,137)	100.00	Note
Company 3	19,044	(9,522)	50.00	Note
Company 4	118,705	(6,085)	5.13	Note
Company 5	139,405	(6,064)	4.35	Note
Others	9,961,372	(265,430)		
	10,295,001	(334,228)		

As at 31 December 2013, accounts receivable which are individually significant and subject to separate provision for bad debts were as follows:

Due from	Gross carrying amount	Provision for bad debts	Percentage	Reason
Company 1	43,338	(33,990)	78.43	Note
Company 2	13,137	(13,137)	100.00	Note
Company 3	19,044	(9,522)	50.00	Note
Company 4	10,529	(8,424)	80.00	Note
Company 5	10,111	(8,089)	80.00	Note
Others	12,075,965	(236,470)		
	12,172,124	(309,632)		

Note: According to the ageing analysis of accounts receivable and operation of the companies, the Group recorded all or a proportion of the provision for doubtful debts.

For the period ended 30 June 2014 and the year ended 31 December 2013, there was no significant reversal of provision for bad debts of accounts receivable or significant cash settlement for impaired receivables.

For the period ended 30 June 2014 and the year ended 31 December 2013, no individually significant accounts receivable have been written off.

Notes to Financial Statements (continued)

30 June 2014

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. Accounts receivable (continued)

As at 30 June 2014, accounts receivable which were individually not significant but subject to separate provision for bad debts were as follows:

Accounts receivable	Gross carrying amount	Provision for bad debts	Percentage	Reason
Company 1	8,533	(8,133)	95.31	Note
Company 2	8,135	(7,000)	86.05	Note
Company 3	6,860	(5,488)	80.00	Note
Company 4	5,313	(4,900)	92.23	Note
Company 5	4,863	(3,891)	80.00	Note
Others	1,553,177	(354,685)		
	1,586,881	(384,097)		

As at 31 December 2013, accounts receivable which were individually not significant but subject to separate provision for bad debts were as follows:

Accounts receivable	Gross carrying amount	Provision for bad debts	Percentage	Reason
Company 1	8,389	(8,389)	100.00	Note
Company 2	8,533	(8,133)	95.31	Note
Company 3	8,135	(7,000)	86.05	Note
Company 4	5,832	(3,983)	68.30	Note
Company 5	3,604	(3,604)	100.00	Note
Others	1,668,415	(298,759)		
	1,702,908	(329,868)		

Note: According to the ageing analysis of accounts receivable and operation of the companies, the Group recorded all or a proportion of the provision for doubtful debts.

Included in the aforesaid balances of accounts receivable were amounts due from shareholders that held 5% or more of the Company's voting rights as follows:

	30 June 2014 (Unaudited)		31 December 2013	
	Amount	Provision for bad debt	Amount	Provision for bad debt
CRCCG	18,715	—	791,674	—

Notes to Financial Statements (continued)

30 June 2014

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. Accounts receivable (continued)

As at 30 June 2014, the five largest accounts receivable were as follows:

	Relationship with the Group	Amount	Ageing	Percentage of total accounts receivable
Company 1	Third party	1,302,857	Within 1 year	1.44
Company 2	Third party	1,058,307	Within 1 year	1.17
Company 3	Third party	1,049,871	Within 1 year	1.16
Company 4	Third party	999,996	Within 1 year	1.11
Company 5	Third party	756,338	Within 1 year	0.84
		5,167,369		5.72

As at 31 December 2013, the five largest accounts receivable were as follows:

	Relationship with the Group	Amount	Ageing	Percentage of total accounts receivable
Company 1	Third party	1,432,716	Within 1 year	1.62
Company 2	Third party	1,350,189	Within 1 year	1.52
Company 3	Third party	1,310,538	Within 1 year	1.48
Company 4	Third party	917,867	Within 1 year	1.03
Company 5	Third party	813,820	Within 1 year	0.92
		5,825,130		6.57

As at 30 June 2014, accounts receivable due from related parties were as follows:

	Relationship with the Group	Amount (Unaudited)	Percentage of total accounts receivable
Chongqing Yurong Highway Co., Ltd.	Associate	243,535	0.28
Chongqing Monorail Transportation Engineering Co., Ltd.	Associate	36,911	0.04
CRCC-HC-CR15G Joint Venture	Jointly-controlled entity	31,249	0.03
CRCCG	Ultimate holding company	18,715	0.02
Xi'an Tianchuang Real Estate Co., Ltd.	Fellow subsidiary	584	—
Nanchang Railway 2 nd Construction Engineering Co., Ltd	Associate	530	—
		331,524	0.37

Notes to Financial Statements (continued)

30 June 2014

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. Accounts receivable (continued)

As at 31 December 2013, accounts receivable due from related parties were as follows:

	Relationship with the Group	Amount	Percentage of total accounts receivable
Chongqing Yurong Highway Co., Ltd.	Associate	388,915	0.45
Chongqing Monorail Transportation Engineering Co., Ltd.	Associate	136,049	0.15
CRCCG	Ultimate holding company	79,674	0.09
Inner Mongolia Berun New Energy Co., Ltd.	Associate	68,765	0.08
CRCC-HC-CR15G Joint Venture	Jointly-controlled entity	6,519	0.01
CRCC-Tongguan Investment Co., Ltd.	Associate	4,079	—
Chongqing Tiefsa Suiyu Highway Co., Ltd.	Fellow subsidiary	2,914	—
Xi'an Tianchuang Real Estate Co., Ltd.	Fellow subsidiary	584	—
Nanchang Railway 2 nd Construction Engineering Co., Ltd.	Associate	530	—
		688,029	0.78

As at 30 June 2014, the Group's accounts receivable that were neither past due nor impaired amounted to RMB76,952,275,000 (31 December 2013: RMB73,078,101,000).

Accounts receivable with title restriction were stated in Note V.18.

5. Advances to suppliers

An ageing analysis of the advances to suppliers was as follows:

	30 June 2014 (Unaudited)		31 December 2013	
	Gross carrying amount	Percentage	Gross carrying amount	Percentage
Within 1 year	34,550,989	96.66	31,841,192	97.88
1 to 2 years	1,143,023	3.20	639,537	1.97
2 to 3 years	20,384	0.06	28,157	0.09
Over 3 years	28,561	0.08	20,532	0.06
	35,742,957	100.00	32,529,418	100.00

Notes to Financial Statements (continued)

30 June 2014

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. Advances to suppliers (continued)

As at 30 June 2014 and 31 December 2013, significant advances to suppliers aged over one year were as follows:

	30 June 2014 (Unaudited)	Nature
Company 1	162,460	Prepayment for materials
Company 2	158,003	Prepayment for materials
Company 3	119,700	Prepayment for materials
Company 4	68,063	Prepayment for materials
Company 5	50,000	Prepayment for materials
	558,226	

	31 December 2013	Nature
Company 1	119,700	Prepayment for materials
Company 2	50,000	Prepayment for materials
Company 3	35,103	Prepayment for materials
Company 4	32,893	Prepayment for materials
Company 5	31,878	Prepayment for materials
	269,574	

Significant outstanding advances to suppliers aged over one year are mainly due to related construction projects which have not been completed or materials or equipment which have not been received.

As at 30 June 2014, the five largest advances to suppliers were as follows:

	Relationship with the Group	Amount	Ageing	Reason for outstanding advances
Company 1	Third party	597,561	Within 1 year	Materials not yet received
Company 2	Third party	370,346	Within 1 year	Materials not yet received
Company 3	Third party	343,813	Within 1 year	Materials not yet received
Company 4	Third party	336,619	Within 1 year	Materials not yet received
Company 5	Third party	286,573	Within 1 year	Materials not yet received
		1,934,912		

As at 31 December 2013, the five largest advances to suppliers were as follows:

	Relationship with the Group	Amount	Ageing	Reason for outstanding advances
Company 1	Third party	605,407	Within 1 year	Materials not yet received
Company 2	Third party	410,050	Within 1 year	Materials not yet received
Company 3	Third party	369,204	Within 1 year	Materials not yet received
Company 4	Third party	358,003	Within 1 year	Materials not yet received
Company 5	Third party	351,014	Within 1 year	Materials not yet received
		2,093,678		

As at 30 June 2014, there were no advances to suppliers paid to shareholders that held 5% or more of the Company's voting rights (31 December 2013: nil).

Further details of advances to suppliers to other related parties were stated in Note VI.6.

Notes to Financial Statements (continued)

30 June 2014

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6. Other receivables

An ageing analysis of other receivables was as follows:

	30 June 2014 (Unaudited)	31 December 2013
Within 1 year	30,756,723	29,383,159
1 to 2 years	1,351,470	1,334,025
2 to 3 years	600,910	594,668
Over 3 years	435,645	434,826
	33,144,748	31,746,678
Less: provision for bad debts	(707,144)	(765,762)
	32,437,604	30,980,916

Movements in the provision for bad debts were as follows:

	For the six months ended 30 June 2014 (Unaudited)	2013
Opening balance	765,762	324,100
Provision	14,914	531,643
Reversal	(20,179)	(16,687)
Write-off	(53,353)	(73,294)
Closing balance	707,144	765,762

Other receivables by category were presented as follows:

	30 June 2014 (unaudited)			
	Gross carrying amount Amount	Percentage %	Provision for bad debts Amount	Percentage %
Individually significant and subject to separate provision for bad debts	17,221,075	51.96	(464,910)	2.70
Subject to provision by group				
— Within 6 months	9,424,669	28.43	—	—
— 6 months to 1 year	101,536	0.31	(508)	0.50
— 1 to 2 years	156,692	0.47	(7,835)	5.00
— 2 to 3 years	77,915	0.23	(7,791)	10.00
— Over 3 years	105,408	0.32	(64,239)	60.94
Individually not significant but subject to separate provision for bad debts	6,057,453	18.28	(161,861)	2.67
	33,144,748	100.00	(707,144)	

Notes to Financial Statements (continued)

30 June 2014

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6. Other receivables (continued)

	31 December 2013		31 December 2013	
	Gross carrying amount Amount	Percentage %	Provision for bad debts Amount	Percentage %
Individually significant and subject to separate provision for bad debts	16,171,511	50.94	(476,795)	2.95
Subject to provision by group				
— Within 6 months	9,214,897	29.03	—	—
— 6 months to 1 year	136,704	0.43	(684)	0.50
— 1 to 2 years	280,967	0.89	(14,048)	5.00
— 2 to 3 years	75,850	0.24	(7,585)	10.00
— Over 3 years	103,777	0.33	(64,623)	62.27
Individually not significant but subject to separate provision for bad debts	5,762,972	18.14	(202,027)	3.51
	31,746,678	100.00	(765,762)	

As at 30 June 2014, other receivables which were individually significant and subject to separate provision for bad debts were as follows:

	Gross carrying amount	Provision for bad debts	Percentage of provision	Reason
Company 1	168,000	(168,000)	100.00	Note
Company 2	68,039	(68,039)	100.00	Note
Company 3	46,634	(46,634)	100.00	Note
Company 4	45,372	(45,372)	100.00	Note
Company 5	43,714	(43,714)	100.00	Note
Others	691,717	(93,151)		
	1,063,476	(464,910)		

As at 31 December 2013, other receivables which were individually significant and subject to separate provision for bad debts were as follows:

	Gross carrying amount	Provision for bad debts	Percentage of provision	Reason
Company 1	170,679	(168,000)	98.43	Note
Company 2	67,421	(67,421)	100.00	Note
Company 3	45,538	(45,538)	100.00	Note
Company 4	44,714	(44,714)	100.00	Note
Company 5	43,119	(43,119)	100.00	Note
Others	646,827	(108,003)		
	1,018,298	(476,795)		

Note: According to the ageing analysis of other receivable and operation of the companies, the Group recorded all or a proportion of the provision for doubtful debts.

Notes to Financial Statements (continued)

30 June 2014

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6. Other receivables (continued)

As at 30 June 2014, other receivables that were individually not significant for which provision for bad debts was recognized separately were as follows:

Other receivables	Gross carrying amount	Provision for bad debts	Percentage of provision	Reason
Company 1	8,298	(8,298)	100.00	Note
Company 2	6,693	(6,693)	100.00	Note
Company 3	5,631	(5,631)	100.00	Note
Company 4	5,000	(5,000)	100.00	Note
Company 5	4,920	(4,920)	100.00	Note
Others	398,439	(131,319)		
	428,981	(161,861)		

As at 31 December 2013, other receivables that were individually not significant for which provision for bad debts was recognized separately were as follows:

Other receivables	Gross carrying amount	Provision for bad debts	Percentage of provision	Reason
Company 1	8,817	(8,817)	100.00	Note
Company 2	8,298	(8,298)	100.00	Note
Company 3	7,794	(7,794)	100.00	Note
Company 4	6,693	(6,693)	100.00	Note
Company 5	8,000	(6,400)	80.00	Note
Others	231,257	(164,025)		
	270,859	(202,027)		

Note: According to the ageing analysis of other receivable and operation of the companies, the Group recorded all or a proportion of the provision for doubtful debts.

As at 30 June 2014 and 31 December 2013, there was no significant reversal of impairment for other receivables or significant cash settlement for impaired receivables.

As at 30 June 2014 and 31 December 2013, there was no significant other receivable written off.

As at 30 June 2014, the amount of other receivables neither past due nor impaired was RMB31,210,740,000 (31 December 2013: RMB29,860,223,000).

Notes to Financial Statements (continued)

30 June 2014

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6. Other receivables (continued)

As at 30 June 2014, the five largest other receivables were as follows:

	Relationship with the Group	Amount	Ageing	Percentage of total other receivables
Company 1	Third party	1,000,020	1 to 2 years	3.02
Company 2	Third party	769,020	Within 1 year	2.32
Company 3	Third party	721,704	Within 1 year	2.18
Company 4	Third party	700,675	Within 1 year	2.11
Company 5	Third party	561,132	1 to 2 years	1.69
		3,752,551		11.32

As at 31 December 2013, the five largest other receivables were as follows:

	Relationship with the Group	Amount	Ageing	Percentage of total other receivables
Company 1	Third party	1,000,000	Within 1 year	3.15
Company 2	Third party	769,020	Within 1 year	2.42
Company 3	Third party	726,348	Within 1 year	2.29
Company 4	Third party	561,132	Within 1 year	1.77
Company 5	Third party	501,822	Within 1 year	1.58
		3,558,322		11.21

As at 30 June 2014, there were no other receivables due from shareholders that held 5% or more of the Company's voting rights (31 December 2013: nil).

As at 30 June 2014, other receivables due from related parties were as follows:

	Relationship with the Group	Amount (Unaudited)	Percentage of total other receivables
Nanchang Xinlong Real Estate Co., Ltd.	Associate	26,599	0.08
Nanchang Railway 2nd Construction Engineering Co., Ltd.	Associate	6,139	0.02
Shenzhen Zhongtieda Weijun Storage and Transportation Co., Ltd.	Associate	1,800	0.01
Shaanxi Jiuzheng Medical Technology Co., Ltd.	Associate	1,367	—
Chongqing Monorail Transportation Engineering Co., Ltd.	Associate	939	—
Hunan Yuntong Rail Traffic Equipment Co., Ltd.	Jointly-controlled entity	561	—
China Railway Communications International Engineering and Technology Co., Ltd.	Jointly-controlled entity	31	—
		37,436	0.11

Notes to Financial Statements (continued)

30 June 2014

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6. Other receivables (continued)

As at 31 December 2013, other receivables from related parties were as follows:

	Relationship with the Group	Amount	Percentage of total other receivables
Nanchang Xinlong Real Estate Co., Ltd.	Associate	26,599	0.09
Nanchang Railway 2nd Construction Engineering Co., Ltd.	Associate	6,139	0.02
Shenzhen Zhongtieda Weijun Storage and Transportation Co., Ltd.	Associate	1,615	0.01
Shaanxi Jiuzheng Medical Technology Co., Ltd.	Associate	1,367	—
Chongqing Monorail Transportation Engineering Co., Ltd.	Associate	939	—
Hunan Yuntong Rail Traffic Equipment Co., Ltd.	Jointly-controlled entity	521	—
		37,180	0.12

As at 30 June 2014, government grants receivable was as follows:

Grant project	Amount	Ageing	Estimated receipt date	Documents
Panjin land compensation fee	6,379	1 to 2 years	December, 2014	Panjin municipal committee publication [2010] No.16

As at 31 December 2013, Government grants receivable was as follows:

Grant project	Amount	Ageing	Estimated receipt date	Documents
Panjin land compensation fee	10,379	1 to 2 years	June, 2014	Panjin municipal committee publication [2010] No.16

Notes to Financial Statements (continued)

30 June 2014

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7. Inventories

	30 June 2014 (Unaudited)		
	Gross carrying amount	Provision	Carrying amount
Raw materials	25,305,415	(4,163)	25,301,252
Work in progress	923,032	—	923,032
Finished goods	5,898,736	(8,920)	5,889,816
Turnover materials	7,034,144	—	7,034,144
Properties under development (1)	74,240,048	—	74,240,048
Completed properties held for sale (2)	9,588,307	(69,222)	9,519,085
Gross amount due from contract customers (3)	96,182,339	(96,432)	96,085,907
	219,172,021	(178,737)	218,993,284

	31 December 2013		
	Gross carrying amount	Provision	Carrying amount
Raw materials	26,904,465	(4,163)	26,900,302
Work in progress	1,121,583	—	1,121,583
Finished goods	6,205,541	(12,970)	6,192,571
Turnover materials	6,766,675	—	6,766,675
Properties under development (1)	63,041,876	—	63,041,876
Completed properties held for sale (2)	8,968,016	(69,222)	8,898,794
Gross amount due from contract customers (3)	88,827,855	(112,834)	88,715,021
	201,836,011	(199,189)	201,636,822

Notes to Financial Statements (continued)

30 June 2014

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7. Inventories (continued)

Movements in the provision for decline in value of the inventories were as follows:

For the six months ended 30 June 2014

	Opening balance	Provision	Reversal	Write-off	Closing balance
Raw materials	4,163	—	—	—	4,163
Finished goods	12,970	140	(1,042)	(3,148)	8,920
Completed properties held for sale	69,222	—	—	—	69,222
Provision for foreseeable contract losses	112,834	9,759	(7,846)	(18,315)	96,432
	199,189	9,899	(8,888)	(21,463)	178,737

2013

	Opening balance	Provision	Reversal	Write-off	Closing balance
Raw materials	4,163	—	—	—	4,163
Finished goods	4,747	14,078	(1,002)	(4,853)	12,970
Completed properties held for sale	69,368	207	—	(353)	69,222
Provision for foreseeable contract losses	220,878	36,253	(12,536)	(131,761)	112,834
	299,156	50,538	(13,538)	(136,967)	199,189

Notes to Financial Statements (continued)

30 June 2014

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7. Inventories (continued)

(1) Details of the properties under development were as follows:

Project name	Construction commencement date	Estimated completion date	Estimated investment amount	As at 30 June 2014	As at 31 December 2013
Tongjing International City Project	May 2005	December 2014	2,018,000	1,568,574	1,372,436
Guiyang CRCC International City Project	September 2007	September 2016	8,104,880	2,376,677	2,151,145
Hefei CRCC International City Project	May 2009	December 2017	7,400,000	943,340	728,317
CRCC Chengdu International City Project	August 2009	August 2014	3,000,000	757,716	566,062
Wuhan 1818 Center Project	November 2009	January 2015	2,000,000	1,210,310	872,653
Beijing CRCC International City Project	December 2009	October 2014	6,802,520	1,442,748	1,493,318
Hangzhou CRCC International City Project	March 2011	June 2016	5,190,030	2,795,194	3,070,288
Tianjin CRCC International City Project	July 2011	April 2018	9,734,970	3,707,422	3,851,465
Gaoxin District Land of Chengdu Project	August 2011	December 2015	4,017,170	1,691,860	2,274,032
Xi'an CRCC International City Project	August 2011	May 2018	9,773,964	3,180,337	2,950,202
Jinan CRCC International City Project	August 2011	December 2015	3,086,910	877,617	1,663,569
CRCC Beijing Shanyu City Project	September 2011	December 2014	3,609,140	1,299,621	1,140,074
Lanzhou Wutong Yuan Project	April 2012	December 2014	730,000	812,512	711,883
Fangshan Shengshui Jiaming Project	May 2012	December 2015	2,500,000	2,115,073	1,933,523
Guiyang Lanchaoba Project	October 2012	December 2017	11,614,040	795,260	737,256
CRCC Wuhan Project	December 2012	April 2016	3,000,000	1,098,212	861,866
Wuhan Donghu High-tech Zone(Guanggu)Project	December 2012	December 2017	2,348,290	765,586	715,419
Changyang International Garden Project	March 2013	December 2014	1,681,901	1,280,692	1,145,315
Changsha Meixi Lake Project	May 2013	December 2017	3,537,990	1,563,093	1,479,654
Shijingshan District Pingguoyuan Business Area Project	June 2013	September 2015	1,703,440	746,480	679,726
Beihu Xinqu Project	August 2013	July 2018	4,820,000	2,526,333	2,272,765
CRCC Hangzhou Qingxiucheng Project	September 2013	June 2015	1,732,950	1,129,140	951,884
Chengdu International Garden Project	October 2013	October 2014	1,904,000	764,019	564,132
Xipai Lan'an Project	November 2013	April 2018	5,300,000	2,411,793	2,192,860
Shanghai Qingxiucheng 1 Project	November 2013	November 2015	1,769,235	1,225,193	1,166,381
Jincheng International Garden Project	January 2014	March 2017	2,059,000	1,036,668	—
Qingxiu Lanwan Project	March 2014	December 2016	3,490,000	1,778,597	1,563,484
CRCC Hefei Qingxiucheng Project	March 2014	September 2018	4,050,568	794,970	772,606
Zhongshan Donggang District K01 Land Project	April 2014	April 2017	3,000,000	1,523,401	1,209,175
Shanghai Qingxiucheng 2 Project	April 2014	December 2016	1,884,211	1,293,397	1,117,272
Haidian Environmental Protection Science Park Project	June 2014	December 2015	2,482,310	1,871,742	1,809,720
Qixia District No.1 Land Project	June 2014	December 2017	6,600,000	3,722,887	2,812,414
Shunyi New City No.7 Avenue Project	June 2014	December 2015	1,895,070	1,111,786	1,031,998
Qingxiu Shangcheng Project	June 2014	November 2015	1,535,310	915,005	817,300
Yanfang Pianqu Project	July 2014	December 2015	1,979,230	857,878	808,330
CRCC International Mansion Project	August 2014	December 2016	5,144,000	2,061,448	985,258
Jiugongzhen 9 Land Project	October 2014	December 2016	4,511,930	2,645,450	—
Jiangnan International City Project	December 2014	December 2016	4,435,050	1,142,702	—
Others				14,399,315	12,568,094
				74,240,048	63,041,876

As at 30 June 2014, the aggregate carrying amount of borrowing costs capitalized in properties under development was RMB3,226,032,000 (31 December 2013: RMB2,350,298,000). Borrowing costs capitalized during the six months ended 30 June 2014 amounted to RMB1,208,462,000 (for the period ended 30 June 2013 amounted to RMB540,466,000). The capitalization rates of borrowing costs ranged from 5.46% to 8.16% during the period (for the period ended 30 June 2013: 6.25% to 9.64%).

Notes to Financial Statements (continued)

30 June 2014

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7. Inventories (continued)

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

Project name	Completion date	As at 30 June 2014			
		Opening balance	Additions	Deductions	Closing balance
C-park Flat Project	December 2009	101,409	2,701	(2,514)	101,596
Beijing CRCC International City Project	April 2012	576,112	281,455	(230,167)	627,400
CRCC Lingxiu City Project	April 2012	425,152	—	(71,244)	353,908
CRCC Qingxiu City Project	September 2012	100,512	159	(7,860)	92,811
CRCC International Garden I Project	October 2012	195,031	20,399	(45,021)	170,409
CRCC Fengling Shanyu City I II and III Projects	November 2012	152,375	23,398	(58,743)	117,030
Xuzhou Rencai Jianyuan Project	November 2012	168,046	86	(22,388)	145,744
Chengdu Longquanyi Project	December 2012	518,016	49,427	(186,342)	381,101
CRCC Bei Cheng Hua Fu Project	December 2012	455,134	42,940	(208,432)	289,642
Hefei CRCC International City Xuyuan Project	December 2012	1,049,839	45,546	(350,609)	744,776
CRCC Chengdu International City II Projects	December 2012	447,523	30,663	(94,068)	384,118
CRCC Guiyang International City Project	December 2012	1,214,175	291,796	(664,480)	841,491
Changsha Shanyu City Project	December 2012	672,182	34,604	(220,738)	486,048
Tongjing International City Project	December 2012	107,545	2,188	(38,694)	71,039
CRCC Jing Nan Yipin Project	October 2013	401,310	4,676	(103,232)	302,754
CRCC Linyi Donglai Shangcheng Project	October 2013	210,396	—	(398)	209,998
Tiantian Garden IV Project	October 2013	134,451	—	(134,451)	—
CRCC Ruiyuan Project	December 2013	212,772	16,262	—	229,034
CRCC Hangzhou International City Project	December 2013	502,671	613,016	(308,188)	807,499
CRCC Liwan International City Project	December 2013	352,603	1,541,765	(618,606)	1,275,762
Beijing Wutong Yuan Project	December 2013	114,350	28,052	(70,031)	72,371
CRCC Lidu C-park Project	June 2014	—	1,013,727	(477,175)	536,552
Others		856,412	1,452,123	(961,311)	1,347,224
		8,968,016	5,494,983	(4,874,692)	9,588,307

Notes to Financial Statements (continued)

30 June 2014

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7. Inventories (continued)

(2) Details of the completed properties held for sale were as follows (continued):

Project name	Completion date	Opening balance	2013		Closing balance
			Additions	Deductions	
C-park Flat Project	December 2009	24,282	80,187	(3,060)	101,409
Beijing CRCC International City Project	April 2012	733,277	588,876	(746,041)	576,112
CRCC Lingxiu City Project	April 2012	4,604	839,216	(418,668)	425,152
CRCC Qingxiu City Project	September 2012	303,714	8,863	(212,065)	100,512
CRCC International Garden I Project	October 2012	357,097	5,074	(167,140)	195,031
CRCC Fengling Shanyu City I II and III Projects	November 2012	445,225	3,552	(296,402)	152,375
Xuzhou Rencai Jianyuan Project	November 2012	205,996	2,190	(40,140)	168,046
Chengdu Longquanyi Project	December 2012	1,139,885	50,002	(671,871)	518,016
CRCC Bei Cheng Hua Fu Project	December 2012	968,839	46,157	(559,862)	455,134
Hefei CRCC International City Xuyuan Project	December 2012	757,581	1,423,304	(1,131,046)	1,049,839
CRCC Chengdu International City II Project	December 2012	904,778	11,495	(468,750)	447,523
CRCC Guiyang International City Project	December 2012	957,152	1,328,670	(1,071,647)	1,214,175
Changsha Shanyu City Project	December 2012	361,987	550,301	(240,106)	672,182
Tongjing International City Project	December 2012	176,936	104,095	(173,486)	107,545
CRCC Jing Nan Yipin Project	October 2013	100,560	728,300	(427,550)	401,310
CRCC Linyi Donglai Shangcheng Project	October 2013	94,292	263,199	(147,095)	210,396
Tiantian Garden IV Project	October 2013	—	348,665	(214,214)	134,451
CRCC Ruiyuan Project	December 2013	—	510,748	(297,976)	212,772
CRCC Hangzhou International City Project	December 2013	—	1,203,319	(700,648)	502,671
CRCC Liwan International City Project	December 2013	—	1,251,587	(898,984)	352,603
Beijing Wutong Yuan Project	December 2013	—	3,330,865	(3,216,515)	114,350
Others		1,281,045	5,828,893	(6,253,526)	856,412
		8,817,250	18,507,558	(18,356,792)	8,968,016

Inventories with title restriction are stated in Note V.18.

