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)

2015 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 2015. The Board of Directors and the Audit and Risk Management Committee of the Board of Directors of the Company have reviewed and confirmed the unaudited interim results.

1 CORPORATE INFORMATION

1.1 Basic Information

Stock Name:	China Railway (A Share)	China Railway (H Share)
Stock Code:	601390	390
Stock exchange on which shares are listed:	Shanghai Stock Exchange	The Stock Exchange of Hong Kong Limited
Registered address:	918, Block 1, No. 128 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

Name:	Yu Tengqun
Address:	Block A, China Railway Square, No. 69 Fuxing Road, Haidian District, Beijing, People's Republic of China
Postal Code:	100039
Telephone:	86-10-5187 8413
Facsimile:	86-10-5187 8417
E-mail:	ir@crec.cn

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 2015 vs
	2015	2014	2013	2012	2011	2014
			RMB million			*(%)*
Revenue						
Infrastructure Construction	**240,609**	231,795	204,450	164,235	192,556	3.80
Survey, Design and Consulting Services	**5,596**	4,694	4,226	4,106	4,484	19.22
Engineering Equipment and Component Manufacturing	**6,876**	7,401	6,316	4,900	6,029	–7.09
Property Development	**8,308**	10,547	7,579	4,227	4,487	–21.23
Other Businesses	**20,320**	28,854	30,276	23,871	19,002	–29.58
Inter-segment Eliminations and Adjustments	**(17,191)**	(15,911)	(13,891)	(10,424)	(11,987)	
Total	**264,518**	267,380	238,956	190,915	214,571	–1.07
Gross Profit	**21,531**	20,124	16,676	14,103	13,041	6.99
Profit before Tax	**6,665**	6,327	5,277	3,655	3,602	5.34
Profit for the Period	**4,405**	4,299	3,682	2,540	2,727	2.47
Profit for the Period Attributable to Owners of the Company	**4,577**	4,061	3,488	2,390	2,477	12.71
Basic Earnings per Share (RMB)	**0.215**	0.191	0.164	0.112	0.117	12.57

2.1.2 Summary of consolidated statement of financial position

	As at			Change	
	30 June 2015	31 December 2014	30 June 2014	30 June 2015 vs 31 December 2014	30 June 2015 vs 30 June 2014
		RMB million		*(%)*	*(%)*
Assets					
Current Assets	**560,372**	545,525	533,734	2.72	4.99
Non-current Assets	**139,495**	137,353	127,524	1.56	9.39
Total Assets	**699,867**	682,878	661,258	2.49	5.84
Liabilities					
Current Liabilities	**474,176**	471,140	448,913	0.64	5.63
Non-current Liabilities	**104,767**	102,844	112,908	1.87	–7.21
Total Liabilities	**578,943**	573,984	561,821	0.88	3.05
Total Equity	**120,924**	108,894	99,437	11.05	21.61
Total Equity and Liabilities	**699,867**	682,878	661,258	2.49	5.84

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 2015	**Profit for the period attributable to owners of the Company for the six months ended 30 June 2015**
	RMB million	*RMB million*
Amount stated in the financial statements prepared in accordance with CAS	99,168	4,577
Adjustments as required by IFRS:		
– Recognition of loss on shares conversion scheme of a subsidiary	(163)	–
Amount stated in the financial statements prepared in accordance with the IFRS	99,005	4,577

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. The Company completed the non-public issuance of 1,544,401,543 A shares in July 2015. Upon the completion of the issuance, the share capital of the Company increased from 21,299,900,000 shares to 22,844,301,543 shares. Details of the changes in the shareholding structure of the Company before and after the issuance are as follows:

Class of shares	Before the Non-Public Issuance of A Shares Number of shares *(shares)*	 Percentage *(%)*	After the Non-Public Issuance of A Shares Number of shares *(shares)*	 Percentage *(%)*
1. Shares subject to selling restrictions				
A Shares subject to selling restrictions	–	–	1,544,401,543	6.76
H Shares subject to selling restrictions	–	–	–	–
2. Shares not subject to any selling restrictions				
A Shares not subject to any selling restrictions	17,092,510,000	80.25	17,092,510,000	74.82
H Shares not subject to any selling restrictions	4,207,390,000	19.75	4,207,390,000	18.42
3. Total number of shares	21,299,900,000	100	22,844,301,543	100

(ii) Explanation to the changes in share capital

In July 2015, the Company issued 1,544,401,543 A shares at a price of RMB7.77 per share to seven investors with orders matched on the price-quantity-time priority basis. The share capital of the Company increased from 21,299,900,000 shares to 22,844,301,543 shares.

(iii) Impact of changes in share capital from the end of reporting period to the disclosure date of interim results on earnings per share, net asset value per share or other financial indicators

Financial Indicators	**Reporting Period or End of Reporting Period**	**After the Issuance**
Earnings per share (RMB)	0.215	0.200
Net asset value per share (RMB)	4.65	4.85

(iv) Other information considered necessary by the Company or required by regulators to be disclosed

Not applicable

3.1.2 Changes in shares with selling restrictions

During the reporting period, there were no shares of the Company subject to selling restrictions. Upon completion of the non-public issuance of A shares by the Company in July 2015, the 1,544,401,543 news shares were all subject to selling restrictions. The details of the seven investors, respective number of shares allotted and lock-up period are as follows:

No.	**Name of subscribers being allotted shares**	**Number of shares allotted** *(shares)*	**Lock-up period** *(months)*
1	China Railway Engineering Corporation ("**CRECG**")	308,880,308	36
2	Beijing Zhong Shang Rong Sheng Trading Company Limited	141,570,141	12
3	Nanjing An Ci Investment Management Company Limited	141,570,141	12
4	Ping An UOB Fund Management Co. Ltd.	643,500,643	12
5	China Merchants Wealth Asset Management Limited	137,323,037	12
6	Cai Tong Fund Management Co. Ltd.	167,696,256	12
7	CIB Wealth Asset Management Company Limited	3,861,017	12
	Total	**1,544,401,543**	**–**

3.2 Information on Shareholders

3.2.1 Number of shareholders and their shareholdings

As at 30 June 2015, the Company had a total of 1,285,337 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 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	Increase/decrease during the reporting period	Total number of shares held	Shareholding percentage *(%)*	Number of shares with selling restriction	Number of pledged or frozen shares		Nature of shareholder
						Condition of shares	Quantity	
1	CRECG	0	11,950,010,000	56.10	0	Nil	0	State-owned
2	HKSCC Nominees Limited *(Note 1)*	+19,296,637	4,167,774,842	19.57	0	Nil	0	Other
3	Huaxia Life Insurance Co. Ltd. – Universal Life Insurance Products	+124,721,939	124,721,939	0.59	0	Nil	0	Other
4	Industrial and Commercial Bank of China – SSE 50 Trading – Index Securities Investment Open-ended Fund	+54,750,136	54,750,136	0.26	0	Nil	0	Other
5	Hong Kong Securities Clearing Company Limited *(Note2)*	+1,097,823	50,784,161	0.24	0	Nil	0	Other
6	China Merchants Bank – Penghua Zhongzheng Highway Industry Index Classified Securities Investment Fund	+32,171,707	32,171,707	0.15	0	Nil	0	Other
7	Qian Weidong	+21,401,010	32,118,289	0.15	0	Nil	0	Other
8	Bank of China – Changsheng Zhongzheng Shenwan One-Belt-One-Road Subject Index Classified Securities Investment Fund	+18,936,552	18,936,552	0.09	0	Nil	0	Other
9	China Merchants Bank – Anxin Zhongzheng One-Belt-One-Road Subject Index Classified Securities Investment Fund	+18,063,278	18,063,278	0.08	0	Nil	0	Other
10	CSOP Asset Management Limited – CSOP FTSE China A50 ETF	–26,904,334	17,307,766	0.08	0	Nil	0	Other

Statement on the related relations and concerted actions between the shareholders above	CRECG, the largest shareholder, does not have related relations or perform concerted actions with the above other nine shareholders. The Company is not aware of any related 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: A shares held by Hong Kong Securities Clearing Company Limited are held on behalf of its various Southbound Investors of the Company.

Note 3: The numbers shown in the table are based on the register of members of the Company as at 30 June 2015.

(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 *(Note 1)*	4,167,774,842	Overseas listed foreign shares	4,167,774,842
3	Huaxia Life Insurance Co. Ltd. – Universal Life Insurance Products	124,721,939	RMB-denominated ordinary shares	124,721,939
4	Industrial and Commercial Bank of China – SSE 50 Trading – Index Securities Investment Open-ended Fund	54,750,136	RMB-denominated ordinary shares	54,750,136
5	Hong Kong Securities Clearing Company Limited *(Note 2)*	50,784,161	RMB-denominated ordinary shares	50,784,161
6	China Merchants Bank – Penghua Zhongzheng Highway Industry Index Classified Securities Investment Fund	32,171,707	RMB-denominated ordinary shares	32,171,707
7	Qian Weidong	32,118,289	RMB-denominated ordinary shares	32,118,289
8	Bank of China – Changsheng Zhongzheng Shenwan One-Belt-One-Road Subject Index Classified Securities Investment Fund	18,936,552	RMB-denominated ordinary shares	18,936,552
9	China Merchants Bank – Anxin Zhongzheng One-Belt-One-Road Subject Index Classified Securities Investment Fund	18,063,278	RMB-denominated ordinary shares	18,063,278
10	CSOP Asset Management Limited – CSOP FTSE China A50 ETF	17,307,766	RMB-denominated ordinary shares	17,307,766

Statement on the connected relations and related actions between the shareholders above	CRECG, the largest shareholder, does not have related relations or perform concerted actions with the above other nine shareholders. The Company is not aware of any related 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: A shares held by Hong Kong Securities Clearing Company Limited are held on behalf of its various Southbound Investors of the Company.

