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

(A joint stock limited company incorporated in the People's Republic of China with limited liability)
(Stock Code: 390)

2014 Interim Results Announcement

The Board of Directors of China Railway Group Limited (the “**Company**” or “**China Railway**”) is pleased to announce the unaudited interim results of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 June 2014. The Board of Directors and the Audit Committee of the Board of Directors of the Company have reviewed and confirmed the unaudited interim results.

1 CORPORATE INFORMATION

1.1 Basic Information

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

1.2 Contact Details

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2 FINANCIAL HIGHLIGHTS

2.1 Key Accounting Data Prepared in accordance with International Financial Reporting Standard (“IFRS”)

2.1.1 Summary of consolidated statement of profit or loss and other comprehensive income

	For the six months ended 30 June					Change
	2014	2013	2012	2011	2010	2014 vs 2013
	RMB million					(%)
Revenue						
Infrastructure Construction	231,795	204,450	164,235	192,556	170,213	13.4
Survey, Design and Consulting Services	4,694	4,226	4,106	4,484	4,283	11.1
Engineering Equipment and Component Manufacturing	7,401	6,316	4,900	6,029	5,876	17.2
Property Development	10,547	7,579	4,227	4,487	4,334	39.2
Other Businesses	28,854	30,276	23,871	19,002	12,283	-4.7
Inter-segment Eliminations and Adjustments	(15,911)	(13,891)	(10,424)	(11,987)	(8,395)	
Total	267,380	238,956	190,915	214,571	188,594	11.9
Gross Profit	20,124	16,676	14,103	13,041	11,980	20.7
Profit before Tax	6,327	5,277	3,655	3,602	4,446	19.9
Profit for the Period	4,299	3,682	2,540	2,727	3,463	16.8
Profit for the Period Attributable to Owners of the Company	4,061	3,488	2,390	2,477	3,195	16.4
Basic Earnings per Share (RMB)	0.191	0.164	0.112	0.117	0.152	16.5

2.1.2 Summary of consolidated statement of financial position

		As at		Change	
	30 June	31 December	30 June	30 June	30 June
	2014	2013	2013	2014 vs	2014 vs
		RMB million		2013	2013
				(%)	(%)
Assets					
Current Assets	533,734	503,090	484,383	6.1	10.2
Non-current Assets	127,524	124,940	121,131	2.1	5.3
Total Assets	661,258	628,030	605,514	5.3	9.2
Liabilities					
Current Liabilities	448,913	420,242	403,975	6.8	11.1
Non-current Liabilities	112,908	111,158	111,205	1.6	1.5
Total Liabilities	561,821	531,400	515,180	5.7	9.1
Total Equity	99,437	96,630	90,334	2.9	10.1
Total Equity and Liabilities	661,258	628,030	605,514	5.3	9.2

2.2 Differences between Financial Statements Prepared in accordance with IFRS and Chinese Accounting Standard (“CAS”)

	Net assets attributable to owners of the Company as at 30 June 2014 <i>RMB million</i>	Profit for the period attributable to owners of the Company for the six months ended 30 June 2014 <i>RMB million</i>
Amount stated in the financial statements prepared in accordance with CAS	89,281	4,061
Adjustments as required by IFRS:		
– Recognition of loss on shares conversion scheme of a subsidiary	<u>(170)</u>	<u>–</u>
Amount stated in the financial statements prepared in accordance with IFRS	<u>89,111</u>	<u>4,061</u>

3 CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

3.1 Changes in Share Capital

3.1.1 Changes in share capital

(i) Changes in share capital

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

(ii) Explanation to the changes in share capital

Not applicable

(iii) Impact of changes in share capital on earnings per share, net asset value per share or other financial indicators for the last year and last phase

Not applicable

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

Not applicable

3.1.2 Changes in shares with selling restrictions

Not applicable

3.2 Information on Shareholders

3.2.1 Number of shareholders and their shareholdings

As at 30 June 2014, the Company had a total of 652,465 shareholders. Based on the information that is available to the Company and within the knowledge of the directors of the Company, the Company has maintained sufficient public float which is in compliance with the requirement of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Listing Rules**”).

(i) Shareholdings of the top ten shareholders

Unit: Shares

No	Name of shareholder	Nature of shareholder	Shareholding percentage (%)	Total number of shares held	Increase/decrease during the reporting period	Number of shares with selling restrictions	Number of pledged or frozen shares	State of shares	Quantity
1	China Railway Engineering Corporation ("CRECG")	State-owned	56.1	11,950,010,000	0	0	Nil		0
2	HKSCC Nominees Limited (Note 1)	Other	19.45	4,142,401,865	-113,644	0	Unknown		0
3	No.3 Transfer Account of National Council for Social Security Fund	Other	2.19	467,500,000	0	0	Nil		0
4	Bank of China – Harvest SSE-SZSE 300 Tradable Open-ended Index Securities Investment Fund	Other	0.17	36,164,750	+8,576,500	0	Nil		0
5	Morgan Stanley & Co. International Plc.	Other	0.13	28,099,335	-1,102,656	0	Nil		0
6	Bill & Melinda Gates Foundation Trust	Other	0.12	25,000,090	0	0	Nil		0
7	China Construction Bank Co., Ltd. – Boshi Yufu CSI 300 Index Securities Investment Fund	Other	0.12	24,946,164	+11,926,555	0	Nil		0
8	Huaxin Trust Co., Ltd.	Other	0.11	24,325,586	0	0	Nil		0
9	China Construction Bank Co., Ltd. – SSE 180 Tradable Open-ended Index Securities Investment Fund	Other	0.11	23,856,828	+6,187,022	0	Nil		0
10	Industrial and Commercial Bank of China Co., Ltd. – Huatai Bairui SSE-SZSE 300 Tradable Open-ended Index Securities Investment Fund	Other	0.11	23,440,604	+9,219,639	0	Nil		0

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

CRECG, the controlling shareholder, does not have connected relations or perform concerted actions with the above other 9 shareholders. The Company is not aware of any connected relationships or concerted action relationships between the above shareholders.

Note 1: H Shares held by HKSCC Nominees Limited are held on behalf of its various clients.

Note 2: The numbers shown in the table are based on the register of members of the Company as at 30 June 2014.

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

Unit: Shares

	Name of shareholder	Number of shares held without selling restrictions	Type and quantity of shares Type	Quantity
1	CRECG	11,950,010,000	RMB-denominated ordinary shares	11,950,010,000
2	HKSCC Nominees Limited (<i>Note 1</i>)	4,142,401,865	Overseas listed foreign shares	4,142,401,865
3	No.3 Transfer Account of National Council for Social Security Fund	467,500,000	RMB-denominated ordinary shares	467,500,000
4	Bank of China – Harvest SSE-SZSE 300 Tradable Open-ended Index Securities Investment Fund	36,164,750	RMB-denominated ordinary shares	36,164,750
5	Morgan Stanley & Co. International Plc.	28,099,335	RMB-denominated ordinary shares	28,099,335
6	Bill & Melinda Gates Foundation Trust	25,000,090	RMB-denominated ordinary shares	25,000,090
7	China Construction Bank Co., Ltd. – Boshi Yufu CSI 300 Index Securities Investment Fund	24,946,164	RMB-denominated ordinary shares	24,946,164
8	Huaxin Trust Co., Ltd.	24,325,586	RMB-denominated ordinary shares	24,325,586
9	China Construction Bank Co., Ltd. – SSE 180 Tradable Open-ended Index Securities Investment Fund	23,856,828	RMB-denominated ordinary shares	23,856,828
10	Industrial and Commercial Bank of China Co., Ltd. – Huatai Bairui SSE-SZSE 300 Tradable Open-ended Index Securities Investment Fund	23,440,604	RMB-denominated ordinary shares	23,440,604

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

CRECG, the controlling shareholder, does not have connected relations or perform concerted actions with the above other 9 shareholders. The Company is not aware of any connected relationships or concerted action relationships between the above shareholders.

Note 1: H Shares held by HKSCC Nominees Limited are held on behalf of its various clients.

Note 2: The numbers shown in the table are based on the register of members of the Company as at 30 June 2014.

As of the end of the reporting period, all of the 21,299,900,000 shares of the Company are tradable without selling restrictions.

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

No strategic investor or general legal person becomes the top ten shareholders by placing of new shares during the reporting period.

3.3 Changes in the controlling shareholder and the ultimate controller

There was no change in the controlling shareholder and the ultimate controller during the reporting period.

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

During the six months ended 30 June 2014, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

3.5 Directors', Chief Executive's and Supervisors' Interest and Short Positions in Shares, Underlying Shares and Debentures

Save as disclosed below, as at 30 June 2014, none of the directors, chief executive and supervisors of the Company had any interests and short position in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which will have to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which will be required to be notified to us and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"):

Name of Director/ Supervisor	Capacity	Number of A Shares held (long position) (Share)	Approximate percentage of issued A Shares (%)	Approximate percentage of total issued Shares (%)
Directors				
Mr. LI Changjin	Beneficial Owner	105,700	0.0006	0.0005
Mr. YAO Guiqing	Beneficial Owner	100,112	0.0006	0.0005
Mr. DAI Hegen (<i>Note 1</i>)	Beneficial Owner	106,000	0.0006	0.0005
Supervisors				
Mr. WANG Qiuming (<i>Note 2</i>)	Beneficial Owner	50,000	0.0003	0.0002
Ms. LIU Jianyuan	Beneficial Owner	1,200	0.000007	0.000006

Notes:

1. Mr. DAI Hegen was appointed as an executive director of the Company on 26 June 2014.
2. Mr. WANG Qiuming ceased to be a supervisor of the Company on 26 June 2014.

3.6 Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares and Underlying Shares

The Company has been notified of the following interests or short positions in the shares or underlying shares of the Company as at 30 June 2014 as recorded in the register required to be maintained under Section 336 of the SFO:

Holders of A Shares

Name of substantial shareholder	Capacity	Number of A Shares held (Share)	Nature of interest	Approximate percentage of issued A Shares (%)	Approximate percentage of total issued Shares (%)
CRECG	Beneficial owner	11,950,010,000	Long position	69.91	56.10

Holders of H Shares

Name of substantial shareholder	Capacity	Number of H Shares held (Share)	Nature of interest	Approximate percentage of issued H Shares (%)	Approximate percentage of total issued Shares (%)
National Council for Social Security Fund of the PRC	Beneficial owner	332,600,000	Long position	7.91	1.56
Blackrock, Inc.	Interest of controlled corporations	328,891,594	Long position	7.81	1.54
		2,185,000	Short position	0.05	0.01
Deutsche Bank Aktiengesellschaft	Interest of controlled corporations (Note 1)	229,803,271	Long position	5.46	1.08
		123,424,962	Short position	2.93	0.58
		10,406,000	Lending Pool	0.25	0.05
Lehman Brothers Holdings Inc.	Interest of controlled corporations	210,186,560	Long position	5.00	0.99
		94,560,550	Short position	2.25	0.44

Notes:

1. According to the Corporate Substantial Shareholder Notice filed by Deutsche Bank Aktiengesellschaft with the Hong Kong Stock Exchange dated 8 January 2014, the interests held by Deutsche Bank Aktiengesellschaft were held in the following capacities:

Capacity	Number of H Shares (Long position)	Number of H Shares (Short position)
Beneficial owner	139,171,310	123,424,962
Investment manager	17,515,361	–
Interest of controlled corporation	54,042,600	–
Custodian corporation	10,406,000	–
Others	8,668,000	–

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

Name of substantial shareholders	Listed equity derivatives settled in cash	Long Position		Short Position	
		Non-listed equity derivatives payment in kind	Non-listed equity derivatives settled in cash	Non-listed equity derivatives payment in kind	Non-listed equity derivatives settled in cash
Blackrock, Inc.	7,443,000	–	–	–	–
Deutsche Bank Aktiengesellschaft	–	–	17,624,000	–	10,166,000
Lehman Brothers Holdings Inc.	–	10,000,000	–	60,000	–

3.7 Securities Transactions by Directors and Supervisors

The Company has adopted the Model Code as set out in Appendix 10 to the Hong Kong Listing Rules, as amended, as the code of conduct regarding securities transactions by directors and supervisors. Having made specific enquiries to all directors and supervisors, each director and supervisor confirmed that he or she has complied with the required standard set out in the Model Code throughout the period from 1 January 2014 to 30 June 2014.

