



中国铁建

中國鐵建股份有限公司

China Railway Construction Corporation Limited

2016 Interim Report



Important Notice

I. The Board and the Supervisory Committee and the directors, supervisors and members of the senior management of the Company warrant the truthfulness, accuracy and completeness of the contents herein and confirm that there is no misrepresentation or misleading statements contained in or material omissions from this interim report, and accept joint and several liabilities.

II. Directors absent

Position of director absent	Name of director absent	Reasons for absence	Name of proxy
Secretary to the Party Committee, Vice President, executive director	Qi Xiaofei	Other business engagements	Ge Fuxing
Executive director, President, deputy secretary to the Party Committee	Zhuang Shangbiao	Other business engagements	Meng Fengchao
Independent non-executive director	Patrick SUN	Other business engagements	Amanda Xiao Qiang LU

III. The 2016 interim financial report of the Company was prepared under the PRC accounting standards. Ernst & Young Hua Ming LLP has reviewed it and issued a review report. This interim report was unaudited. Unless specifically indicated, Renminbi is the reporting currency in this interim report.

IV. The Audit and Risk Management Committee under the Board of the Company has reviewed the interim financial statements of the Group for the six months ended 30 June 2016, which have been reviewed by Ernst & Young Hua Ming LLP, and has also discussed issues such as the accounting policies and practices and internal control of the Company with its management.

V. MENG Fengchao, person-in-charge of the Company, WANG Xiuming, CFO, and CAO Xirui, Head of the Finance Department (person in charge of accounting), warrant that the financial report in this interim report is true, accurate and complete.

VI. The profit distribution plan or reserves-to-equity transfer plan during the Reporting Period as considered by the Board:

Nil

VII. Disclaimer of forward-looking statements

Forward-looking statements, including future plan and development strategy, contained in this report do not constitute substantive commitments to investors by the Company. The investors and related parties should maintain sufficient risk awareness in this regard, and should understand the differences among plans, forecasts and commitments. Investors should be reminded of such investment risks.

VIII. Whether the controlling shareholder or its associates has misappropriated the Company's funds for purposes other than for business

No

IX. Whether the Company has provided external guarantees in violation of any prescribed decision-making procedures

No

X. The contents of this interim report are in compliance with all the requirements in relation to information to be disclosed in interim report under the SSE Listing Rules and the Hong Kong Listing Rules. In addition, this interim report will be simultaneously published in Mainland China and Hong Kong. This report is prepared in both English and Chinese. Should there be any discrepancies between the Chinese and English versions, the Chinese version shall prevail.

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Section I Definitions

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

DEFINITION OF FREQUENTLY USED TERMS

“Company” or “CRCC”	China Railway Construction Corporation Limited (中國鐵建股份有限公司)
“Group”	China Railway Construction Corporation Limited and its wholly-owned and controlling subsidiaries
“Controlling Shareholder” or “CRCCG”	China Railway Construction Corporation (中國鐵道建築總公司)
“General Meeting”	a general meeting of China Railway Construction Corporation Limited
“Board”	the board of directors of China Railway Construction Corporation Limited
“Supervisory Committee”	the supervisory committee of China Railway Construction Corporation Limited
“Reporting Period”	the period from January to June 2016
“end of the Reporting Period”	30 June 2016
“corresponding period last year”	the period from January to June 2015
“end of last year”	31 December 2015
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“SSE Listing Rules”	the Rules Governing the Listing of Stocks on Shanghai Stock Exchange
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“CSRC”	China Securities Regulatory Commission
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“PRC”	the People’s Republic of China, for the purposes of this report, excluding Hong Kong, the Macau Special Administrative Region and Taiwan region
“SASAC”	State-owned Assets Supervision and Administration Commission of the State Council
“Articles of Association”	the Articles of Association of China Railway Construction Corporation Limited

Section II Basic Corporate Information

I. CORPORATE INFORMATION

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

II. CONTACT PERSONS AND CONTACT METHODS

	Secretary to the Board	Joint Company Secretaries	Representative for Securities Related Affairs
Name	YU Xingxi	YU Xingxi, LAW Chun Bui	XIE Huagang
Correspondence address	East, No. 40 Fuxing Road, Haidian District, Beijing	East, No. 40 Fuxing Road, Haidian District, Beijing	East, No. 40 Fuxing Road, Haidian District, Beijing
Telephone	010-52688600	010-52688600	010-52688600
Fax	010-52688302	010-52688302	010-52688302
E-mail	ir@crcc.cn	ir@crcc.cn	ir@crcc.cn

III. CHANGES IN BASIC INFORMATION

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

IV. CHANGES IN INFORMATION DISCLOSURE AND PLACE OF INSPECTION

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

V. BASIC INFORMATION OF THE SHARES OF THE COMPANY

Class of share	Place of listing	Stock abbreviation	Stock Code
A share	Shanghai Stock Exchange	China Rail Cons	601186
H share	Hong Kong Stock Exchange	China Rail Cons	1186

Section II Basic Corporate Information (continued)

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

Date of registration	25 March 2016
Location of registration	East, No. 40 Fuxing Road, Haidian District, Beijing
Business License Registration Number of the Corporation Legal Person	91110000710935150D
Tax Registration Number	91110000710935150D
Institutional Organization Number	91110000710935150D
Reference Index of Changes during the Reporting Period	Please refer to the Announcement on Completion of Change of Registration with the AIC and “Three-in-one License” of the Company dated 28 July 2016 and published on China Securities Journal, Shanghai Securities News, Securities Daily, Securities Times and the website of the Shanghai Stock Exchange (www.sse.com.cn), the website of the Hong Kong Stock Exchange (www.hkex.com.hk) and the Company’s website (www.crcc.cn).