Note 3: The numbers shown in the table are based on the register of members of the Company as at 30 June 2015.

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

Not applicable

3.3 Changes in the controlling shareholder and the ultimate controller

Not applicable

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

During the six months ended 30 June 2015, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

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

Save as disclosed below, as at 30 June 2015, 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)** *(Shares)*	**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 *(Note 1)*	Beneficial Owner	106,000	0.0006	0.0005
Supervisor				
Ms. LIU Jianyuan	Beneficial Owner	1,200	0.000007	0.000006

Note 1: Mr. DAI Hegen resigned and ceased to be a director of the Company from 2 July 2015.

3.6 Interests and Short Positions of Substantial Shareholders and Other Persons 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 2015 as recorded in the register required to be maintained under Section 336 of the SFO:

Holders of A Shares

Name of substantial shareholder	Capacity	Number of A Shares held *(Shares)*	Nature of interest	Approximate percentage of issued A Shares *(%)*	Approximately 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 *(Shares)*	Nature of interest	Approximate percentage of issued H Shares *(%)*	Approximately 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	361,173,895	Long position	8.58	1.70
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 13 January 2014, the interests held by Deutsche Bank Aktiengesellschaft were held in the following capacities:

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

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

	Long Position				Short Position			
Name of substantial shareholders	Listed equity derivative payment in kind	Listed equity derivatives settled in cash	Non-listed equity derivatives payment in kind	Non-listed equity derivatives settled in cash	Listed equity derivatives payment in kind	Listed equity derivatives settled in cash	Non-listed equity derivatives payment in kind	Non-listed equity derivatives settled in cash
BlackRock, Inc.	–	–	–	2,467,000	–	–	–	–
Deutsche Bank Aktiengesellschaft	–	–	–	17,624,000	–	–	–	10,166,000
Lehman Brothers Holdings Inc.	–	–	10,000,000	–	–	–	60,000	–

Apart from the foregoing, as at 30 June 2015, no person or corporation had any interest in the share capital of the Company as recorded in the register required to be kept under section 336 of the SFO as having an interest of or any short position in the issued share capital of the Company that would fall to be disclosed by the Company under Divisions 2 and 3 of Part XV of the SFO.

3.7 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. The Company has made enquiries to all directors and supervisors, each director and supervisor confirmed that he or she has complied with the required standard set out in the Model Code throughout the period from 1 January 2015 to 30 June 2015.

4 MANAGEMENT DISCUSSION AND ANALYSIS

4.1 Business Review and Prospect

The first half of 2015 passed quickly. With a grave sense of responsibility and mission, the board of directors (the "**Board**") and management of the Company, with their hearts set on reform and development, made remarkable achievements and committed unyielding efforts to forging ahead. Following the national strategic deployment of the four developing regions (the development of West China, revitalisation of Northeast China, rise of Central China and leading position of East China) and the three supporting belts ("One Belt, One Road", co-development of Beijing-Tianjin-Hebei Province and Yantze River Economic Belt), we focused on seizing opportunities while sustaining growth to maintain our market share. We sought reforms while accelerating transformation to stimulate our workplace vitality by accomplishing our innovation-driven, structure-optimised, synergy-driven and transformative mission. We carried out efforts to strengthen our management while enhancing efficiency to enhance the operating efficiency of the Company by applying strict corporate governance and precise management. We also strived to manage risks and maintain stability. Through our unyielding commitment to operations that fully comply with the relevant laws, we have reinforced our market influence and industry leading position. We have been ranked 71th on the 2015 Fortune Global 500 list, a record high for us.

We committed considerable effort to developing all kinds of businesses across the globe. In the first half of 2015, with a clear view of market trends, the Board and the management of the Company adapted to the "new normal" and took new approaches to facilitating new forms of development. We improved our gross profit margin by rectifying our shortcomings, strengthening internal controls and risk management, reinforcing the fundamental management of construction projects, emphasising centralised management of production and blocking profit-loss loopholes. We integrated our resources and completed the internal reorganisation of our overseas business by focusing on collaborative development and synergies in areas such as investment, foreign trade, R&D, operations, design, construction, manufacturing, property development, mineral resources, finance, etc. We adjusted our strategies to be in tune with the times. With changes that include reforms in financing and new product cycles, we focused on market-oriented development; enhancing our advantages in branding, technology, administration and industry integration; improving the efficiency of the organisation, information, knowledge and capital binding; establishing an innovative business model in compliance with commercial standards; and satisfying customers' needs with high standards of construction quality. By integrating our businesses with financing, we optimised our financial arrangements, deepened the ties between our businesses and the capital market, focused on management of market value, implemented a private placing and stabilised our share price. We have identified good opportunities across the globe. With the central government's implementation of the"One Belt and One Road" strategy and enhanced operation levels through international cooperation on productivity, we will speed up our pace in going global, build a new China brand for high speed rail, and achieve breakthroughs in infrastructure markets such as Russia and Israel.

We will climb the highest mountains and cross the widest rivers to pursue the China dream. Looking ahead to the second half of 2015, which marks the final year of the "12th Five-Year Plan", the global industry is set to undergo a rapid structural adjustment and infrastructure construction industry is on the increase, and China plans to announce the "1+N" program involving the reform of state-owned enterprises. China Railway will continue to grasp opportunities and adhere to its mission to expand and strengthen its businesses and to achieve further development and better results so as to serve society, repay its shareholders and care for its employees.

In the second half of 2015, China will continue to focus on its "dual objectives" of maintaining medium-to-high level economic growth and moving toward a medium-to-high level of development. The government will continue to adopt a proactive fiscal policy and prudent monetary policy, and will implement policies that aim to expand domestic demand and promote the implementation of the three pillar strategies, including the "One Belt One Road" initiative. China will also promote the construction of the "seven investment projects", "four major constructions" and underground integrated pipelines in cities; continue to improve the relevant policies relating to the reforms to the investment and financing structures; and further facilitate the implementation of investment projects such as PPP projects. These will create more opportunities and challenges for the further development of the Group. The Group will continue to expand into new markets, seize new opportunities and speed up the pace of its "Go Global" campaign while strictly controlling development risks and implementing the comprehensive and precise management in order to improve the quality and efficiency of its development and achieve its annual targets.

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 2015, the Group was closely engaged in the core mission of "seizing opportunities while sustaining growth, deepening reforms while accelerating transformation, strengthening management while enhancing efficiency and controlling risks while maintaining stability". Thus, the Group has actively undertaken different domestic and overseas core construction projects, including pre-station railway construction projects connecting from Qianjiang-Zhangjiajie-Changde, a railway section from Lhasa to Nyingchi on the Sichuan-Tibet railway, the Wuhu Yangtze River Road-Rail Bridge on the Shangqiu-Hefei-Hangzhou Railway, the Third Line of Nanning Rail Transit, the Suai-Beaco Highway Road Project and the survey and design of the Moscow-Kazan High-speed Railway Project in Russia.

In the first half of 2015, the Group's revenue decreased by 1.07% from the corresponding period of 2014 to RMB264.518 billion. The Group realised profit for the period of RMB4.405 billion, representing an increase of 2.47% year on year. For the six months ended 30 June 2015, profit for the period attributable to owners of the Company was RMB4.577 billion, representing a year-on-year increase of 12.71% while the basic earnings per share of the Company were RMB0.215, representing a year-on-year increase of 12.57%.

A comparison of the financial results for the six months ended 30 June 2015 and the corresponding period of 2014 is set forth below.

4.3 Consolidated Results of Operations

Revenue

In the first half of 2015, due to the decrease in revenue from merchandise trading and property development business, the Group's total revenue decreased year-on-year by 1.07% to RMB264.518 billion. In the first half of 2015, the number of infrastructure projects opened for bidding was significantly decreased due to the temporary effect brought by the reform of the country's investment and financing structures. The value of the Group's new contracts came to RBM331.47 billion, down 19.4% year on year. New contracts for infrastructure construction business decreased year-on-year by 16.5% to RMB276.69 billion, including RMB68.18 billion from railway (representing a year-on-year decrease of 25.85% and a market share of 46% in primary railway market), RMB45.19 billion from highway (representing a year-on-year decrease of 34.6%) and RMB163.39 billion from municipal and other works (representing a year-on-year decrease of 4.2%). New contracts for survey, design and consulting services business amounted to RMB8.36 billion (representing a year-on-year increase of 31.4%) while new contracts for engineering equipment and component manufacturing business amounted to RMB10.1 billion (representing a year-on-year increase of 4.7%). At 30 June 2015, contract backlog increased by 0.9% to RMB1,817.86 billion from the end of 2014. Among them, RMB1,470.23 billion is from infrastructure construction business (representing an increase of 1.3% from the end of 2014), RMB24.36 billion is from survey, design and consulting services business (representing an increase of 12.3% from the end of 2014) and RMB22.64 billion is from engineering equipment and component manufacturing business (representing an increase of 9% from the end of 2014).