4 MANAGEMENT DISCUSSION AND ANALYSIS

4.1 Business Review and Prospect

In the first half of 2014, we undertook reforms and adapted to changes. All in all, in the first half of the year of the Horse, we moved forward with unyielding effort.

We have strived to deepen our corporate reforms, from which we will benefit to the greatest extent. As a large enterprise with over one century of history, China Railway has been undergoing a development journey marked by reforms and innovation. Acting in accordance with the direction of the 3rd Plenary Session of the 18th Central Committee of the Communist Party of China, it is the core mission of the new board of directors and management team of the Company to follow the trend and enhance the dynamic, competitiveness and influence of the Company. As such, we have established plans and 16 procedures for reforms. To enable substantial accomplishments in marketization, professionalization and internationalization in three to five years and to lay a sturdy foundation to let us become an international leading enterprise, we have put in practice 100 specific measures.

We spare no effort to refine our management, which is the key to sustainable on-going development. As a construction enterprise, we focus on construction projects and strive to achieve breakthrough in this aspect. Living up to the principles of “maximizing efficiency”, “controlling costs” and “enhancing process control” through the establishment of specific procedures and standards and the implementation of digitization and informatization strategies, we seek to extend our refined management system to tendering, cost calculation, construction and production organization, process control, project claim, project settlement, safety and quality, team management, purchase and supply of raw materials, lease of machinery, environmental protection, energy saving and emission reduction. As such, we guarantee our ability to develop our own system and enhance our execution ability. We will also continue to polish our incentive and control systems to encourage our employees and to improve our management and economic efficiency.

We have fully commenced our internal reorganization. For the development of an enterprise, well-planned allocation of resources is more important than having adequacy of resources. We are determined to get rid of the structural obstacles and problems standing in the way, which have a prolonged impact on the sustainable development of the Company, by implementing a new round of reorganization. Through the restructuring of the headquarter, we can effectively adopt a market-oriented strategy and enhance our management capability. Our overall professional capability and competitive advantage will be reinforced through the integration of power-related resources, design enterprises and scientific research enterprises. Benefiting from the integration of the infrastructure investment business, a central enterprise investment management platform can be established. Sustainable and harmonious development can be accomplished by enhancing development capability via the spin-off and reorganization of certain third-tier companies.

In keeping with our responsibility as a state-owned listed company and adhering to the principle of “Operate with Integrity; Honor Our Customers; Repay our Shareholders; Contribute to the Society”, China Railway strives to become the driver of economic growth and enhance the level of governance. Sparing no effort in charity events, helping the poor and those in need, post-disaster rehabilitation, environmental protection, caring for employees, improving the living standard of the general public, we have contributed to keeping the society civilized and harmonious, and to the scientific development of enterprises.

Given China’s promising macroeconomic environment, the Company has recorded interim results that showed significant improvement and sustainable healthy development was maintained amid unstinting support of shareholders and the diligent effort of all our employees. We appreciate the recognition and care from the society and would consider all the criticism and advice given to us with gratitude. In the first half of the year, an expedition team comprising the Party’s and national leaders including Xi Jinping, Li Keqiang and Zhang Dejiang visited the construction sites, factories and campsites of China Railway. Particularly, Comrade Xi Jinping had expressed his inspiring opinions regarding our development and technology innovation when examining the equipment of China Railway, which encouraged and motivated us to move forward and strive for more.

Opportunities are elusive while the scope for development is unlimited. Given the business opportunities in the market and in the face of the call for reforms, the new board of directors, supervisor committee and senior management of China Railway are treating their responsibilities and missions in a highly prudent manner, bearing in mind the expectation of shareholders and employees. Only with unstinting effort, focused ambitions and unwavering confidence will China Railway be able to build a better future through reforms and enhanced management and efficiency, repaying our shareholders’ support with better results and maintaining our contribution to society with services and products of a higher quality.

4.2 Overview

The Group’s principal business activities are infrastructure construction, survey, design and consulting services, engineering equipment and components manufacturing, property development and other businesses. In the first half of 2014, the Group’s revenue increased by 11.9% from the corresponding period of 2013 to RMB267.380 billion. The Group realized profit for the period of RMB4.299 billion, representing an increase of 16.8% year on year. For the six months ended 30 June 2014, profit for the period attributable to owners of the Company was 4.061 billion, representing a year-on-year increase of 16.4% while the basic earnings per share of the Company were RMB0.191, representing a year-on-year increase of 16.5%.

A comparison of the financial results for the six months ended 30 June 2014 and the corresponding period of 2013 is set forth below.

4.3 Consolidated Results of Operations

Revenue

In the first half of 2014, due to the promising growth of railway, municipal works, building construction, urban rail and property development businesses, the Group's total revenue increased by 11.9% to RMB267.380 billion for the six months ended 30 June 2014 from RMB238.956 billion in the corresponding period of 2013. In the first half of 2014, new contracts value increased by 11.8% from the corresponding period of 2013 to RMB411.02 billion. New contracts for infrastructure construction business amounted to RMB331.38 billion, comprises of RMB91.77 billion of railway (representing a year-on-year decrease of 12.9% and a market share of 46% in primary railway market), RMB69.08 billion of highway (representing a year-on-year increase of 69.1%) and RMB170.53 billion of municipal and other works (representing a year-on-year increase of 19.4%). New contracts for survey, design and consulting services business amounted to RMB6.36 billion (representing a year-on-year increase of 6%) while new contracts for engineering equipment and component manufacturing business amounted to RMB9.65 billion (representing a year-on-year increase of 26%). At 30 June 2014, contract backlog increased by 6.7% to RMB1,830.334 billion compared with the end of 2013. Among which, RMB1,489.767 billion is from infrastructure construction business (representing an increase of 7.5% from the end of 2013), RMB22.508 billion is from survey, design and consulting services business (representing an increase of 7.3% from the end of 2013) and RMB20.478 billion is from engineering equipment and component manufacturing business (representing an increase of 5.7% from the end of 2013).

Cost of sales and gross profit

The Group's cost of sales primarily includes cost of raw materials and consumables, subcontracting cost, equipment usage cost (consisting of maintenance, rental and fuel), employee compensation and benefits and depreciation and amortization expenses. For the six months ended 30 June 2014, our cost of sales increased by 11.2% to RMB247.256 billion from RMB222.280 billion for the first half of 2013. In the first half of 2014, gross profit of the Group increased by RMB3.448 billion or 20.7% to RMB20.124 billion from RMB16.676 billion for the corresponding period of 2013. The gross profit margin for the first half of 2014 was 7.5%, representing an increase from 7.0% for the first half of 2013. The increase in gross profit margin for the first half of 2014 compared to same period of last year was primarily due to (1) reasonable gross profit margin for those railway projects acquired in last year which were under normal construction stage; (2) promising growth of municipal works and urban rail businesses which have higher gross profit margin.

Other income

The Group's other income primarily consists of income from sundry operations supplemental to our principal revenue-generating activities (such as sales of materials, rental, transportation and hotel operation), dividend income, relocation compensation, subsidies from government and other revenues. For the six months ended 30 June 2014, the Group's other income decreased by 9.5% to RMB0.746 billion from RMB0.824 billion for the corresponding period of last year. The decrease of other income was due to the decrease of income from relocation compensation and sales of materials.

Other expenses

The Group's other expenses primarily includes expenditures on research and development. For the six months ended 30 June 2014, other expenses increased by 47.5% from RMB2.120 billion of the same period of last year to RMB3.126 billion, mainly due to the fact that the Group, by adhering to the technological development plan under the "Twelfth Five Year Plan", further improved its technological innovation capacities in high speed railway, big span bridge, deep water base, long tunnel, energy saving and environmental protection areas.

Other gains and losses

The Group's other gains and losses mainly include impairment loss on trade and other receivables, foreign exchange gains/losses, increase/decrease in the fair value of held-for-trading financial assets, gains/losses on disposal of fixed assets, available-for-sale financial assets and interests in subsidiaries. The other losses of RMB0.756 billion for the first half of 2014 (Six months ended 30 June 2013: other gains of RMB0.115 billion) included an impairment loss on trade and other receivables of RMB0.313 billion, loss on disposal of interest in a joint venture of RMB0.222 billion and foreign exchange losses of RMB0.146 billion.

Selling and marketing expenses

The Group's selling and marketing expenses primarily consist of employee compensation and benefits, distribution and logistic costs and advertising costs. For the six months ended 30 June 2014, the Group's selling and marketing expenses was RMB1.149 billion, representing an increase of 13.8% from RMB1.010 billion for the same period of last year. Selling and marketing expenses as a percentage of total revenue was 0.4% for the first half of 2014, same as that for the first half of 2013.

Administrative expenses

The Group's administrative expenses mainly consist of employee compensation and benefits and depreciation and amortization of its assets related to administration. For the six months ended 30 June 2014, the Group's administrative expenses decreased by 1.2% to RMB7.509 billion from RMB7.604 billion for the corresponding period of 2013. Administrative expenses as a percentage of total revenue was 2.8%, a decrease from 3.2% for the first half of 2013. It was mainly due to the effective control on expenses resulted from the Group's strengthened management.

Interest income

For the six months ended 30 June 2014, the interest income decreased by 13.4% to RMB1.288 billion from RMB1.487 billion for the corresponding period of 2013.

Interest expenses

For the six months ended 30 June 2014, the interest expenses increased by 7.0% to RMB3.290 billion from RMB3.076 billion for the first half of 2013. The increase in interest expenses was mainly attributable to the increase in the Group's interest-bearing liabilities and the increase in cost of borrowings.

Profit before tax

As a result of the foregoing factors, the profit before tax for the six months ended 30 June 2014 increased by 19.9% to RMB6.327 billion from RMB5.277 billion for the corresponding period of 2013.

Income tax expense

For the six months ended 30 June 2014, the income tax expense increased by 27.1% to RMB2.028 billion from RMB1.595 billion for the corresponding period of 2013. By excluding the land appreciation tax, the effective income tax rate of the Group was 28.1% for the first half of 2014 (Six months ended 30 June 2013: 27.6%). The high effective income tax rate was mainly due to the unrecognized deferred income tax assets of certain loss making subsidiaries of the Group.

Profit for the period attributable to owners of the company

As a result of the foregoing factors, the profit for the period attributable to owners of the Company for the six months ended 30 June 2014 increased by 16.4% to RMB4.061 billion from RMB3.488 billion for the corresponding period of 2013. The profit margin of the profit for the period attributable to owners of the Company for the first half of 2014 was 1.5%, same as that for the corresponding period of 2013.

4.4 Segment Results

The operating results of each segment of the Group's business for the six months ended 30 June 2014 are set forth in the table below.

Business segments	Segment revenue RMB million	Growth rate (%)	Profit before tax RMB million	Growth rate (%)	Profit before tax margin ¹ (%)	Segment revenue as a percentage of total (%)	Profit before tax as a percentage of total (%)
Infrastructure Construction	231,795	13.4	5,387	33.4	2.3	81.8	64.7
Survey, Design and Consulting Services	4,694	11.1	312	-14.8	6.6	1.7	3.7
Engineering Equipment and Component Manufacturing	7,401	17.2	440	39.2	5.9	2.6	5.3
Property Development	10,547	39.2	1,278	10.5	12.1	3.7	15.3
Other Businesses	28,854	-4.7	915	34.8	3.2	10.2	11.0
Inter-segment Eliminations and Adjustments	(15,911)		(2,005)				
Total	<u>267,380</u>	11.9	<u>6,327</u>	19.9	2.4	<u>100.0</u>	<u>100.0</u>

¹ Profit before tax margin is the profit before tax divided by the segment revenue.