Note: According to the requirements under the Opinion of the Office of the State Council on the Expedited Implementation of the Registration System Reform of the “Three-in-one License”(《國務院辦公廳關於加快推進「三證合一」登記制度改革的意見》) and the Notice of Implementation of the Opinion of the Office of the State Council on the Expedited Implementation of the Registration System Reform of the “Three-in-one License” by Six Departments Including SAIC (《工商總局等六部門關於貫徹落實〈國務院辦公廳關於加快推進「三證合一」登記制度改革的意見〉的通知》) and other relevant documents, the Company applied and completed with Beijing Administration Bureau of Industry and Commerce the registration procedures for change of registration with the AIC, and the registration of the original business license, the certificate of institutional organization code and the certificate of registration of taxation, also known as “Three-in-one License”. Upon implementation of “Three-in-one License”, certificate of institutional organization code, certificate of registration of taxation and certificate of statistics registration were no longer issued and were replaced by unified social credit codes. The Company’s unified social credit code is: 911100007109350150D.

VII. OTHER RELEVANT INFORMATION

1. Auditors appointed by the Company

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

2. Legal advisers appointed by the Company

As to Hong Kong law	Name	Baker & McKenzie
	Office address	14th Floor, Hutchison House, 10 Harcourt Road, Central, Hong Kong
As to the PRC law	Name	Beijing Deheng Law Office
	Office address	12/F, Tower B, Focus Place, No. 19 Finance Street, Beijing

3. Share registrar of H shares of the Company

Name	Computershare Hong Kong Investor Services Limited
Office address	Rooms 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong

Section III Highlights of Accounting Data and Financial Indicators

I. MAJOR ACCOUNTING DATA AND FINANCIAL INDICATORS OF THE COMPANY

(I) Major accounting data

Unit: '000 Currency: RMB

Major accounting data	Reporting Period (from January to June)	Corresponding period last year	Change as compared to the corresponding period last year (%)
Revenue	266,727,199	262,894,264	1.46
Net profit attributable to shareholders of the Company	5,822,183	5,330,703	9.22
Net profit deducting non-recurring profit or loss attributable to shareholders of the Company	5,792,843	4,783,203	21.11
Net cash flows from operating activities	-13,739,795	6,889,144	N/A
Major accounting data	As at the end of the Reporting Period	As at the end of last year	Change as compared with the end of last year (%)
Net assets attributable to shareholders of the Company	123,046,414	111,664,991	10.19
Total assets	731,478,201	696,096,330	5.08

(II) Major financial indicators

Major financial indicators	Reporting Period (from January to June)	Corresponding period last year	Change as compared to the corresponding period last year (%)
Basic earnings per share (RMB per share)	0.43	0.43	0
Diluted earnings per share (RMB per share)	0.42	N/A	N/A
Basic earnings per share after deduction of non-recurring profit or loss (RMB per share)	0.43	0.39	10.26
Weighted average return on net assets (%)	5.09	5.59	Decreased by 0.50 percentage point
Weighted average return on net assets after deduction of non-recurring profit or loss (%)	5.06	5.01	Increased by 0.05 percentage point

II. ACCOUNTING INFORMATION DIFFERENCES BETWEEN DOMESTIC AND OVERSEAS ACCOUNTING STANDARDS

Applicable Not applicable

Section III Highlights of Accounting Data and Financial Indicators (continued)

III. NON-RECURRING PROFIT OR LOSS ITEMS AND AMOUNTS

Applicable Not applicable

Unit: '000 Currency: RMB

Non-recurring profit or loss items	Amount
Gains/losses from disposal of non-current assets	-87,607
Government grants recognized through profit or loss (other than government grants which are closely related to the Company's normal business operations, which comply with national policies and can be enjoyed continuously based on a fixed amount or quantity according to certain standards)	99,082
Gains/losses from debt restructuring	6,871
Gains/losses on changes in fair value of held-for-trading financial assets and trading financial liabilities, and investment gains from disposal of trading financial assets, trading financial liabilities and available-for-sale financial assets, other than effective hedging activities related to normal business operations of the Company	-257,840
Reversal of impairment for accounts receivable that had impairment test separately	257,803
Other non-operating income and expenses other than the above items	21,305
Investment income from disposal of long-term equity investment	2,982
Impact on minority interests	-4,660
Impact on income tax	-8,596
Total	29,340

Section IV Report of the Board of Directors

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

In the first half of 2016, with a focus on improving quality, increasing efficiency and strategic guidance, the Group was committed to deepening enterprise reform, strengthening the innovation drive, and expediting transformation and upgrading, so as to progress towards accomplishment amidst stability in the economy and steadily enhance the scale of its operation.