Notes to Financial Statements (continued)

30 June 2014

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7. Inventories (continued)

(3) Construction contracts

	30 June 2014 (Unaudited)	31 December 2013
Contract costs incurred to date	2,480,641,362	2,279,694,819
Recognized profits less recognized losses	183,819,575	163,751,142
Less: progress billings	(2,581,056,383)	(2,367,429,705)
	83,404,554	76,016,256

At end of the period/year:

	30 June 2014 (Unaudited)	31 December 2013
Gross amount due from contract customers	96,085,907	88,715,021
Gross amount due to contract customers (Note V.23)	(12,681,353)	(12,698,765)
	83,404,554	76,016,256

Included in the aforesaid balance of the gross amount due from customers for contract work was an amount due from a shareholder that held 5% or more of the Company's voting rights as follows:

	30 June 2014 (Unaudited)		31 December 2013	
	Gross carrying amount	Provision	Gross carrying amount	Provision
CRCCG	4,276	—	8,894	—

Further details of the gross amount due from contract customers from related parties were stated in Note VI.6.

Notes to Financial Statements (continued)

30 June 2014

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

8. Available-for-sale financial assets

	30 June 2014 (Unaudited)	31 December 2013
Available-for-sale equity instruments	229,322	222,097

No provision for impairment of available-for-sale financial assets has been made or reversed during the six months ended 30 June 2014 and the year of 2013.

The Group's available-for-sale financial assets are investments in companies that are listed outside Hong Kong.

	30 June 2014 (Unaudited) Available-for-sale equity instruments	31 December 2013 Available-for-sale equity instruments
Cost	79,710	79,710
Total fair value gain or loss in other comprehensive income	149,612	142,387

9. Long-term receivables

	30 June 2014 (Unaudited)		
	Gross carrying amount	Provision for bad debt	Carrying amount
Retention money receivables	6,965,459	(52,084)	6,913,375
"Build-Transfer" project receivables	32,991,188	(763,241)	32,227,947
Others	925,457	—	925,457
	40,882,104	(815,325)	40,066,779
Less: Current portion of non-current assets:			
Retention money receivables	6,129,401	(5,143)	6,124,258
"Build-Transfer" project receivables	11,091,940	(292,328)	10,799,612
	17,221,341	(297,471)	16,923,870
Long-term receivables	23,660,763	(517,854)	23,142,909

Notes to Financial Statements (continued)

30 June 2014

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

9. Long-term receivables (continued)

	Gross carrying amount	31 December 2013 Provision for bad debt	Carrying amount
Retention money receivables	9,513,653	(116,856)	9,396,797
"Build-Transfer" project receivables	29,964,019	(557,558)	29,406,461
Consideration for the Saudi Arabia Mecca Light Rail Project	500,000	—	500,000
Others	1,002,780	—	1,002,780
	40,980,452	(674,414)	40,306,038
Less: Current portion of non-current assets:			
Retention money receivables	8,381,633	(91,212)	8,290,421
"Build-Transfer" project receivables	11,703,662	(86,643)	11,617,019
Consideration for the Saudi Arabia Mecca Light Rail Project	500,000	—	500,000
	20,585,295	(177,855)	20,407,440
Long-term receivables	20,395,157	(496,559)	19,898,598

An ageing analysis of long-term receivables was as follows:

	30 June 2014 (Unaudited)	31 December 2013
Within 1 year	25,559,989	27,344,284
1 to 2 years	11,995,003	11,125,545
2 to 3 years	1,610,447	1,274,265
Over 3 years	1,716,665	1,236,358
Less: provision for bad debts	40,882,104 (815,325)	40,980,452 (674,414)
Less: Current portion of non-current assets	40,066,779 (16,923,870)	40,306,038 (20,407,440)
	23,142,909	19,898,598

Notes to Financial Statements (continued)

30 June 2014

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

9. Long-term receivables (continued)

Movements in the provision for impairment of long-term receivables are as follows:

	For the six months ended 30 June 2014 (Unaudited)	2013
Opening balance	674,414	242,777
Provision for bad debts	259,083	431,637
Reversal	(118,172)	—
Closing balance	815,325	674,414

The Group assesses long-term receivables for impairment provision separately that are individually significant. When there is objective evidence (such as the debtor being in serious financial difficulties, entering bankruptcy, breach of contract or default or there being no payment and no transactions for a long time) that an impairment loss has been incurred, and the amount will be partially recovered, impairment losses will be recognized through profit or loss. As at 30 June 2014, the above provision was made for individually tested impaired long-term receivables of RMB8,411,953,000 (31 December 2013: RMB7,983,146,000) with a carrying amount before provision for impairment of RMB815,325,000 (31 December 2013: RMB674,414,000).

As at 30 June 2014, included in the long-term receivables was an amount due from shareholders that held 5% or more of the Company's voting rights of nil (31 December 2013: RMB500,000,000).

Further details of long-term receivables due from other related parties are stated in Note VI. 6.

An ageing analysis of the Group's long-term receivables that are neither past due nor impaired, and past due but not impaired is as follows:

	30 June 2014 (Unaudited)	31 December 2013
Neither past due nor impaired	32,415,758	32,921,563
Past due but not impaired		
— Within 3 months	17,121	14,645
— 3 to 6 months	12,320	9,089
— More than 6 months	24,952	52,009
	32,470,151	32,997,306

Long-term receivables that were past due but not impaired are due from various customers with good repayment records in the past. The Company's management believes that these customers had no significant change in credit quality, and the balances are considered fully recoverable. Therefore, no provision for impairment has been made for these long-term receivables.

Notes to Financial Statements (continued)

30 June 2014

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

10. Investments in jointly-controlled entities and associates

For the six months ended 30 June 2014 (Unaudited)

	Type	Place of registration	Legal representative	Business scope	Registered capital	Organization code
Jointly-controlled entities						
PetroChina-CRCC Petroleum Marketing Co., Ltd.	Limited company	Beijing	Zhang Changgen	Petroleum marketing	100,000	697727508
China-Africa Lekkil Investment Co., Ltd.	Limited company	Beijing	Chen Xiaoxing	Investment holding	200,000	78550080-5
China Railway Communications International Engineering and Technology Co., Ltd.	Limited company	Xi'an, Shaanxi	Yu Wenzhong	Construction and design	150,000	79748689-5
Associates						
Beijing China Railway Jianxie Engineering and Technology Consultation Co., Ltd.	Limited company	Beijing	Zhu Zhensheng	Technology consultancy	5,000	726340821
Shekou Xinghua Enterprise Co., Ltd.	Joint stock company	Shekou, Guangdong	Li Zhuozhi	Real estate development	46,377	618809020
Chongqing Yurong Highway Co., Ltd.	Limited company	Chongqing	Du Guoping	Construction	979,750	55675000-X
Hubei Jiaotou Ziyun Railway Co., Ltd.	Limited company	Zhijiang, Hubei	Yang Zhibo	Railway operation	500,000	58246491-2
Nanchang Xinlong Property Management Co., Ltd.	Limited company	Nanchang, Jiangxi	Huang Shaoxiong	Property management, renting and real estate development	283,350	78145661-6
Chongqing Monorail Transit Engineering Co., Ltd.	Limited company	Chongqing	Shi Shurong	Construction	100,000	778469395
CRCC-Tongguan Investment Co., Ltd.	Limited company	Tongling, Anhui	Zheng Qundi	Mining	2,000,000	69896533-X
Inner Mongolia Boyuan Energy Co., Ltd.	Limited company	Inner Mongolia	Wu Aiguo	Construction	200,000	585153749
Ningxia China Railway Ningdong Road & Bridge Investment & Development Co., Ltd.	Limited company	Yongning, Ningxia	Gao Guangxian	Transportation, hydrotechnics, infrastructure construction	70,000	08350103-7

Notes to Financial Statements (continued)

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(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

10. Investments in jointly-controlled entities and associates (continued)

2013

	Type	Place of registration	Legal representative	Business scope	Registered capital	Organization code
Jointly-controlled entities						
PetroChina-CRCC Petroleum Marketing Co., Ltd.	Limited company	Beijing	Zhang Changgen	Petroleum marketing	100,000	697727508
China-Africa Lekkil Investment Co., Ltd.	Limited company	Beijing	Chen Xiaoxing	Investment holding	200,000	78550080-5
China Railway Communications International Engineering and Technology Co., Ltd.	Limited company	Xi'an, Shaanxi	Yu Wenzhong	Construction and design	150,000	79748689-5
Associates						
Beijing China Railway Jianxie IEngineering and Technology IConsultation Co., Ltd.	Limited company	Beijing	Zhu Zhensheng	Technology consultancy	5,000	726340821
Shekou Xinghua IEnterprise Co., Ltd.	Joint stock company	Shekou, Guangdong	Li Zhuozhi	Real estate development	46,377	618809020
Chongqing Yurong IHighway Co., Ltd.	Limited company	Chongqing	Du Guoping	Construction	979,750	55675000-X
Hubei Jiaotou Ziyun IRailway Co., Ltd.	Limited company	Zhijiang, Hubei	Yang Zhibo	Railway operation	500,000	58246491-2
Nanchang Xinlong Property IManagement Co., Ltd.	Limited company	Nanchang, Jiangxi	Huang Shaoxiong	Property management, renting and real estate development	283,350	78145661-6
Chongqing Monorail ITransit Engineering Co., Ltd.	Limited company	Chongqing	Shi Shurong	Construction	100,000	778469395
CRCC-Tongguan IInvestment Co., Ltd.	Limited company	Tongling, Anhui	Zheng Qundi	Mining	2,000,000	69896533-X
Inner Mongolia Boyuan IEnergy Co., Ltd.	Limited company	Inner Mongolia	Wu Aiguo	Construction	200,000	585153749
Ningxia China Railway Ningdong IRoad & Bridge Investment I& Development Co., Ltd.	Limited company	Yongning, Ningxia	Gao Guangxian	Transportation, hydrotechnics, infrastructure construction	70,000	08350103-7

Notes to Financial Statements (continued)

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(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

10. Investments in jointly-controlled entities and associates (continued)

The individually unimportant jointly-controlled entities' aggregate financial information is as follows:

	30 June 2014 (Unaudited)	31 December 2013
The share of jointly-controlled entities' net profit/(loss)	6,641	(252,670)
The share of jointly-controlled entities' other comprehensive loss	—	(2,924)
The share of jointly-controlled entities' comprehensive income/(loss)	6,641	(255,594)
The aggregate carrying value of long-term equity investments	1,029,785	998,590

The individually unimportant associates' aggregate financial information is as follows:

	30 June 2014 (Unaudited)	31 December 2013
The share of associates' net (loss)/income	(34,508)	3,907
The share of associates' other comprehensive income	973	—
The share of associates' comprehensive (loss)/income	(33,535)	3,907
The aggregate carrying value of long-term equity investments	1,844,852	1,849,891

11. Long-term equity investments

		30 June 2014 (Unaudited)	31 December 2013
Equity method			
Jointly-controlled entities:			
Unlisted	(1)	1,029,785	998,590
Associates:			
Unlisted	(2)	1,844,852	1,849,891
Cost method			
Unlisted	(3)	2,883,374	2,848,269
		5,758,011	5,696,750
Less: provision for impairment	(4)	(22,564)	(22,564)
		5,735,447	5,674,186

Notes to Financial Statements (continued)

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(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

11. Long-term equity investments (continued)

(1) Investments in jointly-controlled entities

For the six months ended 30 June 2014 (unaudited)

Company name	Movements					Closing balance	Percentage of ownership in equity	Percentage of voting rights
	Investment cost	Opening balance	Increase in investment	Share of (losses)/ profits	Distribution of dividends			
PetroChina-CRCC Petroleum Marketing Co., Ltd.	50,000	57,952	—	(61)	—	57,891	50	50
China-Africa Lekkil Investment Co., Ltd.	851,410	846,832	—	4,480	—	851,312	74.47	74.47
China Railway Communications International Engineering and Technology Co., Ltd.	77,000	66,915	—	—	—	66,915	51.33	51.33
Others		26,891	24,623	2,222	(69)	53,667		
		998,590	24,623	6,641	(69)	1,029,785		

2013

Company name	Investment cost	Opening balance	Increase/(decrease) during the year					Closing balance	Percentage of ownership in equity	Percentage of voting rights
			(Decrease)/ increase in investment	Share of (losses)/ profits	Distribution of dividends	Other Comprehensive income movement	Transfer-out			
CRCC-Tongguan Investment Co., Ltd.	—	1,200,000	(372,466)	(268,837)	—	(2,924)	(555,773)	—	—	—
PetroChina-CRCC Petroleum Marketing Co., Ltd.	50,000	61,980	—	3,548	(7,576)	—	—	57,952	50	50
China-Africa Lekkil Investment Co., Ltd.	851,410	841,053	—	5,779	—	—	—	846,832	74.47	74.47
China Railway Communications International Engineering and Technology Co., Ltd.	77,000	67,176	—	(261)	—	—	—	66,915	51.33	51.33
Others		19,810	405	7,101	(425)	—	—	26,891		
		2,190,019	(372,061)	(252,670)	(8,001)	(2,924)	(555,773)	998,590		

Notes to Financial Statements (continued)

30 June 2014

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

11. Long-term equity investments (continued)

(2) Investments in associates

For the six months ended 30 June 2014 (Unaudited)

Company name	Investment cost	Opening balance	Movements				Closing balance	Percentage of ownership in equity	Percentage of voting rights
			Additional investment	Share of profits/(losses)	Distribution of dividends	Other comprehensive income movement			
Beijing China Railway Jianxie Engineering and Technology Consultation Co., Ltd.	2,450	2,293	—	978	(391)	—	2,880	49	49
Shekou Xinghua Enterprise Co., Ltd.	16,693	39,603	—	682	—	—	40,285	32.9	32.9
Chongqing Yurong Highway Co., Ltd.	853,960	853,960	—	—	—	—	853,960	40	40
Hubei Jiaotou Ziyun Railway Co., Ltd.	100,000	100,000	—	—	—	—	100,000	20	20
Nanchang Xinlong Property Management Co., Ltd.	90,000	89,511	—	51	—	—	89,562	37.5	37.5
Chongqing Monorail Transit Engineering Co., Ltd.	37,642	57,269	—	(4,180)	—	—	53,089	37.5	37.5
CRCC-Tongguan Investment Co., Ltd.	720,000	555,773	—	(31,665)	—	973	525,081	30	30
Inner Mongolia Boyuan Energy Co., Ltd.	60,000	60,000	—	(491)	—	—	59,509	30	30
Ningxia China Railway Ningdong Road & Bridge Investment & Development Co., Ltd.	41,830	41,830	20,000	—	—	—	61,830	49	49
Others		49,652	9,800	117	(913)	—	58,656		
		1,849,891	29,800	(34,508)	(1,304)	973	1,844,852		

2013

Company name	Investment cost	Opening balance	Movements				Closing balance	Percentage of ownership in equity	Percentage of voting rights
			Transfer-in	Additional investment	Share of profits/(losses)	Distribution of dividends			
Beijing China Railway Jianxie Engineering and Technology Consultation Co., Ltd.	2,450	2,534	—	—	—	(241)	2,293	49	49
Shekou Xinghua Enterprise Co., Ltd.	16,693	40,878	—	—	2,634	(3,909)	39,603	32.9	32.9
Chongqing Yurong Highway Co., Ltd.	853,960	587,850	—	266,110	—	—	853,960	40	40
Hubei Jiaotou Ziyun Railway Co., Ltd.	100,000	100,000	—	—	—	—	100,000	20	20
Nanchang Xinlong Property Management Co., Ltd.	90,000	89,475	—	—	36	—	89,511	37.5	37.5
Chongqing Monorail Transit Engineering Co., Ltd.	37,642	55,381	—	—	10,052	(8,164)	57,269	37.5	37.5
CRCC-Tongguan Investment Co., Ltd.	720,000	—	555,773	—	—	—	555,773	30	30
Inner Mongolia Boyuan Energy Co., Ltd.	60,000	—	—	60,000	—	—	60,000	30	30
Ningxia China Railway Ningdong Road & Bridge Investment & Development Co., Ltd.	41,830	—	—	41,830	—	—	41,830	49	49
Others		39,740	—	19,321	(8,815)	(594)	49,652		
		915,858	555,773	387,261	3,907	(12,908)	1,849,891		

Notes to Financial Statements (continued)

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(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

11. Long-term equity investments (continued)

(3) Equity investments under the cost method

For the six months ended 30 June 2014 (unaudited)

Company name	Investment cost	Opening balance	Movements during the period	Closing balance	Percentage of ownership in equity	Percentage of voting rights
Vossloh Fastening Systems (China) Co., Ltd.	56,969	56,969	—	56,969	16.20	16.20
Zhuhai Baiyi Science and Technology-Yunnan Huaxing Resource Development Company	10,000	10,000	—	10,000	16.00	16.00
Railtech Zhuzhou Bridge Railway Fastening (Wuhan) Co., Ltd.	3,085	3,085	—	3,085	15.00	15.00
Wuhan Johnson Pearl Plaza Head Falcon Electric Appliance Co., Ltd.	60,000	60,000	—	60,000	12.00	12.00
Beijing Railway Hotel Company Limited	1,600	1,600	—	1,600	10.00	10.00
Shanghai Zhouji Development Co., Ltd.	15,000	15,000	—	15,000	8.10	8.10
Beijing-Guangzhou Passenger Railway Henan Company Limited	3,123	3,123	—	3,123	7.00	7.00
Shijiazhuang-Taiyuan Passenger Railway Co., Ltd.	2,000,000	2,000,000	—	2,000,000	5.00	5.00
Essence Securities Co., Ltd.	200,000	200,000	—	200,000	3.65	3.65
Inner Mongolia Jitong Railway Co., Ltd.	268,452	268,452	—	268,452	2.09	2.09
China Resources Land (Beijing) Co., Ltd.	13,082	13,082	—	13,082	0.43	0.43
Guotai Jun'an Securities Corporation Limited	5,485	5,485	—	5,485	0.24	0.24
Others	7,660	7,660	—	7,660	0.16	0.16
		203,813	35,105	238,918		
		2,848,269	35,105	2,883,374		

Notes to Financial Statements (continued)

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(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

11. Long-term equity investments (continued)

(3) Equity investments under the cost method (continued)

2013

Company name	Investment cost	Opening balance	Movements during the year	Closing balance	Percentage of ownership in equity	Percentage of voting rights
Jilin Dong'ao Engineering Co., Ltd.	—	10,000	(10,000)	—	—	—
Vossloh Fastening Systems (China) Co., Ltd.	56,969	56,969	—	56,969	16.20	16.20
Zhuhai Baiyi Science and Technology-Yunnan Huaxing Resource Development Company	10,000	10,000	—	10,000	16.00	16.00
Railtech Zhuzhou Bridge Railway Fastening (Wuhan) Co., Ltd.	3,085	3,085	—	3,085	15.00	15.00
Wuhan Johnson Pearl Plaza	60,000	60,000	—	60,000	12.00	12.00
Head Falcon Electric Appliance Co., Ltd.	1,600	1,600	—	1,600	10.00	10.00
Beijing Railway Hotel Company Limited	15,000	15,000	—	15,000	8.10	8.10
Shanghai Zhouji Development Co., Ltd.	3,123	3,123	—	3,123	7.00	7.00
Beijing-Guangzhou Passenger Railway Henan Company Limited	2,000,000	1,700,000	300,000	2,000,000	5.00	5.00
Shijiazhuang-Taiyuan Passenger Railway Co., Ltd.	200,000	200,000	—	200,000	3.65	3.65
Essence Securities Co., Ltd.	268,452	268,452	—	268,452	2.09	2.09
Inner Mongolia Jitong Railway Co., Ltd.	13,082	13,082	—	13,082	0.43	0.43
China Resources Land (Beijing) Co., Ltd.	5,485	5,485	—	5,485	0.24	0.24
Guotai Jun'an Securities Corporation Limited	7,660	7,660	—	7,660	0.16	0.16
Others		187,346	16,467	203,813		
		2,541,802	306,467	2,848,269		

Notes to Financial Statements (continued)

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(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

11. Long-term equity investments (continued)

(4) Provision for impairment

Company name	For the six months ended 30 June 2014			
	Opening balance (Unaudited)	Provision (Unaudited)	Write-off / disposal (Unaudited)	Closing balance (Unaudited)
Jointly-controlled entity: China Railway Communications International Engineering and Technology Co., Ltd.	10,578	—	—	10,578
Equity investments, at cost: Shanghai Zhouji Development Co., Ltd.	3,123	—	—	3,123
Zhuhai Baiyi Science and Technology-Yunnan Huaxing Resource Development Company	6,771	—	—	6,771
Others	2,092	—	—	2,092
	11,986	—	—	11,986
	22,564	—	—	22,564

Company name	2013			
	Opening balance	Provision	Write-off / disposal	Closing balance
Associate: VIP Development Limited	1,478	—	(1,478)	—
Jointly-controlled entity: China Railway Communications International Engineering and Technology Co., Ltd.	10,578	—	—	10,578
Equity investments, at cost: Shanghai Zhouji Development Co., Ltd.	3,123	—	—	3,123
Zhuhai Baiyi Science and Technology-Yunnan Huaxing Resource Development Company	6,182	589	—	6,771
Others	1,757	396	(61)	2,092
	11,062	985	(61)	11,986
	23,118	985	(1,539)	22,564

Notes to Financial Statements (continued)

30 June 2014

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12. Fixed assets

	For the six months ended 30 June 2014				
	Opening balance	Additions	Transferred from construction in progress (Note V.13)	Disposals	Closing balance
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Gross carrying amount:					
Buildings	12,235,876	127,778	165,520	(106,906)	12,422,268
Machinery	36,887,820	1,101,642	375,699	(457,452)	37,407,709
Vehicles	12,942,113	564,171	110,771	(302,462)	13,314,593
Production equipment	6,742,289	316,148	17,770	(326,199)	6,750,008
Measuring and testing equipment	2,666,778	166,411	4,232	(47,702)	2,789,719
Other equipment	16,315,442	1,924,696	26,342	(1,324,042)	16,942,438
	87,290,318	4,200,846	700,334	(2,564,763)	89,626,735
Accumulated depreciation:					
Buildings	(2,822,040)	(221,548)	—	25,614	(3,017,974)
Machinery	(17,728,532)	(1,822,329)	—	433,025	(19,117,836)
Vehicles	(9,145,943)	(856,796)	—	247,632	(9,755,107)
Production equipment	(3,087,825)	(308,793)	—	131,464	(3,265,154)
Measuring and testing equipment	(1,836,397)	(175,927)	—	43,462	(1,968,862)
Other equipment	(11,593,551)	(1,592,879)	—	1,173,869	(12,012,561)
	(46,214,288)	(4,978,272)	—	2,055,066	(49,137,494)
Net carrying amount:					
Buildings	9,413,836	(93,770)	165,520	(81,292)	9,404,294
Machinery	18,659,288	(720,687)	375,699	(24,427)	18,289,873
Vehicles	3,796,170	(292,625)	110,771	(54,830)	3,559,486
Production equipment	3,654,464	7,355	17,770	(194,735)	3,484,854
Measuring and testing equipment	830,381	(9,516)	4,232	(4,240)	820,857
Other equipment	4,721,891	331,817	26,342	(150,173)	4,929,877
	41,076,030	(777,426)	700,334	(509,697)	40,489,241
Provision for impairment:					
Buildings	(79,243)	—	—	—	(79,243)
Machinery	(332,499)	—	—	1,561	(330,938)
Vehicles	(88,337)	—	—	70	(88,267)
Production equipment	(22,051)	—	—	60	(21,991)
Measuring and testing equipment	(5,977)	—	—	2	(5,975)
Other equipment	(32,591)	(2,469)	—	59	(35,001)
	(560,698)	(2,469)	—	1,752	(561,415)
Carrying amount:					
Buildings	9,334,593	(93,770)	165,520	(81,292)	9,325,051
Machinery	18,326,789	(720,687)	375,699	(22,866)	17,958,935
Vehicles	3,707,833	(292,625)	110,771	(54,760)	3,471,219
Production equipment	3,632,413	7,355	17,770	(194,675)	3,462,863
Measuring and testing equipment	824,404	(9,516)	4,232	(4,238)	814,882
Other equipment	4,689,300	329,348	26,342	(150,114)	4,894,876
	40,515,332	(779,895)	700,334	(507,945)	39,927,826

Notes to Financial Statements (continued)

30 June 2014

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12. Fixed assets (continued)

	2013				
	Opening balance	Additions	Transferred from construction in progress (Note V.13)	Disposals	Closing balance
Gross carrying amount:					
Buildings	10,595,235	1,111,463	955,180	(426,002)	12,235,876
Machinery	33,407,455	3,475,170	745,174	(1,239,979)	36,387,820
Vehicles	11,927,460	1,413,604	227,329	(626,280)	12,942,113
Production equipment	6,222,004	689,685	119,308	(288,708)	6,742,289
Measuring and testing equipment	2,477,294	325,770	7,979	(144,265)	2,666,778
Other equipment	13,457,289	4,108,367	52,043	(1,302,257)	16,315,442
	78,086,737	11,124,059	2,107,013	(4,027,491)	87,290,318
Accumulated depreciation:					
Buildings	(2,621,382)	(379,775)	—	179,117	(2,822,040)
Machinery	(15,129,981)	(3,477,803)	—	879,252	(17,728,532)
Vehicles	(8,033,661)	(1,654,291)	—	542,009	(9,145,943)
Production equipment	(2,643,253)	(609,710)	—	165,138	(3,087,825)
Measuring and testing equipment	(1,596,536)	(365,955)	—	126,094	(1,836,397)
Other equipment	(9,537,984)	(3,237,649)	—	1,182,082	(11,593,551)
	(39,562,797)	(9,725,183)	—	3,073,692	(46,214,288)
Net carrying amount:					
Buildings	7,973,853	731,688	955,180	(246,885)	9,413,836
Machinery	18,277,474	(2,633)	745,174	(360,727)	18,659,288
Vehicles	3,893,799	(240,687)	227,329	(84,271)	3,796,170
Production equipment	3,578,751	79,975	119,308	(123,570)	3,654,464
Measuring and testing equipment	880,758	(40,185)	7,979	(18,171)	830,381
Other equipment	3,919,305	870,718	52,043	(120,175)	4,721,891
	38,523,940	1,398,876	2,107,013	(953,799)	41,076,030
Provision for impairment:					
Buildings	(82,297)	—	—	3,054	(79,243)
Machinery	(354,408)	—	—	21,909	(332,499)
Vehicles	(90,392)	—	—	2,055	(88,337)
Production equipment	(22,100)	—	—	49	(22,051)
Measuring and testing equipment	(5,990)	—	—	13	(5,977)
Other equipment	(32,810)	—	—	219	(32,591)
	(587,997)	—	—	27,299	(560,698)
Carrying amount:					
Buildings	7,891,556	731,688	955,180	(243,831)	9,334,593
Machinery	17,923,066	(2,633)	745,174	(338,818)	18,326,789
Vehicles	3,803,407	(240,687)	227,329	(82,216)	3,707,833
Production equipment	3,556,651	79,975	119,308	(123,521)	3,632,413
Measuring and testing equipment	874,768	(40,185)	7,979	(18,158)	824,404
Other equipment	3,886,495	870,718	52,043	(119,956)	4,689,300
	37,935,943	1,398,876	2,107,013	(926,500)	40,515,332

Notes to Financial Statements (continued)

30 June 2014

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12. Fixed assets (continued)

Fixed assets with title restriction are stated in Note V.18.