Infrastructure construction business

Revenue from the operation of the Group's infrastructure construction business is mainly derived from railway, highway and municipal works construction. Revenue from the operation of the infrastructure construction business continues to account for a high percentage of total revenue of the Group. In the first half of 2014, the revenue from the infrastructure construction business accounted for 81.8% of the total revenue of the Group (first half of 2013: 80.8%). Due to the smooth operation of the railway projects under construction and the promising growth of municipal works and urban rail businesses, segment revenue of the infrastructure construction business for the six months ended 30 June 2014 was RMB231.795 billion, representing an increase of 13.4% as compared to the same period of last year. Profit before tax margin of the infrastructure construction segment for the first half of 2014 was 2.3%, an increase from 2.0% for the first half of 2013. It was mainly due to (1) reasonable gross profit margin for those railway projects acquired in last year which were under normal construction stage; (2) promising growth of municipal works and urban rail businesses which have higher gross profit margin.

Survey, design and consulting services business

Revenue from the operation of the survey, design and consulting services business primarily derives from providing a full range of survey, design and consulting services, research and development, feasibility studies and compliance certification services on infrastructure construction projects. Segment revenue of survey, design and consulting services business increased by 11.1% year on year to RMB4.694 billion for the six months ended 30 June 2014. For the first half of 2014, profit before tax margin for the segment was 6.6%, a decrease from 8.7% for the first half of 2013. It was mainly due to the increase in expenditures on research and development.

Engineering equipment and component manufacturing business

Revenue from the operation of the engineering equipment and component manufacturing business primarily derives from the design, research and development, manufacture and sale of turnouts and other railway related equipment, bridge steel structures and engineering machinery. Segment revenue of the engineering equipment and component manufacturing business of the Group increased by 17.2% to RMB7.401 billion for the six months ended 30 June 2014. Profit before tax margin increased from 5.0% for the first half of 2013 to 5.9% for the corresponding period of 2014. This was mainly due to the increase in sales of shield which has a higher gross profit margin.

Property development business

Revenue from our property development business primarily derives from the development, sale and management of a wide range of residential properties and commercial properties in the PRC. In the first half of 2014, the Group optimized the construction and sales plan of its property development projects. For the six months ended 30 June 2014, segment revenue from property development business increased by 39.2% to RMB10.547 billion. Profit before tax margin decreased from 15.3% for the first half of 2013 to 12.1% for corresponding period of 2014. Such decrease was mainly due to the fact that in actively response to the market condition and risk control, the Group decreased the selling price of remaining units in certain property development projects in order to accelerate the inventory turnover. At 30 June 2014, the Group's gross site and construction area under development was 26.25 million square metres and 48.34 million square metres respectively.

Other businesses

The Group has progressively implemented the "limited and interrelated" diversification strategy. Segment revenue from other businesses decreased by 4.7% to RMB28.854 billion for first half of 2014. Profit before tax margin was 3.2% for the first half of 2014, an increase from 2.2% for the corresponding period of 2013. In the first half of 2014, the Group's expressway operation business recorded revenue of RMB1.044 billion, an increase of 4.7% from same period of last year. Due to the increase in sales of copper products, the revenue of mining development business recorded RMB0.830 billion, representing a 297.8% increase from same period of last year. The revenue of merchandise trading business reached RMB20.284 billion, a decrease of 15.6% from same period of last year. Revenue of financial business recorded RMB1.097 billion, increased by 27.4% as compared to same period of last year.

As at 30 June 2014, the Group's mining resources and reserve information is shown below:

No	Project name	Type	Grade	Resources/Reserve		Group's share (%)	Planned investment (RMB billion)	Accumulated investment (RMB billion)	Investment for the reporting period (RMB billion)	Planned construction completion date	Current project status
				Unit	Quantity						
1	Sunite-ZuoQi Xiaobaiyang Coal Mine, Inner Mongolia	Lignite	–	Billion tonne	0.98	25	–	0.12	–	–	Exploration work completed and is applying for exploitation rights
2	Muli Coal Mine, Haixizhou, Qinghai	Coking coal	–	Billion tonne	0.248	80	1.253	0.414	0.017	November 2015	Under construction
3	Changfulong Gold Mine, Inner Mongolia	Gold	0.71g/t	Tonne	0.53	100	0.234	0.285	–	Completed	Commenced production
4	Luming Molybdenum Mine, Yichun City, Heilongjiang	Molybdenum	0.090%	Thousand tonne	742	83	4.217	4.226	0.15	November 2015	Construction of main body of the project was basically completed
5	Luishia Copper-Cobalt Mine, Congo	Copper	2.55%	Thousand tonne	792	72	1.657	1.684	0.162	November 2014	Phase one commenced production with construction of phase two expected to be completed by end of 2014
		Cobalt	0.201%	Thousand tonne	66.8						
6	MKM Copper-Cobalt Mine, Congo	Copper	3.518%	Thousand tonne	225.2	80.2	1.195	1.242	–	Completed	Commenced production
		Cobalt	0.296%	Thousand tonne	20.1						
7	Sicomines Copper-Cobalt Mine, Congo	Copper	3.36%	Thousand tonne	8,545	41.72	24.915	6.882	1.449	October 2015	Under construction
		Cobalt	0.22%	Thousand tonne	571						

4.5 Cash Flow

For the six months ended 30 June 2014, the net cash outflow from operating activities of the Group amounted to RMB9.677 billion, an increase from net cash outflow from operating activities of RMB7.091 billion for the corresponding period of 2013. It was mainly due to the increase in working capital requirements resulted from the expansion of the Group's business scale. For the six months ended 30 June 2014, the net cash outflow from investing activities of the Group amounted to RMB7.802 billion, an increase from RMB6.816 billion for the corresponding period of 2013. It is mainly due to increase in investment of production equipment and equity investment. For the six months ended 30 June 2014, the net cash inflow from financing activities of the Group amounted to RMB13.544 billion, a decrease from RMB22.054 billion for the same period in 2013. The decrease in net cash inflow from financing activities was primarily due to the promising result brought by the Group's strengthened control on interest bearing liabilities.

Capital expenditure

The capital expenditure of the Group primarily comprises expenditure on purchases of equipment and upgrading of the Group's production facilities. The Group's capital expenditure for the first half of 2014 was RMB3.961 billion (among which, RMB1.223 billion is for construction in progress, RMB1.996 billion is for purchase of fixed assets, RMB0.734 billion is for purchase of intangible assets and RMB0.008 billion is for purchase of investment properties), representing an increase of 5.8% from RMB3.745 billion for the corresponding period of 2013.

Working capital

	As at	
	30 June 2014	31 December 2013
	RMB million	RMB million
Inventories	51,485	46,581
Properties under development for sale	76,945	69,211
Trade and bills receivables	140,972	133,886
Trade and bills payables	216,714	206,292
Turnover of inventory (<i>days</i>)	36	32
Turnover of trade and bills receivables (<i>days</i>)	93	80
Turnover of trade and bills payables (<i>days</i>)	154	139

In line with the Group's continuous development and corresponding increase in reserve of raw materials, inventories increased by 10.5% to RMB51.485 billion as at 30 June 2014 from RMB46.581 billion as at the end of 2013 while the inventory turnover days for the first half of 2014 increased to 36 days from 32 days for the year of 2013.

As at 30 June 2014, properties under development for sale increased by 11.2% from RMB69.211 billion as at the end of 2013 to RMB76.945 billion. It was primarily due to expansion in business scale of the Group's property development business.

As at 30 June 2014, trade and bills receivables was RMB140.972 billion, an increase of 5.3% from RMB133.886 billion as at the end of 2013. The turnover days of trade and bills receivables increased from 80 days for 2013 to 93 days for the first half of 2014. According to the ageing analysis of the trade and bills receivables, most of the Group's trade and bills receivables were of less than 6 months and the trade and bills receivables of more than one year accounted for 30.3% (31 December 2013: 32.0%) of the total amount, reflecting the sound receivables management capability of the Group.

	As at	
	30 June 2014 <i>RMB million</i>	31 December 2013 <i>RMB million</i>
Trade and bills receivables		
Less than six months	63,748	70,686
Six months to one year	34,564	20,388
One year to two years	21,922	24,781
Two years to three years	11,702	10,160
More than three years	9,036	7,871
Total	140,972	133,886

The Group's trade and bills payables primarily consist of amounts owed to the Group's suppliers of raw materials, machinery and equipment. As at 30 June 2014, the Group's trade and bills payables was RMB216.714 billion, an increase of 5.1% from RMB206.292 billion as at the end of 2013. The turnover days of trade and bills payables for the first half of 2014 was 154 days, representing an increase from 139 days for 2013. According to the ageing analysis of the trade and bills payables, most of the Group's trade and bills payables were of less than one year and the trade and bills payables of more than one year accounted for 11.5% (31 December 2013: 11.5%) of the total amount.

	As at	
	30 June	31 December
	2014	2013
	<i>RMB million</i>	<i>RMB million</i>
Trade and bills payables		
Less than one year	191,808	182,473
One year to two years	14,906	14,308
Two years to three years	5,243	5,173
More than three years	4,757	4,338
Total	216,714	206,292

4.6 Borrowings

The following table sets forth the Group's total borrowings as at 30 June 2014 and 31 December 2013. As at 30 June 2014, 48.3% (31 December 2013: 44.2%) of our borrowings were short-term borrowings. The Group is generally capable of making timely repayments.

	As at	
	30 June	31 December
	2014	2013
	<i>RMB million</i>	<i>RMB million</i>
Bank borrowings		
Secured	39,424	38,571
Unsecured	108,030	98,320
	147,454	136,891
Short-term debentures, unsecured	–	40
Long-term debentures, unsecured	36,485	35,688
Other short-term borrowings, unsecured	9,075	4,713
Other short-term borrowings, secured	874	295
Other long-term borrowings, unsecured	8,490	6,620
Other long-term borrowings, secured	2,740	2,185
Total	205,118	186,432
Long-term borrowings	106,003	104,084
Short-term borrowings	99,115	82,348
Total	205,118	186,432

Bank borrowings carry interest rates ranging from 1.93% to 10% (31 December 2013: 1.97% to 10%) per annum. Other short-term borrowings carry interest rates ranging from 6% to 9% (31 December 2013: 5.9% to 13.5%) per annum. Long-term debentures carry fixed interest rates ranging from 3.85% to 7.2% (31 December 2013: 3.85% to 7.2%) per annum. Other long-term borrowings carry fixed or floating interest rates ranging from 4.39% to 11.5% (31 December 2013: 4.39% to 11.5%) per annum.

As at 30 June 2014 and 31 December 2013, the Group's bank loans comprised fixed-rate bank loans amounting to RMB6.782 billion and RMB4.458 billion and floating-rate bank loans amounting to RMB140.673 billion and RMB132.433 billion, respectively.

The following table sets forth the carrying amounts of the Group's borrowings by currencies as at 30 June 2014 and 31 December 2013. The Group's borrowings are primarily denominated in Renminbi and the Group's foreign currency borrowings are primarily denominated in U.S. dollars and Euros.

	Borrowings in U.S. dollars <i>RMB million</i>	Borrowings in Euros <i>RMB million</i>	Borrowings in other currencies <i>RMB million</i>
As at 30 June 2014	5,926	129	671
As at 31 December 2013	<u>5,812</u>	<u>204</u>	<u>193</u>

As at 30 June 2014, approximately RMB43.038 billion (31 December 2013: RMB41.051 billion) of total bank loans were pledged by assets of the Group with an aggregate value of RMB86.619 billion (31 December 2013: RMB76.612 billion). The Group also pledged its rights to collect cash flows in relation to certain backlog construction projects with contract value of RMB11.029 billion (31 December 2013: RMB1.468 billion) to secure bank borrowings amounting to RMB2.652 billion (31 December 2013: RMB0.337 billion) as well as pledged its rights of return on equity investment in two subsidiaries with an aggregate investment cost of RMB0.600 billion (31 December 2013: RMB0.551 billion) to secure bank borrowings amounting to RMB0.12 billion (31 December 2013: RMB0.37 billion). As at 30 June 2014, the Group had unutilized banking credit facilities in the amount of RMB137.112 billion (31 December 2013: RMB134.756 billion).