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 amortisation expenses. For the six months ended 30 June 2015, the Group's cost of sales decreased year-on-year by 1.73% to RMB242.987 billion. In the first half of 2015, gross profit of the Group increased year-on-year by 6.99% to RMB21.531 billion. The gross profit margin for the first half of 2015 was 8.14%, representing an increase from 7.53% for the first half of 2014. The increase in gross profit margin for the first half of 2015 compared to same period of last year was primarily due to (1) the promising growth of urban rail business which has higher gross profit margin; (2) the decrease in cost and expenses brought by the Group's strengthened project management.

Other income

The Group's other income primarily consists of income from sundry operations supplemental to our principal business (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 2015, the Group's other income increased by 47.45% to RMB1.100 billion from RMB0.746 billion for the corresponding period of last year. The increase of other income was due to the increase of income from sales of materials.

Other expenses

The Group's other expense primarily includes expenditures on research and development. For the six months ended 30 June 2015, other expense increased by 5.60% from RMB3.126 billion of the same period of last year to RMB3.301 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, high-storey building construction, construction equipment, 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 RMB1.657 billion for the first half of 2015 (six months ended 30 June 2014: other losses of RMB0.756 billion) included impairment loss on trade and other receivables of RMB1.713 billion and foreign exchange gains of RMB0.120 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 2015, the Group's selling and marketing expenses was RMB0.971 billion, representing a decrease of 15.5% from RMB1.149 billion for the same period of last year. Selling and marketing expenses as a percentage of total revenue was 0.37% for the first half of 2015, representing a decrease from 0.43% for the first half of 2014.

Administrative expenses

The Group's administrative expenses mainly consist of employee compensation and benefits and depreciation and amortisation of its assets related to administration. For the six months ended 30 June 2015, the Group's administrative expenses increased by 9.12% to RMB8.194 billion from RMB7.509 billion for the corresponding period of 2014. Administrative expenses as a percentage of total revenue was 3.10%, an increase from 2.81% for the first half of 2014. It was mainly due to the natural increase in labor cost.

Interest income

For the six months ended 30 June 2015, the interest income decreased by 11.26% to RMB1.143 billion from RMB1.288 billion for the corresponding period of 2014.

Interest expenses

For the six months ended 30 June 2015, the interest expenses decreased by 7.33% to RMB3.049 billion from RMB3.290 billion for the first half of 2014.

Profit before tax

As a result of the foregoing factors, the profit before tax for the six months ended 30 June 2015 increased by 5.34% to RMB6.665 billion from RMB6.327 billion for the corresponding period of 2014.

Income tax expense

For the six months ended 30 June 2015, the income tax expense increased by 11.44% to RMB2.260 billion from RMB2.028 billion for the corresponding period of 2014. By excluding the land appreciation tax, the effective income tax rate of the Group was 31.40% for the first half of 2015 (six months ended 30 June 2014: 28.12%). The high effective income tax rate was mainly because certain subsidiaries of the Group sustained losses, certain of which are expected not to be recoverable and provision for impairment loss on assets are not deductible against income tax expenses.

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 2015 increased by 12.71% to RMB4.577 billion from RMB4.061 billion for the corresponding period of 2014. The profit margin of the profit for the period attributable to owners of the Company for the first half of 2015 was 1.73%, an increase from 1.52% for the corresponding period of 2014.

4.4 Segment Results

The revenue, results and profit before tax margin of each segment of the Group's business for the six months ended 30 June 2015 are set forth in the table below.

Business segments	**Segment revenue**	**Growth rate**	**Profit before tax**	**Growth rate**	**Profit before tax margin[1]**	**Segment revenue as a percentage of total**	**Profit before tax as a percentage of total**
	RMB million	*(%)*	*RMB million*	*(%)*	*(%)*	*(%)*	*(%)*
Infrastructure Construction	240,609	3.80	7,997	48.45	3.32	85.41	93.64
Survey, Design and Consulting Services	5,596	19.22	573	83.65	10.24	1.99	6.71
Engineering Equipment and Component Manufacturing	6,876	–7.09	427	–2.95	6.21	2.44	5.00
Property Development	8,308	–21.23	490	–61.66	5.90	2.95	5.74
Other Businesses	20,320	–29.58	(947)	–203.50	–4.66	7.21	–11.09
Inter-segment Eliminations and Adjustments	(17,191)		(1,875)				
Total	264,518	–1.07	6,665	5.34	2.52	100.00	100.00

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 2015, the revenue from the infrastructure construction business accounted for 85.41% of the total revenue of the Group (first half of 2014: 81.82%). Due to the smooth progress on projects under construction and the promising growth of revenue in highway and urban rail businesses, segment revenue of the infrastructure construction business for the six months ended 30 June 2015 was RMB240.609 billion, representing an increase of 3.80% as compared to the same period of last year. Gross profit margin and profit before tax margin of the infrastructure construction segment for the first half of 2015 were 6.19% and 3.32% respectively (first half of 2014: 5.46% and 2.32% respectively). It was mainly due to (1) the promising growth of urban rail business which has higher gross profit margin; (2) the decrease in cost and expenses brought by the Group's strengthened project management.

Survey, design and consulting services business

Revenue from the operation of the survey, design and consulting services business primarily derives from a full range of survey, design and consulting services, research and development, feasibility studies and compliance certification services provided for infrastructure construction projects. Segment revenue of survey, design and consulting services business increased by 19.22% year on year to RMB5.596 billion for the six months ended 30 June 2015. For the first half of 2015, gross profit margin and profit before tax margin for the segment were 29.70% and 10.24% respectively (first half of 2014: 30.82% and 6.65% respectively). It was mainly because the decrease in administrative and selling expenses brought by the Group's strengthened management mitigated the decrease in gross profit margin owing to the increase in outsourcing and labor cost as a result of the growth in design business.

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 decreased by 7.09% to RMB6.876 billion for the six months ended 30 June 2015. Gross profit margin and profit before tax margin were 18.99% and 6.21% respectively (first half of 2014: 20.98% and 5.95% respectively). This was mainly because the decrease in transportation and installation expenses and selling expenses mitigated the decrease in gross profit margin owing to the increase in sales of steel structure products which has lower 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 2015, the effect of regulation and control on the property development market continued. For the six months ended 30 June 2015, segment revenue from property development business decreased by 21.23% to RMB8.308 billion. Gross profit margin and profit before tax margin were 21.35% and 5.90% respectively (first half of 2014: 24.22% and 12.12% respectively). Such decrease was mainly due to the fact that the Group decreased the selling price of certain projects in order to accelerate the inventory turnover and fund recovery. As at 30 June 2015, the Group's project area and gross floor area under development were 29.59 million square metres and 48.86 million square metres respectively while the land reserve area and gross floor area available for development were 10.89 million square metres and 19.01 million square metres respectively.

Other Businesses

The Group has progressively implemented the "limited and interrelated" diversification strategy. Segment revenue from other businesses decreased by 29.58% to RMB20.320 billion for first half of 2015. In the first half of 2015, gross profit margin was 18.03% (first half of 2014: 11.47%), mainly due to the increase in gross profit margin of expressway operation and merchandise trading business. Loss before tax amounted to RMB0.947 billion for the first half of 2015 (first half of 2014: profit before tax of RMB0.915 billion), mainly attributable to the provision made for impairment loss on assets of the merchandise trading and mining business.

In the first half of 2015, (1) revenue of expressway operation business increased year-on-year by 12.03% to RMB1.169 billion, contributable to the increase in traffic flow and increase in toll fee of certain expressways; (2) due to the commencement of production of Luming Molybdenum mine, revenue of mining business increased year-on-year by 45.21% to RMB1.205 billion; (3) revenue of merchandise trading business decreased year-on-year by 47.95% to RMB10.557 billion, due to the strategic adjustment of merchandise trading business by focusing resources on centralisation of internal procurement and supply while developing external business appropriately; (4) revenue of financial business increased year-on-year by 28.35% to RMB1.408 billion, mainly due to the significant increase in fund revenue.