As at 30 June 2014, the amount of interest expenses capitalized in the balance of fixed assets was RMB11,000,000 (31 December 2013: RMB11,000,000). For the six months ended 30 June 2014, no interest expenses were capitalized (2013: RMB829,000) and no capitalization rate was determined (2013: 6.21%).

Fixed assets that are temporarily idle are as follows:

	Gross carrying amount	As at 30 June 2014 (unaudited) Accumulated depreciation	Provision for impairment	Carrying amount
Machinery	1,137	(1,080)	—	57
Vehicles	3,126	(2,970)	—	156
Production equipment	29,374	(4,496)	—	24,878
Measuring and testing equipment	600	(535)	—	65
Other equipment	9,760	(9,704)	—	56
	43,997	(18,785)	—	25,212

	Gross carrying amount	As at 31 December 2013 Accumulated depreciation	Provision for impairment	Carrying amount
Machinery	4,196	(909)	—	3,287
Production equipment	26,309	(3,321)	—	22,988
Other equipment	880	(832)	—	48
	31,385	(5,062)	—	26,323

Fixed assets held under finance leases are as follows:

	30 June 2014 (Unaudited)	31 December 2013
Gross carrying amount	4,692,058	4,385,788
Accumulated depreciation	(1,187,141)	(1,028,016)
Carrying amount	3,504,917	3,357,772

As at 30 June 2014 and 31 December 2013, the Group's fixed assets held under finance leases were all construction machinery.

As at 30 June 2014, the Group was in the process of applying for the title certificates of certain buildings with an aggregate carrying amount of RMB18,873,000 (31 December 2013: RMB19,162,000). The Company's management is of the view that the Group is entitled to lawfully and validly occupy and use the above-mentioned buildings. The Company's management is also of the opinion that the aforesaid matter did not have any significant impact on the Group's financial position as at 30 June 2014.

Notes to Financial Statements (continued)

30 June 2014

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

13. Construction in progress

	30 June 2014 (Unaudited)			31 December 2013		
	Gross carrying amount	Provision for impairment	Carrying amount	Gross carrying amount	Provision for impairment	Carrying amount
Singapore Machinery Installation Project of China Civil Engineering Construction Ltd.	59,308	—	59,308	—	—	—
Nigeria Equipment Installation Project of China Civil Engineering Construction Ltd.	180,184	—	180,184	169,902	—	169,902
Office Building of No.1 Engineering Co., Ltd. of China Railway 12 th Bureau Group Co., Ltd.	258,466	—	258,466	247,974	—	247,974
Tianjin Office Building of China Railway Construction Bridge Engineering Bureau Group Co., Ltd.	355,034	—	355,034	327,053	—	327,053
Jian'an International Apartment of China Railway 18 th Bureau Group Co., Ltd.	106,510	—	106,510	95,045	—	95,045
Yinhan Jiwei Qinling Tunnel TBM of China Railway 18 th Bureau Group Co., Ltd.	182,343	—	182,343	179,537	—	179,537
Liaoning Northwest Project TBM of Tunnel Co., Ltd. Of China Railway 18 th Bureau Group Co., Ltd.	40,299	—	40,299	—	—	—
Office Building of No.3 Engineering Co., Ltd of China Railway 19 th Bureau Group Co., Ltd.	171,934	—	171,934	120,608	—	120,608
Mining Truck and Power Shovel of Mining Co., Ltd. Of China Railway 19 th Bureau Group Co., Ltd.	208,047	—	208,047	—	—	—
Earth Pressure Balance ZPE-6410 of China Railway 19 th Bureau Group Co., Ltd.	114,069	—	114,069	55,817	—	55,817
Factory and Base of Yanliang No.1 New Manufacturing Plant of China Railway 20 th Bureau Group Co., Ltd.	106,563	—	106,563	90,592	—	90,592
Weinan Office Building of No.2 Engineering Co., Ltd. of China Railway 20 th Bureau Group Co., Ltd.	57,866	—	57,866	48,355	—	48,355
Office Building of Rail Transit Co., Ltd. of China Railway 21 st Bureau Group Co., Ltd.	36,937	—	36,937	—	—	—
Office Building of Electrification Co., Ltd. of China Railway 22 nd Bureau Group Co., Ltd.	34,204	—	34,204	—	—	—
Jingyan Hotel Integrated Service Building Project of China Railway Construction Electrification Bureau	85,030	—	85,030	84,954	—	84,954
Design Building of China Railway 4 th Survey and Design Group., Ltd.	77,624	—	77,624	39,898	—	39,898
Plant in Suzhou of China Railway 4 th Survey and Design Group Co., Ltd.	49,797	—	49,797	49,797	—	49,797
Office Building of Hangzhou Branch of China Railway 4 th Survey and Design Group, Ltd.	120,434	—	120,434	115,566	—	115,566
Tongji Yixian Building of China Railway Material Group Co., Ltd.	73,776	—	73,776	73,164	—	73,164
Shipping Vehicle of CRCC Harbour & Channel Engineering Bureau Group Co., Ltd.	251,379	—	251,379	155,567	—	155,567
Others	852,152	(9,563)	842,589	804,430	(9,563)	794,867
	3,421,956	(9,563)	3,412,393	2,658,259	(9,563)	2,648,696

Notes to Financial Statements (continued)

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(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

13. Construction in progress (continued)

For the six months ended 30 June 2014 (Unaudited)

	Budget	Opening balance	Additions	Transferred to fixed assets	Disposals	Closing balance	Source of funds	Proportion of investment to budget %
Singapore Machinery Installation Project of China Civil Engineering Construction Ltd.	60,000	—	59,308	—	—	59,308	Self-funding	99
Nigeria Equipment Installation Project of China Civil Engineering Construction Ltd.	581,884	169,902	258,989	(253,185)	4,478	180,184	Self-funding	74
Office Building of No.1 Engineering Co., Ltd. of China Railway 12 th Bureau Group Co., Ltd.	300,000	247,974	10,492	—	—	258,466	Self-funding	86
Tianjin Office Building of China Railway Construction Bridge Engineering Bureau Group Co., Ltd.	360,000	327,053	27,981	—	—	355,034	Self-funding	99
Jian'an International Apartment of China Railway 18 th Bureau Group Co., Ltd.	480,000	95,045	11,465	—	—	106,510	Self-funding	22
Yinhan Jiwei Qinling Tunnel TBM of China Railway 18 th Bureau Group Co., Ltd.	180,000	179,537	2,806	—	—	182,343	Self-funding	100
Liaoning Northwest Project TBM of Tunnel Co., Ltd. Of China Railway 18 th Bureau Group Co., Ltd.	480,000	—	40,299	—	—	40,299	Self-funding	8
Office Building of No.3 Engineering Co., Ltd of China Railway 19 th Bureau Group Co., Ltd.	267,847	120,608	51,326	—	—	171,934	Loan	64
Mining Truck and Power Shovel of Mining Co., Ltd. Of China Railway 19 th Bureau Group Co., Ltd.	750,000	—	255,010	(43,130)	(3,833)	208,047	Loan	34
Earth Pressure Balance-6410 of China Railway 19 th Bureau Group Co., Ltd.	114,069	55,817	58,252	—	—	114,069	Loan	100
Factory and Base of Yanliang No.1 New Manufacturing Plant of China Railway 20 th Bureau Group Co., Ltd.	220,000	90,592	15,971	—	—	106,563	Self-funding	48
Weinan Office Building of No.2 Engineering Co., Ltd of China Railway 20 th Bureau Group Co., Ltd.	81,000	48,355	9,511	—	—	57,866	Self-funding	71
Office Building of Rail Transit Co., Ltd. of China Railway 21 st Bureau Group Co., Ltd.	37,889	—	36,937	—	—	36,937	Self-funding	97
Office Building of Electrification Co., Ltd. of China Railway 22nd Bureau Group Co., Ltd.	68,408	—	34,204	—	—	34,204	Self-funding	50

Notes to Financial Statements (continued)

30 June 2014

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

13. Construction in progress (continued)

For the six months ended 30 June 2014 (Unaudited)

	Budget	Opening balance	Additions	Transferred to fixed assets	Disposals	Closing balance	Source of funds	Proportion of investment to budget %
Jingyan Hotel Integrated Service Building Project of China Railway Construction Electrification Bureau	203,601	84,954	76	—	—	85,030	Self-funding	42
Design Building of China Railway 4 th Survey and Design Group., Ltd.	490,000	39,898	37,726	—	—	77,624	Self-funding	16
Plant in Suzhou of China Railway 4 th Survey and Design Group Co., Ltd.	194,529	49,797	—	—	—	49,797	Self-funding	26
Office Building of Hangzhou Branch of China Railway 4 th Survey and Design Group, Ltd.	241,000	115,566	4,868	—	—	120,434	Self-funding	50
Tongji Yixian Building of China Railway Material Group Co., Ltd.	75,000	73,164	612	—	—	73,776	Self-funding	98
Shipping Vehicle of CRCC Harbour & Channel Engineering Bureau Group Co., Ltd.	525,670	155,567	95,812	—	—	251,379	Self-funding	48
Others		804,430	497,647	(404,019)	(45,906)	852,152		
Total		2,658,259	1,509,292	(700,334)	(45,261)	3,421,956		
Provision for impairment		(9,563)	—	—	—	(9,563)		
Carrying amount		2,648,696	1,509,292	(700,334) (Note)	(45,261)	3,412,393		

Notes to Financial Statements (continued)

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(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

13. Construction in progress (continued)

2013

	Budget	Opening balance	Additions	Transferred to fixed assets	Disposals	Closing balance	Source of funds	Proportion of investment to budget %
Nigeria Equipment Installation Project of China Civil Engineering Construction Ltd.	715,951	212,684	460,310	(497,629)	(5,463)	169,902	Self-funding	94
Tunnel Boring Machine of China Railway 11 th Bureau Group Co., Ltd.	112,295	—	112,295	—	—	112,295	Self-funding	100
Belt Conveyor Machine of China Railway 11 th Bureau Group Co., Ltd.	29,000	—	29,000	—	—	29,000	Self-funding	100
Earth Pressure Balance of China Railway 11 th Bureau Group Co., Ltd.	173,950	—	45,975	—	—	45,975	Self-funding	26
Office Building of No.1 Engineering Co., Ltd. of China Railway 12 th Bureau Group Co., Ltd.	300,000	86,233	161,741	—	—	247,974	Self-funding	83
Tianjin Office Building of China Railway 13 th Bureau Group Co., Ltd.	360,000	143,509	183,544	—	—	327,053	Self-funding	91
Jian'an International Apartment of Chian Railway 18 th Bureau Group Co., Ltd.	480,000	41,194	53,851	—	—	95,045	Self-funding	20
Yinhan Jiwei Qintling Tunnel TBM of China Railway 18 th Bureau Group Co., Ltd.	230,000	68,770	110,767	—	—	179,537	Self-funding	78
Earth Pressure Balance ZPE-6410 of China Railway 18 th Bureau Group Co., Ltd.	36,000	—	27,000	—	—	27,000	Loan	75
Earth Pressure Balance-6410 of China Railway 19 th Bureau Group Co., Ltd.	186,677	96,750	89,927	(130,860)	—	55,817	Self-funding	100
Office Building of No.3 Engineering Co., Ltd of China Railway 19 th Bureau Group Co., Ltd.	267,847	50,967	69,641	—	—	120,608	Self-funding	45
Weinan Office Building of No.2 Engineering Co., Ltd of China Railway 20 th Bureau Group Co., Ltd.	81,000	18,954	29,401	—	—	48,355	Self-funding	60
Office Building of China Railway 20 th Bureau Group Co., Ltd.	40,000	—	35,740	—	—	35,740	Self-funding	89
Factory and Base of Yanliang No.1 New Manufacturing Plant of China Railway 20 th Bureau Group Co., Ltd.	260,000	—	90,592	—	—	90,592	Self-funding	35

Notes to Financial Statements (continued)

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(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

13. Construction in progress (continued)

2013

	Budget	Opening balance	Additions	Transferred to fixed assets	Disposals	Closing balance	Source of funds	Proportion of investment to budget %
Xiexin Office Building of China Railway 23 rd Bureau Group Co., Ltd.	44,625	—	43,098	—	—	43,098	Self-funding	97
Office Building of China Railway 25 th Bureau Group Co., Ltd.	79,928	79,329	599	(389)	—	79,539	Self-funding	100
Jingyan Hotel Integrated Service Building Project of China Railway Construction Electrification Bureau	203,601	9,639	75,315	—	—	84,954	Self-funding	42
Design Building of China Railway 4 th Survey and Design Group., Ltd.	490,000	1,899	37,999	—	—	39,898	Self-funding	8
Plant in Suzhou of China Railway 4 th Survey and Design Group Co., Ltd.	64,350	46,081	3,716	—	—	49,797	Self-funding	77
Office Building of Hangzhou Branch of China Railway 4 th Survey and Design Group, Ltd.	241,000	—	115,566	—	—	115,566	Self-funding	48
Tongji Yixian Building of China Railway Material Group Co., Ltd.	75,000	—	73,164	—	—	73,164	Self-funding	98
Golden World Office Building of China Railway Material Group Co., Ltd.	32,493	32,493	—	—	—	32,493	Self-funding	100
Engineering Research Center of China Railway Kunming Equipment Co., Ltd.	113,000	17,778	45,680	(18,679)	(13,064)	31,715	Self-funding	56
Shipping Vehicle of CRCC Harbour & Channel Engineering Bureau Group Co., Ltd.	525,670	3,830	151,737	—	—	155,567	Self-funding	30
Others		1,434,099	610,763	(1,578,931)	(98,356)	367,575		
Total		2,344,209	2,657,421	(2,226,488)	(116,883)	2,658,259		
Provision for impairment		(9,563)	—	—	—	(9,563)		
Carrying amount		2,334,646	2,657,421	(2,226,488)	(116,883)	2,648,696		

Note: For the six months ended 30 June 2014, construction in progress with a carrying amount of RMB700,334,000 (2013: RMB2,107,013,000) was transferred to fixed assets; no construction in progress was transferred to intangible assets (2013: RMB68,937,000); no construction in progress was transferred to properties held for sale (2013: RMB50,538,000).

Notes to Financial Statements (continued)

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(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

13. Construction in progress (continued)

The amounts of interest expenses capitalized in the balance of construction in progress and the capitalization rates are as follows:

	For the six months ended 30 June 2014 (Unaudited)			
	Progress (%)	Accumulated amount of interest capitalized	Interest capitalized during the year	Capitalization rate during the year (%)
Taian Combat Readiness Equipment Warehouse	1	356	356	7.92
Yinhan Jiwei Qinling Tunnel TBM of China Railway 18 th Bureau Group Co., Ltd.	100	2,813	26	6.20
Office Building of No.3 Engineering Co., Ltd of China Railway 19 th Bureau Group Co., Ltd.	91	4,225	—	—
Earth Pressure Balance ZPE-6410 of China Railway 19 th Bureau Group Co., Ltd.	100	3,898	3,898	6.41
Office Building of Rail Transit Co., Ltd. of China Railway 21 st Bureau Group Co., Ltd.	97	632	632	5.73
Shipping Vehicle of CRCC Harbour & Channel Engineering Bureau Group Co., Ltd.	48	8,471	2,834	5.74
		20,395	7,746	

	2013			
	Progress (%)	Accumulated amount of interest capitalized	Interest capitalized during the year	Capitalization rate during the year (%)
Yinhan Jiwei Qinling Tunnel TBM of China Railway 18 th Bureau Group Co., Ltd.	78	2,787	2,780	6.00
Office Building of No.3 Engineering Co., Ltd of China Railway 19 th Bureau Group Co., Ltd.	45	4,225	3,717	6.00
Shipping Vehicle of CRCC Harbour & Channel Engineering Bureau Group Co., Ltd.	30	5,637	5,637	5.44
		12,649	12,134	

Notes to Financial Statements (continued)

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(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

14. Intangible assets

For the six months ended 30 June 2014

	Opening balance	Additions (Unaudited)	Disposals (Unaudited)	Closing balance (Unaudited)
Gross carrying amount:				
Land use rights	6,036,753	69,104	(103,338)	6,002,519
Concession assets	5,268,770	2,519,537	(677)	7,787,630
Mining rights	172,511	3,870	—	176,381
Others	197,247	17,602	(168)	214,681
	11,675,281	2,610,113	(104,183)	14,181,211
Accumulated amortization:				
Land use rights	(744,947)	(69,999)	6,106	(808,840)
Concession assets	(167,863)	(13,660)	—	(181,523)
Mining rights	(18,212)	(1,458)	—	(19,670)
Others	(104,632)	(12,115)	160	(116,587)
	(1,035,654)	(97,232)	6,266	(1,126,620)
Net carrying amount:				
Land use rights	5,291,806	(895)	(97,232)	5,193,679
Concession assets	5,100,907	2,505,877	(677)	7,606,107
Mining rights	154,299	2,412	—	156,711
Others	92,615	5,487	(8)	98,094
	10,639,627	2,512,881	(97,917)	13,054,591
Provision for impairment:				
Land use rights	(9,044)	—	—	(9,044)
Concession assets	—	—	—	—
Mining rights	—	—	—	—
Others	—	—	—	—
	(9,044)	—	—	(9,044)
Carrying amount:				
Land use rights	5,282,762	(895)	(97,232)	5,184,635
Concession assets	5,100,907	2,505,877	(677)	7,606,107
Mining rights	154,299	2,412	—	156,711
Others	92,615	5,487	(8)	98,094
	10,630,583	2,512,881	(97,917)	13,045,547

Notes to Financial Statements (continued)

30 June 2014

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

14. Intangible assets (continued)

2013

	Opening balance	Additions	Disposals	Closing balance
Gross carrying amount:				
Land use rights	6,025,909	572,592	(561,748)	6,036,753
Concession assets	2,741,871	2,526,899	—	5,268,770
Mining rights	176,127	—	(3,616)	172,511
Others	168,621	31,672	(3,046)	197,247
	9,112,528	3,131,163	(568,410)	11,675,281
Accumulated amortization:				
Land use rights	(660,182)	(122,698)	37,933	(744,947)
Concession assets	(140,558)	(27,305)	—	(167,863)
Mining rights	(16,435)	(5,393)	3,616	(18,212)
Others	(82,473)	(25,494)	3,335	(104,632)
	(899,648)	(180,890)	44,884	(1,035,654)
Net carrying amount:				
Land use rights	5,365,727	449,894	(523,815)	5,291,806
Concession assets	2,601,313	2,499,594	—	5,100,907
Mining rights	159,692	(5,393)	—	154,299
Others	86,148	6,178	289	92,615
	8,212,880	2,950,273	(523,526)	10,639,627
Provision for impairment:				
Land use rights	(9,044)	—	—	(9,044)
Concession assets	—	—	—	—
Mining rights	—	—	—	—
Others	—	—	—	—
	(9,044)	—	—	(9,044)
Carrying amount:				
Land use rights	5,356,683	449,894	(523,815)	5,282,762
Concession assets	2,601,313	2,499,594	—	5,100,907
Mining rights	159,692	(5,393)	—	154,299
Others	86,148	6,178	289	92,615
	8,203,836	2,950,273	(523,526)	10,630,583

Notes to Financial Statements (continued)

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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

14. Intangible assets (continued)

The remaining lease terms of the Group's land use rights which all represents in the PRC are analyzed as follows:

	30 June 2014 (Unaudited)	31 December 2013
Long term of not less than 50 years	235,264	261,775
Medium term of less than 50 years but not less than 10 years	4,864,106	4,915,186
Short term of less than 10 years	85,265	105,801
	5,184,635	5,282,762

As at 30 June 2014, the amortization of land use rights in the next year will be RMB136,786,000 (31 December 2013: RMB128,551,000).

Intangible assets with title restriction are stated in Note V.18.

As at 30 June 2014, the Group was in the process of applying for the title certificates of certain parcels of its land in the PRC with an aggregate carrying amount of RMB23,813,000 (31 December 2013: RMB14,087,000). The Company's management is of the view that the Group is entitled to lawfully and validly occupy and use the above-mentioned land, and is also of the opinion that the aforesaid matter did not have any significant impact on the Group's financial position as at 30 June 2014.

The amounts of interest capitalized in the balance of intangible assets and the capitalization rates are as follows:

	For the six months ended 30 June 2014 (Unaudited)			
	Progress %	Accumulated amount of interest capitalized	Interest capitalized during the year	Capitalization rate during the year %
Ji'nan to Leling Highway Project	74	265,293	89,849	6.59
Jiyang Guest-greeting Yellow River Bridge concession rights	100	30,642	—	—
		295,935	89,849	

	2013			
	Progress %	Accumulated amount of interest capitalized	Interest capitalized during the year	Capitalization rate during the year %
Ji'nan to Leling Highway Project	67	175,444	108,550	6.39
Jiyang Guest-greeting Yellow River Bridge concession rights	100	31,439	—	—
		206,883	108,550	

Notes to Financial Statements (continued)

30 June 2014

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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

15. Goodwill

	For the six months ended 30 June 2014 (unaudited)			
	Opening balance	Increase	Decrease	Closing balance
Acquisition of Hangsheng Company	100,135	—	—	100,135
Others	352	—	(342)	10
	100,487	—	(342)	100,145

	2013			
	Opening balance	Increase	Decrease	Closing balance
Acquisition of Hangsheng Company	100,135	—	—	100,135
Others	—	352	—	352
	100,135	352	—	100,487

16. Deferred tax assets and liabilities

Deferred tax assets and liabilities are presented without taking into account the offsetting of the following balances:

Recognized deferred tax assets and liabilities:

	30 June 2014 (Unaudited)	31 December 2013
Deferred tax assets		
Provision for early retirement benefits	650,223	698,063
Provision for impairment of assets	332,208	348,838
Deductible tax losses	73,943	65,104
Accruals and provisions	43,142	96,093
Available-for-sale financial assets	141	86
Additional tax deduction on asset revaluation surplus arising from a prior restructuring	502,068	522,556
Others	219,711	230,695
	1,821,436	1,961,435
Deferred tax liabilities		
Recognition of difference on revenue of construction contracts	66,989	66,989
Available-for-sale financial assets	14,858	14,121
Others	60,591	2,282
	142,438	83,392

Unrecognized deferred tax assets are presented as follows:

	30 June 2014 (Unaudited)	31 December 2013
Deductible tax losses	268,234	240,486

Notes to Financial Statements (continued)

30 June 2014

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

16. Deferred tax assets and liabilities (continued)

Deductible tax losses that are not recognized as deferred tax assets will expire in the following years:

	30 June 2014 (Unaudited)
2015	102,887
2016	54,358
2017	103,309
2018	301,049
2019	744,840
	1,306,443
	31 December 2013
2014	80,654
2015	106,382
2016	138,350
2017	131,173
2018	557,119
	1,013,678

Notes to Financial Statements (continued)

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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

17. Provision for impairment of assets

	For the six months ended 30 June 2014 (Unaudited)					
	Opening balance	Provision (Unaudited)	Others (Unaudited)	Reversal (Unaudited)	Write-off (Unaudited)	Closing balance (Unaudited)
Provision for bad debts	2,329,989	408,735	—	(210,139)	(65,982)	2,462,603
Provision for decline in value of inventories	199,189	9,899	—	(8,888)	(21,463)	178,737
Provision for impairment of long-term equity investments	22,564	—	—	—	—	22,564
Provision for impairment of fixed assets	560,698	—	2,469	—	(1,752)	561,415
Provision for impairment of construction in progress	9,563	—	—	—	—	9,563
Provision for impairment of intangible assets	9,044	—	—	—	—	9,044
	3,131,047	418,634	2,469	(219,027)	(89,197)	3,243,926

	2013				
	Opening balance	Provision	Reversal	Write-off	Closing balance
Provision for bad debts	1,025,701	1,543,585	(150,313)	(88,984)	2,329,989
Provision for decline in value of inventories	299,156	50,538	(13,538)	(136,967)	199,189
Provision for impairment of long-term equity investments	23,118	985	—	(1,539)	22,564
Provision for impairment of fixed assets	587,997	—	—	(27,299)	560,698
Provision for impairment of construction in progress	9,563	—	—	—	9,563
Provision for impairment of intangible assets	9,044	—	—	—	9,044
	1,954,579	1,595,108	(163,851)	(254,789)	3,131,047

Notes to Financial Statements (continued)

30 June 2014

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

18. Assets with title restrictions

	For the six months ended 30 June 2014				
	Opening balance	Increase (unaudited)	Decrease (unaudited)	Closing balance (unaudited)	
Pledged assets:					
Cash and bank balances	190,000	127,000	(190,000)	127,000	Note(a)
Accounts receivable	5,247,446	5,941,160	(4,312,446)	6,876,160	Note(b)
Inventories	25,090,918	4,562,744	(819,065)	28,834,597	Note(c)
Fixed assets	67,487	—	(20,664)	46,823	Note(d)
Intangible assets - land use rights	82,109	—	(1,010)	81,099	Note(d)
Intangible assets - concession rights	397,797	—	(10,078)	387,719	Note(e)
Assets whose titles are restricted for other reasons:					
Cash - mandatory reserves with the central bank	2,414,091	905,027	—	3,319,118	
Cash - security deposit for acceptance bills	3,272,772	5,482,435	(5,454,716)	3,300,491	
Cash - security deposit for letters of credit	266,895	41,400	(251,573)	56,722	
Cash - security deposit for performance bonds	165,504	35,238	(183,741)	17,001	
Cash - security deposit for letters of guarantee	293,720	395,762	(263,350)	426,132	
Cash - others	1,411,075	1,224,708	(2,000,224)	635,559	
	7,824,057	8,084,570	(8,153,604)	7,755,023	
	38,899,814	18,715,474	(13,506,867)	44,108,421	

Notes to Financial Statements (continued)

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(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

18. Assets with title restrictions (continued)

	Opening balance	Increase	2013 Decrease	Closing balance	
Pledged assets:					
Cash and bank balances	25,000	190,000	(25,000)	190,000	Note(a)
Accounts receivable	1,626,033	5,247,446	(1,626,033)	5,247,446	Note(b)
Bills receivable	474,667	—	(474,667)	—	
Inventories	15,214,762	11,509,244	(1,633,088)	25,090,918	Note(c)
Fixed assets	61,447	6,358	(318)	67,487	Note(d)
Intangible assets - land use rights	148,678	82,109	(148,678)	82,109	Note(d)
Intangible assets - concession rights	417,950	—	(20,153)	397,797	Note(e)
Assets whose titles are restricted for other reasons:					
Cash - mandatory reserves with the central bank	2,564,174	4,902,329	(5,052,412)	2,414,091	
Cash - security deposit for acceptance bills	3,723,384	15,123,764	(15,574,376)	3,272,772	
Cash - security deposit for letters of credit	218,307	509,892	(461,304)	266,895	
Cash - security deposit for performance bonds	3,155	308,982	(146,633)	165,504	
Cash - security deposit for letters of guarantee	190,793	164,499	(61,572)	293,720	
Cash - others	476,770	2,106,691	(1,172,386)	1,411,075	
	7,176,583	23,116,157	(22,468,683)	7,824,057	
	25,145,120	40,151,314	(26,396,620)	38,899,814	

Notes:

- (a) As at 30 June 2014, the Group's deposits of RMB127,000,000 (31 December 2013: RMB190,000,000) were pledged to obtain short-term loans of RMB116,000,000 (31 December 2013: RMB170,000,000) (Note V.19(a)).
- (b) As at 30 June 2014, the Group's accounts receivable of RMB4,825,325,000 (31 December 2013: RMB4,836,808,000) were pledged to obtain short-term loans of RMB3,541,361,000 (31 December 2013: RMB3,541,544,000) (Note V.19(a)).
- As at 30 June 2014, the Group's accounts receivable of RMB2,050,835,000 (31 December 2013: RMB410,638,000) were pledged to obtain long-term loans of RMB655,000,000 (31 December 2013: RMB200,000,000) (Note V.32(d)).
- (c) As at 30 June 2014, the Group's inventories of RMB28,834,597,000 (31 December 2013: RMB25,090,918,000) were mortgaged to obtain long-term loans of RMB10,865,688,000 (31 December 2013: RMB9,578,056,000) (Notes V.30 and 32(c)).
- (d) As at 30 June 2014, the Group's buildings of RMB46,823,000 (31 December 2013: RMB67,487,000) and land use rights of RMB81,099,000 (31 December 2013: RMB82,109,000) were mortgaged to obtain short-term loans of RMB47,500,000 (31 December 2013: RMB75,300,000) and long-term loans of RMB6,904,000 (31 December 2013: RMB7,004,000). The amortization of these land use rights for the six months ended 30 June 2014 was RMB1,010,000 (2013: RMB2,020,000) (Notes V.19(b) and 32(a)).
- (e) As at 30 June 2014, the Group's concession assets of RMB387,719,000 (31 December 2013: RMB397,797,000) were pledged to obtain a long-term loan of RMB122,100,000 (31 December 2013: RMB122,100,000). The amortization of these concession assets for the six months ended 30 June 2014 was RMB10,077,000 (2013: RMB20,153,000) (Note V.32(b)).