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

1. Value of newly-signed contracts

During the Reporting Period, the value of new contracts signed by the Group amounted to RMB375.6783 billion, accounting for 44.06% of the annual plan and representing an increase of 18.16% as compared to the corresponding period last year. Among which, new contracts for overseas business amounted to RMB25.8239 billion, accounting for 6.87% of the total value of the new contracts; new contracts for domestic business amounted to RMB349.8544 billion in total, accounting for 93.13% of the total value of the new contracts. As of 30 June 2016, outstanding contracts for the Group amounted to RMB1,832.3526 billion, of which the value of outstanding overseas contracts amounted to RMB362.9480 billion, accounting for 19.81% of the total value of outstanding contracts. The major indicators are as follows:

Unit: '00 million

Category	Value of new contracts			Value of outstanding contracts		
	Reporting Period	Corresponding period last year	Growth (%)	End of Reporting Period	End of last year	Growth (%)
Construction operations	2,999.645	2,540.773	18.06	16,821.735	16,902.685	-0.48
Survey, design and consultancy operations	90.612	59.114	53.28	64.508	50.658	27.34
Manufacturing operations	96.754	95.139	1.70	102.653	73.234	40.17
Logistics and materials trading operations	326.762	333.249	-1.95	914.858	756.283	20.97
Real estate development operations	208.136	142.816	45.74	418.413	280.354	49.24
Other businesses	34.874	8.289	320.73	1.358	22.070	-93.85
Total	3,756.783	3,179.380	18.16	18,323.526	18,085.284	1.32

Section IV Report of the Board of Directors (continued)

During the Reporting Period, the value of new contracts for construction operations amounted to RMB299.9645 billion, accounting for 79.85% of the total value of new contracts and representing an increase of 18.06% period-on-period. Among which, the value of new contracts for railway construction amounted to RMB97.7492 billion, accounting for 32.59% of the value of new contracts in the construction operations segment and representing an increase of 21.25% period-on-period; the value of new contracts for road projects amounted to RMB65.9228 billion, accounting for 21.98% of the value of new contracts in the construction operations segment and representing a decrease of 0.68% period-on-period; the value of new contracts for urban rail transit amounted to RMB31.0936 billion, accounting for 10.37% of the value of new contracts in the construction operations segment and representing an increase of 80.27% period-on-period; the value of new contracts for housing construction amounted to RMB63.0857 billion, accounting for 21.03% of the value of new contracts in the construction operations segment and representing an increase of 7.09% period-on-period; the value of new contracts for municipal engineering amounted to RMB33.0864 billion, accounting for 11.03% of the value of new contract in the construction operations segment and representing an increase of 188.95% period-on-period; the value of new contracts for hydraulic and electric engineering amounted to RMB4.2338 billion, accounting for 1.41% of the value of new contracts in the construction operations segment and representing a decrease of 44.02% period-on-period; the value of new contracts for airport terminals amounted to RMB1.6271 billion, accounting for 0.54% of the value of the new contracts in the construction operations segment and representing a decrease of 35.72% period-on-period. The substantial increase in the value of construction contracts for urban rail transit and municipal engineering was mainly influenced by the increase in domestic investment scale of industries. The great volatility in the value of new contracts for hydraulic and electric engineering and airport terminals was normal due to their small scale.

During the Reporting Period, the value of new contracts for non-construction operations segments of the Group amounted to RMB75.7138 billion, accounting for 20.15% of the total value of new contracts and representing an increase of 18.56% period-on-period. In particular, the value of new contracts for survey, design and consultancy operations amounted to RMB9.0612 billion, representing an increase of 53.28% period-on-period; the value of new contracts for manufacturing operations amounted to RMB9.6754 billion, representing an increase of 1.70% period-on-period; the value of new contracts for logistics and materials trading operations amounted to RMB32.6762 billion, representing a decrease of 1.95% period-on-period; and the value of new contracts for real estate development operations amounted to RMB20.8136 billion, representing an increase of 45.74% period-on-period. The significant increase in the value of new contracts for survey, design and consultancy operations was mainly due to an increasingly enhanced investment in relevant industries, which facilitated the growth in survey, design and consultancy operations industry. The large increase in the value of new contracts for real estate development operations was mainly due to the recovery of sales results for the first half of the year with the Group conforming to market situation, taking the initial to launch new houses, seizing customer resources and speeding up sell-through of projects, benefited from market environment improvement upon relevant policies promulgated by the central and local governments.

Section IV Report of the Board of Directors (continued)

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

During the Reporting Period, the Group achieved a revenue of RMB266.7272 billion, representing a period-on-period increase of 1.46%, and a net profit of RMB6.1992 billion, representing a period-on-period increase of 10.82%.