As at 30 June 2014, the Group's gearing ratio (total liabilities/total assets) was 85.0%, an increase of 0.4 percentage point as compared with 84.6% as at 31 December 2013. Such increase was primarily attributable to the fact that the Group has been primarily financing its working capital and other capital requirements through internal funds generated from operations, and through borrowings in case of any deficiencies. In the first half year of 2014, the Group has completed the issue of two private placement notes amounting to RMB0.75 billion.

4.7 Contingent Liabilities

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

	As at	
	30 June 2014	31 December 2013
	RMB million	RMB million
Pending lawsuits		
– arising in the ordinary course of business (<i>Note 1</i>)	847	840
– overseas lawsuit (<i>Notes 2 and 3</i>)	934	1,117
Total	1,781	1,957

Notes:

- (1) The Group has been named in a number of lawsuits arising in the ordinary course of business. Provision has been made for the probable losses to the Group on those claims when management can reasonably estimate the outcome of the lawsuits taking into account of the legal advice.

No provision has been made for those pending lawsuits where the management considered that the claims will not be successful. The aggregate sum of those unprovided claims is disclosed in the table above.

- (2) Two subsidiaries of the Group, China Overseas Engineering Group Co., Ltd. (“COVEC”) and China Railway Tunnel Group Co., Ltd., established a consortium (the “Consortium”) with another two independent parties in 2009 for the design and construction of sections A and C of the A2 motorway Stryków – Konotopa, which is owned by the Polish General Directorate for National Roads and Motorways in Poland (“PGDNRM”). The Group's share of the total contract amount and performance bond are approximately Polish Zloty (“PLN”) 1,160 million (equivalent to approximately USD402 million or RMB2,741 million) and PLN116 million (equivalent to approximately USD40 million or RMB274 million), respectively. During the construction work, the construction contract incurred losses due to various factors. The Consortium sent termination notice dated 3 June 2011 to PGDNRM and PGDNRM sent termination notice dated 13 June 2011 to the Consortium.

On 29 September 2011, PGDNRM applied to the Poland Warsaw District Court for a payment order demanding COVEC, Poland branch of COVEC and another independent party in the Consortium collectively or individually for penalties and interests of an aggregate amount of PLN129 million (equivalent to approximately USD42 million or RMB263 million), whereas all parties in the Consortium bear liabilities joint and severally. The lawyer of the Consortium then raised an objection to the payment order and the payment order became void under Polish law. The relevant parties have since commenced to resolve the matter in dispute under litigation procedures. On 8 February 2012, the Poland Warsaw District Court opened a court session for this lawsuit according to the civil procedures. There is no significant progress up to the date of issuance of these condensed consolidated financial statements. At this stage, the Directors consider it is premature to assess the outcome of this case.

- (3) Exploitations Artisanales Au Congo (“**EXACO**”) was a former shareholder of La Miniere De Kalumbwe Myunga sprl (“**MKM**”), an indirectly owned subsidiary of the Company. As at 30 August 2011, EXACO had disposed of its entire interests in MKM. In November 2012, EXACO was of the view that MKM and China Railway Resources Global Holding Limited (“**CRRG**”) (which is also an indirectly owned subsidiary of the Company and the controlling shareholder of MKM) breached relevant terms and other relevant obligations pursuant to the undertakings under the initial agreement signed before the share transfer agreement. EXACO applied to the Congo district court for a compensation of their losses amounting to USD136 million (equivalent to approximately RMB837 million). MKM and CRRG had raised objection to the jurisdiction of the local courts according to the relevant arbitration clause. Until November 2013, although MKM and CRRG didn’t receive the verdict, MKM and CRRG filed an appeal with the Lubumbashi Court of Appeal on 26 November 2013 due to prudent consideration and the needs to push the case on. And when the Lubumbashi Court of Appeal ordered certiorari from the local court, MKM and CRRG found that the local court made a judgment to MKM and CRRG for a total of USD31 million compensation (equivalent to approximately RMB191 million) on 8 February 2013. MKM and CRRG appealed to the Supreme Court for the fraud of the presiding judge of the local court existing in the above case. On 23 July 2014, the Supreme Court convicted and canceled the judgment for a total of USD31 million compensation made by the local court on 8 February 2013.

In addition, on 15 January 2014, EXACO made another request to the Commercial Court of Lubumbashi for not receiving the fee of the previous 43.5% share transfer. EXACO applied to the Court for a compensation from CRRG amounting to USD109 million (equivalent to approximately RMB671 million), and for taking protective measures against MKM. On 20 January 2014, the Commercial Court of Lubumbashi agreed to take the protective measures, but did not hear the request of compensation. MKM and CRRG immediately filed an appeal. The Lubumbashi Court of Appeal ruled the protective measures not be executed on 30 January 2014. By the date of issuance of these condensed consolidated financial statements, the case has not yet been substantive hearing. MKM and CRRG have appealed to the Supreme Court for the fraud of the presiding judge of the Commercial Court of Lubumbashi in the above case and this appeal process is still continuing.

The Group believes that these lawsuits filed by EXACO have violated the arbitration clause, and there is no factual or legal basis about these lawsuits. However, due to the various uncertainties of the case, the Group considers that it is premature to assess the outcome of this case.

In addition to the above, the Group has provided guarantees to banks in respect of banking facilities utilized by certain related companies and third parties resulting in certain contingent liabilities. The following table sets forth the maximum exposure of these guarantees of the Group.

	As at 30 June 2014		As at 31 December 2013	
	Amount	Expiry period	Amount	Expiry period
	<i>RMB million</i>		<i>RMB million</i>	
Guarantees given to banks in respect of banking facilities utilized by:				
Associates	2,242	2014-2025	2,169	2014-2025
Other government-related enterprises	54	2014	55	2014
Property purchasers	16,178	2014-2019	14,877	2014-2019
Investees of the Group	12	2016	12	2016
Former subsidiaries	734	2024	758	2022
Total	19,220		17,871	

4.8 Business Risks

The Group may be exposed to a variety of business risks, including market risk, operation risk, management risk, policy risk, financial risk, investment risk and interest rate risk in the ordinary course of business.

- (1) **Market risk:** Various expectations from the government could have adverse impact on the market where the Group operates, such as expectation on growth level of both national and regional economy, usage of infrastructure and expectation on future expansion of demand and expectation on the overall growth level of related industries. In addition, the instability of political and economic environment of overseas market could bring uncertainties to the Group's overseas market development, which may affect the normal project implementation.
- (2) **Operation risk:** For infrastructure construction business, the bidding prices of construction contracting projects are largely affected by market competition. Meanwhile, there are also certain operation risks for the Group to control the cost and to engage labour subcontractors.
- (3) **Management risk:** With the Group's incapability to fully control all the actions of its non-wholly owned subsidiaries, plus high risk of the construction industry, and the rapid growth in the business scale of the Group in recent years as well as the gradually wider span of its operation, project management becomes more and more difficult, posing a severe challenge to the safety and quality management for the projects, cadre ethics and enterprise stability, which could result in management risks.

- (4) **Policy risk:** Changes in the foreign exchange administration system, preferential taxation policies and policies for real estates industry in the PRC could have certain adverse impacts on the Group.
- (5) **Financial risk:** Delay in payment by its customers could affect the Group's working capital and cash flow, and the failure to obtain sufficient funding could also affect the expansion plan and development prospects of the Group.
- (6) **Investment risk:** Investment risk mainly includes relevant advance payments for projects, decrease in investment of infrastructural projects by non-governmental investment institutions resulted from changes in policies, and significant outlay of working capital over extended periods.
- (7) **Interest rate risk:** Currently, the Group's size of financing is relatively large, changes in interest rate policies therefore will have an impact on the Group's financial costs and economic benefits.

To guard against the occurrence of various types of risks, the Group identifies various types of risks associated with all business processes through the establishment and operation of the internal control system. Pursuant to which, the Group can decompose and identify the critical control point of business processes, develop specific control measures, prepare documents for critical control points of procedures, identify the responsibilities of the various types of risks and critical control point, work closely with the daily management and control, and control risk factors and elements. In addition, the Group strictly supervises the important control aspects of earlier stage of research, planning, reviewing, auditing, approval and decision-making; enhances process control and post-assessment work; and makes measures to deal with risks and contingency plans, aiming to ensure the Group's overall control on various types of risk.

5 SIGNIFICANT EVENTS

5.1 Material Litigation, Arbitration and Matters Generally Concerned by Media

5.1.1 Litigation, arbitration or matters generally concerned by media which were disclosed in an announcement without subsequent progress

Outline and nature

Poland A2 Highway construction disputes: The consortium comprising China Overseas Engineering Group Co., Ltd. (subsidiary of the Company), China Railway Tunnel Group Co., Ltd. and two third-party companies terminated the contact and had dispute with GDDKiA, the project owner, in respect of the bid won for sections of A and C of Poland A2 Highway.

Information link

2011 Interim Report and subsequent periodic reports of China Railway Group Limited is available at Shanghai Stock Exchange
<http://www.sse.com.cn>

5.1.2 Litigation and arbitration which were not disclosed in an announcement and might have subsequent progress

Not applicable

5.1.3 Matters generally concerned by media which were not disclosed in an announcement and might have subsequent progress

Not applicable

5.2 Events Regarding Bankruptcy and Restructuring

Not applicable

5.3 Assets Transactions and Merger

Not applicable

5.4 Implementation of Share Incentive Scheme of the Company and its Effects

Not applicable

5.5 Significant Related Party Transactions

5.5.1 Related party transactions in ordinary course of business

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

Not applicable

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

Unit: Thousand Currency: RMB

Related parties	Related party relationship	Type of related party transaction	Particulars of the related party transaction	Pricing method of related party transaction	Price of the related party transaction	Amount of related party transaction	Percentage of transaction value to the same type of transactions (%)
China Railway Hongda Asset Management Center	Wholly owned subsidiary of parent company	Receipt of labor services	Lease office premises	Contract price	9,497	9,497	Less than 1%
China Railway Hongda Asset Management Center	Wholly owned subsidiary of parent company	Receipt of labor services	Receipt of comprehensive services	Contract price	16,693	16,693	Less than 1%
Total					<u>26,190</u>	<u>26,190</u>	

Description of related party transactions

The above two transactions were resulting from the implementation of the comprehensive services agreement and premises leasing agreement entered into by the Company and CRECG on 28 March 2013. The terms of both agreements are three years. The total transaction amount involved was within the authority of the Board and was approved in the 19th meeting of the second session of the Board, which complied with the relevant requirements of “The Rules Governing the Listing of Stock on Shanghai Stock Exchange”. Meanwhile, the premises leasing agreement was exempted from the requirements of reporting, annual review, announcement and independent shareholders’ approval as the annual caps of this transaction was within the de minimis exemption under the Hong Kong Listing Rules. The comprehensive service agreement was exempted from the independent shareholders’ approval requirement under the Hong Kong Listing Rules.

- (3) Matters which were not disclosed in an announcement

Not applicable

5.5.2 Related party transactions in relation to acquisition and disposal of assets

During the reporting period, the Company did not have any related party transactions in relation to acquisition and disposal of asset.

5.5.3 Significant related party transactions in relation to joint external investment

During the reporting period, there was no significant related party transaction in relation to joint external investment by the Company.