Notes to Financial Statements (continued)

30 June 2014

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

19. Short-term loans

		30 June 2014 (Unaudited)	31 December 2013
Pledged loans	Note (a)	4,086,789	3,711,544
Mortgaged loans	Note (b)	47,500	75,300
Guaranteed loans	Note (c)	6,709,602	6,767,486
Loans on credit		42,789,423	36,507,813
		53,633,314	47,062,143

Notes:

(a) As at 30 June 2014, certain short-term loans with a carrying amount of RMB116,000,000 (31 December 2013: RMB170,000,000) were secured by the pledge of the Group's fixed deposits in the amount of RMB127,000,000 (31 December 2013: RMB190,000,000) (Note V.18(a)).

As at 30 June 2014, certain short-term loans with a carrying amount of RMB3,541,361,000 (31 December 2013: RMB3,541,544,000) were secured by the pledge of the Group's accounts receivable in the amount of RMB4,825,325,000 (31 December 2013: RMB4,836,808,000) (Note V.18(b)).

As at 30 June 2014, certain short-term loans with a carrying amount of RMB429,428,000 (31 December 2013: None) were secured by the letter of credit in the amount of RMB745,428,000 (31 December 2013: Nil).

(b) As at 30 June 2014, certain short-term loans with a carrying amount of RMB47,500,000 (31 December 2013: RMB75,300,000) were secured by the mortgages of the Group's buildings in the amount of RMB27,366,000 (31 December 2013: RMB48,030,000) and land use rights in the amount of RMB81,099,000 (31 December 2013: RMB82,109,000) (Note V.18(d)).

(c) As at 30 June 2014, all guaranteed loans were guaranteed by the entities comprising the Group.

As at 30 June 2014, interest rates for the above loans ranged from 1.24% to 9.00% per annum (31 December 2013: from 1.25% to 8.50%).

As at 30 June 2014, there were no short-term loans defaulted by the Group (31 December 2013: nil).

20. Due to customers

	30 June 2014 (Unaudited)	31 December 2013
Due to customers	380,216	437,821

Included in the aforesaid balance of amounts due to customers were amounts due to shareholders that held 5% or more of the Company's voting rights as follows:

	30 June 2014 (Unaudited)	31 December 2013
CRCCG	197,081	276,480

Further details of the deposits from other related parties are stated in Note VI.6.

Notes to Financial Statements (continued)

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(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

21. Bills payable

	30 June 2014 (Unaudited)	31 December 2013
Commercial acceptance bills	1,208,674	968,476
Bank acceptance bills	20,926,464	21,855,547
	22,135,138	22,824,023

As at 30 June 2014, bills payable of RMB22,135,138,000 will be due in the next accounting year (31 December 2013: RMB22,824,023,000).

22. Accounts payable

Accounts payable are non-interest-bearing and are usually paid within the agreed period.

	30 June 2014 (Unaudited)	31 December 2013
Within 1 year	169,019,751	169,006,568
1 to 2 years	3,156,831	6,084,613
2 to 3 years	399,871	1,894,038
More than 3 years	423,379	806,556
	172,999,832	177,791,775

As at 30 June 2014, significant accounts payable aged over one year were as follows:

	Relationship with the Group	30 June 2014	Reasons for payables not being settled
Company 1	Third party	321,631	Construction costs unsettled
Company 2	Third party	43,649	Construction costs unsettled
Company 3	Third party	41,549	Construction costs unsettled
Company 4	Third party	33,253	Construction costs unsettled
Company 5	Third party	28,411	Construction costs unsettled
		468,493	

As at 31 December 2013, significant accounts payable aged over one year were as follows:

	Relationship with the Group	31 December 2013	Reasons for payables not being settled
Company 1	Third party	25,852	Construction costs unsettled
Company 2	Third party	24,864	Construction costs unsettled
Company 3	Third party	24,737	Construction costs unsettled
Company 4	Third party	24,110	Deposit not due
Company 5	Third party	23,004	Construction costs unsettled
		122,567	

As at 30 June 2014, there were no accounts payable due to shareholders that held 5% or more of the Company's voting rights (31 December 2013: nil).

Further details of accounts payable due to other related parties are stated in Note VI.6.

Notes to Financial Statements (continued)

30 June 2014

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

23. Advances from customers

	30 June 2014 (Unaudited)	31 December 2013
Advances for construction contracts	31,510,634	29,703,506
Gross amount due to contract customers (Note V.7 (3))	12,681,353	12,698,765
Advances for sale of properties (Note)	16,417,951	14,103,338
Advances for sale of materials	5,611,188	7,411,565
Advances for sale of goods	1,099,948	1,373,408
Others	877,184	934,847
	68,198,258	66,225,429

Note: Details of advances from customers for sale of the properties are listed below:

Property name	30 June 2014 (Unaudited)	Percentage of accumulated pre-sales in advance	Estimated completion date
Beijing CRCC International City Le Xiang Hui Project	2,029,793	76	October 2014
Yue Ran Xin Yuan Project	1,664,390	69	December 2014
CRCC Liwan International City Project	1,051,100	84	December 2014
CRCC Beijing Shanyu City Project	887,697	90	June 2015
Yuanxiang Mangu Project	812,934	25	August 2015
Wuhan 1818 Center Project	802,549	63	January 2015
Wuhan CRCC International City Project	753,330	95	June 2016
Xi'an CRCC International City Project	656,621	4	December 2018
CRCC Wutong Garden Project	502,807	83	August 2014
Gaoxin District Land of Chengdu Project	431,620	44	June 2015
Jinan CRCC International City Project	428,306	94	December 2015
Chengdu CRCC International City Project	380,309	23	December 2014
Hefei CRCC International City Project	369,273	11	December 2015
Changsha CRCC International City Project II	362,144	27	March 2016
Qingxiu Garden Project	354,733	44	November 2015
CRCC Lingxiu City Project	314,157	89	December 2017
CRCC Jingnan Yipin Project II	296,206	85	December 2015
CRCC Beijing Wutong Garden Project	272,996	82	August 2015
Changsha Meixi Qingxiu Project	236,131	30	December 2015
CRCC Dong Lai Shang City Project	233,623	90	June 2015
Others	3,577,232		
	16,417,951		

Notes to Financial Statements (continued)

30 June 2014

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

23. Advances from customers (continued)

Note: Details of advances from customers for sale of properties are listed below: (continued)

Property name	31 December 2013	Percentage of accumulated pre-sales in advance	Estimated completion date
Beijing CRCC International City Le Xiang Hui Project	1,930,416	54	October 2014
CRCC Liwan International City Project	1,442,170	80	March 2014
Yue Ran Xin Yuan Project	1,115,300	45	December 2014
Jinan CRCC International City Project	975,807	88	December 2015
Gaoxin District Land of Chengdu Project	743,002	44	January 2014
CRCC Wutong Garden Project	674,270	83	August 2014
Yuanxiang Mangu Project	586,697	21	August 2015
Wuhan CRCC International City Project	533,000	90	June 2016
Wuhan 1818 Center Project	433,200	56	January 2015
Xi'an CRCC International City Project	407,844	3	December 2018
CRCC Beijing Shanyu City Project	399,287	89	June 2015
CRCC Lingxiu City Project	313,223	89	December 2017
Hangzhou CRCC International City Project	280,076	28	August 2014
Changsha CRCC International City Project II	243,558	20	March 2016
CRCC Jingnan Yipin Project II	239,610	81	December 2015
Tianjin CRCC International City Project I	203,129	96	September 2013
Liuzhou CRCC-Golden Landing Project	183,847	99	December 2013
People South Street 19 Project	183,316	100	December 2015
Zhoukou Properties CRCC Dong Lai Shang City Project	179,454	85	October 2016
Hefei CRCC International City Project II	159,444	86	October 2014
Others	2,876,688		
	14,103,338		

As at 30 June 2014, significant advances from customers aged over one year were as follows:

	Relationship with the Group	30 June 2014	Reasons for being outstanding
Company 1	Third party	3,024,693	Work performed not billed
Company 2	Third party	1,321,984	Work performed not billed
Company 3	Third party	1,244,658	Work performed not billed
Company 4	Third party	408,653	Work performed not billed
Company 5	Third party	300,076	Work performed not billed
		6,300,064	

As at 31 December 2013, significant advances from customers aged over one year were as follows:

	Relationship with the Group	31 December 2013	Reasons for being outstanding
Company 1	Third party	2,939,489	Work performed not billed
Company 2	Third party	647,033	Work performed not billed
Company 3	Third party	471,070	Work performed not billed
Company 4	Third party	394,382	Work performed not billed
Company 5	Third party	326,110	Work performed not billed
		4,778,084	

As at 30 June 2014, there were no advances from customers due to shareholders that held 5% or more of the Company's voting rights (31 December 2013: nil).

Further details of the advances from customers due to other related parties are stated in Note VI.6.

Notes to Financial Statements (continued)

30 June 2014

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

24. Employee benefits payable

	For the six months ended 30 June 2014			
	Opening balance	Accrued (Unaudited)	Paid (Unaudited)	Closing balance (Unaudited)
Salaries, bonuses, allowances and subsidies	3,083,453	11,260,934	(11,210,930)	3,133,457
Staff welfare	—	546,870	(546,870)	—
Social insurance	1,978,351	2,669,400	(2,440,653)	2,207,098
Including:				
Medical insurance	677,349	735,410	(684,050)	728,709
Basic pension	877,728	1,485,289	(1,358,056)	1,004,961
Contribution to pension annuity	187,707	186,433	(189,103)	185,037
Unemployment insurance	113,385	142,408	(97,367)	158,426
Work injury insurance	82,607	74,491	(70,468)	86,630
Maternity insurance	39,575	45,369	(41,609)	43,335
Housing funds	636,058	794,857	(746,421)	684,494
Union fund and employee education fund	430,111	282,812	(226,277)	486,646
Others	114,236	586,529	(512,632)	188,133
	6,242,209	16,141,402	(15,683,783)	6,699,828

	2013			
	Opening balance	Accrued	Paid	Closing balance
Salaries, bonuses, allowances and subsidies	4,480,726	19,233,964	(20,631,237)	3,083,453
Staff welfare	—	1,174,487	(1,174,487)	—
Social insurance	3,055,022	3,886,356	(4,963,027)	1,978,351
Including:				
Medical insurance	1,046,026	1,075,320	(1,443,997)	677,349
Basic pension	1,594,024	2,030,499	(2,746,795)	877,728
Contribution to pension annuity	150,777	398,768	(361,838)	187,707
Unemployment insurance	133,364	170,673	(190,652)	113,385
Work injury insurance	91,145	125,035	(133,573)	82,607
Maternity insurance	39,686	86,061	(86,172)	39,575
Housing funds	995,142	946,449	(1,305,533)	636,058
Union fund and employee education fund	544,443	432,641	(546,973)	430,111
Others	95,493	625,706	(606,963)	114,236
	9,170,826	26,299,603	(29,228,220)	6,242,209

25. Taxes payable

	30 June 2014 (Unaudited)	31 December 2013
Value-added tax	126,887	162,475
Business tax	4,808,554	4,812,830
Corporate income tax	743,108	2,074,356
Individual income tax	666,878	753,116
City maintenance and construction tax	360,771	355,722
Others	183,424	263,849
	6,889,622	8,422,348

Notes to Financial Statements (continued)

30 June 2014

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

26. Interest payables

	30 June 2014 (Unaudited)	31 December 2013
Interest payables for corporate bonds (Note V.30,33)	643,675	547,332
Interest payables for short-term loans	161,772	62,561
Interest payables for long-term loans	41,302	34,664
	846,749	644,557

27. Dividends payable

	30 June 2014 (Unaudited)	31 December 2013
CRCCG	994,489	—
Public shareholders of A shares	318,500	—
Public shareholders of H shares	245,380	—
NSSF	56,388	—
Others	143,776	105,692
	1,758,533	105,692

Note: At the annual general meeting held on 18 June 2014, the Company's shareholders resolved to approve the final cash dividend for the year ended 31 December 2013 of RMB0.13 per share, which amounted to RMB1,603,880,000 based on the total number of shares of 12,337,541,500 in issue.

28. Other payables

	30 June 2014 (Unaudited)	31 December 2013
Guarantees and deposits	14,151,887	14,519,412
Payables for advances	8,684,780	9,707,179
Accrued business taxes and surcharges	5,623,386	4,980,022
Others (Note)	12,682,961	10,630,067
	41,143,014	39,836,680

Note: In accordance with the Notice Relating to the Allocation of State-owned Capital Operating Budget to CRCCG for 2008 (Cai Qi [2008] No. 260) [(財政部關於下達中國鐵道建築總公司2008年中央國有資本經營預算(撥款)的通知)(財企[2008]260號)] and the Notice Relating to the Allocation of the Wenchuan Earthquake Reconstruction Funds to State-owned Enterprises for 2008 (Cai Qi [2008] No. 399) [(財政部關於撥付2008年中央企業汶川地震災後恢復重建基金的通知)(財企[2008]399號)] issued by the Ministry of Finance, the Ministry of Finance injected an amount of RMB189,660,000 to CRCCG for the reconstruction work in relation to the earthquake in Wenchuan County of Sichuan Province in the PRC in 2008. Thereafter, CRCCG contributed the fund received from the Ministry of Finance into the Company and the Company has recorded this amount in other payables - payables for CRCCG as at 30 June 2014 and 31 December 2013, accordingly (Note VI.6(e)).

Notes to Financial Statements (continued)

30 June 2014

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

28. Other payables (continued)

Amounts due to shareholders that held 5% or more of the Company's voting rights were as follows:

	30 June 2014 (Unaudited)	31 December 2013
CRCCG	384,497	319,166

Further details of the other payables due to other related parties are stated in Note VI.6.

At the balance sheet date, significant other payables aged over one year were as follows:

	Relationship with the Group	30 June 2014 (Unaudited)	Reasons for not being settled
Company 1	Third party	251,616	Payables not settled
CRCCG	Ultimate holding company	189,660	Reconstruction not settled
Company 2	Third party	151,600	Deposit not due
Company 3	Third party	14,251	Payables not settled
Company 4	Third party	14,019	Payables not settled
		621,146	

Among the significant other payables aged over one year as at 30 June 2014, an aggregate amount of RMB355,510,000 has been repaid after the balance sheet date.

	Relationship with the Group	31 December 2013	Reasons for not being settled
Company 1	Third party	251,616	Payables not settled
CRCCG	Ultimate holding company	189,660	Reconstruction not settled
Company 2	Third party	40,000	Deposit not due
Company 3	Third party	23,891	Deposit not due
Company 4	Third party	19,896	Payables not settled
		525,063	

Among the significant other payables aged over one year as at 31 December 2013, an aggregate amount of RMB2,500,000 has been repaid after the balance sheet date.

Notes to Financial Statements (continued)

30 June 2014

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

29. Provision

	For the six months ended 30 June 2014			
	Opening balance	Increase (Unaudited)	Closing balance (Unaudited)	
Pending litigation	3,887	103	3,990	Note

	2013			
	Opening balance	Increase	Closing balance	
Pending litigation	—	3,887	3,887	Note

Note: The Group has been named in the legal proceedings and claims arising from disputes of construction contracts. For the cases that the court has accepted but has not yet concluded, the provision is made according to the best estimate of the amount of likely compensation regarding the proceedings and claims made at the end of the reporting period based on the best estimates and judgments from the directors and legal advice from the Company's legal advisor.

30. Current portion of non-current liabilities

	30 June 2014 (Unaudited)	31 December 2013
Current portion of long-term loans (Note V.33)	12,580,828	9,811,930
Current portion of bonds payable	850,000	850,000
Current portion of long-term payables (Note V.34)	1,286,416	1,237,789
Current portion of long-term employee benefits payable (Note V.35)	709,296	723,772
	15,426,540	12,623,491

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

	30 June 2014 (Unaudited)	31 December 2013
Pledged loans (Note V.32(b))	30,690	30,690
Mortgaged loans (Note V.32(c))	1,827,020	2,575,220
Guaranteed loans	933,929	1,762,406
Loans on credit	9,789,189	5,443,614
	12,580,828	9,811,930

Notes to Financial Statements (continued)

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(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30. Current portion of non-current liabilities (continued)

As at 30 June 2014, the five largest balances in the current portion of long-term loans were as follows:

	Term	Currency	Interest rate %	30 June 2014	
				Foreign amounts	RMB equivalent (Unaudited)
Company 1	From 2013-4-11 to 2015-4-10	USD	3.79	316,000	1,944,285
Company 2	From 2012-8-21 to 2014-8-21	USD	4.54	200,000	1,230,560
Company 3	From 2011-12-8 to 2014-12-7	RMB	6.77	—	1,000,000
Company 4	From 2011-9-26 to 2014-9-26	RMB	4.67	—	750,000
Company 5	From 2012-6-28 to 2015-6-25	RMB	4.17	—	600,000
					5,524,845

As at 31 December 2013, the five largest balances in the current portion of long-term loans were as follows:

	Term	Currency	Interest rate %	31 December 2013	
				Foreign amounts	RMB equivalent
Company 1	From 2011-9-26 to 2014-9-26	RMB	4.17	—	1,760,000
Company 2	From 2012-8-21 to 2014-8-21	USD	3.89	200,000	1,219,380
Company 3	From 2011-12-8 to 2014-12-7	RMB	6.45	—	1,000,000
Company 4	From 2011-9-23 to 2014-9-22	RMB	7.65	—	615,000
Company 5	From 2012-4-27 to 2014-4-25	USD	4.71	100,000	609,690
					5,204,070

As at 30 June 2014, there was no current portion of the long-term loans defaulted by the Group (31 December 2013: nil).

Notes to Financial Statements (continued)

30 June 2014

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30. Current portion of non-current liabilities (continued)

As at 30 June 2014, the current portion of bonds payable was as follows:

	Face value	Issuing date	Maturity	Amount issued	Annual interest rate	Interest accrued in the year	Interest payable at year end (Unaudited) (Note V.26)	Closing balance (Unaudited)
China Railway 23rd Bureau Group Co., Ltd. - 2012 first issue of private placement note	350,000	9 Aug 2012	2 years	350,000	5.9%	10,240	17,869	350,000
China Railway 25th Bureau Group Co., Ltd. - 2012 second issue of private placement note	500,000	9 Nov 2012	2 years	500,000	6.2%	15,373	19,788	500,000
	850,000			850,000		25,613	37,657	850,000

As at 31 December 2013, the current portion of bonds payable was as follows:

	Face value	Issuing date	Maturity	Amount issued	Annual interest rate	Interest accrued in the year	Interest payable at year end (Unaudited) (Note V.26)	Closing balance (Unaudited)
China Railway 23rd Bureau Group Co., Ltd. - 2012 first issue of private placement note	350,000	9 Aug 2012	2 years	350,000	5.9%	17,437	7,629	350,000
China Railway 25th Bureau Group Co., Ltd. - 2012 second issue of private placement note	500,000	9 Nov 2012	2 years	500,000	6.2%	31,000	4,416	500,000
	850,000			850,000		48,437	12,045	850,000

As at 30 June 2014, the five largest balances in the current portion of long-term payables were as follows:

Term	Initial amount	Annual interest rate %	Accrued interest (Unaudited)	Closing balance (Unaudited)	Conditions and terms
Company 1 From 2011-7-15 to 2018-7-15	552,045	Benchmark rate of over-five-year bank loans	31,578	122,677	Nil
Company 2 From 2012-7-31 to 2017-7-30	362,000	Benchmark rate of three-to-five-year bank loans - floating 5%	15,864	101,264	Nil
Company 3 From 2012-6-18 to 2017-6-18	500,000	Benchmark rate of five-year bank loans	18,320	99,622	Nil
Company 4 From 2013-7-12 to 2018-4-12	800,000	Benchmark rate of three-to-five-year bank loans - floating 10%	46,495	96,385	Nil
Company 5 From 2013-11-28 to 2017-7-15	275,000	Benchmark rate of five-year bank loans	13,503	78,571	Nil
	2,489,045		125,760	498,519	

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(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30. Current portion of non-current liabilities (continued)

As at 31 December 2013, the five largest balances in the current portion of long-term payables were as follows:

	Term	Initial amount	Annual interest rate %	Accrued interest	Closing balance	Conditions and terms
Company 1	From 2013-7-12 to 2018-4-12	800,000	Benchmark rate of three-to-five-year bank loans-floating 10%	49,256	143,515	Nil
Company 2	From 2012-6-8 to 2017-6-8	500,000	Benchmark rate of five-year bank loans	21,467	96,475	Nil
Company 3	From 2012-7-15 to 2018-7-15	552,045	Benchmark rate of over-five-year bank loans	27,750	92,007	Nil
Company 4	From 2013-11-28 to 2017-7-15	275,000	Benchmark rate of five-year bank loans	15,654	78,571	Nil
Company 5	From 2012-7-31 to 2017-7-30	362,000	Benchmark rate of three-to-five-year bank loans-floating 5%	18,602	75,460	Nil
		2,489,045		132,729	486,028	

31. Other current liabilities

		30 June 2014 (Unaudited)	31 December 2013
Current portion of deferred income	(Note V.37)	23,185	23,359
Short-term unsecured financing bonds and private placement note	(Note)	4,565,560	8,666,277
		4,588,745	8,689,636

Note: Other current liabilities represent short-term unsecured financing bonds and private placement note with a fixed interest rate issued by the Group and its subsidiaries. The principal and the interest will be repaid at the end of the term.

Movements of the bonds were as follows:

	Opening balance	Increase	Decrease	Closing balance
For the six months ended 30 June 2014 (unaudited)	8,666,277	4,772,283	(8,873,000)	4,565,560
2013	21,952,069	9,188,759	(22,474,551)	8,666,277

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(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

31. Other current liabilities (continued)

As at 30 June 2014, the balances of the short-term unsecured financing bonds and private placement note were as follows:

Bonds	Principal	Issuing date	Interest rate per annum	Maturity	Accrued interest (Unaudited)	Closing balance (Unaudited)
China Railway Co., Ltd. - 2014 first tranche	3,500,000	28 March 2014	5.3%	365 days	48,280	3,548,280
China Railway 19th Bureau Group Co., Ltd. - 2014 first issue of private placement note of Ping An Bank	1,000,000	24 March 2014	6.3%	365 days	17,280	1,017,280
	4,500,000				65,560	4,565,560

As at 31 December 2013, the balances of the short-term unsecured financing bonds and private placement note were as follows:

Bonds	Principal	Issuing date	Interest rate per annum	Maturity	Accrued interest	Closing balance
China Railway Co., Ltd. - 2013 first tranche	2,500,000	29 May 2013	4.00%	365 days	58,630	2,558,630
China Railway Co., Ltd. - 2013 first tranche SCP	3,000,000	22 Jul 2013	4.40%	270 days	58,587	3,058,587
China Railway Co., Ltd. - 2013 second tranche SCP	3,000,000	22 Aug 2013	4.70%	270 days	49,060	3,049,060
	8,500,000				166,277	8,666,277

Notes to Financial Statements (continued)

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(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

32. Long-term loans

	30 June 2014 (Unaudited)	31 December 2013
Pledged loans (Note (b) and Note (d))	746,410	291,410
Mortgaged loans (Note (a) and Note (c))	9,045,572	7,009,840
Guaranteed loans (Note (e))	13,874,088	9,415,151
Loans on credit	34,372,145	25,080,119
	58,038,215	41,796,520

Notes:

- (a) As at 30 June 2014, long-term bank loans with a carrying amount of RMB6,904,000 (31 December 2013: RMB7,004,000) were secured by mortgages of the Group's buildings with a carrying amount of RMB19,457,000 (31 December 2013: RMB19,457,000) (Note V.18(d)).
- (b) As at 30 June 2014, long-term bank loans in the amount of RMB122,100,000 including long-term loans due within one year of RMB30,690,000 (31 December 2013: RMB122,100,000, including long-term loans due within one year of RMB30,690,000) were secured by a pledge of the Group's concession assets of the BOT Project of Jiyang Guest-greeting Yellow River Bridge with a carrying amount of RMB387,719,000 (31 December 2013: RMB397,797,000) (Note V.18(e)).
- (c) As at 30 June 2014, long-term bank loans in the amount of RMB10,865,688,000 including long-term loans due within one year of RMB1,827,020,000 (31 December 2013: RMB9,578,056,000, including long-term loans due within one year of RMB2,575,220,000) were secured by mortgages of the Group's inventories with a carrying amount of RMB28,834,597,000 (31 December 2013: RMB25,090,918,000) (Note V.18(c)).
- (d) As at 30 June 2014, long-term bank loans in an amount of RMB655,000,000 (31 December 2013: RMB200,000,000) were secured by the pledge of the Group's accounts receivable with a carrying amount of RMB2,050,835,000 (31 December 2013: RMB410,638,000) (Note V.18(b)).
- (e) As at 30 June 2014, the guaranteed long-term loans were all internally guaranteed by the entities comprising the Group.

As at 30 June 2014, there were no long-term loans defaulted by the Group (31 December 2013: nil).