Unit: '000

Item	Reporting Period	Corresponding period last year	Change as compared to the corresponding period last year
Operating revenue	266,727,199	262,894,264	1.46%
Operating costs	239,399,390	234,091,391	2.27%
Operating profit	7,718,248	6,753,551	14.28%
Operating margin	2.89%	2.57%	Increased by 0.32 percentage point
Net profit	6,199,189	5,594,097	10.82%

3. Analysis on the development trend of the industry

2016 is a critical year for the quality improvement and effectiveness enhancement of the Group and it is the beginning year of the “Thirteenth Five-year Plan”, which is significant to the development of enterprises. During the “Thirteenth Five-year Plan” period, the building industry in the PRC will be substantially benefited from the implementation of the three major strategies, namely the “Integration of Beijing-Tianjin-Hebei”, the “Yangtze River Economic Zone” and “One Belt, One Road”. Along with the integration construction of transportation, logistics, industry and environment in Beijing, Tianjin and Hebei under the facilitation of comprehensive and solid transport corridors, new city clusters and economic integration in the Yangtze River region upon activation of of One Belt and One Road infrastructure interconnection and interworking projects in the coastline and border provinces, there will be large business opportunities in transport infrastructure fields, such as railways, highways, watercourse, airports, urban rail transits. The continuous promotion of New Urbanization construction in the PRC will be materially beneficial to the building market. The large, medium and small cities will require more and better constructions of infrastructure in order to comprehensively upgrade the urban functions while facilitating the implementation of comprehensive urban transportation network, accelerating the reformation of shanty towns and dilapidated houses, implementing reformation of underground pipe network, pushing forward the construction of sponge cities, green cities and intelligent cities and improving the standards of urban public services. The gradual implementation of new railway projects of “eight longitudinal and eight latitudinal” has provided a wide platform for the drastic business growth of construction enterprises which primarily engage in railways construction. In conclusion, during the “Thirteenth Five-year Plan” period, the state will continue to deploy the boosting effect of infrastructure investment on domestic economy and implement numerous material constructions with comprehensiveness, fundamentality and strategic planning in order to provide rare historical opportunities for the development of construction industry.

Section IV Report of the Board of Directors (continued)

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

The Group encounters the following major challenges in its operations: firstly, the market competitions in the PRC are fierce, no matter in the “road and water transportation” traditional market, housing construction market, railway construction market engineering construction market or other markets; secondly, the global economy is sluggish as it remains in an in-depth adjustment period while the worldwide geopolitical risks and the occurrence of unpredictable events raise new uncertainties; thirdly, series of reformations, such as “replacement of business tax with value-added tax (营改增)”, promotion of PPP model, downsizing, merger and reorganization of state-owned enterprises and elimination of “zombie enterprises”, gradually influenced the industry.

In the second half of the year, the Group will adhere to the problem-oriented and target-oriented approach with a direction towards quality improvement and efficiency enhancement, reformation and upgrade and streamlining while striving to stabilize its growth firmly grasping its operation, implementing strict control, promoting reformation and strengthening its safeguard. With an unwavering confidence, firm grasp of target and diligence in implementation, the Company will assure the accomplishment of every reformation and development mission throughout the year in order to make a good start for the “Thirteenth Five-year Plan”.

(II) Analysis of main businesses

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

Unit: '000 Currency: RMB

Item	Amount for the period	Amount for the corresponding period last year	Change (%)
Operating revenue	266,727,199	262,894,264	1.46
Operating costs	239,399,390	234,091,391	2.27
Selling expenses	1,795,919	1,528,736	17.48
General and administrative expenses	10,930,519	9,977,443	9.55
Finance costs	2,033,917	2,612,510	-22.15
Net cash flow generated from operating activities	-13,739,795	6,889,144	N/A
Net cash flow generated from investment activities	-10,050,957	-8,011,456	N/A
Net cash flow generated from financing activities	20,096,950	3,682,261	445.78
R&D expenditures	4,395,854	3,715,764	18.30

The Group's revenue and operating costs for the period amounted to RMB266,727,199,000 and RMB239,399,390,000, respectively, which was substantially the same as compared to the corresponding period last year, representing a stable production and operation of the Company.

Section IV Report of the Board of Directors (continued)

The change in selling and distribution expenses was mainly due to the increase in efforts on contracting operations business by the Group during the period.

The change in general and administrative expenses was mainly due to the increase in R&D expenditures of the Group during the period.

The change in finance costs was mainly due to the decrease in the interest rate of interests-bearing liabilities of the Group during the period.

The change in net cash flow generated from operating activities was mainly due to the increase in repayment of interbank borrowings and decrease in deposits taken by the CRCC Finance Company Limited, a subsidiary of the Company, during the period.

The change in net cash flow generated from investing activities was mainly due to the increase in expenditure of the Group for acquisition and construction of fixed assets and intangible assets during the period.

The change in net cash flow generated from financing activities was mainly due to the new issuance of renewable corporate bonds by the Company during the period.

The change in R&D expenditure was mainly due to the enhancement of the Group in the research in the construction techniques of tunnels and railways under complex conditions and construction techniques of large-scale bridges during the period.