As at 30 June 2015, the Group's mining resources and reserve information is shown below:

No	Project name	Type	Grade	Reserve		Group's share	Planned total investment	Accumulated investment	Investment in the reporting period	Planned completion date	Project progress
				Unit	*Quantity*	*(%)*	*(RMB billion)*	*(RMB billion)*	*(RMB billion)*		
1	Sunite-ZuoQi Manglai Coal Mine, Inner Mongolia	Lignite	N/A	Billion tonne	0.92	46	1.363	0.542	–	Completed	Commenced production
2	Muli Coal Mine, Haixizhou of Qinghai	Coking Coal	N/A	Billion tonne	0.248	80	2.34	0.449	0.005	–	Construction in progress
3	Luming Molybdenum Mine, Yichun City of Heilongjiang	Molybdenum	0.09%	Thousand tonne	734.6	83	4.217	4.131	–	Completed	Commenced production
4	Luishia Copper-Cobalt Mine, Congo	Copper	2.55%	Thousand tonne	785	72	1.657	1.659	–	Completed	Commenced production
		Cobalt	0.20%	Thousand tonne	66.8						
5	MKM Copper-Cobalt Mine, Congo	Copper	3.36%	Thousand tonne	191	80.2	1.195	1.123	–	Completed	Commenced production
		Cobalt	0.22%	Thousand tonne	19.2						
6	Sicomines Copper-Cobalt Mine, Congo	Copper	2.55%	Thousand tonne	8,545	41.72	24.915	10.329	0.957	2018.01	Construction in progress
		Cobalt	0.20%	Thousand tonne	571						
7	Wulan Lead and Zinc Mine, Guoxinxin Company, Inner Mongolia	Lead	1.67%	Thousand tonne	287.9	100	–	–	–	–	Commenced production
		Zinc	4.80%	Thousand tonne	825.2						
		Silver	80.2g/t	Tonne	1,379						
8	Muhaer Lead and Zinc Mine, Guoxinxin Company, Inner Mongolia	Lead	0.75%	Thousand tonne	81.7	100	–	–	–	–	Exploration and feasibility study in progress
		Zinc	3.50%	Thousand tonne	382.6						
		Silver	108.33g/t	Tonne	1,184.64						
9	Gold mine, Guoxinxin Eerdesi Company, Inner Mongolia	Gold	3g/t	Tonne	3	100	–	–	–	–	Intended for sale
10	Lead and Zinc Mine, Guoxianglong Company, Inner Mongolia	Lead	6.28%	Thousand tonne	151.5	100	–	–	–	–	Commenced production
		Zinc	3.81%	Thousand tonne	91.9						
		Silver	234.67g/t	Tonne	866						

4.5 Cash Flow

For the six months ended 30 June 2015, the net cash outflow from operating activities of the Group amounted to RMB16.424 billion, an increase from net cash outflow from operating activities of RMB9.677 billion for the corresponding period of 2014. It was mainly due to: (1) the fact that payments in support of the normal operation of the Group relatively take place in the first half of a year, a characteristic feature of the industry in which the Group operates; (2) delay in account settlement and payment from certain project owners; and (3) increase of investment in property development projects under development. For the six months ended 30 June 2015, the net cash outflow from investing activities of the Group amounted to RMB2.374 billion, a decrease from the net cash outflow of RMB7.802 billion for the corresponding period of 2014. It is mainly due to continuous stringent control on investment implemented by the Group. For the six months ended 30 June 2015, the net cash inflow from financing activities of the Group amounted to RMB11.369 billion, a decrease from the net cash inflow of RMB13.544 billion for the same period in 2014. The decrease in net cash inflow from financing activities was primarily due to the decrease in interest bearing liabilities brought by the Group's centralisation of fund management.

Capital expenditure

The capital expenditure of the Group primarily comprises expenditure on purchases of equipment and upgrades to the Group's manufacturing facilities. The Group's capital expenditure for the first half of 2015 was RMB4.732 billion (among which, RMB1.039 billion is for construction in progress, RMB1.938 billion is for purchase of fixed assets and RMB1.755 billion is for purchase of intangible assets), representing an increase of 19.46% from RMB3.961 billion for the corresponding period of 2014.

Working capital

	As at	
	30 June 2015	31 December 2014
	RMB million	*RMB million*
Inventories	**46,101**	44,955
Properties under development for sale	**73,548**	70,986
Trade and bills receivables	**166,528**	158,515
Trade and bills payables	**237,216**	245,447
Turnover of inventory *(days)*	**34**	30
Turnover of trade and bills receivables *(days)*	**111**	89
Turnover of trade and bills payables *(days)*	**179**	150

In line with the Group's continuous business development, the Group increased the reserve of raw materials and the scale of the property development projects under development. Inventories increased by 2.55% to RMB46.101 billion as at 30 June 2015 from RMB44.955 billion as at the end of 2014 while the inventory turnover days for the first half of 2015 increased to 34 days from 30 days for the year of 2014. As at 30 June 2015, the value of properties under development for sale increased by 3.61% from RMB70.986 billion as at the end of 2014 to RMB73.548 billion.

As at 30 June 2015, trade and bills receivables was RMB166.528 billion, an increase of 5.06% from RMB158.515 billion as at the end of 2014. The turnover days of trade and bills receivables increased from 89 days for 2014 to 111 days for the first half of 2015. It was mainly due to the increase in receivable from construction projects and retention receivables which are not yet due. 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 29.05% (31 December 2014: 33.14%) of the total amount, reflecting a sound receivables management capability of the Group.

	As at	
Trade and bills receivables	**30 June 2015**	31 December 2014
	RMB million	*RMB million*
Less than six months	**87,078**	79,673
Six months to one year	**31,068**	26,318
One year to two years	**25,083**	30,220
Two years to three years	**12,795**	12,582
More than three years	**10,504**	9,722
Total	**166,528**	158,515

The Group's trade and bills payables primarily consist of amounts payable to the Group's suppliers of raw materials, machinery and equipment. As at 30 June 2015, the Group's trade and bills payables were RMB237.216 billion, a decrease of 3.35% from RMB245.447 billion as at the end of 2014. The turnover days of trade and bills payables for the first half of 2015 was 179 days, representing an increase from 150 days for 2014. According to the ageing analysis of the trade and bills payables, most of the Group's trade and bills payables were due within one year and the trade and bills payables of more than one year accounted for 12.88% (31 December 2014: 12.22%) of the total amount.

Trade and bills payables	As at **30 June 2015** *RMB million*	31 December 2014 *RMB million*
Less than one year	**206,669**	215,448
One year to two years	**18,394**	18,811
Two years to three years	**6,648**	5,764
More than three years	**5,505**	5,424
Total	**237,216**	245,447

4.6 Borrowings

The following table sets forth the Group's total borrowings as at 30 June 2015 and 31 December 2014. As at 30 June 2015, 50.94% (31 December 2014: 48.80%) of our borrowings were short-term borrowings. The Group is generally capable of making timely repayments.

	As at **30 June 2015** *RMB million*	31 December 2014 *RMB million*
Bank borrowings		
Secured	**36,767**	37,261
Unsecured	**100,231**	93,522
	136,998	130,783
Short-term debentures, unsecured	**2,400**	–
Long-term debentures, unsecured	**35,849**	36,091
Other short-term borrowings, unsecured	**6,853**	8,348
Other short-term borrowings, secured	**–**	500
Other long-term borrowings, unsecured	**12,030**	7,120
Other long-term borrowings, secured	**172**	72
Total	**194,302**	182,914
Long-term borrowings	**95,318**	93,655
Short-term borrowings	**98,984**	89,259
Total	**194,302**	182,914

Bank borrowings carry interest rates ranging from 1.33% to 9.00% (31 December 2014: 1.53% to 10.00%) per annum. Short-term debentures carry fixed interest rates ranging from 4.25% to 4.50% (31 December 2014: Nil) per annum. Other short-term borrowings carry interest rates ranging from 5.00% to 10.50% (31 December 2014: 5.00% to 11.50%) per annum. Long-term debentures carry fixed interest rates ranging from 3.85% to 7.20% (31 December 2014: 3.85% to 7.20%) per annum. Other long-term borrowings carry fixed or floating interest rates ranging from 5.54% to 10.50% (31 December 2014: 6.15% to 10.50%) per annum.

As at 30 June 2015 and 31 December 2014, the Group's fixed-rate bank loans amounted to RMB0.992 billion and RMB1.310 billion and its floating-rate bank loans amounted to RMB136.006 billion and RMB129.473 billion, respectively.

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. The following table sets forth the carrying amounts of the Group's foreign currency borrowings as at 30 June 2015 and 31 December 2014.

	Borrowings in U.S. dollars	**Borrowings in Euros**	**Borrowings in other currencies**
	RMB million	*RMB million*	*RMB million*
As at 30 June 2015	**4,097**	**130**	**193**
As at 31 December 2014	4,867	145	431

The following table sets forth the details of the Group's secured borrowings as at 30 June 2015 and 31 December 2014.

	As at 30 June 2015		As at 31 December 2014	
	Secured borrowings	**Carrying value of pledged assets and rights**	Secured borrowings	Carrying value of pledged assets and rights
	RMB million	***RMB million***	*RMB million*	*RMB million*
Property, plant and equipment	**223**	**299**	294	521
Intangible assets	**18,718**	**31,273**	19,100	31,560
Properties under development for sale	**11,090**	**24,811**	10,621	23,175
Notes receivable	**13**	**13**	25	25
Trade receivable	**1,059**	**2,378**	2,241	3,129
Rights to collect cash flows in relation to certain construction projects	**5,836**	**10,208**	5,277	10,325
Total	**36,939**	**68,982**	37,558	68,735

As at 30 June 2015, the Group's unused credit line facilities from banks amounted to RMB136.001 billion (31 December 2014: RMB136.139 billion).