Notes to Financial Statements (continued)

30 June 2014

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

32. Long-term loans (continued)

Notes (continued):

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

	30 June 2014 (Unaudited)	31 December 2013
Within one year or on demand (Note V.30)	12,580,828	9,811,930
In the second year, inclusive	25,997,759	19,037,929
In the third to fifth years, inclusive	26,713,138	19,087,994
Beyond five years	5,327,318	3,670,597
	70,619,043	51,608,450

An amount due to a shareholder that held 5% or more of the Company's voting rights is as follows:

	30 June 2014 (Unaudited)	31 December 2013
CRCCG	582,110	582,110

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(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

32. Long-term loans (continued)

As at 30 June 2014, the five largest long-term loans were as follows:

	Starting date	Maturity date	Currency	Interest rate %	30 June 2014 (Unaudited)	
					Foreign currency	RMB equivalent
Loan 1	2013-09-30	2016-09-30	RMB	4.20	—	5,500,000
Loan 2	2013-07-17	2018-07-17	RMB	8.80	—	2,000,000
Loan 3	2013-07-25	2016-07-25	RMB	8.50	—	2,000,000
Loan 4	2013-11-29	2015-11-27	RMB	8.40	—	2,000,000
Loan 5	2014-05-30	2016-05-29	RMB	7.38	—	2,000,000
						13,500,000

As at 31 December 2013, the five largest long-term loans were as follows:

	Starting date	Maturity date	Currency	Interest rate %	31 December 2013	
					Foreign currency	RMB equivalent
Loan 1	2013-09-30	2016-09-30	RMB	6.15	—	2,500,000
Loan 2	2013-07-17	2018-07-17	RMB	8.80	—	2,000,000
Loan 3	2013-07-25	2016-07-25	RMB	8.50	—	2,000,000
Loan 4	2013-11-29	2015-11-27	RMB	8.40	—	2,000,000
Loan 5	2013-04-11	2015-04-10	USD	3.35	316,000	1,926,620
						10,426,620

33. Bonds payable

Bonds payable represent unsecured medium-term notes, private placement notes with a fixed interest rate and 10-year dollar bonds with a fixed interest rate guaranteed by the Company. Bond interest is paid regularly whereas the principal is paid at the maturity date.

	For the six months ended 30 June 2014			
	Opening balance	Additions (Unaudited)	Deductions (Unaudited)	Closing balance (Unaudited)
Bonds payable	29,888,586	911,699	—	30,800,285

	2013		
	Opening balance	Additions	Decrease
Bonds payable	14,459,980	16,278,606	(850,000)

Notes to Financial Statements (continued)

30 June 2014

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

33. Bonds payable (continued)

As at 30 June 2014, bonds payable were as follows:

	Principal	Issuing date	Maturity	Amount issued	Interest rate per annum	Interest accrued in the year (Unaudited)	Interest payable at year end (Unaudited) (Note V.26)	Closing balance (Unaudited)
First issue of medium-term notes in 2010	5,000,000	27 Aug 2010	5 years	5,000,000	3.78%	93,723	156,896	4,990,380
First issue of medium-term notes in 2011	7,500,000	14 Oct 2011	7 years	7,500,000	6.28%	233,564	329,055	7,444,813
First issue of medium-term notes in 2013	10,000,000	20 Jun 2013	7 years	10,000,000	5.10%	253,002	13,973	9,938,253
China Railway 14th Bureau Group Co., Ltd. - 2012 first issue of private placement	400,000	27 Aug 2012	5 years	400,000	6.70%	13,698	22,631	400,000
China Railway 15th Bureau Group Co., Ltd. - 2012 first issue of private placement note	400,000	23 Nov 2012	3 years	400,000	6.50%	12,893	14,959	400,000
China Railway 15th Bureau Group Co., Ltd. - 2013 first issue of private placement note	400,000	28 Mar 2013	3 years	400,000	6.50%	12,026	5,884	400,000
China Railway 17th Bureau Group Co., Ltd. - 2013 first issue of private placement note	500,000	21 Mar 2013	3 years	500,000	5.88%	8,575	8,575	500,000
China Railway 17th Bureau Group Co., Ltd. - 2014 first issue of private placement note	500,000	25 Jun 2014	3 years	500,000	5.88%	—	—	500,000
China Railway 23rd Bureau Group Co., Ltd. - 2014 first issue of private placement note	150,000	14 Mar 2014	2 years	150,000	7.50%	3,293	3,293	150,000
China Railway 24th Bureau Group Co., Ltd. - 2013 first issue of private placement note	600,000	11 Apr 2013	3 years	600,000	5.40%	16,200	7,290	600,000
China Railway 25th Bureau Group Co., Ltd. - 2012 first issue of private placement note	400,000	06 Aug 2012	3 years	400,000	6.10%	12,100	21,927	400,000
CRCC Yuxiang Limited 3.5PCT Guaranteed Note Due 2023	4,922,240	16 May 2013	10 years	4,922,240	3.50%	196	21,535	4,876,839
CRCC Harbour & Channel Engineering Bureau Group Co., Ltd. - 2014 first issue of private placement note	200,000	30 Apr 2014	3 years	200,000	3.50%	—	—	200,000
	30,972,240			30,972,240		659,270	606,018	30,800,285

Notes to Financial Statements (continued)

30 June 2014

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

33. Bonds payable (continued)

As at 31 December 2013, bonds payable were as follows:

	Principal	Issuing date	Maturity	Amount issued	Interest rate per annum	Interest accrued in the year	Interest payable at year end (Note V.26)	Closing balance
First issue of medium-term notes in 2010	5,000,000	27 Aug 2010	5 years	5,000,000	3.78%	189,000	63,173	4,986,350
First issue of medium-term notes in 2011	7,500,000	14 Oct 2011	7 years	7,500,000	6.28%	471,000	95,490	7,440,566
First issue of medium-term notes in 2013	10,000,000	20 Jun 2013	7 years	10,000,000	5.10%	270,971	270,971	9,931,269
China Railway 14th Bureau Group Co., Ltd. - 2012 first issue of private placement	400,000	27 Aug 2012	5 years	400,000	6.70%	42,350	8,933	400,000
China Railway 15th Bureau Group Co., Ltd. - 2012 first issue of private placement note	400,000	23 Nov 2012	3 years	400,000	6.50%	25,288	2,066	400,000
China Railway 15th Bureau Group Co., Ltd. - 2013 first issue of private placement note	400,000	28 Mar 2013	3 years	400,000	6.50%	17,458	17,458	400,000
China Railway 17th Bureau Group Co., Ltd. - 2013 first issue of private placement note	500,000	21 Mar 2013	3 years	500,000	5.88%	22,540	22,540	500,000
China Railway 25th Bureau Group Co., Ltd. - 2012 first issue of private placement note	400,000	06 Aug 2012	3 years	400,000	6.10%	24,400	9,827	400,000
China Railway 24th Bureau Group Co., Ltd. - 2013 first issue of private placement note	600,000	11 Apr 2013	3 years	600,000	5.40%	23,490	23,490	600,000
CRCC Yuxiang Limited 3.5PCT Guaranteed Note Due 2023	4,877,520	16 May 2013	10 years	4,877,520	3.50%	110,299	21,339	4,830,401
	30,077,520			30,077,520		1,196,796	535,287	29,888,586

Notes to Financial Statements (continued)

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(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

34. Long-term payables

	30 June 2014 (Unaudited)	31 December 2013
Retention money payables	489	489
Finance lease payables	2,778,033	3,333,782
Others	593,499	236,591
	3,372,021	3,570,862

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

	30 June 2014 (Unaudited)	31 December 2013
Within one year (Note V.30)	1,286,416	1,237,789
In the second year, inclusive	1,418,600	1,209,012
In the third to fifth years, inclusive	1,688,951	2,120,013
Beyond five years	264,470	241,837
	4,658,437	4,808,651

Notes to Financial Statements (continued)

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(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

34. Long-term payables (continued)

As at 30 June 2014, the five largest long-term payables were as follows:

	Term	Initial amount	Annual interest rate %	Accrued interest (Unaudited)	Closing balance (Unaudited)	Borrowing terms
Company 1	From 2013-07-12 to 2018-04-12	800,000	Benchmark rate of three-to-five-year bank loans floating downward 10%	66,265	561,936	Nil
Company 2	From 2011-07-15 to 2018-07-15	552,045	Benchmark rate of over-five-year bank loans	46,415	398,699	Nil
Company 3	From 2012-07-31 to 2017-07-30	362,000	Benchmark rate of three-to-five-year bank loans floating upward 5%	21,205	242,333	Nil
Company 4	From 2012-06-08 to 2017-06-08	500,000	Benchmark rate of five-year bank loans	16,362	219,521	Nil
Company 5	From 2013-11-28 to 2017-07-15	275,000	Benchmark rate of five-year bank loans	11,961	157,143	Nil
		2,489,045		162,208	1,579,632	

As at 31 December 2013, the five largest long-term payables were as follows:

	Term	Initial amount	Annual interest rate %	Accrued interest	Closing balance	Borrowing terms
Company 1	From 2013-07-12 to 2018-04-12	800,000	Benchmark rate of three to five-year bank loans floating downward 10%	76,837	597,859	Nil
Company 2	From 2011-07-15 to 2018-07-15	552,045	Benchmark rate of over-five-year bank loans	55,276	460,037	Nil
Company 3	From 2012-07-31 to 2017-07-30	362,000	Benchmark rate of three to five-year bank loans floating upward 5%	30,697	291,405	Nil
Company 4	From 2012-06-08 to 2017-06-08	500,000	Benchmark rate of five-year bank loans	24,691	270,162	Nil
Company 5	From 2013-11-28 to 2017-07-15	275,000	Benchmark rate of five-year bank loans	17,945	196,429	Nil
		2,489,045		205,446	1,815,892	

As at 30 June 2014, no independent third party has provided a guarantee for the Group's finance leases (31 December 2013: nil).

As at 30 June 2014 and 31 December 2013, the Group's finance lease payables were for the purchases of machinery and equipment and were measured in RMB.

Notes to Financial Statements (continued)

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(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

35. Long-term employee benefits payable

	30 June 2014 (Unaudited)	31 December 2013
Defined benefit obligations – early retirement benefits payable	2,252,381	2,441,550

Certain employees of the Group had completed their respective early retirement plan applications. Early retirement benefits were recognized in the period in which the relevant entities of the Group have entered into agreements with the employees specifying the terms of redundancy, or after the individual employee has been advised of the specific terms. The specific terms vary among the terminated and early retired employees depending on various factors including their positions, length of service and the district in which the employee is located.

The Group's obligations in respect of the early retirement benefits at the end of the reporting period were computed by an independent actuary, Towers Watson Management Consulting (Shenzhen) Co., Ltd. which is a member of the Society of Actuaries of the United States of America using the projected cumulative unit credit method.

The plan is exposed to interest rate risk, the risk of changes in the life expectancy for pensioners and equity market risk.

The principal actuarial assumptions used as at the balance sheet date are as follows:

	30 June 2014 (Unaudited)	2013
Discount rate (%)	3.75	4.50
Increase in expected rate of cost of living adjustment for early retirees (%)	2.50	2.50
Increase in expected rate of medical reimbursement expenses (%)	8.00	8.00
Average lifetime until retirement (year)	2-3	2-3

Notes to Financial Statements (continued)

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(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

35. Long-term employee benefits payable (continued)

The defined benefit obligations recognized in the consolidated income statement are as follows:

	30 June 2014 (Unaudited)	31 December 2013
Net benefit expenses recognized in general and administrative expenses	63,071	111,912

The movements in the present value of the defined benefit obligations are as follows:

	30 June 2014 (Unaudited)	31 December 2013
Opening balance	3,165,322	4,135,263
Defined benefit cost recognized in profit or loss	63,071	111,912
Remeasurement effects recognized in other comprehensive income	51,610	(247,216)
Benefit payments	(318,326)	(834,637)
Closing balance	2,961,677	3,165,322
Less: Current portion of long-term employee benefits payable (note V.30)	(709,296)	(723,772)
	2,252,381	2,441,550

The movements in the defined benefit obligations are as follows:

	For the six months ended 30 June 2014								
	Pension cost charged to profit or loss					Remeasurement gains/(losses) in other comprehensive income			
	Opening balance	Service cost	Net interest	Sub-total included in profit or loss	Benefits paid	Actuarial (gain)/loss due to financial assumption changes	Loss due to liability experience	Sub-total included in other comprehensive income	Closing balance
Defined benefit Obligations	3,165,322	—	63,071	63,071	(318,326)	50,620	990	51,610	2,961,677

	2013								
	Pension cost charged to profit or loss					Remeasurement gains/(losses) in other comprehensive income			
	Opening balance	Service cost	Net interest	Sub-total included in profit or loss	Benefits paid	Actuarial (gain)/loss due to financial assumption changes	Loss due to liability experience	Sub-total included in other comprehensive income	Closing balance
Defined benefit obligations	4,135,263	—	111,912	111,912	(834,637)	(135,940)	(111,276)	(247,216)	3,165,322

Notes to Financial Statements (continued)

30 June 2014

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

36. Special payables

For the six months ended 30 June 2014

	Opening balance	Additions (Unaudited)	Deductions (Unaudited)	Closing balance (Unaudited)
Research and development funds	81,466	13,442	(3,199)	91,709
Specific project funds	238,067	51,592	(17,773)	271,886
Others	482	33,943	(56)	34,369
	320,015	98,977	(21,028)	397,964

2013

	Opening balance	Additions	Deductions	Closing balance
Research and development funds	78,206	18,045	(14,785)	81,466
Specific project funds	166,587	189,024	(117,544)	238,067
Others	550	—	(68)	482
	245,343	207,069	(132,397)	320,015

37. Other non-current liabilities

	30 June 2014 (Unaudited)	31 December 2013
Deferred income		
Government grants related to assets	179,170	190,051
Government grants related to income	8,663	9,080
Others	5,895	7,492
	193,728	206,623
Less: current portion of deferred income (Note V. 31)	(23,185)	(23,359)
	170,543	183,264

Notes to Financial Statements (continued)

30 June 2014

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

37. Other non-current liabilities (continued)

As at 30 June 2014, government grants related to liabilities were as follows:

	Opening balance	Additions (Unaudited)	Included in non-operating income this year (Unaudited)	Other changes (Unaudited)	Closing balance (Unaudited)	Related to assets/ income
Equipment appropriation for passenger transport line Hangzhou East Railway Station Junction Project and Pengbu District Nongzhuanju Apartment and Utility Project Demolition Fund	61,000	—	(8,000)	—	53,000	Related to assets
Kuangxiang land compensation	51,555	—	—	—	51,555	Related to assets
Technical renovation construction appropriation	40,100	—	—	—	40,100	Related to assets
Others	31,926	—	—	(2,436)	29,490	Related to assets
	14,550	561	(1,330)	(93)	13,688	
Total	199,131	561	(9,330)	(2,529)	187,833	

As at 31 December 2013, government grants related to liabilities were as follows:

	Opening balance	Additions (Unaudited)	Included in non-operating income this year (Unaudited)	Other changes (Unaudited)	Closing balance (Unaudited)	Related to assets/ income
Equipment appropriation for passenger transport line Hangzhou East Railway Station Junction Project and Pengbu District Nongzhuanju Apartment and Utility Project Demolition Fund	81,000	—	(20,000)	—	61,000	Related to assets
Kuangxiang land compensation	—	51,555	—	—	51,555	Related to assets
Technical renovation construction appropriation	40,100	—	—	—	40,100	Related to assets
Others	36,797	—	(4,871)	—	31,926	Related to assets
	14,000	4,611	(4,006)	(55)	14,550	
Total	171,897	56,166	(28,877)	(55)	199,131	

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(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

38. Share capital

	For the six months ended 30 June 2014		
	Opening balance	Movements during the period (Unaudited)	Closing balance (Unaudited)
Restricted shares			
— NSSF	245,000	—	245,000
Unrestricted shares			
— RMB ordinary shares (A shares)	10,016,246	—	10,016,246
— Overseas listed foreign shares (H shares)	2,076,296	—	2,076,296
	12,337,542	—	12,337,542

	2013		
	Opening balance	Movements during the year	Closing balance
Restricted shares			
— NSSF	245,000	—	245,000
Unrestricted shares			
— RMB ordinary shares (A shares)	10,016,246	—	10,016,246
— Overseas listed foreign shares (H shares)	2,076,296	—	2,076,296
	12,337,542	—	12,337,542

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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

39. Capital reserve

	For the six months ended 30 June 2014			Closing balance (Unaudited)
	Opening balance	Increase (Unaudited)	Decrease (Unaudited)	
Share premium	34,746,711	—	—	34,746,711
Remeasurement of defined benefit obligation	(231,142)	—	(42,417)	(273,559)
Losses from changes in fair value of available-for- sale investments	(68,063)	6,203	—	(61,860)
Relocation compensation granted by government	110,408	1,752	—	112,160
Acquisition of non-controlling interests	(467,424)	—	—	(467,424)
Others	(516,552)	2,233	—	(514,319)
	33,573,938	10,188	(42,417)	33,541,709

	2013			Closing balance
	Opening balance	Increase	Decrease	
Share premium	34,746,711	—	—	34,746,711
Remeasurement of defined benefit obligation	(420,403)	189,261	—	(231,142)
Losses from changes in fair value of available-for- sale investments	(37,282)	—	(30,781)	(68,063)
Relocation compensation granted by government	110,408	—	—	110,408
Acquisition of non-controlling interests	(358,011)	—	(109,413)	(467,424)
Others	(513,628)	—	(2,924)	(516,552)
	33,527,795	189,261	(143,118)	33,573,938

40. Special reserve

The Group provided for and utilized safety production expenses according to the Circular on Printing and Issuing the Management Measures on the Enterprises Production Safety Expense of Enterprises Appropriation and Utilization (2012. No.16) issued by the Ministry of Finance and the State Administration of Work Safety. Further details are stated in Note II.29.

Notes to Financial Statements (continued)

30 June 2014

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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

41. Surplus reserve

		For the six months ended 30 June 2014		
		Opening balance	Increase (Unaudited)	Closing balance (Unaudited)
Statutory surplus reserve	Note	1,491,897	—	1,491,897

		Opening balance	2013 Increase	Closing balance
Statutory surplus reserve	Note	1,217,159	274,738	1,491,897

Note: In accordance with the Company Law and the Company's Articles of Association, the Company appropriated 10% of the net profit to the surplus reserve. Where the accumulated amount of the surplus reserve reaches 50% of the Company's registered capital, additional appropriation will not be needed.

The Company and certain of its subsidiaries are authorised to allocate the discretionary surplus reserve from profit after tax after the allocation of the statutory reserve. Upon the approval of the board, the discretionary surplus reserve can be used to offset previous years' losses or increase the share capital.

42. Retained earnings

		For the six months ended 30 June 2014 (Unaudited)	2013
Retained earnings at beginning of the period/ year		33,232,451	24,519,661
Net profit attributable to the owners		4,982,941	10,344,658
Less: Appropriation for the surplus reserve		—	(274,738)
Ordinary share cash dividends declared	Note	(1,603,880)	(1,357,130)
Retained earnings at the period/year end		36,611,512	33,232,451

Note: In accordance with the resolution at the 2013 annual general meeting of shareholders on 18 June 2014, the Company declared a final cash dividend for the year ended 31 December 2013 of RMB0.13 per share (31 December 2012: RMB0.11), which amounted to RMB1,603,880,000 (31 December 2012: RMB1,357,130,000) based on the 12,337,541,500 ordinary shares in issue.

Notes to Financial Statements (continued)

30 June 2014

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

43. Revenue and cost of sales

Operating revenue represents the invoice value of goods sold net of returns and trade discounts, which contains an appropriate proportion of construction contract revenue, the value of the service provided and the net amount of lease income received.

The operating revenue is as follows:

	For the six months ended 30 June	
	2014 (Unaudited)	2013 (Unaudited)
Revenue from principal operations	260,964,625	235,221,329
Other operating revenue	729,010	816,294
	261,693,635	236,037,623

The operating cost is as follows:

	For the six months ended 30 June	
	2014 (Unaudited)	2013 (Unaudited)
Cost of sales	235,175,637	212,333,969

An analysis of the Group's operating revenue and cost of sales by sector is as follows:

Sectors	For the six months ended 30 June			
	2014 (Unaudited)		2013 (Unaudited)	
	Revenue	Cost of sales	Revenue	Cost of sales
Construction operations	223,675,531	203,112,133	193,470,285	174,837,255
Real estate operations	6,646,623	4,711,421	4,468,388	3,161,489
Manufacturing operations	5,463,177	4,244,696	4,666,688	3,590,596
Survey, design and consultancy operations	3,553,356	2,410,104	3,176,933	2,115,084
Other business operations	22,354,948	20,697,283	30,255,329	28,629,545
	261,693,635	235,175,637	236,037,623	212,333,969

Information related to the Group's operating revenue and cost of sales is analyzed by region as follows:

Regions	For the six months ended 30 June			
	2014 (Unaudited)		2013 (Unaudited)	
	Revenue	Cost of sales	Revenue	Cost of sales
Mainland China	250,212,689	224,601,510	227,426,393	204,357,162
Outside Mainland China	11,480,946	10,574,127	8,611,230	7,976,807
	261,693,635	235,175,637	236,037,623	212,333,969

Notes to Financial Statements (continued)

30 June 2014

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

43. Revenue and cost of sales (continued)

For the six months ended 30 June 2014, operating revenues from the five customers were as follows:

	Amount (Unaudited)	Percentage of total operating revenue
Customer 1	4,488,271	1.72
Customer 2	4,345,281	1.66
Customer 3	4,282,350	1.64
Customer 4	2,912,605	1.11
Customer 5	2,416,778	0.92
	18,445,285	7.05

For the six months ended on 30 June 2013, operating revenues from the five largest customers were as follows:

	Amount (Unaudited)	Percentage of total operating revenue
Customer 1	3,864,981	1.64
Customer 2	3,281,087	1.39
Customer 3	2,864,007	1.21
Customer 4	2,813,420	1.19
Customer 5	2,808,759	1.19
	15,632,254	6.62

44. Business tax and surcharges

	For the six months ended 30 June	
	2014 (Unaudited)	2013 (Unaudited)
Business tax	6,608,847	5,819,111
City maintenance and construction tax	377,949	324,043
Others	663,025	524,404
	7,649,821	6,667,558

Details of the applicable taxes of the Group and the applicable tax rates of business tax and surcharges are stated in Note III.

Notes to Financial Statements (continued)

30 June 2014

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

45. Selling and distribution expenses

	For the six months ended 30 June	
	2014 (Unaudited)	2013 (Unaudited)
Employee compensation costs	557,922	350,992
Advertising and agency expenses	376,071	300,829
Transportation expenses	193,929	233,248
Others	143,099	110,555
	1,271,021	995,624

46. General and administrative expenses

	For the six months ended 30 June	
	2014 (Unaudited)	2013 (Unaudited)
Employee compensation costs	3,751,538	3,624,408
Research and development expenses	3,015,289	2,873,916
Office and traveling expenses	459,870	622,593
Depreciation expenses	430,162	358,364
Others	1,110,044	1,297,409
	8,766,903	8,776,690

47. Finance costs

	For the six months ended 30 June	
	2014 (Unaudited)	2013 (Unaudited)
Interest expenses	4,620,313	3,232,553
Less: interest income	(1,326,243)	(1,206,743)
capitalized interest	(1,306,057)	(584,452)
Exchange losses/(gains)	66,611	(35,265)
Bank charges and others	320,208	214,541
	2,374,832	1,620,634

Notes to Financial Statements (continued)

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(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

47. Finance costs (continued)

The Group's interest expenses are as follows:

	For the six months ended 30 June	
	2014 (Unaudited)	2013 (Unaudited)
Interest on loans wholly repayable within five years	3,522,665	1,894,125
Interest on loans repayable beyond five years	—	413,360
Interest on finance leases	130,503	103,606
Interest on discounted bills	129,963	97,187
Interest on corporate bonds	837,182	724,275
Total interest expenses	4,620,313	3,232,553

The amount of capitalized interest has been included in the balances of construction in progress (Note V.13), intangible assets (Note V.14) and properties under development (Note V.7(1)).

48. Impairment losses

	For the six months ended 30 June	
	2014 (Unaudited)	2013 (Unaudited)
Reversal of provisions for bad debts	198,596	(4,768)
Provisions for decline in value of inventories	1,011	17,969
	199,607	13,201

49. (Losses)/gains on fair value changes

	For the six months ended 30 June	
	2014 (Unaudited)	2013 (Unaudited)
Financial assets at fair value through profit or loss	(11,266)	12,724

Notes to Financial Statements (continued)

30 June 2014

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

50. Investment (loss)/income

	For the six months ended 30 June	
	2014 (Unaudited)	2013 (Unaudited)
Share of net profits/(loss) of associates	(34,508)	2,010
Share of net profits of jointly-controlled entities	6,641	3,635
Investment income from disposal of long-term equity investments	541	2,552
Investment income gained during the period in which the Company held available-for-sale financial assets	—	2,728
Gains from disposal of financial assets at fair value through profit or loss	4,173	—
Gains from holding funds	1,976	—
Dividend income received from long-term equity investments	6,369	713
Others	9,390	—
	(5,418)	11,638

As at 30 June 2014, the investment income above from listed companies was RMB6, 719,000 (For the six months ended 30 June 2013: RMB2,727,000) while investment loss from unlisted companies was RMB12,137,000 (For the six months ended 30 June 2013: Investment income of RMB8,911,000).

Among the above income from long-term equity investments under the equity method, investees with investment income which accounted for more than 5% of the Group's total profit or the five largest amounts of investees in terms of proportion of their investment income to the Group's total profit are presented as follows:

	For the six months ended 30 June		Reason for fluctuation
	2014 (Unaudited)	2013 (Unaudited)	
China-Africa Lekkil Investment Co., Ltd.	4,480	1,370	Increase in profits
CRCC-HC-CR15G JV	3,416	957	Increase in profits
Beijing China Railway Jianxie Engineering and Technology Consultation Co., Ltd.	978	—	Increase in profits
Shekou Xinghua Enterprise Co., Ltd.	682	—	Increase in profits
Nanjing PetroChina-CRCC Petroleum Marketing Co., Ltd.	545	414	Increase in profits
	10,101	2,741	

As at 30 June 2014, the remittance of the Group's investment income was not subject to significant restriction.?

Notes to Financial Statements (continued)

30 June 2014

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

51. Non-operating income

	For the six months ended 30 June	
	2014 (Unaudited)	2013 (Unaudited)
Government grants	193,368	113,072
Gains on disposal of non-current assets	74,801	80,200
Including:		
Gains on disposal of fixed assets	74,796	72,102
Gains on disposal of intangible assets	5	8,098
Gains on compensation, penalties and fines	30,496	19,432
Gains on debt restructuring	5,449	4,846
Others	82,242	61,552
	386,356	279,102

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

	For the six months ended 30 June		Related to assets/gains
	2014 (Unaudited)	2013 (Unaudited)	
Enterprise development funding	33,900	78,268	Related to gains
Refund of taxes	12,663	10,701	Related to assets
Equipment funding from the Ministry of Railways	8,000	8,000	Related to assets
Equipment funding from the Ministry of Railways	4,121	—	Related to gains
Economic and technological cooperation special funds	114,692	4,225	Related to assets
Relocation compensation	15,829	977	Related to gains
Others	4,163	10,901	Related to gains/ assets
	193,368	113,072	

Notes to Financial Statements (continued)

30 June 2014

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

52. Non-operating expenses

	For the six months ended 30 June	
	2014 (Unaudited)	2013 (Unaudited)
Loss on compensation, penalties and fines	42,798	18,474
Abnormal losses	1,877	7,549
Loss on disposal of non-current assets	60,200	6,729
Including:		
Loss on disposal of fixed assets	58,180	6,402
Loss on disposal of intangible assets	2,020	327
Donations	2,393	2,089
Loss on stocktaking	24	211
Others	19,295	14,141
	126,587	49,193

53. Supplementary information regarding the classification of expenses based on nature

The Group's expenses classified by nature listed below:

	For the six months ended 30 June	
	2014 (Unaudited)	2013 (Unaudited)
Cost of services rendered	205,291,936	176,952,339
Cost of goods sold	29,883,701	35,381,630
Employee compensation costs (Note V 45,46)	4,309,460	3,975,400
Research and development expenses	3,015,289	2,873,916
Fixed asset depreciation expenses (Note)	449,626	368,406
Intangible asset amortization expenses	97,232	89,492

Note: Depreciation of RMB4,528,646,000 (For the six months ended 30 June 2013: RMB4,393,826,000) is included in the "Cost of sales" on the face of the consolidated income statement for the six months ended 30 June 2014.