2. Others

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

Not applicable.

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

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

The 2011 annual general meeting held by the Company on 12 June 2012 considered and approved the proposal in relation to the issuance of ultra short-term financing bonds by the Company, approving the Company to register and issue ultra short-term financing bonds with an aggregate balance of principal amount of not more than RMB30 billion. Taking into account the capital position, demand for financing and sources of capital of the Company, as well as the condition of the domestic bond market, the Company issued the first tranche of ultra short-term financing bonds of RMB3 billion for the year 2015 with a term of 270 days on 24 April 2015. The short-term financing bonds were due on 19 January 2016 and were repaid in full.

For details, please see the announcement dated 13 June 2012 published in China Securities Journal, Shanghai Securities News, Securities Daily, Securities Times as well as on the website of the Shanghai Stock Exchange (www.sse.com.cn), the website of the Hong Kong Stock Exchange (www.hkex.com.hk) and the Company's website (www.crcc.cn).

Section IV Report of the Board of Directors (continued)

② The issuance of medium-term notes by the Company

The general meetings held on 13 January 2009 and 31 May 2011 respectively by the Company considered and approved the proposal in relation to the issuance of medium-term notes by the Company. The 2012 second extraordinary general meeting held on 28 December 2012 considered and approved the proposal in relation to the increase in amounts for registration and issuance of medium-term notes and short-term notes of the Company, approving the Company to register and issue medium-term notes with an aggregate balance of principal amount of not more than 40% of the net assets as stated in the audited financial report of the Company for each Reporting Period with the National Association of Financial Market Institutional Investors (中國銀行間市場交易商協會). On 27 August 2010, the Company issued the first tranche of medium-term notes of RMB5 billion for the year of 2010 with a term of 5 years, which was due on 31 August 2015 and was repaid in full. On 14 October 2011, the Company issued the first tranche of medium-term notes of RMB7.5 billion for the year of 2011 with a term of 7 years. On 20 June 2013, the Company issued the first tranche of medium-term notes of RMB10 billion for the year of 2013 with a term of 7 years.

For details, please see the announcements dated 14 January 2009, 2 September 2010, 1 June 2011, 19 October 2011, 29 December 2012 and 21 June 2013 published in China Securities Journal, Shanghai Securities News, Securities Daily, Securities Times as well as on the website of the Shanghai Stock Exchange (www.sse.com.cn), the website of the Hong Kong Stock Exchange (www.hkex.com.hk) and the Company's website (www.crcc.cn).

③ The issuance of overseas bonds by the Company

The 2011 annual general meeting held by the Company on 12 June 2012 considered and approved the proposal in relation to the issuance of overseas bonds by the Company, approving the Company to issue overseas bonds with a balance of principal amount equivalent to not more than RMB5 billion. The 2012 annual general meeting of the Company convened on 6 June 2013 considered and approved the proposal in relation to the increase of the issuance size of overseas bonds of the Company, authorizing the additional issuance of overseas bonds of an amount equivalent to no more than RMB10 billion in Hong Kong or other overseas bond markets by the Company or a wholly-owned subsidiary of the Company. On 16 May 2013, the Company and CRCC Yuxiang Limited, a subsidiary of the Company entered into the Trust Deed with The Hongkong and Shanghai Banking Corporation Limited, the trustee, in respect of the US\$800 million notes at an interest rate of 3.5% due 2023 issued by CRCC Yuxiang Limited. On 1 August 2014, the Company and CRCC Yupeng Limited, a subsidiary of the Company entered into the Trust Deed with The Hong Kong and Shanghai Banking Corporation Limited, the trustee, in relation to the issuance of US\$800 million senior guaranteed perpetual securities with a coupon rate of 3.95% by CRCC Yupeng Limited. Such perpetual securities were presented as equity instrument in the consolidated financial statements.

Section IV Report of the Board of Directors (continued)

On 29 January 2016, the Company issued the US\$500,000,000 zero coupon convertible bonds due 2021, which was listed on the Hong Kong Stock Exchange on 1 February 2016. Please see “X. Convertible Corporate Bonds” set out in “Section V Significant Events” for details.

For details, please see the announcements dated 13 June 2012, 17 May 2013, 7 June 2013, 2 August 2014, 3 June 2015, 29 October 2015, 30 October 2015, 19 January 2016 and 28 January 2016 published in China Securities Journal, Shanghai Securities News, Securities Daily, Securities Times as well as on the website of the Shanghai Stock Exchange (www.sse.com.cn), the website of the Hong Kong Stock Exchange (www.hkex.com.hk) and the Company’s website (www.crcc.cn).