As at 30 June 2015, the Group's gearing ratio (total liabilities/total assets) was 82.72%, a decrease of 1.33 percentage points as compared with 84.05% as at 31 December 2014. Such decrease was primarily attributable to the increase in equity resulting from the issue of RMB9 billion perpetual notes and increase in profit for the period realised by the Company in the first half of 2015.

In the first half of 2015, the Group has completed the issue of private placement note of RMB1 billion. In July 2015, the Group completed the non-public issuance of 1,544,401,543 A shares with net proceeds of approximately RMB11.879 billion. The net proceeds will be used in the investment of certain BT and BOT projects of the Group as well as the repayment of bank loans.

4.7 Contingent Liabilities

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

	As at	
	30 June 2015	31 December 2014
	RMB million	*RMB million*
Pending lawsuits		
– arising in the ordinary course of business *(Note 1)*	**934**	680
– overseas lawsuit *(Note 2 and 3)*	**854**	854
Total	**1,788**	1,534

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

Note 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 certain sections 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 notices dated 3 June 2011 to PGDNRM and PGDNRM sent termination notices 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.

In 2014, the Consortium began to settle the above case through the negotiation with PGDNRM by coordination of relevant parties. The Consortium withdrew the protective measures of the performance bond and agreed the banks to pay the Group's performance bond of PLN116 million (equivalent to approximately RMB209 million) to PGDNRM at the beginning of 2015, which had been recognised in the Group's consolidated financial statements for the year ended 31 December 2014.

In April 2015, the Consortium paid interest expense on performance bonds to PGDNRM amounting to PLN52 million (equivalent to approximately RMB93 million) resulting in a loss recognised in the Group's condensed consolidated financial statements for the six months ended 30 June 2015.

On 25 February 2015, the Poland Warsaw District Court decided to suspend the lawsuit procedure due to the amicable motion of all parties. There is no significant progress up to the date of issuance of the condensed consolidated financial statements. At this stage, the Directors consider it premature to assess the outcome of this case.

Note 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 RMB829 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 did not 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 Count 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 RMB189 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 above judgment amounting to 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. 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. On 5 June 2015, the Supreme Court convicted and canceled the above judgment on protective measures made by the local court on 20 January 2014. As of the date of issuance of the condensed consolidated financial statements, the case is in the process of transferring jurisdiction and has not yet been substantive hearing.

The Directors are of the view 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 Directors consider 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 utilised by certain related companies and third parties. The following table sets forth the maximum exposure of these guarantees of the Group.

	As at 30 June 2015		As at 31 December 2014	
	Amount *RMB million*	**Expiry period**	Amount *RMB million*	Expiry period
Guarantees given to banks in respect of banking facilities utilised by:				
Associates	**3,041**	**2015-2025**	2,940	2015-2025
Joint ventures	**300**	**2017-2018**	230	2017-2018
Other government-related enterprises	**54**	**2015**	54	2015
Property purchasers	**18,442**	**2015-2020**	17,149	2015-2019
An investee of the Group	**12**	**2016**	12	2016
A former subsidiary	**626**	**2021-2023**	650	2021-2023
Total	**22,475**		21,035	

4.8 Business Risks

The Group is 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 expectations on growth of national and regional economies, usage of and need for expansion in infrastructure and overall growth of related industries. In addition, the political and economic instabilities in 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 greatly 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:** Considering the Group's incapability to fully control all the actions of its non-wholly owned subsidiaries, high risk of the construction industry, the rapid growth in the business scale of the Group in recent years as well as the widened operational scope, project management becomes increasingly difficult, posing a severe challenge to the safety and quality management of the projects, 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 risks 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 performance.

To guard against a variety of risks, the Group associates types of risks with corresponding business procedures from which they may arise through the establishment and operation of an internal control system. As such, the Group can identify the critical control points for business procedures, develop specific control measures, prepare documents for critical control procedures, hold relevant people accountable for each type of risk and critical control point, tie them closely with the daily management and control work, and monitor risk factors and elements. In addition, the Group strictly supervises the important stages for management and control such as feasibility research in early stages, planning, reviewing, auditing, approval and decision-making; enhances procedure control and post-work assessment; and takes measures to react to risks and prepare contingency plans, which have ensured the overall controllability in various risks of the Group.

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 category	**Query Link**
Poland A2 Highway construction disputes: The consortium comprising COVEC (subsidiary of the Company), China Railway Tunnel Group Co., Ltd. and two third-party companies terminated the contract and had dispute with PGDNRM, the project owner, in respect of the bid won for sections A and C of Poland A2 Highway.	2011 Interim Report and subsequent periodic reports of China Railway Group Limited.

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

Not applicable

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

Not applicable

5.2 Events Regarding Bankruptcy and Restructuring

Not applicable

5.3 Events Regarding 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 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	12,860	12,860	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	16,381	16,381	Less than 1%
Total					29,241	29,241	

Description of related party transactions	The above two transactions resulted 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 such transactions were 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.	751,390	June 2008	June 2025	No
CRECG *(Note 2)*	China Railway Group Limited	5,000,000	January 2010	January 2020	No
CRECG *(Note 2)*	China Railway Group Limited	3,500,000	October 2010	October 2025	No
CRECG *(Note 2)*	China Railway Group Limited	2,500,000	October 2010	October 2020	No

Note 1: At the 2007 annual general meeting of the Company held on 25 June 2008, the proposal of Provision of a Guarantee with Respect to the Loans for Lince Railway Co., Ltd. and China Railway Engineering Sunite Railway Co., Ltd. was considered and approved, in which it was agreed that a guarantee would be provided with respect to the bank loan for Lince 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 (product of 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 Lince Railway Co., Ltd.. The relevant loan of Lince Railway Co., Ltd. was fully drawn in 2009 and the Company had ceased to provide any guarantee for Lince Railway Co., Ltd. afterwards.

Note 2: These are unconditional and irrevocable joint and several liability guarantees provided by CRECG for the entire amount of the 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 2015, the remaining payable amount of above-mentioned corporate bonds was RMB10,960.863 million (31 December 2014: RMB11,958.037 million).

(2) Related party transactions in relation to financial services

Unit: Thousand   Currency: RMB

Item	Related Party	30 June 2015	31 December 2014
Deposits taking *(Note)*	CRECG	3,961,504	2,983,369

Note: In order to increase the utilisation 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, in which it is approved that China Railway Finance Co., Ltd., a subsidiary of the Company would sign the Financial Services Framework Agreement (the agreement will expire on 31 December 2015) with CRECG, the controlling shareholder of the Company, and provided deposit, loan and other financial services to CRECG pursuant to the agreement. For details of the Financial Services Framework Agreement, please see the relevant announcement of the Company dated 30 April 2014 at the website of the Shanghai Stock Exchange.

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 the maximum amount stipulated in the Financial Services Framework Agreement.

(3) Other related party transactions

Unit: Thousand   Currency: RMB

Item	Related Party	January to June 2015	January to June 2014
Interest expenses *(Note)*	CRECG	51,837	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 deposits taking.

5.6 Material Contracts and Their Performance

5.6.1 Trusteeship, contracting and leasing

Not applicable

5.6.2 Guarantees

Unit: Thousand Currency: RMB

Guarantee granted by the Company (excluding those to subsidiaries)

Guarantor	Relationship between guarantor and listed company	Guarantee	Guaranteed amount	Commencement date of guarantee (agreement execution date)	Commencement date of guarantee	Expiry date of guarantee	Type of guarantee	Guarantee fully fulfilled	Overdue	Overdue amount	Counter guarantee available	Guarantee provided to related parties	Related party relationship
China Railway Group Limited	The same entity	Lince Railway Co., Ltd.	751,390	2008/6/30	2008/6/30	2025/6/20	Suretyship of joint and several liability	No	No	0	No	Yes	Other
China Railway Group Limited	The same entity	Inner Mongolia Guobai Railway Co., Ltd.	330,000	2008/11/24	2008/11/24	2020/11/30	Suretyship of joint and several liability	No	No	0	No	No	N/A
China Railway No.2 Engineering Group Co. Ltd.	Wholly owned subsidiary	China Railway Bohai Train Ferry Co., Ltd.	11,930	2004/12/24	2004/12/24	2016/12/23	Suretyship of joint and several liability	No	No	0	No	No	N/A
China Railway Electrification Engineering Group Co., Ltd.	Wholly owned subsidiary	Nanjing China Railway Electronic Investment Management Co., Ltd.	625,750	2012/9/30	2012/9/30	2023/12/11	Suretyship of joint and several liability	No	No	0	No	No	N/A
China Railway Tunnel Group Co., Ltd.	Wholly owned subsidiary	China Shanghai Foreign Trade Co., Ltd.	53,799.68	2011/12/29	2011/12/29	2015/12/28	Suretyship of joint and several liability	No	No	0	No	No	N/A
China Railway Major Bridge Engineering Group Co., Ltd.	Wholly owned subsidiary	Wuhan Mobei Road & Bridge Co., Ltd.	650,000	2014/9/23	2014/9/23	2018/5/19	Suretyship of joint and several liability	No	No	0	No	No	N/A
China Railway Major Bridge Engineering Group Co., Ltd.	Wholly owned subsidiary	Wuhan Yingwuzhou Bridge Co., Ltd.	1,310,000	2013/2/8	2013/2/8	2020/3/5	Suretyship of joint and several liability	No	No	0	No	No	N/A
China Railway Major Bridge Engineering Group Co., Ltd.	Wholly owned subsidiary	Yichang Miaozui River Bridge Construction Engineering Co., Ltd.	300,000	2013/12/20	2013/12/20	2018/12/30	Suretyship of joint and several liability	No	No	0	No	No	N/A