54. Income tax expenses

	For the six months ended 30 June	
	2014 (Unaudited)	2013 (Unaudited)
Current tax expenses - Mainland China	1,237,600	1,025,724
Current tax expenses - Hong Kong	591	1,252
Current tax expenses - Others	8,231	10,051
Deferred tax expenses	207,216	52,234
	1,453,638	1,089,261

Hong Kong profits tax has been provided at the rate of 16.5% (2013: 16.5%) on the estimated assessable profits arising in Hong Kong during the period.

Notes to Financial Statements (continued)

30 June 2014

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

54. Income tax expenses (continued)

A reconciliation of the income tax expense applicable to total profit at the statutory income tax rate to the income tax expense at the Group's effective tax rate is as follows:

	For the six months ended 30 June	
	2014 (Unaudited)	2013 (Unaudited)
Total profit	6,498,899	5,884,218
Income tax at the statutory income tax rate (Note (a))	1,624,725	1,471,055
Tax effect of lower tax rates for some subsidiaries	(252,422)	(245,969)
Tax effect of share of profits and losses of jointly-controlled entities and associates	6,967	(1,266)
Income not subject to tax	(35,087)	(7,039)
Expenses not deductible for tax purposes	53,212	61,465
Tax losses utilised from previous years	(5,253)	(21,128)
Income tax benefits on locally purchased machinery and research and development expenses	(167,606)	(188,508)
Tax losses not recognized	194,192	84,399
Adjustments in respect of current income tax of previous periods	40,251	(54,500)
Others	(5,341)	(9,248)
Tax expense at the Group's effective tax rate	1,453,638	1,089,261

Notes:

- (a) The income tax of the Group is calculated based on the estimated taxable profits arising in China and the applicable tax rate. Taxes arising from the taxable income in other regions are calculated at the applicable tax rates according to existing laws, interpretations and practices of the countries/jurisdictions in which the Group operates.
- (b) The share of tax attributed to jointly-controlled entities and associates amounting to RMB1,181,000 (For the six months ended 30 June 2013: RMB427,000) and RMB880,000 (For the six months ended 30 June 2013: RMB281,000), respectively, is included in the "Investment income - share of profits and losses of associates and jointly-controlled entities" on the face of the consolidated income statement.

Notes to Financial Statements (continued)

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(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

55. Earnings per share

The basic earnings per share is calculated based on the net profit of the year attributable to the ordinary shareholders of the Company and the weighted average number of outstanding ordinary shares during the period.

	For the six months ended 30 June	
	2014 (Unaudited)	2013 (Unaudited)
Earnings		
Net profit attributable to ordinary shareholders of the Company	4,982,941	4,755,435
Shares		
Weighted average number of the outstanding ordinary shares of the Company (Note)	12,337,541,500	12,337,541,500
Basic earnings per share (RMB/share)	0.40	0.39

Note: As disclosed in Note I to these financial statements, after the issuance of A shares and H shares in 2008, the Company has issued an aggregate of 12,337,541,500 outstanding ordinary shares.

The Company holds no potential ordinary shares that are dilutive.

56. Other comprehensive (loss)/income

	For the six months ended 30 June	
	2014 (Unaudited)	2013 (Unaudited)
Remeasurement of defined benefit obligations	(51,610)	25,200
Less: income tax effect	9,193	(4,488)
	(42,417)	20,712
Share of other comprehensive income of associates	973	—
Gains/(losses) from changes in fair value of available-for-sale investments	7,225	(41,304)
Less: income tax effect	(1,022)	10,646
	6,203	(30,658)
Exchange differences on translation of foreign operations	(100,504)	64,953
	(135,745)	55,007

Notes to Financial Statements (continued)

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(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

57. Notes to the consolidated statement of cash flows

Cash paid for other operating activities:

(1) Cash received relating to other operating activities:

	For the six months ended 30 June	
	2014 (Unaudited)	2013 (Unaudited)
Rental income of fixed assets	224,684	146,205
Government grants	180,705	74,524
Business management	169,502	172,711
Sale of raw materials	128,379	132,118
Property management income	44,538	18,307
Training income	26,844	62,392
Others	243,367	402,894
	1,018,019	1,009,151

(2) Cash paid relating to other operating activities:

	For the six months ended 30 June	
	2014 (Unaudited)	2013 (Unaudited)
Deposits	955,753	1,594,244
Office and transportation expenses	664,551	929,178
Agency service fees	111,569	270,183
Repair and maintenance expenses	84,913	168,512
Others	181,832	751,420
	1,998,618	3,713,537

Notes to Financial Statements (continued)

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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

58. Supplementary information to the consolidated statement of cash flows

(1) Supplementary information to the consolidated statement of cash flows

	For the six months ended 30 June	
	2014 (Unaudited)	2013 (Unaudited)
Reconciliation of net profit to cash flows used in operating activities		
Net profit	5,045,261	4,794,957
Plus:		
Provision for impairment of assets	199,607	13,201
Depreciation of fixed assets	4,978,272	4,762,232
Amortization of intangible assets	97,232	89,492
Gains from disposal of fixed assets, intangible assets and other long-term assets	(14,601)	(73,471)
Losses/(gains) from changes in fair value	11,266	(12,724)
Finance costs	2,054,624	1,406,093
Investment losses/(gains)	5,418	(11,638)
Decrease in deferred tax assets	149,192	51,135
Increase in deferred tax liabilities	58,024	5,587
Increase in inventories	(16,149,011)	(16,038,949)
Increase in operating receivables	(3,954,786)	(13,180,231)
(Decrease)/Increase in operating payables	(3,608,534)	8,427,806
Increase in amounts due from the central bank	(905,027)	—
Net cash flows used in operating activities	(12,033,063)	(9,766,510)
Changes in cash and cash equivalents:		
Cash at the end of period	70,360,815	83,459,637
Less: opening balance of cash	(77,328,008)	(81,269,028)
Plus: closing balance of cash equivalents	9,805,937	5,181,006
Less: opening balance of cash equivalents	(2,455,445)	(1,077,197)
Net increase in cash and cash equivalents	383,299	6,294,418

58. Supplementary information to the consolidated statement of cash flows

(2) Cash and cash equivalents

	30 June 2014 (Unaudited)	31 December 2013
Cash	70,360,815	77,328,008
Including: cash on hand	235,406	131,216
cash with banks/financial institutions without restrictions	70,125,409	77,196,792
Cash equivalents	9,805,937	2,455,445
Closing balance of cash and cash equivalents	80,166,752	79,783,453

Notes to Financial Statements (continued)

30 June 2014

(All amounts in RMB'000 unless otherwise stated)

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

1. Parent

Company name	Nature of enterprise	Place of registration	Legal representative	Business scope	Registered capital	Percentage of ownership interest in the Company	Percentage of voting rights in the Company	Organization code
CRCCG	State-owned enterprise	Beijing	Meng Fengchao	Construction and management	5,969,888	61.33	61.33	10001066-0

2. Subsidiaries

Refer to Note XI – 3(ii) "Subsidiaries".

3. Jointly-controlled entities and associates

Company name	Relationship with the Group	Organization code
Nanchang Railway 2nd Construction Engineering Co., Ltd.	Associate	15826465-5
Chongqing Monorail Transportation Engineering Co., Ltd.	Associate	77846939-5
Nanchang Xinlong Real Estate Co., Ltd.	Associate	78145661-6
Shaanxi Jiuzheng Medical Technology Co., Ltd.	Associate	66411483-6
Shenzhen Zhongtieda Weijun Storage and Transportation Co., Ltd.	Associate	66268036-7
Chongqing Yurong Highway Co., Ltd.	Associate	55675000-X
Gansu China Railway Construction and Estate Investment Co., Ltd.	Associate	55627243-1
Wuhan Beitong Technology Co., Ltd.	Associate	722741230
Wuhan Lvyin Lawn Engineering Co., Ltd.	Associate	71199357-1
Hubei Provincial Communications Investment Ziyun Railway Co., Ltd.	Associate	582464912
CRCC-Tongguan Investment Co., Ltd.	Associate	69896533-X
Inner Mongolia Berun New Energy Co., Ltd.	Associate	585153749
Ningxia China Railway Ningdong Road & Bridge Investment & Development Co., Ltd.	Associate	08350103-7
Beijing China Railway Jianxie Engineering and Technology Consultation Co., Ltd.	Associate	726340821
Shekou Xinghua Enterprise Co., Ltd.	Associate	618809020
Hunan Yuntong Rail Traffic Equipment Co., Ltd.	Jointly-controlled entity	55493942-3
China Railway Communications International Engineering and Technology Co., Ltd.	Jointly-controlled entity	79748689-5
PetroChina-CRCC Petroleum Marketing Co., Ltd.	Jointly-controlled entity	697727508
China-Africa Lekkill Investment Co., Ltd.	Jointly-controlled entity	78550080-5
Groupement CITIC-CRCC Joint Venture	Jointly-controlled entity	N/A
CRCC-HC-CR15G Joint Venture	Jointly-controlled entity	N/A

Notes to Financial Statements (continued)

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(All amounts in RMB'000 unless otherwise stated)

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

4. Other related parties

Company name	Related party relationship	Organization code
Beijing Tongda Jingcheng Highway Co., Ltd.	Fellow subsidiary	76141766-0
Chongqing Tiefu Suiyu Highway Co., Ltd.	Fellow subsidiary	76593295-0
Xi'an Tianchuang Real Estate Co., Ltd.	Fellow subsidiary	73506582-5
Jinli Assets Management Center	Fellow subsidiary	71093514-2

5. Related party transactions

(1) Construction operation revenue (Note (a))

	For the six months ended 30 June			
	2014 (Unaudited)		2013 (Unaudited)	
	Amount	Percentage	Amount	Percentage
Hubei Provincial Communications Investment Ziyun Railway Co., Ltd.	230,744	0.10	109,464	0.06
Chongqing Monorail Transportation Engineering Co., Ltd.	186,217	0.08	132,385	0.07
CRCC-HC-CR 15G Joint Venture	163,587	0.07	69,759	0.03
Ningxia China Railway Ningdong Road & Bridge Investment & Development Co., Ltd.	86,407	0.04	—	—
Groupement CITIC-CRCC Joint Venture	49,964	0.02	129,479	0.07
Inner Mongolia Berun New Energy Co., Ltd.	43,053	0.02	—	—
Chongqing Yurong Highway Co., Ltd.	40,996	0.02	872,840	0.45
Chongqing Tiefu Suiyu Highway Co., Ltd. (Note (d))	2,479	—	245	—
CRCCG (Note (d))	2,395	—	23,680	0.01
CRCC-Tongguan Investment Co., Ltd.	—	—	9,697	0.01
	805,842	0.35	1,347,549	0.70

(2) Other income (Note (b))

	For the six months ended 30 June			
	2014 (Unaudited)		2013 (Unaudited)	
	Amount	Percentage	Amount	Percentage
Chongqing Monorail Transportation Engineering Co., Ltd.	7,295	0.02	1,816	—

Notes to Financial Statements (continued)

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VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

5. Related party transactions (continued)

(3) Purchase of goods and rendering of services (Note (c))

	For the six months ended 30 June			
	2014 (Unaudited)		2013 (Unaudited)	
	Amount	Percentage	Amount	Percentage
Petrochina-CRCC Petroleum Marketing Co., Ltd.	28,558	0.01	209,636	0.10

(4) Other expenses (Note (b))

	For the six months ended 30 June			
	2014 (Unaudited)		2013 (Unaudited)	
	Amount	Percentage	Amount	Percentage
Jinli Assets Management Center (Note (d))	4,850	—	752	—
CRCCG (Note (d))	1,002	—	24,341	0.01
Beijing Tongda Jingcheng Highway Co. Ltd. (Note (d))	291	—	46	—
Chongqing Tiefa Suiyu Highway Co., Ltd. (Note (d))	4	—	25	—
	6,147	—	25,164	0.01

(5) Related party guarantee

Granted to a related party

	30 June 2014 (Unaudited)			
	Amount of guarantee	Inception of guarantee	Termination of guarantee	Whether the guarantee is fulfilled
CRCC-Tongguan Investment Co., Ltd.	423,313	25 May 2010	25 May 2015	No

	31 December 2013			
	Amount of guarantee	Inception of guarantee	Termination of guarantee	Whether the guarantee is fulfilled
CRCC-Tongguan Investment Co., Ltd.	822,762	25 May 2010	25 May 2015	No

Notes:

- The terms of the construction service agreements entered into by the Group and the related parties were mutually agreed by the parties.
- The terms of the agreements relating to the rendering or receipt of other services entered into by the Group and the related parties were mutually agreed by the parties.
- The terms of the purchase agreements for goods and services entered into by the Group and the related parties were mutually agreed by the parties.
- The above related party transactions also constitute connected transactions or continuous related party transactions defined in Chapter 14A of the Hong Kong Listing Rules.

Notes to Financial Statements (continued)

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(All amounts in RMB'000 unless otherwise stated)

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

6. Amounts due from/to related parties

	30 June 2014 (Unaudited)		31 December 2013	
	Gross carrying amount	Provision for bad debts	Gross carrying amount	Provision for bad debts
Accounts receivable (Note (a))				
Chongqing Yurong Highway Co., Ltd.	243,535	—	388,915	—
Chongqing Monorail Transportation Engineering Co., Ltd.	36,911	—	136,049	—
CRCC-HC-CR15G Joint Venture	31,249	—	6,519	—
CRCCG (Note (b))	18,715	—	79,674	—
Xi'an Tianchuang Real Estate Co., Ltd.	584	—	584	—
Nanchang Railway 2nd Construction Engineering Co., Ltd.	530	—	530	—
Inner Mongolia Berun New Energy Co., Ltd.	—	—	68,765	—
CRCC-Tongguan Investment Co., Ltd.	—	—	4,079	—
Chongqing Tiefa Suiyu Highway Co., Ltd.	—	—	2,914	—
	331,524	—	688,029	—
Inventories - gross amount due from contract customers (Note (a))				
Chongqing Monorail Transportation Engineering Co., Ltd.	209,335	—	78,511	—
Ningxia China Railway Ningdong Road & Bridge Investment Development Co., Ltd.	86,408	—	—	—
Groupement CITIC-CRCC Joint Venture	55,893	—	58,823	—
CRCCG (Note (c))	4,276	—	8,894	—
CRCC-Tongguan Investment Co., Ltd.	1,617	—	—	—
Chongqing Yurong Highway Co., Ltd.	—	—	205,207	—
	357,529	—	351,435	—
Advance to a suppliers (Note (a))				
PetroChina-CRCC Petroleum Marketing Co., Ltd.	114	—	—	—
Dividends receivable (Note (a))				
Chongqing Monorail Transportation Engineering Co., Ltd.	9,879	—	1,714	—

Notes to Financial Statements (continued)

30 June 2014

(All amounts in RMB'000 unless otherwise stated)

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

6. Amounts due from/to related parties (continued)

	30 June 2014 (Unaudited)		31 December 2013	
	Gross carrying amount	Provision for bad debts	Gross carrying amount	Provision for bad debts
Other receivables (Note (a))				
Nanchang Xinlong Real Estate Co., Ltd.	26,599	—	26,599	475
Nanchang Railway 2nd Construction Engineering Co., Ltd.	6,139	31	6,139	31
Shenzhen Zhongtieda Weijun Storage and Transportation Co., Ltd.	1,800	—	1,615	—
Shaanxi Jiuzheng Medical Technology Co., Ltd.	1,367	1,367	1,367	1,367
Chongqing Monorail Transportation Engineering Co., Ltd.	939	—	939	—
Hunan Yuntong Rail Traffic Equipment Co., Ltd.	561	—	521	—
China Railway Communications International Engineering and Technology Co., Ltd.	31	—	—	—
	37,436	1,398	37,180	1,873
Current portion of non-current assets				
CRCCG (Note (d))	—	—	500,000	—
Long-term receivable				
CRCC-Tongguan Investment Co., Ltd.	330,974	—	456,144	—
Dividends payable				
CRCCG	983,612	—	—	—

Notes to Financial Statements (continued)

30 June 2014

(All amounts in RMB'000 unless otherwise stated)

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

6. Amounts due from/to related parties (continued)

	30 June 2014 (Unaudited)	31 December 2013
Accounts payable (Note (a))		
PetroChina-CRCC Petroleum Marketing Co., Ltd.	19,302	10,535
Wuhan Beitong Technology Co., Ltd.	1,960	—
Wuhan Lvyin Lawn Engineering Co., Ltd.	6	—
	21,268	10,535
Advances from customers (Note (a))		
Ningxia China Railway Ningdong Road & Bridge Investment & Development Co., Ltd.	70,000	—
PetroChina-CRCC Petroleum Marketing Co., Ltd.	39,688	946
Chongqing Tiefa Suiyu Highway Co., Ltd.	391	—
	110,079	946
Other payables (Note (a))		
Groupement CITIC-CRCC Joint Venture	484,221	—
CRCCG (Note (e))	384,497	319,166
Xi'an Tianchuang Real Estate Co., Ltd.	58,600	47,410
Gansu China Railway Construction and Estate Investment Co., Ltd.	33,258	21,193
Jinli Assets Management Center	3,321	3,533
Shaanxi Jiuzheng Medical Technology Co., Ltd.	450	450
CRCC - Tongguan Investment Co., Ltd.	—	39,850
China Railway Communications International Engineering and Technology Co., Ltd.	—	746
	964,347	432,348

Notes to Financial Statements (continued)

30 June 2014

(All amounts in RMB'000 unless otherwise stated)

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

6. Amounts due from/to related parties (continued)

	30 June 2014 (Unaudited)	31 December 2013
Due to customers (Note (f))		
CRCCG	197,081	276,480
Jinli Assets Management Center	122,854	118,506
Beijing Tongda Jingcheng Highway Co., Ltd.	50,970	41,885
Chongqing Tiefa Suiyu Highway Co., Ltd.	765	761
	371,670	437,632
Advances from customers - gross amount due to contract customers		
CRCC-HC-CR15G Joint Venture	385,189	—
Hubei Provincial Communications Investment ZiYun Railway Co., Ltd.	63,158	378
CRCC-Tongguan Investment Co., Ltd.	2,192	—
Groupement CITIC-CRCC Joint Venture	583	—
	451,122	378
Long-term loans		
CRCCG (Note (g))	582,110	582,110

Notes to Financial Statements (continued)

30 June 2014

(All amounts in RMB'000 unless otherwise stated)

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

6. Amounts due from/to related parties (continued)

Notes:

- (a) The amounts due from/to the related parties were interest-free, unsecured, and with no fixed terms of repayment.
- (b) The gross amounts due from CRCCG mainly arose from China Railway 14th Bureau Group Co., Ltd. and China Railway 15th Bureau Group Co., Ltd., subsidiaries of the Group, which provide construction services for the Nanjing Changjiang Tunnel Project to CRCCG, and from China Railway Construction Group Ltd., one of the Group's subsidiaries, which constructed the Research Building for CRCCG.
- (c) The gross amount due from contract customers from CRCCG mainly arose from China Railway Construction Group Ltd., one of the Group's subsidiaries, which constructed the Research Building for CRCCG.
- (d) The long-term receivable represented the balance due from CRCCG in regard to the transfer consideration of the Mecca Light Rail Project. The Company entered into the agreement on the Arrangement of Matters in Relation to the Mecca Light Rail Project about remaining rights and obligations of CRCCG. Pursuant to the agreement, the Company transferred all the rights and obligations of the Company arising from the Mecca Light Rail Project to CRCCG on 31 October 2010. In consideration of the aforesaid arrangement, CRCCG shall pay RMB2,077,000,000 to the Company. As at 30 June 2014, CRCCG has paid off the residual balance.
- (e) The amount due to CRCCG mainly represented the amount deposited by CRCCG in the finance balancing center of the Group, and the fund contributed by CRCCG for the reconstruction work in relation to the earthquake in Wenchuan County of Sichuan Province in the PRC in 2008, which was funded to CRCCG by the Ministry of Finance of the PRC.
- (f) The amounts due to CRCCG and other companies controlled by the same parent company of CRCCG are the deposits in the Finance Company.
- (g) According to "The Ministry of Finance's notification of 2013 central state capital budget about China Railway Construction Corporation", the Ministry of Finance appropriated RMB500,000,000 to CRCCG. According to "The Ministry of Finance's notification of 2012 central state capital budget about the special funds of safety production", the Ministry of Finance allocated RMB82,110,000 to CRCCG. According to "Strengthening Corporation Financial Information Management Interim Provisions", CRCCG transferred the fund to the Company by entrusted loans. According to the agreement, the fund will be transferred to the Company's share capital when the Company increases its shares in issue.

7. Parent and subsidiaries

	30 June 2014 (Unaudited)	31 December 2013
Investments in subsidiaries		
Unlisted, measured at cost (Note XI, 3(iii))	67,008,323	66,208,323
Loans to subsidiaries	37,350,065	37,190,941
	104,358,388	103,399,264

As at 30 June 2014, the dividends receivable due from a subsidiary in the current assets of the Company were RMB938,018,000 (31 December 2013: RMB109,577,000) and the carrying amount of the current debt due to subsidiaries in the current liabilities was RMB11,307,926,000 (31 December 2013: RMB10,339,245,000). Except for the amounts deposited in the Company by the subsidiaries which bear the prevailing interest rate in the market stipulated by financial institutions, other current liabilities are unsecured, interest-free and shall be paid on demand or within one year.

The loans included in the investments to subsidiaries are interest-bearing at the prevailing interest rate in the market stipulated by financial institutions, unsecured and with no fixed terms of repayment.

Notes to Financial Statements (continued)

30 June 2014

(All amounts in RMB'000 unless otherwise stated)

VII. CONTINGENCIES

1. The Group was involved in a number of legal proceedings and claims against it in the ordinary course of business. Provision has been made for the probable losses to the Group on those legal proceedings and claims when management can reasonably estimate the outcome of the legal proceedings and claims taking into account the legal advice. No provision has been made for pending legal proceedings and claims when the outcome of the legal proceedings and claims cannot be reasonably estimated or management believes that the probability of loss is remote.

2. Guarantees

The Group and the company had issued guarantees to banks in respect of banking facilities granted to the following parties:

The Group	30 June 2014 (Unaudited)	31 December 2013
Associate	423,313	822,762
An investee of the Group	117,600	117,600
	540,913	940,362

As at 30 June 2014, the Group provided guarantees in respect of banking facilities other than real estate mortgage with an aggregate carrying amount of RMB540,913,000 (31 December 2013: RMB940,362,000), and provided guarantees in respect of real estate mortgage bank loans with an aggregate carrying amount of RMB5,547,389,000 (31 December 2013: RMB10,559,830,000).

The above guarantees in respect of mortgages are granted to purchasers of the Group's properties and secured by the mortgages.

The Company	30 June 2014 (Unaudited)	31 December 2013
Subsidiaries	8,677,310	8,389,848
Associate	423,313	822,762
An investee of the Company	117,600	117,600
	9,218,223	9,330,210

In addition, certain interest-bearing bank and other loans of the Company of approximately RMB44,305,000 (31 December 2013: RMB47,607,000) were guaranteed by the subsidiaries of the Company as at 30 June 2014.

Notes to Financial Statements (continued)

30 June 2014

(All amounts in RMB'000 unless otherwise stated)

VIII. COMMITMENTS

	30 June 2014 (Unaudited)	31 December 2013
Capital commitments		
Contracted, but not provided for	515,996	378,719
Investment commitments		
Contracted, but not fulfilled	500,000	115,000
Authorized by the board, but not contracted for	—	500,000
	500,000	615,000
Other commitments		
Contracted, but not provided for (Note(a))	11,380,000	2,780,000
Authorized by the board, but not contracted for (Note(b))	2,130,000	—
	13,510,000	2,780,000

Notes:

- (a) The Company's wholly-owned subsidiary, China Railway 17th Bureau Group Company ("CR17B") entered into the Agreement of the Investment and Construction Project from Xi'an North Railway Station to Airport Track Transportation with Shaanxi Coal Industry Company Limited on 19 March 2013. According to the agreement, capital investment for the project totaling RMB1,080,000,000, shall be made by CR17B, and its share of the capital is 30%. By 30 June 2014, CR17B has paid the capital of RMB300,000,000.

The Company entered into a Build-Transfer project contract with Changchun Subway Co., Ltd. ("Changchun Subway") on 18 March 2013, pursuant to which the Company will inject capital in an aggregate amount of RMB4,000,000,000 to Changchun Subway, in three tranches. The Company's share of capital contribution in Changchun Subway shall not exceed 20% upon and after each tranche of capital contribution. The State-owned Assets Supervision and Administration Commission of Changchun Municipal People's Government or its designated department will repurchase all capital contributed by the Company at the original value of RMB4,000,000,000 according to the schedule as agreed in the contract. By 30 June 2014, the Group has paid the capital of RMB2,000,000,000.

China Railway Construction Investment Company Limited, a Company's wholly-owned subsidiary, entered into an agreement with the Committee of Housing and Urban-Rural Development in Fengtai District in Beijing, for the Project of Renovation and Construction of Dongtiying Shanty Town on 16 December 2013. According to the agreement, capital investment for the project totaling RMB8,600,000,000 shall be made by CRCC Investment Company Limited, and the Company's share of the capital is 100%. By 30 June 2014, CRCC Investment Company Limited has not started the investment yet.

- (b) On 23 December 2013, the board of directors' resolved to approve that China Railway Construction Real Estate Group Company limited, a wholly-owned subsidiary, would enter into a project on the construction and development of Panda Town in Chenghua district in Chengdu. The capital investment for the project totals up to RMB2,130,000,000, and the company's expected share of the capital is 51%. By 30 June 2014, China Railway Construction Real Estate Group Company Limited has not started the investment yet.

Notes to Financial Statements (continued)

30 June 2014

(All amounts in RMB'000 unless otherwise stated)

IX. EVENTS AFTER THE BALANCE SHEET DATE

- On 24 July 2014, the wholly-owned subsidiary, CRCC Yupeng Limited, issued USD800 million senior guaranteed perpetual capital securities at an annual rate of 3.95% which are guaranteed by the Group. The net proceeds from issuing the securities is RMB4,906,709,000, which would go towards general corporate purposes.
- In accordance with the annual shareholders' meeting of year 2013 held on 18 June 2014, the Company declared a cash dividend of RMB1.3 per 10 shares to all shareholders, based on the total number of shares of 12,337,541,500, which is expected to amount to RMB1,603,880,000 in total. The above-mentioned cash dividend has already been paid by 5 August 2014.
- Except for the above events, no significant events took place subsequent to 30 June 2014 until the date that the financial statements were approved and authorized for issue.

X. OTHER SIGNIFICANT EVENTS

1. Leases

As the lessee

Finance leases: As at 30 June 2014, the balance of unrecognized financing charges was RMB505,680,000 (31 December 2013: RMB615,763,000), which was amortized using the effective interest rate method over the lease terms. The future minimum lease payments under non-cancellable finance leases are as follows:

	30 June 2014 (Unaudited)	31 December 2013
Less than 1 year (including 1 year)	1,465,637	1,421,061
1 to 2 years (including 2 years)	1,325,820	1,372,851
2 to 5 years (including 5 years)	1,724,728	2,213,456
Over 5 years	—	104,695
	4,516,185	5,112,063

Details of the fixed assets leased under finance leases are stated in Note V.12.