④ The progress of non-public issuance of A shares by the Company

According to the resolutions passed at 2015 first extraordinary general meeting, 2015 first A share class meeting and the 2015 first H share class meeting held by the Company on 5 February 2015, the “Reply to Certain Matters in Relation to the Non-public Issuance of A Shares of China Railway Construction Corporation Limited” (《關於中國鐵建股份有限公司非公開發行A股股票有關問題的批覆》) (Guo Zi Chan Quan [2015] No. 31) from the State-owned Assets Supervision and Administration Commission” and the “Reply to the Non-public Issuance of Shares of China Railway Construction Corporation Limited” (《關於核准中國鐵建股份有限公司非公開發行股票的批覆》) (Zheng Jian Xu Ke [2015] No. 1412) from CSRC, the Company issued a total of 1,242,000,000 ordinary shares (A shares) denominated in Renminbi to targeted investors under non-public issuance at the issue price of RMB8.00 per share. As of 13 July 2015, the actual proceeds received by the Company under this non-public issuance amounted to RMB9,936,000,000.00 and the net proceeds amounted to RMB9,822,942,800.00 after deducting various issue expenses of RMB113,057,200.00. Ernst & Young Hua Ming LLP had conducted inspection on the receipt of proceeds by the Company and issued an Asset Inspection Report (Ernst & Young Hua Ming (2015) Yan Zi No. 60618770_A02). As of 30 June 2016, the interest accrued on proceeds deposited with banks (after deducting bank charges) amounted to an aggregate of RMB17,766,849.68. The utilized proceeds of the Company amounted to RMB1,508,900,000.00 for the year with an accumulated gross proceeds used amounting to RMB9,839,020,304.43 (including the use of idle proceeds to temporarily replenish the working capital of RMB2.5 billion) and a balance of unutilized proceeds of RMB1,689,345.25 (including the interest accrued on proceeds deposited with banks after deducting bank charges). For details of the use of proceeds, please see the 2016 Interim Special Report in Relation to Repository for and Actual Use of Proceeds of China Railway Construction Corporation Limited disclosed by the Company on the same date.

Section IV Report of the Board of Directors (continued)

For more details, please refer to announcements published by the Company on 6 February 2015, 13 May 2015, 3 June 2015, 11 June 2015, 25 June 2015, 30 June 2015, 18 July 2015, 30 July 2015 and 31 August 2015 on China Securities Journal, Shanghai Securities News, Securities Daily, Securities Times, as well as on the website of Shanghai Stock Exchange (www.sse.com.cn), the website of the Hong Kong Stock Exchange (www.hkex.com.hk) and the Company's website (www.crcc.cn).

- ⑤ The issuance of renewable corporate bonds by the Company

Please refer to "Section IX Particulars of Corporate Bonds" in this report for details.

(3) *Progress for business plans*

- ① Completion of business plans

The value of new contracts for the Group in the first half of the year was RMB375.6783 billion, representing 44.06% of the target set for the year of RMB852.7 billion. The revenue amounted to RMB266.7272 billion, accounting for 43.87% of the value of RMB608.0 billion as set in the annual plan, which was basically in line with the requirement under the annual plan.

- ② Fulfillment of profit forecasts

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

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

Nil.

Section IV Report of the Board of Directors (continued)

(III) Analysis of the operations in different business segments and regions

The Group's main businesses include: construction operations, survey, design and consultancy, manufacturing operations, real estate development, logistics and materials trading, and other operations.

1. Performance of main businesses by segment

Unit: '000 Currency: RMB

By segment	Operating revenue	Operating costs	Gross profit margin (%)	Increase/	Increase/	Increase/
				decrease in operating revenue as compared to last year (%)	decrease in operating costs as compared to last year (%)	decrease in gross profit margins compared to last year (%)
Construction operations	233,839,346	213,666,168	8.63	1.09	2.34	Decreased by 1.11 percentage points
Survey, design and consultancy operations	4,742,931	3,328,175	29.83	15.19	16.27	Decreased by 0.65 percentage point
Manufacturing operations	6,454,621	4,780,636	25.93	-0.31	-4.19	Increased by 2.99 percentage points
Real estate development operations	7,538,682	5,700,526	24.38	27.25	28.01	Decreased by 0.45 percentage point
Logistics and materials trading and other operations	21,461,344	19,044,488	11.26	-9.70	-12.27	Increased by 2.60 percentage points
Inter-segment elimination	-7,309,725	-7,120,603	/	/	/	/
Total	266,727,199	239,399,390	10.25	1.46	2.27	Decreased by 0.71 percentage point

Note: Pursuant to requirements of Standards on the Contents and Formats of Information Disclosure by Companies Publicly Offering Securities No. 3 – Contents and Formats of Interim Reports (Revised in 2014) issued by the CSRC, companies shall analyze their operations based on the industry and products. However, the Company carried out the analysis by segment based on the characteristics of the Company's businesses.

Section IV Report of the Board of Directors (continued)

Explanation on the main businesses by segment

(1) Construction operations

As the core and traditional business segment of the Group, the construction operations covered various fields, such as railways, highways, buildings, urban utilities, urban rail transit, water conservancy and hydroelectricity, bridges, tunnels and airports constructions. The Group provided services in 31 provinces, cities and autonomous regions in the PRC as well as in Hong Kong and Macau and took part in infrastructure construction projects in foreign countries and regions such as Africa, Asia, the Middle East and Europe. During the Reporting Period, the Group's operating revenue from construction operations amounted to RMB233.8393 billion, representing an increase of 1.09% as compared to the corresponding period last year, while the gross profit decreased by 10.48% as compared with the corresponding period last year.