Total guarantee incurred during the reporting period (excluding those provided to subsidiaries)	147,092.48
Total balance of guarantee as at the end of the reporting period (A) (excluding those provided to subsidiaries)	4,032,869.68
Guarantee provided by the Company to its subsidiaries	
Total guarantee to subsidiaries incurred during the reporting period	–2,656,061.20
Total balance of guarantee to subsidiaries as at the end of the reporting period (B)	30,109,959.00
Aggregate guarantee of the Company (including those provided to subsidiaries)	
Aggregate guarantee (A+B)	34,142,828.68
Percentage of aggregate guarantee to net assets of the Company (%)	28.23
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)	30,149,109.98
Excess amount of aggregate guarantee over 50% of net assets (E)	
Aggregate amount of the above three categories (C+D+E)	30,149,109.98
Statement on the contingent joint and several liability in connection with unexpired guarantee	–
Statement on guarantee	As at 30 June 2015, the Company’s aggregate guarantee in relation to real estate mortgage is RMB19,348.436 million.

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 Fupin Railway Co., Ltd.	New Fuzhou-Pingtan railway pre-construction stage FPZQ-3 Section	2013-10	879,909	2,007 calendar days
2	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
3	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
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	Jingxin Highway Linhe-Baigeda Section (in Alxa League) Construction Management Office	Jingxin Highway Linhe-Baigeda (in Alxa League) LBAMSG-2 Section	2014-12	869,121	30 months
3	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

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 of Guangzhou north to Qingyuan section of Guangzhou-Qingyuan intercity railway	2013-09	275,746	38 months
3	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) 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	EPC Contract of Sebeta-Adama-Mieso (Sections 1 and 2) of Addis Ababa-Djibouti Railway Project	2011-10	208,153	48 months
2	China Railway Eryuan Engineering	Shanghai-Kunming Railway Passenger Line Guizhou Co., Ltd.	Survey and design contract of the new Changsha-Kunming Railway Passenger Line (Guizhou Section)	2010-09	112,604	72 months
3	China Railway Eryuan Engineering	Yunnan-Guizhou Railway Yunnan Co., Ltd.	The new Yungui Railway (Yunnan section) Project Survey and Design	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-ZhuhaiMacao Bridge	2012-04	283,912	36 months
2	China Railway Science and Technology	Ningbo Meishan Island Development Investment Co,. Ltd.	Construction Contract of Meishan Chunxiao Bridge Steel Structure	2014-06	34,302	24 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	Daxi Passenger Railway Line Co., Ltd.	Daxi Railway Passenger Line Project	2014-01	35,856	5 months
Construction Machinery						
1	China Railway Engineering Equipment	CCCC Tunnel Engineering Co., Ltd.	Shield Purchase Contract	2014-06	8,270	7 months
2	China Railway Engineering Equipment	Guangzhou CSSC Marine Diesel Company	Shield Purchase Contract	2014-12	7,680	7 months

(4) Property development business

No.	Project location	Project location	Project type	Planning area *('0,000 sq.m.)*
1	Guiyang 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	Yunnan Department of communications	BOT Project of the Yunnan 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 No. 3 Engineering, China Railway No. 4 Engineering, China Railway No. 5 Engineering	Qianzhangchang Railway Co., Ltd.	Preliminary construction project of Sections QZCZQ-5, QZCZQ-10, QZCZQ-7 of the new Cenjiang-Zhangjiajie-Changde Railway	2015-03	763,619	1,721 calendar days

No.	Signatory	Owner	Name of contract	Date of contract	Contract Sum *(RMB'0,000)*	Construction period
2	China Railway No. 1 Engineering, China Railway No. 5 Engineering, China Railway No. 9 Engineering	Qinghai Tibet Railway Company	Construction project of Sections LLZQ-10, LLZQ-3, LLZQ-2 of Lhasa-Linzhi segment of the new Sichuan-Tibet Railway	2015-06	592,879	77 months
3	China Railway Major Bridge Engineering	Jingfu Passenger Railway Line Anhui Co., Ltd.	Construction project of Section SHZQ-1 of Wuhu Yangtze River Road-Rail Bridge of Shangqiu-Hefei-Hangzhou Railway and associated works	2015-01	549,654	1,460 calendar days
Highway						
1	China Railway No. 1 Engineering, COVEC	East Timor Public Affairs Bureau and Petroleum and Mineral Resources Bureau	Construction project of Suai-Beaco Highway Road, Section 1: Suai-Fatukai/Mola Section, East Timor	2015-01	182,741	730 calendar days
2	China Railway No. 7 Engineering	Nanning Urban Development Investment Co., Ltd.	Construction project of Section 2 of the second highway of Nanning Wuxu Airport	2015-03	123,000	300 calendar days
3	China Railway No. 3 Engineering	Shanxi Shuozhou Highway Co., Ltd.	Construction project of Section SG4 of roadbed, bridge tunnel and surface of Youyu-Pinglu section of Xizong Highway	2015-06	92,513	30 months
Municipal Works						
1	China Railway	Nanning City Railway Group Co. Ltd.	Construction Contract of Section 02 of Phase one of Line 3 of Nanning City Railway (Keyuan Road and Pingle Road)	2015-06	456,913	1,340 calendar days
2	China Railway No. 1 Engineering	Wuhan Metro Group Co., Ltd.	Construction Contract for Construction (Section 22) of Phase One of Wuhan City Railway Line 7	2015-03	132,563	720 calendar days
3	China Railway Construction Engineering Group	New World China Land (Haikou) Co., Ltd.	Construction of Haikou Meilisha Commercial and Residential Development Project, Hainan	2015-06	120,166	798 calendar days

(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 Major Bridge Engineering	Wuhu Yangtze Bridge and Road Bridge Co., Ltd.	Construction of Wuhu Yangtze Road-Rail Bridge of Shangqiu-Hefei – Hangzhou Railway and associated works	2015-02	16,860	60 months
2	China Railway Liuyuan Engineering	Tianjin TEDA Urban Rail Construction Development Co., Ltd.	Construction Project of Section 1 of Phase One of Rail Transit Route Z4 of Tianjin Binhai New Area	2015-04	6,643	20 months
3	China Railway Eryuan Engineering	Kunming New South Railway Station Development Operation Co., Ltd.	Construction Project and Supplementary contract of East and West Plaza of Kunming New South Railway Station	2015-01	4,897	24 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	Humen Second Bridge Branch of Guangdong Highway Construction Co., Ltd	Main Bridge Steel Box Girder Manufacturing Contract (G4-2 section) of Guangdong Humen Second Bridge Project	2015-06	37,413	39 months
2	China Railway Turnout & Bridge	Humen Second Bridge Branch of Guangdong Highway Construction Co., Ltd.	Main Bridge Steel Box Girder Manufacturing Contract for Guangdong Humen Second Bridge Project	2015-06	32,037	43 months
Turnout						
1	China Railway Shanhaiguan Bridge	Shanghai Railway Bureau	Construction Project of Lianyungang – Yancheng Railway	2015-05	17,005	12 months
2	China Railway Turnout & Bridge	Zhangjiakou – Tangshan Railway Construction Administration of Beijing Railway Bureau	Procurement Contract of Construction Materials and Heavy-haul Turnout for Zhangjiakou – Tangshan Railway of Beijing Railway Bureau	2015-03	10,712	Implement in accordance with the requirement of owners

No.	Signatory	Owner	Name of contract	Date of contract	Contract Sum *(RMB'0,000)*	Construction period
Construction Machinery						
1	China Railway Turnout & Bridge	Shanghai Installation Engineering Group Co., Ltd	Material of F rails and the processing of rails	2015-03	16,765	6 months
2	China Railway Engineering Equipment	Nanchong Shanhe Machinery Co., Ltd.	Shield Procurement Contract	2015-02	8,540	8 months

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%
Beijing Chaowai Research Building and Ancillary Space	No. 227, Chaowai Road, Chaoyang District, Beijing	Commercial	Medium term lease	100%
Tianyu Shopping Center	No. 17 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%