5.5.4 Amounts due from/to related parties

Not applicable

5.5.5 Other related party transactions

(1) Related party guarantees

Unit: Thousand Currency: RMB

Guarantor	Guarantee	Guaranteed amount	Commencement date of guarantee	Expiry date of guarantee	Guarantee fully fulfilled?
China Railway (Note 1)	Lince Railway Co., Ltd.	783,000	June 2008	June 2025	No
CRECG (Note 2)	China Railway	1,000,000	January 2010	January 2015	No
CRECG (Note 2)	China Railway	5,000,000	January 2010	January 2020	No
CRECG (Note 2)	China Railway	2,500,000	October 2010	October 2020	No
CRECG (Note 2)	China Railway	3,500,000	October 2010	October 2025	No

Note 1: At the 2007 annual general meeting of the shareholders of the Company held on 25 June 2008, the proposal of “Provision of a Guarantee with Respect to the Loans for Linhai-Ceke Railway Co., Ltd and China Railway Engineering Sunite Railway Co.,Ltd.” was considered and approved, thereby it was agreed that a guarantee should be provided with respect to the bank loan for Linhai-Ceke Railway Co., Ltd. in the amount of RMB820.7 million for a guarantee period of 17 years. In June 2008, the Company and Huhhot Xincheng Dongjie Sub-branch of the Industrial and Commercial Bank of China Limited entered into a Guarantee Contract agreeing that a guarantee in the total amount of RMB783 million (resulted from the total loan amount of RMB2.7 billion multiplied by the shareholding percentage of 29%) with a joint and several liability and a guarantee period commencing on 30 June 2008 and ending on 20 June 2025 should be provided to Linhai-Ceke Railway Co., Ltd. The relevant lending to Linhai-Ceke Railway Co., Ltd. was fully drawn and used up in 2009 and the Company had ceased to provide the guarantee for Linhai-Ceke Railway Co., Ltd. afterwards.

Note 2: These are the unconditional and irrevocable joint and several liability guarantees provided by CRECG for the entire amount of the 5-year and 10-year corporate bonds issued by the Company in January 2010 and the 10-year and 15-year corporate bonds issued by the Company in October 2010. As at 30 June 2014, the remaining payable amount of above-mentioned corporate bonds was RMB11,954.726 million (31 December 2013: RMB11,951.506 million), of which RMB999.285 million will be due within one year.

(2) Fund borrowing from/to related party

Unit: Thousand Currency: RMB

Related Party	Additional borrowings made in the current period	Commencement date	Due date	Interest rate (%)	Balance at period end
Borrowed from CRECG	700,000	March 2014	March 2015	4.20	1,953,090

Note: The resolution of “China Railway Group Limited applied for entrusted loan in the amount not exceeding RMB2 billion from China Railway Engineering Corporation” was resolved in the 16th meeting of the second session of the Board of Directors of the Company, and was exempted from disclosure by the Shanghai Stock Exchange. Based on the operational needs, the Company applied to CRECG for entrusted loan amounted to RMB626.16 million and RMB626.93 million for the year 2012 and 2013 respectively (the entrust loan applied in 2012 was renewed in 2013). During the reporting period, the Company applied again to CRECG for entrusted loan amounted to RMB700.00 million based on its operational needs.

(3) Related party transactions in relation to financial services

Unit: Thousand Currency: RMB

Item	Related party	30 June 2014	31 December 2013
Deposits taking (<i>Note</i>)	CRECG	1,584,092	—

Note: In order to increase the utilization efficiency of funds, reduce settlement fees, lower interest expenses and obtain funding support, the “Resolution in relation to the Financial Services Framework Agreement between China Railway Finance Co., Ltd. and China Railway Engineering Corporation” was considered and passed at the 27th meeting of the second session of the Board convened by the Company on 29 April 2014, of which it is approved that China Railway Finance Co., Ltd., the subsidiary of the Company, and CRECG, the controlling shareholder of the Company, to sign the “Financial Services Framework Agreement” (the agreement will expire on 31 December 2015) and to provide the deposit, loan and other financial services to CRECG pursuant to the agreement. For details, please see the relevant announcement disclosed by the Company at Shanghai Stock Exchange’s website on 30 April 2014.

During the reporting period, the maximum daily amount of deposits (including interest accrued) provided by China Railway Finance Co., Ltd. to CRECG did not exceed to the maximum requirement stipulated in the Financial Services Framework Agreement.

(4) Other related party transactions

Unit: Thousand Currency: RMB

Item	Related party	From January to June 2014	From January to June 2013
Interest expenses	CRECG	38,698	—

Note: The interest expenses arise from the interest payable by the Company to CRECG for the entrust loan and the interest payable by its subsidiary China Railway Finance Co., Ltd. to CRECG for the taking of deposits.

5.6 Material Contracts and Their Performance

5.6.1 Trusteeship, contracting and leasing

During the reporting period, the Company had no material trusteeship, contracting or leasing.

5.6.2 Guarantees

Unit: Yuan Currency: RMB

Guarantor	Relationship between guarantor and listed company	Guarantee	Guarantee granted by the Company (excluding those to subsidiaries)				Type of guarantee	Guarantee fully fulfilled	Overdue	Overdue amount	Counter guarantee available	Guarantee provided to related parties	Related party relationship
			Guaranteed amount	Commencement date of guarantee (agreement execution date)	Commencement date of guarantee	Expiry date of guarantee							
China Railway Group Limited	The same entity	Lince Railway Co., Ltd.	783,000,000	2008-6-30	2008-6-30	2025-6-20	Suretyship of joint and several liability	No	No	-	No	Yes	Other
China Railway Group Limited	The same entity	Inner Mongolia Guobai Railway Co., Ltd.	401,790,000	2008-11-24	2008-11-24	2020-11-30	Suretyship of joint and several liability	No	No	-	No	No	N/A
China Railway No.2 Engineering Group Co., Ltd.	Wholly owned subsidiary	China Railway Bohai Train Ferry Co., Ltd.	11,889,000	2004-12-24	2004-12-24	2016-12-23	Suretyship of joint and several liability	No	No	-	No	No	N/A
China Railway Major Bridge Engineering Group Co., Ltd.	Wholly owned subsidiary	Wuhan Yingwuzhou Bridge Co., Ltd.	877,500,000	2013-2-8	2013-2-8	2019-6-26	Suretyship of joint and several liability	No	No	-	No	No	N/A
China Railway Major Bridge Engineering Group Co., Ltd.	Wholly owned subsidiary	Yichang Miaozi River Bridge Construction Engineering Co., Ltd.	180,000,000	2013-12-20	2013-12-20	2018-12-30	Suretyship of joint and several liability	No	No	-	No	No	N/A
China Railway Tunnel Group Co., Ltd.	Wholly owned subsidiary	China Shanghai Foreign Trade Co., Ltd.	54,115,600	2011-12-29	2011-12-29	2014-12-28	Suretyship of joint and several liability	No	No	-	No	No	N/A
China Railway Electrification Engineering Group Co., Ltd.	Wholly owned subsidiary	Nanjing China Railway Electrification Investment Management Co., Ltd.	734,250,000	2012-9-30	2012-9-30	2024-12-11	Suretyship of joint and several liability	No	No	-	No	No	N/A

Total guarantee incurred during the reporting period (excluding those provided to subsidiaries) 645,000,000

Total balance of guarantee as at the end of the reporting period (A) (excluding those provided to subsidiaries) 3,042,544,600

Guarantee provided by the Company to its subsidiaries

Total guarantee to subsidiaries incurred during the reporting period 28,006,783,800

Total balance of guarantee to subsidiaries as at the end of the reporting period (B) 42,108,503,400

Aggregate guarantee of the Company (including those provided to subsidiaries)

Aggregate guarantee (A+B) 45,151,048,000

Percentage of aggregate guarantee to net assets of the Company (%) 45.41

Representing:

Amount of guarantee provided for shareholders, ultimate controller and their related parties (C) —

Amount of debts guarantee directly or indirectly provided to guaranteed parties with gearing ratios over 70% (D) 33,142,843,000

Excess amount of aggregate guarantee over 50% of net assets (E) —

Aggregate amount of the above three categories (C+D+E) 33,142,843,000

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

Statement on guarantee As at June 30 2014, the Group's aggregate guarantee in relation to real estate mortgage is RMB16,177,138,900.

5.6.3 Other material contracts or transactions

Material contracts executed before the reporting period but remained effective during the reporting period:

(1) Infrastructure construction business

No.	Signatory	Owner	Name of contract	Date of contract	Contract sum (RMB'0,000)	Construction period
Railway						
1	China Railway Major Bridge Engineering	Fujian Fuping Railway Co., Ltd.	New Fuzhou-Pingtian railway pre-construction stage FPZQ-3 Section	2013-10	879,909	2,007 calendar days
2	China Railway No. 1 Engineering	Zhengxi Passengers Railway Co., Ltd.	New Zhengzhou-Xuzhou passenger railway line ZXZQ-6 Section	2013-01	367,356	48 months
3	China Railway Electrification Engineering	Jinyulu Railway Passage Co., Ltd.	System integration of new railway channel of Central-south of Shanxi (including Linxian North to Mengmen section of Luliang to Linxian (Mengmen) railway) and related engineering ZNZH-1 Section	2013-09	344,892	396 calendar days
Highway						
1	China Railway Major Bridge Engineering	Hong Kong-Zhuhai-Macao Bridge Authority	Section CB05 of the Main Project, Bridge Engineering, Civil Engineering and Construction Of Composite Beams Of Hong Kong-Zhuhai-Macao Bridge	2012-06	373,885	36 months
2	China Railway No.1 Engineering	Xinjiang Uygur Autonomous Region Communications Construction Administrative Bureau	Divergence of S215-SS-3 of Shache Highway, Xinjiang	2011-06	208,669	29 months
3	China Railway No.10 Engineering	Guangdong Chaohui Highway Co., Ltd.	Chaozhou, Guangdong Province to Huizhou Expressway project Mark TJ1	2013-07	182,600	39 months

No.	Signatory	Owner	Name of contract	Date of contract	Contract sum (RMB'0,000)	Construction period
Municipal works						
1	China Railway	Shenzhen Metro Group Co., Ltd.	BT Project of Shenzhen City Railway Line 11	2012-06	2,555,000	48 months
2	China Railway No. 4 Engineering	Guangdong Pearl River Delta Rail Transport Co., Ltd.	Pre-construction product Kwongching intercity railway north to Guangzhou to Qingyuan section	2013-09	275,746	38 months
3	China Railway Major Bridge Engineering	Wuhan Construction and Investment Development Group Co., Ltd.	Construction of Yangtze River Bridge of Wuhan Yingwuzhou	2011-04	247,500	44 months

(2) Survey, design and consulting services business

No.	Signatory	Owner	Name of contract	Date of contract	Contract sum (RMB'0,000)	Construction period
1	China Railway Eryuan Engineering	Ethiopian Railway Corporation	Turnkey Contract of Sebeta-Adama-Mieso EPC for Addis Ababa-Djibouti Railway Project (Sections 1 and 2)	2011-10	208,153	48 months
2	China Railway Eryuan Engineering	Bangladesh Railway Administration	Construction of the second railway line project of Dongji-Paibuluobazhaer Bengal, including the main track signal project EPC Contract of Dhaka-Chittagong	2011-07	130,597	36 months
3	China Railway Eryuan Engineering	Yunnan-Guizhou Railway Yunnan Co., Ltd.	The new Yungui Railway (Yunnan section) Project Survey and Design Contract	2011-05	81,000	72 months

(3) Engineering equipment and component manufacturing business

No.	Signatory	Owner	Name of contract	Date of contract	Contract sum (RMB'0,000)	Construction period
Steel Structure						
1	China Railway Shanhaiguan Bridge	Hong Kong-Zhuhai-Macao Bridge Authority	Purchasing and Manufacturing Contract CB01 of steel box girder for the Bridge Project of Main Project of Hong Kong-Zhuhai-Macao Bridge	2012-04	283,912	36 months
2	China Railway Shanhaiguan Bridge	Liaoning Province Communications Department of the Highway Bureau	China-Korea Yalu River Border Highway Bridge	2011-12	36,340	31 months
3	China Railway Science and Technology	Guizhou Expressway Co., Ltd.	Production Contract of Beipanjiang Steel Truss Bridge of Bijie, Guizhou Province to Duge highway	2013-09	31,175	28 months
Turnout						
1	China Railway Turnout & Bridge	Lanzhou-Xinjiang Railway Co., Ltd.	Lanzhou-Xinjiang Railway 2nd double line (Gan Qing section) turnout purchase contract	2012-11	38,964	36 months
2	China Railway Shanhaiguan Bridge	Chengyu Passenger Railway Line Co., Ltd	New Chengdu-Chongqing Railway Passenger Dedicated Line Project	2013-06	27,891	16 months
3	China Railway Shanhaiguan Bridge	Jinyulu Railway Passage Co., Ltd.	New railway channel of Central-south of Shanxi Project (Wa Tang-Tang Yin South section)	2013-11	18,642	9 months
Construction Machinery						
1	China Railway Engineering Equipment	China State Civil Engineering Construction Co., Ltd.	Shield procurement contracts	2013-06	8,670	8 months
2	China Railway Engineering Equipment	China Construction Fifth Engineering Bureau Co., Ltd.	Shield procurement contracts	2013-02	8,376	8 months
3	China Railway Engineering Equipment	Taiwan New Taipei Qiang Quan Co., Ltd.	Manufacturing Contract of Steel Fiber	2012-03	5,800	36 months