Construction operations (before elimination of inter-segment transactions)

Unit: RMB'000

Item	Reporting Period	Corresponding period last year	Growth rate
Operating revenue	233,839,346	231,311,698	1.09%
Operating costs	213,666,168	208,777,849	2.34%
Gross profit	20,173,178	22,533,849	-10.48%
Gross profit margin	8.63%	9.74%	Decreased by 1.11 percentage points
Selling expenses	654,138	529,195	23.61%
Administrative expenses	9,032,027	8,338,505	8.32%
Total profit	5,157,965	4,727,202	9.11%

Total profit from construction operations increased by 9.11% as compared to the corresponding period last year, which was mainly due to the enhancement of cost control and management and the decrease in financing costs. Gross profit from construction operations decreased by 10.48% as compared to the corresponding period last year, mainly due to the overall downturn trend of gross profit for the period as a result of the ad valorem separation adopted by the Group for the parts of unfinished construction upon implementation of "replacement of business tax with value-added tax (营改增)" during the period.

Section IV Report of the Board of Directors (continued)

(2) Survey, design and consultancy operations

The scope of survey, design and consultancy operations covers the provision of survey, design and consultancy services relating to civil engineering and transportation infrastructure construction including railways, highways, urban rail transit, water conservancy and hydroelectricity facilities, airports, docks, industrial and civil buildings and municipal utilities. The Group is one of the leaders of infrastructure construction-oriented survey, design and consulting industry in the PRC, and among the top runners in the survey, design and supervision operations market. During the Reporting Period, the Group's operating revenue from the survey, design and consultancy operations reached RMB4.7429 billion, representing an increase of 15.19% as compared to the corresponding period last year, while the gross profit increased by 12.72% as compared to the corresponding period last year.

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

Unit: RMB'000

Item	Reporting Period	Corresponding period last year	Growth rate
Operating revenue	4,742,931	4,117,525	15.19%
Operating costs	3,328,175	2,862,415	16.27%
Gross profit	1,414,756	1,255,110	12.72%
Gross profit margin	29.83%	30.48%	Decreased by 0.65 percentage point
Selling expenses	377,558	310,026	21.78%
Administrative expenses	518,467	448,722	15.54%
Total profit	494,552	521,452	-5.16%

Total profit from survey, design and consultancy operations decreased by 5.16% as compared to the corresponding period last year, mainly due to the decrease in total profit from inspection and design as a result of the low level of gross profit margin from preliminary inspection as the majority of new projects were at the stage of preliminary inspection during the period.

Section IV Report of the Board of Directors (continued)

(3) Manufacturing operations

The Group is Asia's largest and the world's second largest railroad maintenance machinery and equipment manufacturer, and also the shield manufacturer that has the largest production capacity, most complete equipment and most advanced technology in the PRC. It also produces engineering equipment such as various machinery and equipment for railway construction, large mining dump trucks and impact rollers, concrete injection trolley and chain-type diaphragm-wall trenching machine, as well as railway system products such as high-speed railway switch and elastic rod rail fastening, high-speed railway contact network, and components and parts for electrified railway. During the Reporting Period, the Group's operating revenue from manufacturing operations amounted to RMB6.4546 billion, representing a decrease of 0.31% as compared to the corresponding period last year, while the gross profit increased by 12.70% as compared with the corresponding period last year.

Manufacturing operations (before elimination of inter-segment transactions)

Unit: RMB'000

Item	Reporting Period	Corresponding period last year	Growth rate
Operating revenue	6,454,621	6,475,017	-0.31%
Operating costs	4,780,636	4,989,688	-4.19%
Gross profit	1,673,985	1,485,329	12.70%
Gross profit margin	25.93%	22.94%	Increased by 2.99 percentage points
Selling expenses	153,925	140,339	9.68%
Administrative expenses	579,958	487,716	18.91%
Total profit	894,661	762,897	17.27%

Section IV Report of the Board of Directors (continued)

(4) Real estate development operations

The real estate business is a principal business of the Group as approved by SASAC. Facing the increasing competition of the land markets in certain first-tier and second-tier core cities in the PRC and the rapid rise of land price, in order to improve the Group's acquisition ability of real estate projects, control land costs and reduce capital pressure, the Group proactively facilitated the cooperative project development in all aspect between the entities within the Group and outstanding external enterprises. At the end of the Reporting Period, the real estate business of the Group entered 48 cities and other regions in the PRC with a total land area for construction of 14.42 million m² and a gross floor area of approximately 45.86 million m². During the Reporting Period, operating revenue generated from the real estate segment of the Group reached RMB7.5387 billion, representing a year-on-year increase of 27.25% whereas gross profit increased by 24.94% as compared to the corresponding period last year; sales amount of RMB20.8136 billion and sales area of 1.8207 million m² were realized, representing a year-on-year increase of 45.74% and 21.88%, respectively.