Significant operating leases: According to the leases entered into with the lessors, the minimum lease payments under non-cancellable leases are as follows:

	30 June 2014 (Unaudited)	31 December 2013
Less than 1 year (including 1 year)	50,248	47,460
1 to 2 years (including 2 years)	43,272	44,787
2 to 3 years (including 3 years)	38,864	42,348
Over 3 years	35,964	56,146
	168,348	190,741

For the period ended 30 June 2014, payments under operating leases recognized in profit or loss for the period amounted to RMB29,081,000 (for the six months ended 30 June 2013: RMB35,761,000).

Notes to Financial Statements (continued)

30 June 2014

(All amounts in RMB'000 unless otherwise stated)

X. OTHER SIGNIFICANT EVENTS (CONTINUED)

2. Assets and liabilities measured at fair value

	For the six months ended 30 June 2014				
	Opening balance	Investment additions (Unaudited)	Profit from changes in fair value in the year (Unaudited)	Accumulated changes in fair value charged to equity (Unaudited)	Closing balance (Unaudited)
Financial assets					
Financial assets at fair value					
through profit or loss	123,161	158,288	(11,266)	—	270,183
Available-for-sale financial assets	222,097	—	—	7,225	229,322
	345,258	158,288	(11,266)	7,225	499,505

	2013				
	Opening balance	Investment additions	Profit from changes in fair value in the year	Accumulated changes in fair value charged to equity	Closing balance
Financial assets					
Financial assets at fair value					
through profit or loss	115,025	7,194	942	—	123,161
Available-for-sale financial assets	264,970	—	—	(42,873)	222,097
	379,995	7,194	942	(42,873)	345,258

Notes to Financial Statements (continued)

30 June 2014

(All amounts in RMB'000 unless otherwise stated)

X. OTHER SIGNIFICANT EVENTS (CONTINUED)

3. Segment reporting

Operating segments

For management purposes, the Group is organized into the following five operating segments based on their products and services:

- (1) The construction operations segment engages in the construction of infrastructure such as railways, highways, metropolitan railways and real estate projects;
- (2) The survey, design and consultancy operations segment engages in the provision of survey, design and consultancy services, as well as technology and equipment research and development services;
- (3) The manufacturing operations segment engages in the design, research and development, production and sale of large track maintenance machinery as well as the manufacture of components for railway construction;
- (4) The real estate operations segment engages in the development, construction and sale of real properties; and
- (5) The other business operations segment mainly comprises logistics and other business operations.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit or loss. The Group does not manage income tax based on operating segments and hence income tax has not been allocated to the operating segments.

Segment assets exclude deferred tax assets as these assets are managed on a group basis.

Segment liabilities exclude taxes payable and deferred tax liabilities as these liabilities are managed on a group basis.

Inter-segment transfers are transacted with reference to the fair values used in the transactions carried out with third parties.

Notes to Financial Statements (continued)

30 June 2014

(All amounts in RMB'000 unless otherwise stated)

X. OTHER SIGNIFICANT EVENTS (CONTINUED)

3. Segment reporting (continued)

Operating segments

	For the six months ended 30 June 2014 (unaudited)						Total
	Construction operations	Survey, design and consultancy operations	Manufacturing operations	Real estate operations	Other business operations	Eliminations and adjustments	
Revenue from external customers	223,675,531	3,553,356	5,463,177	6,646,623	22,354,948	—	261,693,635
Inter-segment sales	1,844,725	56,186	422,247	—	5,559,020	(7,882,178)	—
	225,520,256	3,609,542	5,885,424	6,646,623	27,913,968	(7,882,178)	261,693,635
Share of (losses)/profits of jointly-controlled entities and associates	(28,963)	561	—	51	484	—	(27,867)
Impairment losses recognized	190,831	3,836	4,048	—	892	—	199,607
Depreciation and amortization	4,734,261	85,998	164,591	17,761	72,893	—	5,075,504
Profit before tax	3,840,954	436,806	609,805	917,167	807,635	(113,468)	6,498,899
Segment assets (i)	412,015,785	14,505,803	17,623,995	122,423,723	63,042,286	(51,404,091)	578,207,501
Segment liabilities (ii)	359,543,621	10,834,788	11,213,293	106,738,646	50,371,349	(48,824,071)	489,877,626
Other segment information:							
Investments in jointly-controlled entities and associates	2,692,605	9,072	34,636	54,781	72,965	—	2,864,059
Increase in non-current assets other than long-term equity investments	4,970,724	108,349	5,810	27,583	3,207,785	—	8,320,251

Notes to Financial Statements (continued)

30 June 2014

(All amounts in RMB'000 unless otherwise stated)

X. OTHER SIGNIFICANT EVENTS (CONTINUED)

3. Segment reporting (continued)

Operating segments (continued)

	For the six months ended 30 June 2013 (unaudited)						
	Construction operations	Survey, design and consultancy operations	Manufacturing operations	Real estate operations	Other business operations	Eliminations and adjustments	Total
Revenue from external customers	193,470,285	3,176,933	4,666,688	4,468,388	30,255,329	—	236,037,623
Inter-segment sales	1,384,055	1,000	716,834	—	3,287,255	(5,389,144)	—
	194,854,340	3,177,933	5,383,522	4,468,388	33,542,584	(5,389,144)	236,037,623
Share of profits and losses of jointly-controlled entities and associates	4,182	(259)	—	—	1,722	—	5,645
Impairment losses (reversed) / recognized	(8,105)	3,121	6,897	(146)	11,434	—	13,201
Depreciation and amortization	4,487,789	80,018	148,949	14,666	120,302	—	4,851,724
Profit before tax	3,487,101	392,799	419,684	546,870	767,810	269,954	5,884,218
Segment assets (i)	408,466,117	13,418,203	14,614,309	79,607,761	50,140,895	(44,568,191)	521,679,094
Segment liabilities (ii)	359,335,002	10,300,482	9,833,799	66,484,609	43,930,648	(44,925,405)	444,959,135
Other segment information:							
Investments in jointly-controlled entities and associates	3,120,593	9,833	33,117	57,684	77,011	—	3,298,238
Increase in non-current assets other than long-term equity investments	5,667,223	152,269	295,718	44,021	213,530	—	6,372,761

(i) Segment assets do not include deferred tax assets of RMB1,821,436,000 (31 December 2013: RMB1,961,435,000) as the Group does not manage these assets based on operating segments. In addition, inter-segment receivables of RMB53,225,527,000 (31 December 2013: RMB49,447,700,000) are eliminated on consolidation.

(ii) Segment liabilities do not include deferred tax liabilities of RMB142,438,000 (31 December 2013: RMB83,392,000) and corporate income tax payable of RMB743,108,000 (31 December 2013: RMB2,074,356,000) as the Group does not manage these liabilities based on operating segments. In addition, inter-segment payables of RMB49,709,617,000 (31 December 2013: RMB49,492,070,000) are eliminated on consolidation.

Notes to Financial Statements (continued)

30 June 2014

(All amounts in RMB'000 unless otherwise stated)

X. OTHER SIGNIFICANT EVENTS (CONTINUED)

3. Segment reporting (continued)

Group Information

Geographical information

Revenue from external customers

	For the six months ended 30 June	
	2014 (Unaudited)	2013 (Unaudited)
Mainland China	250,212,689	227,426,393
Outside Mainland China	11,480,946	8,611,230
	261,693,635	236,037,623

Non-current assets (i)

	For the six months ended 30 June	
	2014 (Unaudited)	2013 (Unaudited)
Mainland China	56,860,592	50,502,500
Outside Mainland China	2,629,072	2,526,340
	59,489,664	53,028,840

In the geographical information above, revenue from external customers is based on the location of the customers. Non-current asset information above is based on the location of the non-current assets.

- (i) Non-current assets consisted of property, plant and equipment, construction in progress, intangible assets, long-term prepaid expenses and investments in jointly-controlled entities and associates.

Notes to Financial Statements (continued)

30 June 2014

(All amounts in RMB'000 unless otherwise stated)

X. OTHER SIGNIFICANT EVENTS (CONTINUED)

3. Segment reporting (continued)

Information about major customers

The Group did not derive more than 10% of its total revenue from any single customer during the six-month periods ended 30 June 2014 and 30 June 2013.

4. Financial instruments and their risks

Financial risk management objectives and policies

The Group's principal financial instruments comprise bank loans, due to customers, bonds payable, other current liabilities, finance lease liabilities, and cash and bank balances. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as accounts receivable, other receivables and accounts payable, other payables which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, currency risk, credit risk and liquidity risk. The senior management of the Company meets at least four times a year to analyze and formulate measures to manage the Group's exposure to these risks. In addition, the board of directors of the Company holds meetings at least two times a year to analyze and approve the proposals made by the senior management of the Company. Generally, the Group introduces conservative strategies on its risk management. As the Group's exposure to these risks is kept to a minimum level, the Group did not use any derivatives and other instruments for hedging purposes and the Group did not hold or issue derivative financial instruments for trading purposes for the period.

4. Financial instruments and their risks

Financial instruments by category

The carrying amounts of each of the categories of financial instruments at the end of the reporting period are as follows:

30 June 2014 (Unaudited)

Financial assets

	Financial assets at fair value through profit or loss (Unaudited)	Held-to-maturity investments (Unaudited)	Loans and receivables (Unaudited)	Available-for-sale financial assets (Unaudited)	Total (Unaudited)
Held-to-maturity investments	—	1,245	—	—	1,245
Available-for-sale financial assets	—	—	—	229,322	229,322
Long-term equity investments under the cost method	—	—	—	2,871,388	2,871,388
Bills receivable	—	—	2,222,216	—	2,222,216
Accounts receivable	—	—	89,458,854	—	89,458,854
Interests receivable	—	—	238,207	—	238,207
Dividends receivable	—	—	10,808	—	10,808
Other receivables	—	—	32,437,604	—	32,437,604
Long-term receivables	—	—	23,142,909	—	23,142,909
Current portion of non-current assets	—	—	16,923,870	—	16,923,870
Financial assets at fair value through profit or loss	270,183	—	—	—	270,183
Cash and bank balances	—	—	93,585,349	—	93,585,349
	270,183	1,245	258,019,817	3,100,710	261,391,955

Notes to Financial Statements (continued)

30 June 2014

(All amounts in RMB'000 unless otherwise stated)

X. OTHER SIGNIFICANT EVENTS (CONTINUED)

4. Financial instruments and their risks (continued)

Financial instruments by category (continued)

30 June 2014 (Unaudited) (continued)

Financial liabilities

	Financial liabilities at amortized cost
Short-term loans	53,633,314
Due to customers	380,216
Bills payable	22,135,138
Accounts payable	172,999,832
Interest payables	846,749
Dividends payable	1,758,533
Other payables	41,143,014
Provision	3,990
Current portion of non-current liabilities (excluding current portion of long-term employee benefits payable)	14,717,244
Other current liabilities (excluding deferred income)	4,565,560
Long-term loans	58,038,215
Bonds payable	30,800,285
Long-term payables	3,372,021
	404,394,111

31 December 2013

Financial assets

	Financial assets at fair value through profit or loss	Held-to-maturity investments	Loans and receivables	Available-for-sale financial assets	Total
Held-to-maturity investments	—	1,269	—	—	1,269
Available-for-sale financial assets	—	—	—	222,097	222,097
Long-term equity investments under the cost method	—	—	—	2,836,283	2,836,283
Bills receivable	—	—	3,466,399	—	3,466,399
Accounts receivable	—	—	87,797,722	—	87,797,722
Interests receivable	—	—	213,195	—	213,195
Dividends receivable	—	—	5,951	—	5,951
Other receivables	—	—	30,980,916	—	30,980,916
Long-term receivables	—	—	19,898,598	—	19,898,598
Current portion of non-current assets	—	—	20,407,440	—	20,407,440
Financial assets at fair value through profit or loss	123,161	—	—	—	123,161
Cash and bank balances	—	—	93,433,837	—	93,433,837
	123,161	1,269	256,204,058	3,058,380	259,386,868

Notes to Financial Statements (continued)

30 June 2014

(All amounts in RMB'000 unless otherwise stated)

X. OTHER SIGNIFICANT EVENTS (CONTINUED)

4. Financial instruments and their risks (continued)

Financial instruments by category (continued)

31 December 2013 (continued)

Financial liabilities

	Financial liabilities at amortized cost
Short-term loans	47,062,143
Due to customers	437,821
Bills payable	22,824,023
Accounts payable	177,791,775
Interest payables	644,557
Dividends payable	105,692
Other payables	39,836,680
Provision	3,887
Current portion of non-current liabilities (excluding current portion of long-term employee benefits payable)	11,899,719
Other current liabilities (excluding deferred income)	8,666,277
Long-term loans	41,796,520
Bonds payable	29,888,586
Long-term payables	3,570,862
	384,528,542

Credit risk

Credit risk is the risk of financial loss on one party of a financial instrument due to the failure of another party to meet its obligations.

The Group trades only with recognized and creditworthy customers with no requirement for collateral. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis to ensure that the Group's exposure to bad debts is not significant. For transactions that are not denominated in the functional currency of the relevant operating unit, the Group does not offer credit terms without the specific approval of the Department of Credit Control in the Group.

The credit risk of the Group's other financial assets, which comprise cash and bank balances, available-for-sale financial assets, other receivables, arising from the default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments. The Group is also exposed to credit risk through the granting of financial guarantees, further details of which are disclosed in Note VII.2 to the financial statements. Substantially all of the Group's cash and bank balances are held in major financial institutions located in the PRC, which management believes are of high credit quality. The Group has policies to control the size of the deposits to be placed with various reputable financial institutions according to their market reputation, operating scale and financial background with a view to limiting the amount of credit exposure to any single financial institution.

As the Group's major customers are PRC government agencies at the national, provincial and local levels and other state-owned enterprises, the Group believes that they are reliable and of high credit quality and hence, there is no significant credit risk with these customers. As the Group's exposure to credit risk spreads over a diversified portfolio of customers, there is no significant concentration of credit risk.

As at 30 June 2014 and 2013, further quantitative data in respect of the Group's exposure to credit risk arising from accounts receivable, other receivables and long-term receivables which are neither past due nor impaired or past due but not impaired are disclosed in Notes V.4, 6 and 9, respectively, to the financial statements.

Notes to Financial Statements (continued)

30 June 2014

(All amounts in RMB'000 unless otherwise stated)

X. OTHER SIGNIFICANT EVENTS (CONTINUED)

4. Financial instruments and their risks (continued)

Liquidity risk

Liquidity risk is the risk that an enterprise may encounter deficiency of funds in meeting obligations associated with financial liabilities.

The Group monitors its risk of deficiency of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and estimated cash flows from the Group's operations.

The Group's objective is to ensure continuity of sufficient funding and flexibility by utilizing a variety of bank and other borrowings with debt maturities spreading over a range of periods, thereby ensuring that the Group's outstanding borrowing obligation is not exposed to excessive repayment risk in any one year. Due to the capital intensive nature of the Group's businesses, the Group ensures that it maintains sufficient cash and credit lines to meet its liquidity requirements.

The liquidity of the Group is primarily dependent on its ability to maintain adequate cash inflows from operations to meet its debt obligations as they fall due, and its ability to obtain external financing to meet its committed future capital expenditure. With regard to its future capital commitments and other financing requirements, the Group has already obtained banking facilities from several PRC banks of up to RMB778 billion as at 30 June 2014, of which an amount of approximately RMB306 billion has been utilized.

The Group's policy is that not more than 75% of borrowings shall mature in the following 12 months based on the carrying amount of the borrowings reflected in the financial statements. As at 30 June 2014, 44.6% (31 December 2013: 48.1%) of the Group's borrowings would mature in less than one year.

The table below summarizes the maturity profile of the Group's financial assets and liabilities as at the balance sheet date, based on the undiscounted contractual cash flows:

	30 June 2014 (Unaudited)					Total
	On demand	Within 1 year	1 to 2 years	2 to 5 years	More than 5 years	
Short-term loans	—	53,633,314	—	—	—	53,633,314
Due to customers	380,216	—	—	—	—	380,216
Bills payable	—	22,135,138	—	—	—	22,135,138
Accounts payable	—	172,999,832	—	—	—	172,999,832
Interest payables	—	846,749	—	—	—	846,749
Dividends payable	—	1,758,533	—	—	—	1,758,533
Other payables	—	41,143,014	—	—	—	41,143,014
Current portion of non-current liabilities (excluding current portion of long-term employee benefits payable)	—	14,717,244	—	—	—	14,717,244
Other current liabilities (excluding deferred income)	—	4,565,560	—	—	—	4,565,560
Long-term loans	—	—	25,997,759	26,713,138	5,327,318	58,038,215
Bonds payable	—	—	6,840,380	9,144,813	14,815,092	30,800,285
Long-term payables	—	—	1,418,600	1,688,951	264,470	3,372,021
Unrecognized financing charges in connection with finance leases	—	233,166	159,263	113,251	—	505,680
Guarantees given to banks in connection with facilities granted to a jointly-controlled entity, and other investees (excluding the real estate mortgage guarantee)	540,913	—	—	—	—	540,913
	921,129	312,032,550	34,416,002	37,660,153	20,406,880	405,436,714

Notes to Financial Statements (continued)

30 June 2014

(All amounts in RMB'000 unless otherwise stated)

X. OTHER SIGNIFICANT EVENTS (CONTINUED)

4. Financial instruments and their risks (continued)

Liquidity risk (continued)

	31 December 2013					Total
	On demand	Within 1 year	1 to 2 years	2 to 5 years	More than 5 years	
Short-term loans	—	47,062,143	—	—	—	47,062,143
Due to customers	437,821	—	—	—	—	437,821
Bills payable	—	22,824,023	—	—	—	22,824,023
Accounts payable	—	177,791,775	—	—	—	177,791,775
Interest payables	—	644,557	—	—	—	644,557
Dividends payable	—	105,692	—	—	—	105,692
Other payables	—	39,836,680	—	—	—	39,836,680
Current portion of non-current liabilities (excluding current portion of long-term employee benefits payable)	—	11,899,719	—	—	—	11,899,719
Other current liabilities (excluding deferred income)	—	8,666,277	—	—	—	8,666,277
Long-term loans	—	—	19,037,929	19,087,993	3,670,598	41,796,520
Bonds payable	—	—	6,386,350	8,740,566	14,761,670	29,888,586
Long-term payables	—	—	1,209,012	2,120,013	241,837	3,570,862
Unrecognized financing charges in connection with finance leases	—	258,543	184,076	169,548	3,596	615,763
Guarantees given to banks in connection with facilities granted to a jointly-controlled entity, and other investees (excluding the real estate mortgage guarantee)	940,362	—	—	—	—	940,362
	1,378,183	309,089,409	26,817,367	30,118,120	18,677,701	386,080,780

Notes to Financial Statements (continued)

30 June 2014

(All amounts in RMB'000 unless otherwise stated)

X. OTHER SIGNIFICANT EVENTS (CONTINUED)

4. Financial instruments and their risks (continued)

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. It mainly includes interest rate risk and foreign currency risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. With its borrowings issued at fixed and floating interest rates, the Group is exposed to both fair value and cash flow interest rate risks. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

The Group regularly reviews and monitors the mix of fixed and floating interest rate borrowings in order to manage its interest rate risk. Interest-bearing borrowings, cash and short-term deposits are stated at amortized cost and are not revalued on a periodic basis. Floating rate interest income and expenses are credited/charged to the consolidated income statement as earned/incurred.

As at 30 June 2014, floating interest rate loans accounted for about 44.6% of the Group's borrowings, and fixed interest rate loans accounted for approximately 55.4% of them. Management would adjust the proportion of floating rate assets based on changes in the market interest rates to reduce the significant impact of the interest rate risk.

If there had been a general increase/decrease in the interest rate of bank and other borrowings with floating interest rates by one percentage point, with all other variables held constant, the consolidated operating results would have decreased/increased by approximately RMB429,954,000 for the six months ended 30 June 2014 (For the six months ended 30 June 2013: RMB312,876,000), and there would be no impact on other components of the consolidated equity, except for retained earnings, of the Group. The sensitivity analysis above has been determined assuming that the change in interest rates had occurred as at 30 June 2014 and the exposure to interest rate risk has been applied to those financial instruments in existence at that date. The estimated one percentage point increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period from now until the end of the next annual reporting period.

Notes to Financial Statements (continued)

30 June 2014

(All amounts in RMB'000 unless otherwise stated)

X. OTHER SIGNIFICANT EVENTS (CONTINUED)

4. Financial instruments and their risks (continued)

Market risk (continued)

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. With the majority of the Group's businesses transacted in RMB, RMB is defined as the Group's functional currency. The RMB is not freely convertible into foreign currencies and conversion of RMB into foreign currencies is subject to the rules and regulations of foreign exchange control promulgated by the PRC government.

As a result of its significant business operations in Mainland China, the Group's revenue and expenses are mainly denominated in RMB and over 90% of the financial assets and liabilities are denominated in RMB. The effect of the fluctuations in the exchange rates of RMB against foreign currencies on the Group's results of operations is therefore minimal and the Group has not entered into any hedging transactions as at ended 30 June 2014 and 31 December 2013 in order to reduce the Group's exposure to foreign currency risk in this regard.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the exchange rates of the United States dollar, the Euro, the Algerian dinar, the Nigerian naira and the Singapore dollar, with all other variables held constant, of the Group's net profit.

Effect on net profit

		Increase/(decrease) in net profit For the six months ended 30 June		
		2014 (Unaudited)		2013 (Unaudited)
Increase in the United States dollar rate	3%	(117,600)	3%	(17,100)
Decrease in the United States dollar rate	(3%)	117,600	(3%)	17,100
Increase in the Euro rate	7%	(27,600)	7%	(28,900)
Decrease in the Euro rate	(7%)	27,600	(7%)	28,900
Increase in the Algerian dinar rate	7%	9,100	7%	3,300
Decrease in the Algerian dinar rate	(7%)	(9,100)	(7%)	(3,300)
Increase in the Nigerian naira rate	6%	66,900	6%	89,800
Decrease in the Nigerian naira rate	(6%)	(66,900)	(6%)	(89,800)
Increase in the Singapore dollar rate	2%	(10,300)	2%	(7,700)
Decrease in the Singapore dollar rate	(2%)	10,300	(2%)	7,700

Notes to Financial Statements (continued)

30 June 2014

(All amounts in RMB'000 unless otherwise stated)

X. OTHER SIGNIFICANT EVENTS (CONTINUED)

4. Financial instruments and their risks (continued)

Market risk (continued)

Foreign currency risk (continued)

The sensitivity analysis above has been determined assuming that the change in foreign exchange rates had occurred as at 30 June 2014 and the exposure to foreign currency risk has been applied to those monetary assets and liabilities in existence at that date. The estimated percentage increase or decrease represents management's assessment of a reasonably possible change in foreign exchange rates over the period from now until the end of the next annual reporting period.

Capital management

The Group's primary objectives for managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and to provide an adequate return to shareholders by pricing services and products commensurately with the level of risk.

The Group sets the amount of capital in proportion to risk. The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the dividend payments to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debts. No changes were made in the objectives, policies or processes for managing capital during the six-month periods ended 30 June 2014 and 30 June 2013.

The Group monitors capital using a gearing ratio, which is net debt divided by total equity plus net debt. Net debt includes short-term loans, long-term loans, due to customers, other current liabilities (excluding deferred income), bills payable, accounts payable, employee benefits payable, interest payables, dividends payable, other payables, bonds payable, long-term payables and current portion of non-current liabilities (excluding the current portion of employee benefits payable) less cash and bank balances. Total equity comprises equity attributable to owners of the Company and non-controlling interests stated in the consolidated statement of financial position.

Notes to Financial Statements (continued)

30 June 2014

(All amounts in RMB'000 unless otherwise stated)

X. OTHER SIGNIFICANT EVENTS (CONTINUED)

4. Financial instruments and their risks (continued)

Capital management (continued)

The Group's strategy was to maintain the gearing ratio at a healthy capital level in order to support its businesses. The principal strategies adopted by the Group include, without limitation, reviewing future cash flow requirements and the ability to meet the debt repayment schedules when they fall due, maintaining a reasonable level of available banking facilities and adjusting investment plans and financing plans, if necessary, to ensure that the Group has a reasonable level of capital to support its businesses. The gearing ratios at the end of the reporting periods were presented as follows:

	30 June 2014 (Unaudited)	31 December 2013
Short-term loans	53,633,314	47,062,143
Long-term loans	58,038,215	41,796,520
Due to customers	380,216	437,821
Bills payable	22,135,138	22,824,023
Accounts payable	172,999,832	177,791,775
Employee benefits payable	6,699,828	6,242,209
Interest payables	846,749	644,557
Dividends payable	1,758,533	105,692
Other payables	41,143,014	39,836,680
Current portion of non-current liabilities (excluding current portion of long-term employee benefits payable)	14,717,244	11,899,719
Other current liabilities (excluding deferred income)	4,565,560	8,666,277
Bonds payable	30,800,285	29,888,586
Long-term payables	3,372,021	3,570,862
Less: cash and bank balances	(93,585,349)	(93,433,837)
Net debt	317,504,600	297,333,027
Total equity	88,329,875	83,824,716
Total equity and net debt	405,834,475	381,157,743
Gearing ratio	78%	78%

Notes to Financial Statements (continued)

30 June 2014

(All amounts in RMB'000 unless otherwise stated)

X. OTHER SIGNIFICANT EVENTS (CONTINUED)

4. Financial instruments and their risks (continued)

Fair value

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	30 June 2014 (Unaudited)	31 December 2013	30 June 2014 (Unaudited)	31 December 2013
Financial assets				
Held-to-maturity investments	1,245	1,269	1,245	1,269
Available-for-sale financial assets	229,322	222,097	229,322	222,097
Long-term receivables	23,142,909	19,898,598	23,142,909	19,898,598
	23,373,476	20,121,964	23,373,476	20,121,964
Financial liabilities				
Long-term loans	58,038,215	41,796,520	57,192,784	41,070,704
Bonds payable	30,800,285	29,888,586	30,800,285	29,888,586
Long-term payables	3,372,021	3,570,862	3,377,931	3,577,868
	92,210,521	75,255,968	91,371,000	74,537,158

Management has assessed that the fair values of cash and bank balances, bills and accounts receivables, bills and accounts payables and similar instruments approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair values of the financial assets and liabilities are included at the amount at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The following methods and assumptions were used to estimate fair values.

The fair values of unlisted held-to-maturity investments, long-term receivables, long-term and short-term loans, and other current liabilities, bonds payable and similar instruments are calculated by discounting the estimated future cash flows using rates currently available for other instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for interest-bearing bank and other borrowings as at 30 June 2014 was assessed to be insignificant.

Notes to Financial Statements (continued)

30 June 2014

(All amounts in RMB'000 unless otherwise stated)

X. OTHER SIGNIFICANT EVENTS (CONTINUED)

4. Financial instruments and their risks (continued)

Fair value (continued)

The fair values of listed equity instruments are determined based on the quoted market prices.

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Financial instruments measured at fair value:

For the six months ended 30 June 2014 (unaudited)

	Quoted prices in active markets (Level 1)	Fair value measurement using Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Equity investments at fair value through profit or loss	270,183	—	—	270,183
Held-to-maturity investments	—	1,245	—	1,245
Available-for-sale financial assets	229,322	—	—	229,322
	499,505	1,245	—	500,750

Financial instruments for which fair values are disclosed:

For the six months ended 30 June 2014 (unaudited)

	Quoted prices in active markets (Level 1)	Fair value measurement using Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Other current liabilities (excluding deferred income)	—	4,565,560	—	4,565,560
Long-term loans	—	57,192,785	—	57,192,785
Bonds payable	—	30,800,285	—	30,800,285
	—	92,558,630	—	92,558,630

There were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities during the six-month period ended 30 June 2014.