(4) Property development business

No.	Project location	Project location	Project type	Planning area ('0,000 sq.m.)
1	China Railway • Yidu International	Guiyang, Guizhou	Residential	230.6
2	Bairuijing Central Living Area	Hubei, Wuhan	Residential	105.5
3	Nobel Mingdu	Jinan, Shandong	Residential	89.34
4	China Railway • Huaxu Meibang	Qingdao, Shandong	Residential	53.45
5	Dalian Nobel Binhai Garden	Dalian, Liaoning	Residential	52.09

(5) Other businesses

No.	Signatory	Owner	Name of contract	Date of contract	Contract sum (RMB'0,000)	Construction period	Operation (Repurchase) term
BOT							
1	China Railway No.2 Engineering	Engineering Yulin Bureau of communications	BOT Project of Yulin (Shaanxi)-Shenmu Expressway	2007-10	517,000	36 months	30 years
2	China Railway	Guangxi Department of communications	BOT Project of the Guangxi Cenxi-Xingye Expressway	2005-08	516,361	36 months	28 years
3	China Railway	Yunan Department of communications	BOT Project of the Yunan Funing-Guangnan, Guangnan-Yanshan Expressway	2005-12	644,000	36 months	27 years

Material contracts signed during the reporting period:

(1) Infrastructure construction business

No.	Signatory	Owner	Name of contract	Date of contract	Contract sum (RMB'0,000)	Construction period
Railway						
1	China Railway Major Bridge Engineering	The China Railway Corporation	New Hutong Railway Hutong Yangtze River Bridge HTQ-2 Section	2014-02	751,789	1,645 calendar days
2	China Railway No.5 Engineering	Jingshen Passenger Railway Line Liaoning Co., Ltd.	New Beijing-Shenyang Passenger Railway Line (Liaoning Section) construction JSLNTJ-6 Section	2014-06	277,955	1,708 calendar days
3	China Railway No.6 Engineering	Huzhang Passenger Railway Line Co.,Ltd.	New Zhangjiakou-Hohhot railway construction ZHZQ-7 Section	2014-04	266,056	1,465 calendar days

No.	Signatory	Owner	Name of contract	Date of contract	Contract sum (RMB'0,000)	Construction period
Highway						
1	China Railway Major Bridge Engineering	Bangladesh Ministry of Transportation Bridge Authority	Main Bridge of Bangladesh Padma Multi-functional Bridge Project	2014-06	967,490	3.5 years
2	China Railway No. 1 Engineering	Yunnan Fulong Highway Construction Headquarter	Yunnan Province Funing-Diangui Boundary (Longliu) Highway 1 Section	2014-01	107,878	30 months
3	China Railway No. 4 Engineering	Hangzhou Xiaoshan Transportation Investment Group Infrastructure construction Headquarter	Xiaoshan Airport Highway Reconstruction Project	2014-02	94,633	32 months
Municipal Works						
1	China Railway Harbor Bureau	Hainan Ruyi Island Resort Investment Co., Ltd.	EPC Construction Contract for Land Reclamation (West Section) of Haikou Ruyi Island Project	2014-05	240,921	548 calendar days
2	China Railway Electrification Engineering	Beijing Urban Rapid Rail Construction Management Ltd.	Construction Contract for Engineering and Electrical Systems of Beijing Subway Line 16 Project	2014-05	162,908	12 months
3	China Railway No. 6 Engineering	Tianjin Subway Group Co.,Ltd.	Construction Contract for Construction (R7 Section) of Tianjin Subway Line 6 Project	2014-04	139,100	20 months

(2) Survey, design and consulting services business

No.	Signatory	Owner	Name of contract	Date of contract	Contract sum (RMB'0,000)	Construction period
1	China Railway Consultancy	Guangdong Pearl River Delta Rail Transport Co., Ltd.	Supplemental contract of research, survey and design for Guangzhou-Qingyuan Urban Rail (Guangzhou North-Qingyuan Section)	2014-01	20,135	Until the date of completion of construction
2	China Railway Eryuan Engineering	Foshan Railway Investment Construction Group Co., Ltd.	Preliminary Design Construction Contract for Phase 1 of Foshan Urban Rail Line 2 Project	2014-01	13,895	Until the date of completion of construction
3	China Railway Major Bridge Engineering	Zhuhai Transportation Group Co., Ltd.	Construction Supervision Contract for Zhuhai Jingang Road Hengqin North Section Project	2014-06	4,085	Until the date of completion of construction

(3) Engineering equipment and component manufacturing business

No.	Signatory	Owner	Name of contract	Date of contract	Contract sum (RMB'0,000)	Construction period
Steel Structure						
1	China Railway Science and Technology Engineering	Ningbo Meishan Island Development Investment Co., Ltd.	Construction Contract of Meishan Chunxiao Bridge Steel Structure	2014-06	34,302	24 months
2	China Railway Turnout & Bridge	Xiamen Engineering Heavy Industries Steel Structure Co., Ltd.	Steel Box Girder Installation and Manufacturing Contract for Xianyue Road and Chenggong Avenue Interchange Reconstruction and Development Project	2014-04	14,270.9	9 months
Turnout						
1	China Railway Shanhaiguan Bridge	Daxi Passenger Railway Line Co., Ltd.	Daxi Railway Passenger Line Project	2014-01	35,855.6	5 months
2	China Railway Shanhaiguan Bridge	Hukun Passenger Railway Line Zhejiang Co., Ltd./ Guizhou Co., Ltd.	Hukun Railway Passenger Line Project	2014-01	20,803.3	3 months

No.	Signatory	Owner	Name of contract	Date of contract	Contract sum (RMB'0,000)	Construction period
Construction Machinery						
1	China Railway Engineering Equipment	CCCC Tunnel Engineering Co.,Ltd.	Shield Purchase Contract	2014-06	8,270	7 months
2	China Railway Shanhaiguan Bridge	Mozambique Ports and Railways (CFM)	Mozambique Vehicle Maintenance Contract	2014-04	US\$5.776 million	15 months

(4) Property business

No.	Project name	Project location	Project type	Planning area ('0,000 sq.m.)
1	Jinghe Garden	Hengshui, Hebei	Residential	51
2	Mentougou Dongxincheng Land	Beijing	Residential	19.4
3	New Jiangwan City in Yangpu District, Shanghai	Shanghai	Office, Commercial	15.4

5.6.4 Particulars of material properties

(1) Property held for investment

Building name	Location	Use	Tenure	Interest of the Company and subsidiaries
Tanmulin Hotel	No. 2, Xinhua Neighbourhood, Dongxing Temple Road, Ziliujing District, Zigong City, Sichuan	Hotel	Medium term lease	100%
Huaxi Changan Center Building A1, Floor 1-2	No. 69 Fuxing Road, Haidian District, Beijing	Commercial	Medium term lease	100%
Gongti Building 3/F Section 2	Restaurant No. 3, 3/F Section 2, Workers Stadium Building, Chaoyang District, Beijing	Commercial	Medium term lease	100%
Huilong Bay Yichulianghua Mall	No.1 Shawan Road, Jinniu District, Chengdu, Sichuan	Commercial	Medium term lease	100%

Building name	Location	Use	Tenure	Interest of the Company and subsidiaries
Beijing Chaowai Research Building and Ancillary Space	No. 227, Chaowai Road, Chaoyang District, Beijing	Commercial	Medium term lease	100%
Tianyu Shopping Center	No. 1 North Part of Yanta Road, Xi'an City	Commercial	Medium term lease	100%
Celebrity Resort Huashuiwan	Huashuiwan Town, Dayi County, Chengdu, Sichuan	Hotel	Medium term lease	100%
15-17/F, Jingxin Building	A2 Dongsanhuanbei Road, Chaoyang District, Beijing	Commercial	Medium term lease	100%
China Railway Consultation Mansion	15 Guang An Lu, Fengtai District, Beijing	Commercial	Medium term lease	100%

(2) Property held for development and/or for selling

Name of building or project	Location	Existing land use	Site area (sq. m.)	Floor area (sq. m.)	Stage of completion	Expected completion date	Interest of the Company and subsidiaries
China Railway Ziyuetai	No. 165 Ying Bin Lu, Sanya	Residential and Commercial	74,670	237,700	Under construction	2014	100%
China Railway West City	Guang Hua Dong San Lu, Qing Yang District, Chengdu	Residential	192,010	526,119	Under construction	2015	80%
Bairuijing Central Living Area	No. 586 Wu Luo Road, Wuchang District, Wuhan	Residential	528,000	1,060,000	Under construction	2015	67%
Guiyang China Railway-Yidu International	No.1 North Part Jinyang Avenue, Jinyang District, Guiyang	Residential	1,060,000	2,306,000	Under construction	2018	80%
China Railway Yidu International City	East of Feng Huang Lu, Dahanyu Neighbourhood, Gaoxin District, Jinan	Residential	192,517	960,800	Under construction	2017	100%

5.7 Performance Status of Undertakings

Undertakings by the listed company or shareholders with more than 5% of the Company's shares, controlling shareholders and ultimate controller given or subsisting in the reporting period or continuing during the report period

Undertaking	Details of undertaking	Performance status
Undertaking made by CRECG upon the issuance of shares	Upon the establishment of China Railway in accordance with the law, CRECG and its subsidiaries (other than China Railway) will not in any form, directly or indirectly, engage in or participate in or procure the engagement or participation in any business that competes, or is likely to compete with the core businesses of China Railway and its subsidiaries. If CRECG or its subsidiaries (other than China Railway) become(s) aware of any new business opportunity which directly or indirectly competes, or is likely to compete, with the principal businesses of China Railway, it shall notify China Railway in writing of such business opportunity immediately upon becoming aware of it, and warrants that priority and a preemptive right of first refusal in respect of the business opportunity shall be available to China Railway or its subsidiaries. If CRECG or any of its subsidiaries intends to transfer, sell, lease or license or otherwise assign to any third parties or permit them any new business opportunity, assets or interests that it may acquire in future and which may compete or is likely to compete, directly or indirectly, with the core businesses of China Railway, CRECG warrants that such business opportunity, assets or interests will first be offered to China Railway or its subsidiaries.	CRECG has strictly complied with the above undertaking

5.8 Appointment and Removal of Auditors

During the reporting period, the Company had not changed the auditors.

5.9 Penalty and Rectification Order against Listed Companies and its Directors, Supervisors, Senior Management, the Company's Shareholders with 5% or above Shares Held, Ultimate Controller and Acquirer

Not applicable

5.10 Convertible Corporate Bonds

Not applicable

5.11 Corporate Governance

During the reporting period, the shareholders' general meetings, meetings of the Board of Directors and Supervisory Committee of the Company were carried out in accordance with relevant laws and regulations. Responsibilities in all aspects were fulfilled in order to safeguard the interests of the Company and shareholders. The operation of the Company was in compliance with relevant laws and regulations such as the Company Law, the Securities Law and the relevant regulations of the securities regulatory authorities in Hong Kong and the PRC. The annual general meeting of the Company for the year 2013 held on 26 June 2014 completed the election of the third session of the Board of Directors and Supervisory Committee of the Company. At this annual general meeting, LI Changjin, YAO Guiqing and DAI Hegen were elected as executive Directors and GUO Peizhang, WEN Baoman, ZHENG Qingzhi and NGAI Wai Fung as independent non-executive Directors, all of whom comprising the third session of Board of directors of the Company. LIU Chengjun and CHEN Wenxin were elected as Shareholder Representative Supervisors, together with three Employee Representative Supervisors LIU Jianyuan, WANG Hongguang and FAN Jinghua elected at the fifth joint conference of leaders of first session of employee representatives general meeting, forming the third session of the Supervisory Committee of the Company.