Building name	Location	Use	Tenure	Interest of the Company and subsidiaries
15-17/F, Jingxin Building	A2 Dongsanhuanbei Road, Chaoyang District, Beijing	Commercial	Medium term lease	100%
China Railway Consultation Mansion	15 Guang'an Road, 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 International Eco City Phase I	Gujiao Town, Longli County, Guizhou	Comprehensive	8,000,000	6,150,000	Under construction	2019	100%
China Railway International Eco City Phase II	Gujiao Town, Longli County, Guizhou	Comprehensive	3,000,000	5,260,000	Under construction	2022	100%
Guiyang China Railway • Yidu International	No. 1 North Part Jinyang Avenue, Jinyang District, Guiyang	Commercial, Residential	1,060,000	2,306,000	Under construction	2018	80%
Bairuijing Central Living Area	No. 586, Wuluo Road, Wuchang District, Wuhan city, Hubei Province	Residential	528,000	1,060,000	Under construction	2015	67%
China Railway Nord Center Phase III	Zhongguancun Science Park, Sihezhuang, Huaxiang, Fengtai District, Beijing	Commercial, Financial	55,400	166,400	Under construction	2016	100%

5.7 Performance Status of Undertakings

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

Undertaking Background	Type of undertaking	Undertaking Party	Contents of the undertaking	Timing and duration of undertaking	Whether there is deadline for performance	Whether duly complied	If not duly complied, describe the specific reasons	If not duly complied, describe future plans
Undertaking related to the Initial Public Offering	Dealing with the competition	CRECG	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.	Nil	No	Yes	–	–

Note: On 9 July 2015, the Company received a letter of undertaking in relation to no reduction of the holding of shares of the Company from CRECG, the controlling shareholder. The letter of undertaking stated that based on its confidence in the prospects of the Company's future development and the recognition of the Company's value and in order to facilitate the continuous, stable and healthy development of the Company and to protect the interests of the shareholders of the Company, CRECG undertakes that it will not reduce its shareholding in the Company within six months commencing from 10 July 2015.

5.8 Appointment and Removal of Auditors

Not applicable

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

Not applicable

5.10 Convertible Corporate Bonds

Not applicable

5.11 Corporate Governance

During the reporting period, the Company's operation was carried out in accordance 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 to sustainably enhance the level of corporate governance. The shareholders' general meetings, meetings of the Board and Supervisory Committees of the Company were carried out in accordance with relevant laws and regulations. During the reporting period, one annual general meeting, one extraordinary general meeting, one class meeting of the holders of A Shares, one class meeting of the holders of H Shares, six board meetings, four supervisory committee meetings and nine board special committees meetings were convened and held. Responsibilities in all aspects were fulfilled in order to safeguard the interests of the Company and its 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.

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

Not applicable

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 Compliance with Corporate Governance Code

During the six months ended 30 June 2015, the Company had complied with all code provisions of the Corporate Governance Code set out in Appendix 14 to the Hong Kong Listing Rules.

5.14 Review of Interim Financial Report

The 2015 interim financial report of the Company prepared in accordance with Chinese Accounting Standard and International Financial Reporting Standard has not been audited. The 2015 interim financial report has been reviewed by the Board and the Audit and Risk Management Committee of the Board of the Company.

6 FINANCIAL REPORT

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2015

		Six months ended	
		30/6/2015	30/6/2014
	NOTES	***RMB million***	*RMB million*
		(Unaudited)	(Unaudited)
Revenue	*3*	**264,518**	267,380
Cost of sales		**(242,987)**	(247,256)
Gross profit		**21,531**	20,124
Other income	*4*	**1,100**	746
Other expenses	*4*	**(3,301)**	(3,126)
Other gains and losses	*5*	**(1,657)**	(756)
Selling and marketing expenses		**(971)**	(1,149)
Administrative expenses		**(8,194)**	(7,509)
Interest income		**1,143**	1,288
Interest expenses		**(3,049)**	(3,290)
Share of profits of joint ventures		**59**	81
Share of profits (losses) of associates		**4**	(82)
Profit before tax		**6,665**	6,327
Income tax expense	*6*	**(2,260)**	(2,028)
Profit for the period		**4,405**	4,299

	NOTES	Six months ended 30/6/2015 RMB million (Unaudited)	30/6/2014 RMB million (Unaudited)
Other comprehensive income (expense), net of income tax			
Items that will not be reclassified to profit or loss:			
Remeasurement of defined benefit obligations		**(74)**	(157)
Income tax relating to remeasurement of defined benefit obligations that will not be reclassified to profit or loss		**13**	28
		(61)	(129)
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		**(141)**	130
Reclassification adjustments for the cumulative exchange differences included in profit or loss upon disposal of foreign operation		**–**	10
Fair value gain (loss) on available-for-sale financial assets		**248**	(19)
Reclassification adjustments for the cumulative gain included in profit or loss upon disposal of available-for-sale financial assets		**(63)**	(7)
Share of other comprehensive income of associates		**3**	2
Others		**(3)**	2
Income tax relating to items that may be reclassified subsequently		**(33)**	5
		11	123
Other comprehensive expense for the period, net of income tax		**(50)**	(6)
Total comprehensive income for the period		**4,355**	4,293

		Six months ended	
		30/6/2015	30/6/2014
	NOTES	***RMB million***	*RMB million*
		(Unaudited)	(Unaudited)
Profit for the period attributable to:			
Owners of the Company		**4,577**	4,061
Holders of perpetual notes		**227**	–
Non-controlling interests		**(399)**	238
		4,405	4,299
Total comprehensive income for the period attributable to:			
Owners of the Company		**4,525**	4,060
Holders of perpetual notes		**227**	–
Non-controlling interests		**(397)**	233
		4,355	4,293
		RMB	*RMB*
Earnings per share (Basic)	*8*	**0.215**	0.191

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2015

	NOTES	**30/6/2015** *RMB million* **(Unaudited)**	31/12/2014 *RMB million* (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment		**48,074**	48,166
Deposits for acquisition of property, plant and equipment		**875**	732
Lease prepayments		**8,716**	8,795
Deposits for land use rights		**179**	178
Deposits for investments		**107**	221
Investment properties		**2,638**	2,688
Intangible assets		**35,534**	34,621
Mining assets		**5,563**	5,228
Interests in joint ventures		**2,451**	2,206
Interests in associates		**4,335**	4,184
Goodwill		**829**	829
Available-for-sale financial assets		**8,101**	8,787
Other loans and receivables		**9,424**	8,100
Deferred tax assets		**4,535**	4,281
Other prepayments		**220**	202
Trade and other receivables	*9*	**7,914**	8,135
		139,495	137,353
Current assets			
Lease prepayments		**214**	223
Properties held for sale		**23,470**	23,376
Properties under development for sale		**73,548**	70,986
Inventories		**46,101**	44,955
Available-for-sale financial assets		**1,955**	1,733
Trade and other receivables	*9*	**228,569**	219,758
Amounts due from customers for contract work		**110,145**	102,200
Current income tax recoverable		**1,247**	701
Other loans and receivables		**7,728**	4,130
Held-for-trading financial assets		**109**	109
Restricted cash		**5,968**	8,675
Cash and cash equivalents		**61,318**	68,679
		560,372	545,525
Total assets		**699,867**	682,878

	NOTES	**30/6/2015** ***RMB million*** **(Unaudited)**	31/12/2014 *RMB million* (Audited)
EQUITY			
Share capital		**21,300**	21,300
Share premium and reserves		**77,705**	74,170
Equity attributable to owners of the Company		**99,005**	95,470
Perpetual notes		**11,946**	3,080
Non-controlling interests		**9,973**	10,344
Total equity		**120,924**	108,894
LIABILITIES			
Non-current liabilities			
Other payables	*10*	**954**	782
Borrowings		**95,318**	93,655
Obligations under finance lease		**1,578**	1,690
Retirement and other supplemental benefit obligations		**3,946**	3,972
Provisions		**260**	260
Deferred government grants		**1,532**	1,382
Deferred tax liabilities		**1,179**	1,103
		104,767	102,844
Current liabilities			
Trade and other payables	*10*	**353,229**	355,193
Amounts due to customers for contract work		**18,383**	20,957
Current income tax liabilities		**2,448**	3,861
Borrowings		**98,984**	89,259
Obligations under finance lease		**411**	756
Financial guarantee contracts		**1**	1
Retirement and other supplemental benefit obligations		**438**	551
Provisions		**49**	258
Held-for-trading financial liabilities		**233**	304
		474,176	471,140
Total liabilities		**578,943**	573,984
Total equity and liabilities		**699,867**	682,878
Net current assets		**86,196**	74,385
Total assets less current liabilities		**225,691**	211,738

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.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2015 are the same as those in the preparation of the Group's annual financial statements for the year ended 31 December 2014.