Notes to Financial Statements (continued)

30 June 2014

(All amounts in RMB'000 unless otherwise stated)

X. OTHER SIGNIFICANT EVENTS (CONTINUED)

4. Financial instruments and their risks (continued)

Fair value (continued)

Financial instruments measured at fair value:

2013

	Quoted prices in active markets (Level 1)	Fair value measurement using Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Equity investments at fair value through profit or loss	123,161	—	—	123,161
Held-to-maturity investments	—	1,269	—	1,269
Available-for-sale financial assets	222,097	—	—	222,097
	345,258	1,269	—	346,527

Financial instruments for which fair values are disclosed:

2013

	Quoted prices in active markets (Level 1)	Fair value measurement using Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Other current liabilities (excluding deferred income)	—	8,666,277	—	8,666,277
Long-term loans	—	41,070,704	—	41,070,704
Bonds payable	—	29,888,586	—	29,888,586
	—	79,625,567	—	79,625,567

There were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities in 2013.

Notes to Financial Statements (continued)

30 June 2014

(All amounts in RMB'000 unless otherwise stated)

X. OTHER SIGNIFICANT EVENTS (CONTINUED)

5. Other financial information

(i) Supplementary information to the balance sheet

Group

Net current assets

	30 June 2014 (Unaudited)	31 December 2013
Current assets	490,454,142	471,061,400
Less: current liabilities	(394,699,789)	(390,905,804)
Net current assets	95,754,353	80,155,596

Total assets less current liabilities

	30 June 2014 (Unaudited)	31 December 2013
Total assets	578,207,501	553,018,596
Less: current liabilities	(394,699,789)	(390,905,804)
Total assets less current liabilities	183,507,712	162,112,792

Company

Net current assets

	30 June 2014 (Unaudited)	31 December 2013
Current assets	50,715,203	46,365,486
Less: current liabilities	(24,224,900)	(28,235,636)
Net current assets	26,490,303	18,129,850

Total assets less current liabilities

	30 June 2014 (Unaudited)	31 December 2013
Total assets	119,888,073	113,974,552
Less: current liabilities	(24,224,900)	(28,235,636)
Total assets less current liabilities	95,663,173	85,738,916

Notes to Financial Statements (continued)

30 June 2014

(All amounts in RMB'000 unless otherwise stated)

X. OTHER SIGNIFICANT EVENTS (CONTINUED)

5. Other financial information (continued)

(ii) Directors', supervisors' and key management's remuneration

	For the six months ended 30 June	
	2014 (Unaudited)	2013 (Unaudited)
Directors', supervisors' and key management's remuneration	2,134	2,308

6. Comparative amounts

As stated in Note II.2, in accordance with the regulations, some retrospective adjustments have been made to the current period's financial statements due to the early adoption of some Accounting Standards for Business Enterprises. Accordingly, some comparative amounts have been reclassified and restated to conform with the current period's presentation.

XI. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS

1. Accounts receivable

An ageing analysis of accounts receivable is as follows:

	30 June 2014 (Unaudited)	31 December 2013
Within 1 year	407,299	—

Accounts receivable by category are as follows:

	30 June 2014 (Unaudited)			
	Amount	Percentage	Provision for bad debts	Percentage
Individually significant and subject to separate provision for bad debts	407,299	100.00	—	—

2013: Nil.

As at 30 June 2014, no amount due from shareholders that held 5% or more of the Company's voting rights or other related parties was included in the aforesaid balance of accounts receivable (31 December 2013: nil).

Notes to Financial Statements (continued)

30 June 2014

(All amounts in RMB'000 unless otherwise stated)

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

1. **Accounts receivable (continued)**

As at 30 June 2014, accounts receivable were as follows:

	Relationship with the Company	Amount	Ageing	Percentage of total accounts receivable %
Company 1	Third party	356,167	Within 1 year	87.45
Company 2	Third party	51,132	Within 1 year	12.55
		407,299		100.00

2013: Nil.

2. **Other receivables**

An ageing analysis of other receivables is as follows:

	30 June 2014 (Unaudited)	31 December 2013
Within 1 year	37,285,704	37,101,837
1 to 2 years	1,625	7,650
2 to 3 years	6,025	—
Over 3 years	165,587	165,587
	37,458,941	37,275,074

Notes to Financial Statements (continued)

30 June 2014

(All amounts in RMB'000 unless otherwise stated)

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

2 Other receivables (continued)

Other receivables by category are as follows:

	30 June 2014 (Unaudited)			
	Amount	Percentage	Provision for bad debts	Percentage
Individually significant and subject to separate provision for bad debts	37,376,697	99.78	—	—
Individually not significant but subject to separate provision for bad debts	82,244	0.22	—	—
	37,458,941	100.00	—	—

	31 December 2013			
	Amount	Percentage	Provision for bad debts	Percentage
Individually significant and subject to separate provision for bad debts	37,219,166	99.85	—	—
Individually not significant but subject to separate provision for bad debts	55,908	0.15	—	—
	37,275,074	100.00	—	—

Notes to Financial Statements (continued)

30 June 2014

(All amounts in RMB'000 unless otherwise stated)

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

2 Other receivables (continued)

As at 30 June 2014, the five largest amounts of other receivables were as follows:

	Relationship with the Company	Amount	Ageing	Percentage of total other receivables
Company 1	Subsidiary	19,515,000	Within 1 year	52.10
Company 2	Subsidiary	8,417,504	Within 1 year	22.47
Company 3	Subsidiary	2,960,831	Within 1 year	7.90
Company 4	Subsidiary	1,031,822	Within 1 year	2.75
Company 5	Subsidiary	704,653	Within 1 year	1.88
		32,629,810		87.10

As at 31 December 2013, the five largest amounts of other receivables were as follows:

	Relationship with the Company	Amount	Ageing	Percentage of total other receivables
Company 1	Subsidiary	19,515,087	Within 1 year	52.35
Company 2	Subsidiary	7,417,504	Within 1 year	19.90
Company 3	Subsidiary	2,638,318	Within 1 year	7.08
Company 4	Subsidiary	1,052,362	Within 1 year	2.82
Company 5	Subsidiary	730,605	Within 1 year	1.96
		31,353,876		84.11

As at 30 June 2014, there was no balance due from shareholders that held 5% or more of the Company's voting rights was included in the aforesaid balance of other receivables (31 December 2013: nil).

As at 30 June 2014, other receivables from related parties were as follows:

	30 June 2014 (Unaudited)	31 December 2013
Subsidiaries	37,350,065	37,190,941

3. Long-term equity investments

		30 June 2014 (Unaudited)	31 December 2013
Cost method			
Equity investment in entities without joint control or significant influence	(i)	8,652	8,652
Subsidiaries	(ii)	67,008,323	66,208,323
Equity method			
Jointly-controlled entities	(iii)	660,090	655,610
		67,677,065	66,872,585

Note: All the long-term equity investments are investment in unlisted companies.

Notes to Financial Statements (continued)

30 June 2014

(All amounts in RMB'000 unless otherwise stated)

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

3. Long-term equity investments (continued)

i) Equity investment in entities without joint control or significant influence

Company name	Investment cost	Opening balance	Increase	Closing balance	Percentage of ownership	Percentage of voting rights
Guotai Jun'an Securities Corporation Limited	8,652	8,652	—	8,652	0.16	0.16

(ii) Subsidiaries

Company name	30 June 2014 (Unaudited) Percentage of equity interest attributable to the Company	30 June 2014 (Unaudited) Carrying amount	31 December 2013 Carrying amount
China Civil Engineering Construction Ltd. (Note a)	100.00	3,254,969	2,254,969
China Railway 11th Bureau Group Co., Ltd.	100.00	1,893,912	1,893,912
China Railway 12th Bureau Group Co., Ltd.	100.00	1,957,277	1,957,277
China Railway Construction Bridge Engineering Bureau Group Co., Ltd. (Note b)	100.00	2,460,480	1,660,480
China Railway 14th Bureau Group Co., Ltd.	100.00	2,130,105	2,130,105
China Railway 15th Bureau Group Co., Ltd.	100.00	1,446,941	1,446,941
China Railway 16th Bureau Group Co., Ltd.	100.00	1,282,412	1,282,412
China Railway 17th Bureau Group Co., Ltd.	100.00	1,714,582	1,714,582
China Railway 18th Bureau Group Co., Ltd.	100.00	1,103,234	1,103,234
China Railway 19th Bureau Group Co., Ltd.	100.00	1,454,638	1,454,638
China Railway 20th Bureau Group Co., Ltd.	100.00	1,615,144	1,615,144
China Railway 21st Bureau Group Co., Ltd.	100.00	1,557,251	1,557,251
China Railway 22nd Bureau Group Co., Ltd.	100.00	1,295,286	1,295,286
China Railway 23rd Bureau Group Co., Ltd.	100.00	1,395,004	1,395,004
China Railway 24th Bureau Group Co., Ltd.	100.00	1,346,917	1,346,917
China Railway 25th Bureau Group Co., Ltd.	100.00	1,053,597	1,053,597
China Railway Construction Group Ltd.	100.00	2,368,346	2,368,346
China Railway Electrification Bureau Group Co., Ltd.	100.00	1,105,530	1,105,530
China Railway Construction Real Estate Group Co., Ltd.	100.00	7,062,941	7,062,941
China Railway First Survey and Design Institute Group Co., Ltd.	100.00	623,730	623,730
China Railway Fourth Survey and Design Institute Group Co., Ltd.	100.00	1,015,309	1,015,309
China Railway Fifth Survey and Design Institute Group Co., Ltd.	100.00	291,811	291,811
China Railway Shanghai Design Institute Group Co., Ltd.	100.00	267,624	267,624
China Railway Goods and Materials Group Co., Ltd.	100.00	2,314,805	2,314,805

Notes to Financial Statements (continued)

30 June 2014

(All amounts in RMB'000 unless otherwise stated)

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

3. Long-term equity investments (continued)

(ii) Subsidiaries (continued)

Company name	30 June 2014 (Unaudited) Percentage of equity interest attributable to the Company	30 June 2014 (Unaudited) Carrying amount	31 December 2013 Carrying amount
Kunming China Railway Large Road Maintenance Machinery Co., Ltd.	100.00	1,749,792	1,749,792
China Railway Construction Heavy Industry Co., Ltd.	100.00	1,042,705	1,042,705
Beijing Tiecheng Construction Supervision Co., Ltd.	80.02	26,385	26,385
Chenghe Insurance Broker Co., Ltd.	100.00	113,290	113,290
China Railway Construction (Beijing) Business Management Co., Ltd.	100.00	28,313	28,313
CRCC China-Africa Construction Limited (Note a)	100.00	—	1,000,000
China Railway Construction Investment Co., Ltd.	100.00	10,000,000	10,000,000
China Railway Construction and Waterway Bureau Co., Ltd.	100.00	1,385,891	1,385,891
CRCC Finance Company Limited	94.00	5,640,000	5,640,000
CRCC International Group Co., Ltd.	100.00	3,000,102	3,000,102
CRCC Assets Management Co., Ltd.	100.00	10,000	10,000
CRCC Urban Engineering Co., Ltd. (Note b)	100.00	2,000,000	2,000,000
		67,008,323	66,208,323

Notes:

- (a) The original subsidiary, CRCC China Africa Construction Limited, has been merged into China Civil Engineering Construction Ltd. during the current period.
- (b) Further details are stated in Note IV.1.

Notes to Financial Statements (continued)

30 June 2014

(All amounts in RMB'000 unless otherwise stated)

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

3. Long-term equity investments (continued)

(iii) Investments in jointly-controlled entities

Company name	For the six months ended 30 June 2014 (unaudited)				Percentage of equity %	Percentage of voting rights %
	Investment cost	Opening balance	Share of profits/(losses)	Closing balance		
China-Africa Lekkil Investment Co., Ltd.	654,930	655,610	4,480	660,090	57.29	57.29

Company name	2013				Percentage of equity %	Percentage of voting rights %
	Investment cost	Opening balance	Share of profits/(losses)	Closing balance		
China-Africa Lekkil Investment Co., Ltd.	654,930	651,164	4,446	655,610	57.29	57.29

4. Revenue and cost of sales

The operating revenue is as follows:

	For the six months ended 30 June	
	2014 (Unaudited)	2013 (Unaudited)
Operating revenue from principal operations	1,194,155	255,013
Other operating revenue	238	322
	1,194,393	255,335

The operating cost is as follows:

	For the six months ended 30 June	
	2014 (Unaudited)	2013 (Unaudited)
Operating cost	1,158,171	247,384

Notes to Financial Statements (continued)

30 June 2014

(All amounts in RMB'000 unless otherwise stated)

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

4. Revenue and cost of sales (continued)

Information related to the Company's operating revenue and cost of sales by sector is as follows:

Sectors	For the six months ended 30 June			
	2014 (Unaudited)		2013 (Unaudited)	
	Revenue	Cost of sales	Revenue	Cost of sales
Construction operations	1,166,657	1,152,571	243,079	242,725
Others	27,736	5,600	12,256	4,659
	1,194,393	1,158,171	255,335	247,384

For the period ended 30 June 2014, operating revenue from the five largest customers was as follows:

	Amount	Percentage of total operating revenue
Customer 1	394,169	33.00
Customer 2	282,509	23.65
Customer 3	216,316	18.11
Customer 4	133,310	11.16
Customer 5	82,980	6.95
	1,109,284	92.87

For the period ended 30 June 2013, operating revenue from the five largest customers was as follows:

	Amount	Percentage of total operating revenue
Customer 1	105,391	41.28
Customer 2	70,012	27.42
Customer 3	67,676	26.50
	243,079	95.20

5. Investment income

	For the six months ended 30 June	
	2014 (Unaudited)	2013 (Unaudited)
Share of net profit/(loss) of the jointly-controlled entities	4,480	1,370
Investment income received from long-term equity investments under the cost method	3,140,871	2,865,383
Other	6,149	—
	3,151,500	2,866,753

For the six months ended 30 June 2014, the investment income was composed of investment income of RMB6,149,000 (For the six months ended 30 June 2013: nil) from listed companies and RMB3,145,351,000 from unlisted companies (For the six months ended 30 June 2013: RMB2,866,753,000).

As at 30 June 2014, the remittance of the Company's investment income was not subject to significant restriction.

Notes to Financial Statements (continued)

30 June 2014

(All amounts in RMB'000 unless otherwise stated)

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

6. Supplementary information to the statement of cash flows

(1) Supplementary information to the statement of cash flows

	For the six months ended 30 June	
	2014 (Unaudited)	2013 (Unaudited)
Reconciliation of net profit to cash flows from/(used in) operating activities		
Net profit	2,866,225	2,668,550
Plus:		
Depreciation of fixed assets	5,590	5,532
Amortization of intangible assets	271	271
Losses/(gains) from disposal of fixed assets	(49)	348
Gains/(losses) from changes in fair value	6,732	(207)
Finance costs	281,340	66,213
Investment income	(3,151,500)	(2,866,753)
(Increase)/decrease in deferred tax assets	(338)	52
(Increase)/decrease in inventories	(103,311)	14,151
(Increase)/decrease in operating receivables	96,327	(3,424,904)
Increase in operating payables	1,515,030	3,099,065
Net cash flows from/(used in) operating activities	1,516,317	(437,682)

(2) Cash and cash equivalents

	30 June 2014 (Unaudited)	31 December 2013
Cash	5,286,392	2,216,150
Including: cash on hand	60	114
cash with banks/financial institutions without restrictions	5,286,332	2,216,036
Cash equivalents	3,300,518	2,906,915
Closing balance of cash and cash equivalents	8,586,910	5,123,065

Supplementary Information

30 June 2014

(All amounts in RMB'000 unless otherwise stated)

1. SUMMARY OF NON-RECURRING PROFIT OR LOSS

	For the six months ended 30 June	
	2014 (Unaudited)	2013 (Unaudited)
Gains from disposal of fixed assets, intangible assets and other long-term assets	14,601	73,471
Gains from disposal of long-term equity investments	541	2,552
Government grants recognized through profit or loss (other than government grants which are closely related to the Company's normal business operations, which comply with national policies and can be enjoyed continuously based on a fixed amount or quantity)	185,218	104,922
Net gains from debt restructuring	5,132	3,827
(Losses)/gains from changes in fair value of financial assets at fair value through profit or loss	(11,266)	12,724
Gains from disposal of financial assets at fair value through profit or loss	4,173	—
Reversal of impairment for accounts receivable	210,139	48,948
Other non-operating income and expenses other than the above items	46,668	39,540
Impact on income tax	(113,802)	(71,496)
Impact on non-controlling interests (after tax)	(4,217)	(1,799)
Non-recurring profit or loss, net	337,187	212,689

Government grants recognized in profit or loss but not included in non-recurring profit or loss items for being closely related to normal operation activities and continuously granted following national policies and certain quota are as follows:

	For the six months ended 30 June		Reason for being recognized in profit or loss
	2014 (Unaudited)	2013 (Unaudited)	
Special equipment appropriation from the Railway Ministry	8,000	8,000	Related to normal operation activities
Special equipment appropriation from the Ministry of Finance	150	150	Related to normal operation activities
	8,150	8,150	

Supplementary Information (continued)

30 June 2014

(All amounts in RMB'000 unless otherwise stated)

1. SUMMARY OF NON-RECURRING PROFIT OR LOSS (CONTINUED)

Non-recurring profit or loss items included in non-operating income and non-operating expenses for the six-month periods ended 30 June 2014 and 30 June 2013 were as follows:

Non-operating income

	For the six months ended 30 June	
	2014 (Unaudited)	2013 (Unaudited)
Gains on disposal of non-current assets	74,801	80,200
Including:		
Gains on disposal of fixed assets	74,796	72,102
Gains on disposal of intangible assets	5	8,098
Government grants	185,218	104,922
Gains on compensation, penalties and fines	30,496	19,432
Gains on debt restructuring	5,449	4,846
Others	82,242	61,552
	378,206	270,952

Non-operating expenses

	For the six months ended 30 June	
	2014 (Unaudited)	2013 (Unaudited)
Loss on disposal of non-current assets	60,200	6,729
Including:		
Loss on disposal of fixed assets	58,180	6,402
Loss on disposal of intangible assets	2,020	327
Loss on compensation, penalties and fines	42,798	18,474
Donations	2,393	2,089
Others	21,196	21,901
	126,587	49,193

Supplementary Information (continued)

30 June 2014

(All amounts in RMB'000 unless otherwise stated)

2. RETURN ON NET ASSETS AND EARNINGS PER SHARE ("EPS")

Group

For the six months ended 30 June 2014 (Unaudited)	Weighted average return on net assets (%)	EPS (RMB) Basic	Diluted
Net profit attributable to the Company's ordinary shareholders	5.97	0.40	N/A
Net profit attributable to the Company's ordinary shareholders after deducting non-recurring profit or loss	5.57	0.38	N/A
For the six months ended 30 June 2013 (Unaudited)	Weighted average return on net assets (%)	EPS (RMB) Basic	Diluted
Net profit attributable to the Company's ordinary shareholders	6.46	0.39	N/A
Net profit attributable to the Company's ordinary shareholders after deducting non-recurring profit or loss	6.18	0.37	N/A

The Company holds no potential ordinary shares that are dilutive.

The above weighted average return on equity and earnings per share are calculated in accordance with *Compilation Rule No.9 for Information Disclosure by Companies Offering Securities to the Public – Calculation and Disclosure of Return on Equity and Earnings Per Share* (Revised in 2010).

Supplementary Information (continued)

30 June 2014

(All amounts in RMB'000 unless otherwise stated)

3. VARIANCE ANALYSIS ON MAJOR ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

An analysis of the financial statement items (a) with fluctuation over 30% compared with the comparative period, (b) with amount exceeding 5% of the total assets as at the balance sheet date, (c) representing 10% of profit before tax for the reporting period, (d) that are accounts not designated by the Accounting Standards for Business Enterprises, (e) with names not reflecting their nature or contents, is as follows:

- (1) As at 30 June 2014, cash and bank balances increased by 0.2% to RMB93,585,349,000 as compared to 31 December 2013, representing no significant variation between the two periods.
- (2) As at 30 June 2014, financial assets at fair value through profit or loss increased by 119.4% to RMB270,183,000 as compared to 31 December 2013, mainly due to the occurrence of new investments.
- (3) As at 30 June 2014, bills receivable decreased by 35.9% to RMB2,222,216,000 as compared to 31 December 2013, which was mainly due to the less usage of the bills receivable in settlement during the period.
- (4) As at 30 June 2014, accounts receivable increased by 1.9% to RMB89,458,854,000 as compared to 31 December 2013, mainly due to the expansion in operations.
- (5) As at 30 June 2014, advances to suppliers increased by 9.9% to RMB35,742,957,000 as compared to 31 December 2013, mainly due to the increase in advances of materials during the period.
- (6) As at 30 June 2014, dividends receivable increased by 81.6% to RMB10,808,000 as compared to 31 December 2013, mainly because the Group has not yet received the dividend declared by the invested entities during the period.
- (7) As at 30 June 2014, other receivables increased by 4.7% to RMB32,437,604,000 as compared to 31 December 2013, mainly due to the increase in performance bonds and various other deposits paid for construction projects which were undertaken by the Group during the period.
- (8) As at 30 June 2014, inventories increased by 8.6% to RMB218,993,284,000 as compared to 31 December 2013, mainly due to the increase in the properties under development and gross amount due from contract customers in line with the expansion of business scale.
- (9) As at 30 June 2014, fixed assets decreased by 1.5% to RMB39,927,826,000 as compared to 31 December 2013, representing no significant variation between the two periods.
- (10) As at 30 June 2014, short-term loans increased by 14.0% to RMB53,633,314,000 as compared to 31 December 2013, mainly because more loans were borrowed by the Group to finance its daily operations during the period.
- (11) As at 30 June 2014, accounts payable decreased by 2.7% to RMB172,999,832,000 as compared to 31 December 2013, which was mainly due to the increase of frequency of payment by the Group.
- (12) As at 30 June 2014, advances from customers increased by 3.0% to RMB68,198,258,000 as compared to 31 December 2013, mainly due to the increase in advances for the sale of properties.
- (13) As at 30 June 2014, interest payables increased by 31.4% to RMB846,749,000 as compared to 31 December 2013, mainly due to the decrease in actual payments of interest incurred by short-term loans and corporate bonds.
- (14) As at 30 June 2014, dividends payable increased by 1,563.8% to RMB1,758,533,000 as compared to 31 December 2013, mainly due to the outstanding declared dividends.
- (15) As at 30 June 2014, other payables increased by 3.3% to RMB41,143,014,000 as compared to 31 December 2013, mainly due to the increase in payables for deferred tax.
- (16) As at 30 June 2014, other current liabilities decreased by 47.2% to RMB4,588,745,000 as compared to 31 December 2013, mainly due to the decrease in issuance of short-term bonds and repayment of short-term bonds issued in the prior year.
- (17) As at 30 June 2014, long-term loans increased by 38.9% to RMB58,038,215,000 as compared to 31 December 2013, mainly because more loans were borrowed by the Group to finance its daily operations during the period.

Supplementary Information (continued)

30 June 2014

(All amounts in RMB'000 unless otherwise stated)

3. VARIANCE ANALYSIS ON MAJOR ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

- (18) As at 30 June 2014, bonds payable increased by 3.1% to RMB30,800,285,000 as compared to 31 December 2013, mainly due to that the Group issued private placement notes with a face value of RMB 850million.
- (19) As at 30 June 2014, deferred tax liabilities increased 70.8% to RMB142,438,000 as compared to 31 December 2013, mainly due to the deferred tax liability recognized acquisition premium.
- (20) As at 30 June 2014, capital reserve decreased by 0.1% to RMB33,541,709,000 as compared to 31 December 2013, representing no significant variation between the two periods.
- (21) As at 30 June 2014, non-controlling interests increased by 44.4% to RMB4,096,653,000 as compared to 31 December 2013, mainly due to the increase in capital contribution from subsidiaries' minority shareholders.
- (22) For the six months ended 30 June 2014, revenue increased by 10.9% to RMB261,693,635,000 as compared to the corresponding period of 2013, mainly due to the increase in new construction projects.
- (23) For the six months ended 30 June 2014, cost of sales increased by 10.8% to RMB235,175,637,000 as compared to the corresponding period of 2013, which was in line with the increase in revenue.
- (24) For the six months ended 30 June 2014, business tax and surcharges increased by 14.7% to RMB7,649,821,000 as compared to the corresponding period of 2013, mainly due to the increase in revenue.
- (25) For the six months ended 30 June 2014, selling and distribution expenses increased by 27.7% to RMB1,271,021,000 as compared to the corresponding period of 2013, mainly due to the increase in employee compensation and advertising and agency expenses.
- (26) For the six months ended 30 June 2014, general and administrative expenses decreased by 0.1% to RMB8,766,903,000 as compared to the corresponding period of 2013, mainly due to the decrease in office and traveling expenses.
- (27) For the six months ended 30 June 2014, finance costs increased by 46.5% to RMB2,374,832,000 as compared to the corresponding period of 2013, mainly due to the increase in interest expenses was resulted from the increase in bank loans to finance the daily operations during the period.
- (28) For the six months ended 30 June 2014, impairment losses increased by 1,412.1% to RMB199,607,000 as compared to the corresponding period of 2013, mainly due to the increase in provisions for bad debts in this period.
- (29) For the six months ended 30 June 2014, gains and losses on fair value changes were RMB11,266,000, whereas gains on fair value changes in the corresponding period of 2013 were RMB12,724,000, mainly due to that the fair value of financial assets at fair value through profit or loss decreases in this period.
- (30) For the six months ended 30 June 2014, investment losses were RMB5,418,000, whereas investment incomes in the corresponding period of 2013 were RMB11,638,000, mainly due to the losses of certain investees in this period.
- (31) For the six months ended 30 June 2014, non-operating income increased by 38.4% to RMB386,356,000 as compared to the corresponding period of 2013, mainly due to the increase in government grants.
- (32) For the six months ended 30 June 2014, non-operating expenses increased by 157.3% to RMB126,587,000 as compared to the corresponding period of 2013, mainly due to the decrease in the disposal of non-current assets.
- (33) For the six months ended 30 June 2014, income tax expenses increased by 33.5% to RMB1,453,638,000,000 as compared to the corresponding period of 2013, mainly due to the increase in profit before tax, the expiration of preferential tax treatment and the lower tax rates of the corresponding period of 2013.

Documents for Inspection

The following documents will be available for inspection at the headquarters of the Company in Beijing by regulatory authorities and shareholders in accordance with the laws and regulations as well as the Articles of Association:

1. full text of the interim report signed by the legal representative;
2. full text of financial report signed and sealed by the person-in-charge of the Company, person-in-charge of accounting and head of the accounting department;
3. original copies of all documents and announcements of the Company which had been disclosed to the public on the newspapers designated by CSRC and the website of Shanghai Stock Exchange; and
4. Articles of Association.

China Railway Construction Corporation Limited

Chairman: **MENG Fengchao**

29 August 2014

By order of the Board
China Railway Construction Corporation Limited
Chairman
MENG Fengchao

Beijing, PRC

30 August 2014

As at the date of this announcement, the Board comprises Mr. MENG Fengchao (Chairman and Executive Director), Mr. PENG Shugui (Vice Chairman and Executive Director), Mr. ZHANG Zongyan (President and Executive Director), Mr. HU Zhenyi (Executive Director), Mr. ZHU Mingxian (Non-executive Director), Mr. LI Kecheng (Independent Non-executive Director), Mr. ZHAO Guangjie (Independent Non-executive Director), Mr. WU Taishi (Independent Non-executive Director) and Mr. NGAI Wai Fung (Independent Non-executive Director).