At the first meeting of the third Board of Directors convened on the same day, LI Changjin was elected as the Chairman of the Board, YAO Guiqing as the Vice Chairman of the Board. The Third Board committees have been elected: Strategy Committee comprises of five Directors, LI Changjin, YAO Guiqing, DAI Hegen, GUO Peizhang and ZHENG Qingzhi, with LI Changjin acting as the chairman; Audit Committee comprises of three independent non-executive Directors, ZHENG Qingzhi, WEN Baoman and NGAI Wai Fung, with ZHENG Qingzhi acting as the chairman; Remuneration Committee comprises of three independent non-executive Directors, GUO Peizhang, WEN Baoman and ZHENG Qingzhi, with GUO Peizhang acting as the chairman; Nomination Committee comprises of five Directors, LI Changjin, DAI Hegen, GUO Peizhang, WEN Baoman and ZHENG Qingzhi, with LI Changjin acting as the chairman; Safety, Health and Environmental Protection Committee comprises of five Directors, DAI Hegen, YAO Guiqing, GUO Peizhang, WEN Baoman and NGAI Wai Fung, with DAI Hegen acting as the chairman. At the first meeting of the third session of Supervisory Committee convened on the same day, LIU Chengjun was elected as the chairman of the Supervisory Committee of the Company. On the same day, the Board of Directors appointed new senior management personnel of the Company: DAI Hegen was elected as the president, LIU Hui as vice president and chief engineer, MA Li, ZHOU Menbo, ZHANG Xian and XU Tingwang as vice presidents, YANG Liang as the chief financial officer, YU Tengqun as the secretary to the Board and general legal advisor.

The Company had complied with all code provisions of the Corporate Governance Code set out in Appendix 14 to the Hong Kong Listing Rules throughout the six months ended 30 June 2014.

5.12 Other Significant Events

5.12.1 Analysis and explanation of the Board on the reasons for and impacts of the changes in accounting policies, accounting estimates and auditing methods

In March 2014, Ministry of Finance issued Accounting Standard for Business Enterprises No.2 – Long-term Equity Investments and No.41 – Disclosure of Interests in Other Entities with effect on 1 July 2014 and encouraged companies listed overseas to adopt in advance. Given the fact that the Company was listed in both domestic and overseas markets, pursuant to Rule No.1 of Interpretation No.2 of the Accounting Standard for Business Enterprises, the standards mentioned above have been adopted in advance in

respect of the financial statements. Except for the following matters, other impacts due to the change of accounting policies were not material.

Substances of and reasons for the changes in accounting policies	Procedures for approval	Affected items and amounts in the statements	
Before 1 January 2014, the Company recorded equity instrument investments over which investees had no control, joint control or material influence, and which had no quoted price in active markets, and the fair value of which cannot be reliably measured, in long-term equity investments.	The Company has adopted relevant requirements in accordance with the requirements of Accounting Standard for Business Enterprises No.2 – Long-term Equity Investments.	Retrospective Adjustment	
		Consolidated Financial Statements:	
		As at 31 December 2013	RMB' 000
		Available-for-sale financial assets	Increase of 3,247,074
		Long-term equity investments	Decrease of 3,247,074
Accounting Standard for Business Enterprises No.2 – Long-term Equity Investments, issued in March 2014, reduces the scope of the standard and excludes the above equity instrument investments from its scope of application. In the meantime, Accounting Standard for Business Enterprises No.22 – Recognition and Measurement of Financial Instruments applied to other equity investments that are not mentioned in Accounting Standard for Business Enterprises No.2.		Financial Statements of the Company:	
		As at 31 December 2013	
		Available-for-sale financial assets	Increase of 2,000,000
		Long-term equity investments	Decrease of 2,000,000
The Company adopted retrospective adjustment for the above changes in accounting policies.			

5.12.2 Analysis and explanation of the Board on the reasons for and impacts of correcting material mistakes of the prior periods

Not applicable

5.13 Review of Interim Financial Report

The 2014 interim financial report of the Company prepared in accordance with Chinese Accounting Standard and International Financial Reporting Standard has not been audited. The 2014 interim financial report has been reviewed by the Board of Directors and the Audit Committee of the Board of Directors of the Company.

6 FINANCIAL REPORT

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Six Months Ended 30 June 2014

		Six months ended	
		30/6/2014	30/6/2013
	NOTES	RMB million (Unaudited)	RMB million (Unaudited)
Revenue	3	267,380	238,956
Cost of sales		(247,256)	(222,280)
Gross profit		20,124	16,676
Other income	4	746	824
Other expenses	4	(3,126)	(2,120)
Other gains and losses	5	(756)	115
Selling and marketing expenses		(1,149)	(1,010)
Administrative expenses		(7,509)	(7,604)
Interest income		1,288	1,487
Interest expenses		(3,290)	(3,076)
Share of profits of joint ventures		81	24
Share of losses of associates		(82)	(39)
Profit before tax		6,327	5,277
Income tax expense	6	(2,028)	(1,595)
Profit for the period		4,299	3,682
Other comprehensive income (expense):			
<i>Items that will not be reclassified to profit or loss:</i>			
Remeasurement of defined benefit obligation		(157)	2
Income tax relating to remeasurement of defined benefit obligation that will not be reclassified to profit or loss		28	(1)
		(129)	1

		Six months ended	
		30/6/2014	30/6/2013
	NOTES	RMB million	RMB million
		(Unaudited)	(Unaudited)
<i>Items that may be subsequently reclassified to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		130	(198)
Reclassification adjustments for the cumulative exchange differences included in profit or loss upon disposal of foreign operation		10	–
Net fair value loss on available-for-sale financial assets		(19)	(65)
Reclassification adjustments for the cumulative gain included in profit or loss upon disposal of available-for-sale financial assets		(7)	(12)
Share of other comprehensive income (expense) of joint ventures and associates		2	(7)
Others		2	–
Income tax relating to items that may be subsequently reclassified to profit or loss		5	15
		123	(267)
Other comprehensive expense for the period, net of income tax		(6)	(266)
Total comprehensive income for the period		4,293	3,416
Profit for the period attributable to:			
Owners of the Company		4,061	3,488
Non-controlling interests		238	194
		4,299	3,682
Total comprehensive income for the period attributable to:			
Owners of the Company		4,060	3,241
Non-controlling interests		233	175
		4,293	3,416
		RMB	RMB
Earnings per share (Basic)	8	0.191	0.164

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2014

	NOTES	30/6/2014 RMB million (Unaudited)	31/12/2013 RMB million (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment		44,322	44,183
Deposits for acquisition of property, plant and equipment		622	478
Lease prepayments		8,629	8,077
Deposits for land use rights		260	217
Investment properties		1,984	2,036
Intangible assets		32,972	33,214
Mining assets		3,321	3,333
Interests in joint ventures		927	915
Interests in associates		4,826	4,803
Goodwill		829	830
Available-for-sale financial assets		8,936	7,749
Other loans and receivables		6,663	7,599
Deferred tax assets		4,135	4,000
Other prepayments		81	71
Trade and other receivables	9	9,017	7,435
		<u>127,524</u>	<u>124,940</u>
Current assets			
Lease prepayments		215	200
Properties held for sale		18,311	19,223
Properties under development for sale		76,945	69,211
Inventories		51,485	46,581
Trade and other receivables	9	202,109	191,516
Amounts due from customers for contract work		99,702	90,560
Current income tax recoverable		809	605
Other loans and receivables		3,280	3,639
Held-for-trading financial assets		191	132
Restricted cash		8,936	5,765
Cash and cash equivalents		71,751	75,658
		<u>533,734</u>	<u>503,090</u>
Total assets		<u>661,258</u>	<u>628,030</u>

	<i>NOTES</i>	30/6/2014 RMB million (Unaudited)	31/12/2013 RMB million (Audited)
EQUITY			
Share capital		21,300	21,300
Share premium and reserves		67,811	65,163
Equity attributable to owners of the Company		89,111	86,463
Non-controlling interests		10,326	10,167
Total equity		99,437	96,630
LIABILITIES			
Non-current liabilities			
Other payables	10	497	614
Borrowings		106,003	104,084
Obligations under finance lease		184	268
Financial guarantee contracts		1	1
Retirement and other supplemental benefit obligations		4,284	4,280
Provisions		312	260
Deferred government grant		658	695
Deferred tax liabilities		969	956
		112,908	111,158
Current liabilities			
Trade and other payables	10	324,216	310,598
Amounts due to customers for contract work		22,446	22,996
Current income tax liabilities		1,885	2,936
Borrowings		99,115	82,348
Obligations under finance lease		483	507
Retirement and other supplemental benefit obligations		524	612
Provisions		58	59
Held-for-trading financial liabilities		186	186
		448,913	420,242
Total liabilities		561,821	531,400
Total equity and liabilities		661,258	628,030
Net current assets		84,821	82,848
Total assets less current liabilities		212,345	207,788

Notes:

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34 “Interim Financial Reporting” as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair values.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2014 are the same as those in the preparation of the Group’s annual financial statements for the year ended 31 December 2013.

In the current interim period, the Group has applied, for the first time, the following new interpretation and amendments to International Financial Reporting Standards (“IFRSs”) that are mandatorily effective for an accounting period that begins on or after 1 January 2014.

Amendments to IFRS 10, IFRS 12 and IAS 27	Investment Entities
Amendments to IAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to IAS 39	Novation of Derivatives and Continuation of Hedge Accounting
IFRIC 21	Levies

Application of the above interpretation and amendments to IFRSs in the current interim period has had no material effect on the amounts reported in the condensed consolidated financial statements and/or disclosures set out in the condensed consolidated financial statements.

3. SEGMENT INFORMATION

The Group’s reportable and operating segments are as follows:

- (i) Construction of railways, highways, bridges, tunnels, metropolitan railways (including subways and light railways), buildings, irrigation works, hydroelectricity projects, ports, docks, airports and other municipal works (“**Infrastructure construction**”);
- (ii) Survey, design, consulting, research and development, feasibility study and compliance certification services with respect to infrastructure construction projects (“**Survey, design and consulting services**”);
- (iii) Design, research and development, manufacture and sale of turnouts and other railway related equipment and materials, steel structures and engineering machinery (“**Engineering equipment and component manufacturing**”);
- (iv) Development, sale and management of residential and commercial properties (“**Property development**”); and
- (v) Mining, merchandise trading and other ancillary business (“**Other businesses**”).

Inter-segment revenue is charged at cost plus a percentage of mark up.