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 segments:

	Infrastructure construction *RMB million*	Survey, design and consulting services *RMB million*	Engineering equipment and component manufacturing *RMB million*	Property development *RMB million*	Other businesses *RMB million*	Total segments *RMB million*
Six months ended 30 June 2015						
External revenue	**236,119**	**5,199**	**6,124**	**8,169**	**17,177**	**272,788**
Inter-segment revenue	**2,487**	**370**	**704**	**–**	**2,956**	**6,517**
Other operating income	**1,704**	**27**	**48**	**139**	**75**	**1,993**
Inter-segment other operating income	**299**	**–**	**–**	**–**	**112**	**411**
Segment revenue	**240,609**	**5,596**	**6,876**	**8,308**	**20,320**	**281,709**
Segment results						
Profit (loss) before tax	**7,997**	**573**	**427**	**490**	**(947)**	**8,540**
Segment results included:						
Share of profits of joint ventures	**18**	**–**	**21**	**–**	**20**	**59**
Share of profits (losses) of associates	**56**	**–**	**–**	**(5)**	**(47)**	**4**
Interest income	**1,539**	**26**	**24**	**82**	**165**	**1,836**
Interest expenses	**(1,854)**	**(86)**	**(91)**	**(406)**	**(1,255)**	**(3,692)**

	Infrastructure construction *RMB million*	Survey, design and consulting services *RMB million*	Engineering equipment and component manufacturing *RMB million*	Property development *RMB million*	Other businesses *RMB million*	Total segments *RMB million*
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)

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

	Six months ended	
	30/6/2015	30/6/2014
	RMB million	*RMB million*
Segment revenue	**281,709**	283,291
Inter-segment elimination	**(6,928)**	(5,969)
Reconciling items:		
Reclassification of sales tax *(note (a))*	**(8,270)**	(8,315)
Reclassification of other operating income *(note (b))*	**(1,993)**	(1,627)
Total consolidated revenue, as reported	**264,518**	267,380
Segment interest income	**1,836**	1,740
Inter-segment elimination	**(693)**	(452)
Total consolidated interest income, as reported	**1,143**	1,288
Segment interest expenses	**3,692**	3,746
Inter-segment elimination	**(643)**	(456)
Total consolidated interest expenses, as reported	**3,049**	3,290
Segment results	**8,540**	8,332
Inter-segment elimination	**(2,043)**	(2,254)
Reconciling item:		
Land appreciation tax *(note (c))*	**168**	249
Total consolidated profit before tax, as reported	**6,665**	6,327

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 segments:

Segment assets

	30/6/2015	31/12/2014
	RMB million	*RMB million*
Infrastructure construction	**487,766**	486,974
Survey, design and consulting services	**14,623**	13,145
Engineering equipment and component manufacturing	**26,102**	24,908
Property development	**133,784**	130,379
Other businesses	**145,472**	139,356
Total segment assets	**807,747**	794,762

Segment liabilities

	30/6/2015	31/12/2014
	RMB million	*RMB million*
Infrastructure construction	**429,122**	434,299
Survey, design and consulting services	**9,276**	8,057
Engineering equipment and component manufacturing	**17,862**	16,958
Property development	**114,871**	109,347
Other businesses	**113,957**	113,985
Total segment liabilities	**685,088**	682,646

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 segments to the condensed consolidated financial statements is as follows:

	30/6/2015	31/12/2014
	RMB million	*RMB million*
Segment assets	**807,747**	794,762
Inter-segment elimination	**(113,438)**	(116,618)
Reconciling items:		
Deferred tax assets	**4,535**	4,281
Shares conversion scheme of subsidiaries *(note (d))*	**(163)**	(170)
Current income tax recoverable	**1,247**	701
Prepaid land appreciation tax included in current income tax recoverable	**(61)**	(78)
Total consolidated assets, as reported	**699,867**	682,878
Segment liabilities	**685,088**	682,646
Inter-segment elimination	**(109,439)**	(112,998)
Reconciling items:		
Deferred tax liabilities	**1,179**	1,103
Current income tax liabilities	**2,448**	3,861
Land appreciation tax payable included in current income tax liabilities	**(333)**	(628)
Total consolidated liabilities, as reported	**578,943**	573,984

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	
	30/6/2015	30/6/2014
	RMB million	*RMB million*
Other income from:		
Dividend income	**113**	44
Government subsidies *(note (a))*	**165**	142
Compensation income	**4**	18
Relocation compensation	**36**	7
Income from sundry operations *(note (b))*	**658**	436
Others	**124**	99
	1,100	746
Other expenses on:		
Research and development expenditure	**3,301**	3,126

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 grants 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	
	30/6/2015	30/6/2014
	RMB million	*RMB million*
Gain (loss) on disposal and/or write-off of:		
Property, plant and equipment	**(34)**	(10)
Lease prepayments	**1**	–
Investment properties	**3**	–
Intangible assets	**–**	(2)
Held for trading financial assets	**4**	2
Available-for-sale financial assets	**6**	10
Cumulative gain on disposal of available-for-sale financial assets	**63**	7
Impairment loss on mining assets	**(121)**	–
Impairment loss (recognised) reversed on financial assets:		
Available-for-sale financial assets	**–**	(11)
Trade and other receivables	**(1,713)**	(313)
Other loans and receivables	**(2)**	6
Gain (loss) arising on change in fair value of financial assets/liabilities classified as held-for-trading	**8**	(88)
Gain on disposal of subsidiaries	**4**	11
Loss on disposal of interest in a joint venture	**–**	(222)
Excess of fair value of the previously-held investment	**4**	–
Foreign exchange gains (losses), net	**120**	(146)
	(1,657)	(756)

6. INCOME TAX EXPENSE

	Six months ended	
	30/6/2015	30/6/2014
	RMB million	*RMB million*
Current tax		
Enterprise Income Tax ("**EIT**")	**2,304**	1,832
Land Appreciation Tax ("**LAT**")	**167**	249
(Overprovsion) underprovision in prior years	**(13)**	29
Deferred tax	**(198)**	(82)
	2,260	2,028

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 2014: 25%) is applied to 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 2014: 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 18 May 2015, final dividend of RMB0.078 per share in respect of the year ended 31 December 2014, amounting to RMB1,660 million in aggregate, was declared and subsequently paid in June 2015.

The 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 on 26 June 2014 and subsequently paid in August 2014.

The directors of the Company do not recommend the payment of an interim dividend for the current interim period (six months ended 30 June 2014: nil).

8. EARNINGS PER SHARE

Basic earnings per share for the six months ended 30 June 2015 is calculated by dividing the profit attributable to owners of the Company of RMB4,577 million (six months ended 30 June 2014: RMB4,061 million) by 21,299,900,000 shares (six months ended 30 June 2014: 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.

	30/6/2015	31/12/2014
	RMB million	*RMB million*
Trade and bills receivables	**169,931**	161,623
Less: impairment	**(3,403)**	(3,108)
	166,528	158,515
Other receivables (net of impairment)	**39,242**	37,738
Advance to suppliers (net of impairment)	**30,713**	31,640
	236,483	227,893
Less: Amount due after one year included in non-current assets	**(7,914)**	(8,135)
Amount due within one year included in current assets	**228,569**	219,758

Included in trade and bills receivables are retention receivables of RMB54,838 million (31 December 2014: RMB53,336 million). Retention receivables are interest-free and recoverable at the end of the retention period of the respective construction contract. The Group's normal operating cycle with respect to this construction contract 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, based on invoice date:

	30/6/2015	31/12/2014
	RMB million	*RMB million*
Less than six months	**87,078**	79,673
Six months to one year	**31,068**	26,318
One year to two years	**25,083**	30,220
Two years to three years	**12,795**	12,582
More than three years	**10,504**	9,722
	166,528	158,515

Included in trade and bills receivables are bills discounted with recourse amounting to RMB13 million (31 December 2014: RMB25 million) to obtain bank borrowings amounting to RMB13 million (31 December 2014: RMB25 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.

Trade receivables of RMB1,696 million (31 December 2014: RMB2,438 million) and RMB682 million (31 December 2014: RMB691 million) were pledged or factored to secure bank borrowings amounting to RMB887 million (31 December 2014: RMB2,069 million) and other long-term borrowings amounting to RMB172 million (31 December 2014: RMB172 million).

10. TRADE AND OTHER PAYABLES

	30/6/2015 *RMB million*	31/12/2014 *RMB million*
Trade and bills payables	**237,216**	245,447
Advance from customers	**63,809**	59,788
Accrued payroll and welfare	**2,732**	2,741
Other taxes	**9,355**	9,447
Deposit received in advance	**144**	148
Dividend payables	**449**	61
Other payables	**40,478**	38,343
	354,183	355,975
Analysed for reporting purposes as:		
Non-current	**954**	782
Current	**353,229**	355,193
	354,183	355,975

The credit period on purchases of goods ranges from 180 days to 360 days. Included in trade and bills payables are retention payables of RMB5,550 million (31 December 2014: RMB5,292 million). Retention payables are interest-free and payable at the end of the retention period of the respective construction contract. The Group's normal operating cycle with respect to the construction contract 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 reporting date, based on invoice date:

	30/6/2015 *RMB million*	31/12/2014 *RMB million*
Less than one year	**206,669**	215,448
One year to two years	**18,394**	18,811
Two years to three years	**6,648**	5,764
More than three years	**5,505**	5,424
	237,216	245,447

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 2015 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 2015 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

30 August 2015

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