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

Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable and operating segments for the period under review:

	Infrastructure construction <i>RMB million</i>	Survey, design and consulting services <i>RMB million</i>	Engineering equipment and component manufacturing <i>RMB million</i>	Property development <i>RMB million</i>	Other businesses <i>RMB million</i>	Total segments <i>RMB million</i>
Six months ended						
30 June 2014						
External revenue	228,143	4,433	6,454	10,470	26,195	275,695
Inter-segment revenue	2,548	208	761	–	2,214	5,731
Other operating income	1,104	53	186	77	207	1,627
Inter-segment other operating income	–	–	–	–	238	238
Segment revenue	231,795	4,694	7,401	10,547	28,854	283,291
Segment results						
Profit before tax	5,387	312	440	1,278	915	8,332
Segment results included:						
Share of profits (losses) of joint ventures	61	(3)	18	–	5	81
Share of losses of associates	(38)	(25)	–	–	(19)	(82)
Interest income	1,425	16	6	178	115	1,740
Interest expenses	(2,078)	(69)	(97)	(245)	(1,257)	(3,746)
Six months ended						
30 June 2013						
External revenue	200,721	4,118	5,487	7,480	28,472	246,278
Inter-segment revenue	2,734	78	733	9	1,604	5,158
Other operating income	995	30	96	90	161	1,372
Inter-segment other operating income	–	–	–	–	39	39
Segment revenue	204,450	4,226	6,316	7,579	30,276	252,847
Segment results						
Profit before tax	4,039	366	316	1,157	679	6,557
Segment results included:						
Share of profits (losses) of joint ventures	27	(4)	1	–	–	24
Share of losses of associates	(37)	–	–	–	(2)	(39)
Interest income	1,679	26	6	360	142	2,213
Interest expenses	(1,937)	(73)	(90)	(367)	(1,238)	(3,705)

A reconciliation of the amounts presented for reportable and operating segments to the condensed consolidated financial statements is as follows:

	Six months ended	
	30/6/2014	30/6/2013
	RMB million	RMB million
Segment revenue	283,291	252,847
Inter-segment elimination	(5,969)	(5,197)
Reconciling items:		
Reclassification of sales tax (<i>note (a)</i>)	(8,315)	(7,322)
Reclassification of other operating income (<i>note (b)</i>)	(1,627)	(1,372)
Total consolidated revenue, as reported	267,380	238,956
Segment interest income	1,740	2,213
Inter-segment elimination	(452)	(726)
Total consolidated interest income, as reported	1,288	1,487
Segment interest expenses	3,746	3,705
Inter-segment elimination	(456)	(629)
Total consolidated interest expenses, as reported	3,290	3,076
Segment results	8,332	6,557
Inter-segment elimination	(2,254)	(1,419)
Reconciling item:		
Land appreciation tax (<i>note (c)</i>)	249	139
Total consolidated profit before tax, as reported	6,327	5,277

Notes:

- (a) Sales tax is included in operating expenses under segment reporting and is classified as a reduction against revenue in the condensed consolidated statement of profit or loss and other comprehensive income.
- (b) Other operating income is included in revenue under segment reporting and is classified as other income in the condensed consolidated statement of profit or loss and other comprehensive income.
- (c) Land appreciation tax is included in operating expenses under segment reporting and is classified as income tax expense in the condensed consolidated statement of profit or loss and other comprehensive income.

Segment assets and liabilities

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

Segment assets

	30/6/2014 RMB million	31/12/2013 <i>RMB million</i>
Infrastructure construction	442,517	424,903
Survey, design and consulting services	11,537	11,206
Engineering equipment and component manufacturing	24,299	23,837
Property development	130,639	124,111
Other businesses	121,434	108,526
Total segment assets	730,426	692,583

Segment liabilities

	30/6/2014 RMB million	31/12/2013 <i>RMB million</i>
Infrastructure construction	400,883	381,663
Survey, design and consulting services	7,020	6,892
Engineering equipment and component manufacturing	17,508	16,492
Property development	111,876	105,003
Other businesses	92,428	83,579
Total segment liabilities	629,715	593,629

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

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

A reconciliation of the amounts presented for reportable and operating segments to the condensed consolidated financial statements is as follows:

	30/6/2014 <i>RMB million</i>	31/12/2013 <i>RMB million</i>
Segment assets	730,426	692,583
Inter-segment elimination	(73,842)	(68,923)
Reconciling items:		
Deferred tax assets	4,135	4,000
Shares conversion scheme of subsidiaries (<i>note (d)</i>)	(170)	(170)
Current income tax recoverable	809	605
Prepaid land appreciation tax included in current income tax recoverable	(100)	(65)
Total consolidated assets, as reported	661,258	628,030
Segment liabilities	629,715	593,629
Inter-segment elimination	(70,459)	(65,545)
Reconciling items:		
Deferred tax liabilities	969	956
Current income tax liabilities	1,885	2,936
Land appreciation tax payable included in current income tax liabilities	(289)	(576)
Total consolidated liabilities, as reported	561,821	531,400

Note:

- (d) Loss on shares conversion scheme of subsidiaries is recorded in segment assets in segment reporting and is adjusted to other gains and losses in the consolidated statement of profit or loss and other comprehensive income in prior years.

4. OTHER INCOME AND EXPENSES

	Six months ended 30/6/2014 <i>RMB million</i>	30/6/2013 <i>RMB million</i>
Other income from:		
Dividend income	44	50
Government subsidies (<i>note (a)</i>)	142	135
Compensation income	18	7
Relocation compensation	7	105
Amortisation of financial guarantee contracts	–	1
Income from sundry operations (<i>note (b)</i>)	436	466
Others	99	60
	746	824
Other expenses on:		
Research and development expenditure	3,126	2,120

Notes:

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

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

- (b) The balances comprise profits from sundry operations incidental to the main revenue-generating activities of the Group including sales of materials, rental income, transportation income, hotel operation income, etc.

5. OTHER GAINS AND LOSSES

	Six months ended	
	30/6/2014	30/6/2013
	RMB million	RMB million
Gain (loss) on disposal and/or write-off of:		
Property, plant and equipment	(10)	27
Lease prepayments	–	3
Investment properties	–	(1)
Intangible assets	(2)	–
Held for trading financial assets	2	–
Available-for-sale financial assets	10	4
Cumulative gain reclassified from equity to profit or loss on disposal of investments classified as available-for-sale	7	12
Impairment loss (recognised) reversed on:		
Goodwill	–	(5)
Available-for-sale financial assets	(11)	–
Trade and other receivables	(313)	(168)
Other loans and receivables	6	(1)
Gain on disposal/deemed disposal of subsidiaries	11	188
Gain on disposal of interest in an associate	–	2
Loss on disposal of interest in a joint venture	(222)	(1)
Loss from changes in fair value of financial assets/liabilities classified as held-for-trading	(88)	(32)
Foreign exchange (losses) gains, net	(146)	87
	(756)	115

6. INCOME TAX EXPENSE

	Six months ended	
	30/6/2014	30/6/2013
	<i>RMB million</i>	<i>RMB million</i>
Current tax		
Enterprise Income Tax (“EIT”)	1,832	1,440
Land Appreciation Tax (“LAT”)	249	139
Underprovision in prior years	29	23
Deferred tax	(82)	(7)
	<u>2,028</u>	<u>1,595</u>

The majority of the entities in the Group are located in Mainland China. Pursuant to the relevant laws and regulations, the statutory EIT rate of 25% (six months ended 30 June 2013: 25%) is applied to the PRC subsidiaries of the Group except for certain subsidiaries which were either exempted from EIT or entitled to the preferential tax rate of 12.5%, 15% or 20% (six months ended 30 June 2013: 12.5%, 15% or 20%) during the current interim period.

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

7. DIVIDEND

On 26 June 2014, final dividend of RMB0.066 per share in respect of the year ended 31 December 2013, amounting to RMB1,406 million in aggregate, was declared and subsequently paid in August 2014.

The final dividend of RMB0.052 per share in respect of the year ended 31 December 2012, amounting to RMB1,108 million in aggregate, was declared on 26 June 2013 and subsequently paid in August 2013.

The directors of the Company do not recommend the payment of an interim dividend for the current interim period (six months ended 30 June 2013: nil).

8. EARNINGS PER SHARE

Basic earnings per share for the six months ended 30 June 2014 is calculated by dividing the profit attributable to owners of the Company of RMB4,061 million (six months ended 30 June 2013: RMB3,488 million) by 21,299,900,000 shares (six months ended 30 June 2013: 21,299,900,000 shares) in issue during the period.

No diluted earnings per share are presented as there are no potential ordinary shares outstanding during both periods.

9. TRADE AND OTHER RECEIVABLES

The majority of the Group's revenue is generated through construction projects and settlement is made in accordance with the terms specified in the contracts governing the relevant transactions. For sales of products, a credit period of 180 days is normally granted to large or long-established customers with good repayment history. Receivables from small, new or short-term customers are normally expected to be settled shortly after provision of services or delivery of goods.

	30/6/2014 <i>RMB million</i>	31/12/2013 <i>RMB million</i>
Trade and bills receivables	143,317	136,058
Less: impairment	(2,345)	(2,172)
	140,972	133,886
Other receivables (net of impairment)	35,783	33,753
Advance to suppliers	34,371	31,312
	211,126	198,951
Less: Amount due after one year included in non-current assets	(9,017)	(7,435)
	202,109	191,516

Included in trade and bills receivables are retention receivables of RMB49,776 million (31 December 2013: RMB48,528 million). Retention receivables are interest-free and recoverable at the end of the retention period of individual construction contract, the Group's normal operating cycle, which is usually more than one year.

The following is an aged analysis of trade and bills receivables net of allowance for doubtful debts at the reporting date, presented based invoice date:

	30/6/2014 <i>RMB million</i>	31/12/2013 <i>RMB million</i>
Less than six months	63,748	70,686
Six months to one year	34,564	20,388
One year to two years	21,922	24,781
Two years to three years	11,702	10,160
More than three years	9,036	7,871
	140,972	133,886

Included in trade and bills receivables are bills discounted with recourse amounting to RMB994 million (31 December 2013: RMB288 million) to obtain bank borrowings amounting to RMB994 million (31 December 2013: RMB288 million). The Group continues to recognise the full carrying amount of the bills receivables discounted and has recognised the cash received as secured bank borrowings. In addition, bills receivable issued among subsidiaries of the Group for intra-group transactions amounting to RMB237 million (31 December 2013: RMB35 million) have been discounted with recourse to obtain short-term bank borrowings amounting to RMB237 million (31 December 2013: RMB35 million) and these bills receivables have been eliminated in the condensed consolidated financial statements.

Trade receivables of RMB3,108 million (31 December 2013: RMB3,235 million), RMB2,342 million (31 December 2013: RMB2,681 million) and RMB934 million (31 December 2013: RMB330 million) were pledged or factored to secure bank borrowings amounting to RMB2,064 million (31 December 2013: RMB2,210 million), other long-term borrowings amounting to RMB1,840 million (31 December 2013: RMB2,185 million) and other short-term borrowings amounting to RMB874 million (31 December 2013: RMB295 million).

10. TRADE AND OTHER PAYABLES

	30/6/2014 <i>RMB million</i>	31/12/2013 <i>RMB million</i>
Trade and bills payables	216,714	206,292
Advance from customers	64,157	57,251
Accrued payroll and welfare	2,498	2,607
Other taxes	9,320	9,289
Deposit received in advance	144	157
Dividend payables	1,719	153
Other payables	30,161	35,463
	324,713	311,212
Analysed for reporting purposes as:		
Non-current	497	614
Current	324,216	310,598
	324,713	311,212

The credit period on purchases of goods ranges from 180 days to 360 days. Included in trade and bills payables are retention payables of RMB4,998 million (31 December 2013: RMB4,685 million). Retention payables are interest-free and payable at the end of the retention period of individual construction contract, the Group's normal operating cycle, which is usually more than one year.

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

The following is an aged analysis of trade and bills payables at the end of the reporting period, based on invoice date:

	30/6/2014 <i>RMB million</i>	31/12/2013 <i>RMB million</i>
Less than one year	191,808	182,473
One year to two years	14,906	14,308
Two years to three years	5,243	5,173
More than three years	4,757	4,338
	216,714	206,292

7 ISSUE OF RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement will be released on the website of the Hong Kong Stock Exchange (www.hkexnews.hk) and the website of the Company (www.crec.cn). The 2014 Interim Report prepared in accordance with IFRS will be released on the website of the Hong Kong Stock Exchange (www.hkexnews.hk) and the website of the Company (www.crec.cn). The 2014 Interim Report and its Summary prepared in accordance with CAS will be released on the website of the Shanghai Stock Exchange (www.sse.com.cn) and the website of the Company (www.crec.cn).

**The Board of Directors of
China Railway Group Limited**

29 August 2014

As at the date of this announcement, the executive directors of the Company are LI Changjin (Chairman), YAO Guiqing and DAI Hegen; and the independent non-executive directors are GUO Peizhang, WEN Baoman, ZHENG Qingzhi and NGAI Wai Fung.