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

Unit: RMB'000

Item	Reporting Period	Corresponding period last year	Growth rate
Operating revenue	7,538,682	5,924,448	27.25%
Operating costs	5,700,526	4,453,212	28.01%
Gross profit	1,838,156	1,471,236	24.94%
Gross profit margin	24.38%	24.83%	Decreased by 0.45 percentage point
Selling expenses	221,822	246,971	-10.18%
Administrative expenses	234,479	199,064	17.79%
Total profit	658,396	557,233	18.15%

Total profit from real estate development operations increased by 18.15% as compared to the corresponding period last year, mainly due to the increase in revenue.

Section IV Report of the Board of Directors (continued)

(5) *Logistics and materials trading and other operations*

The Group has over 70 regional business outlets, 1,330,000 square meters of logistics space, and more than 40,000 linear meters of railway siding and 32,550 stere meters of refined oil storage capacity covering all the major cities and logistic nodes in the country. The Group provides integrated circulation services through well-improved and highly-efficient information-oriented, regional and marketized logistics service system. During the Reporting Period, the Group's operating revenue from logistics and materials trading and other operations amounted to RMB21.4613 billion, representing a decrease of 9.70% as compared to the corresponding period last year, while the gross profit increased by 17.37% as compared with the corresponding period last year.

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

Unit: RMB'000

Item	Reporting Period	Corresponding period last year	Growth rate
Operating revenue	21,461,344	23,767,376	-9.70%
Operating costs	19,044,488	21,708,182	-12.27%
Gross profit	2,416,856	2,059,194	17.37%
Gross profit margin	11.26%	8.66%	Increased by 2.60 percentage points
Selling expenses	388,476	302,205	28.55%
Administrative expenses	565,588	503,436	12.35%
Total profit	749,596	431,260	73.82%

Operating revenue from logistics and materials trading and other operations decreased by 9.70% as compared to the corresponding period last year, mainly due to the downsizing of logistics and material trading operations. Total profit from logistics and materials trading and other operations increased by 73.82% as compared to the corresponding period last year, mainly due to the significant reduced-value allowance in logistics and materials trading operations recognized for the corresponding period last year.

Section IV Report of the Board of Directors (continued)

2. Principal operations by region

Unit: '000 Currency: RMB

Region	Operating revenue	Increase/decrease in revenue as compared to last year (%)
Domestic	252,083,543	0.58
Overseas	14,643,656	19.51
Total	266,727,199	1.46

Explanation on main businesses by region

During the Reporting Period, the Group's revenue from overseas operations amounted to RMB14.6437 billion, representing an increase of 19.51% as compared with the corresponding period last year. As at 30 June 2016, the Group had overseas operating business distributed in 95 countries all over the world as well as in Hong Kong, Macau and other regions, and had 521 projects under construction in total. The overseas operations recorded stable growth.

China Civil Engineering Construction Corporation, a subsidiary of the Company, and the Federal Ministry of Transport of Nigeria entered into the Business Contract on the Nigeria Coastal Railway Project on 20 November 2014 with a contract amount of approximately US\$11.970 billion. During the Reporting Period, the supplemental agreement of coastal railway project of Nigeria was entered into. In light of the decrease in implementation costs of corresponding projects caused by decrease in the prices of certain materials arising from global economic downturn from 2014, the year the contract was entered into, to present, both parties agreed to adjust the contract price to US\$11.175 billion. Preliminary works of the project is still under progress and the construction of the project has not yet commenced. For details, please refer to the announcements of the Company dated 21 November 2014 and 13 July 2016 published in China Securities Journal, Shanghai Securities News, Securities Daily, Securities Times as well as on the website of Shanghai Stock Exchange (www.sse.com.cn), the website of the Hong Kong Stock Exchange (www.hkex.com.hk) and the Company's website (www.crcc.cn).

Section IV Report of the Board of Directors (continued)

(IV) Liquidity and capital resources

1. Cash flow of the Group

Unit: RMB'000

Item	Reporting Period	Corresponding period last year	Increase/decrease for the Reporting Period as compared to the corresponding period last year
Net cash flow from operating activities	-13,739,795	6,889,144	-20,628,939
Net cash flow from investment activities	-10,050,957	-8,011,456	-2,039,501
Net cash flow from financing activities	20,096,950	3,682,261	16,414,689

The net cash flow generated from operating activities for the six months ended 30 June 2016 amounted to RMB-13,739,795 thousand, representing a decrease of RMB20,628,939 thousand as compared to the net cash inflow of RMB6,889,144 thousand during the corresponding period last year. It was primarily due to the increase in repayment of interbank borrowings and decrease in deposits taken by the CRCC Finance Company Limited, a subsidiary of the Company, during the period.

The net cash flow generated from investment activities for the six months ended 30 June 2016 amounted to RMB-10,050,957 thousand, representing an increase of RMB2,039,501 thousand as compared with the net outflow for the same period last year. It was primarily due to the increase in expenditure for acquisition and construction of fixed assets and intangible assets during the period.

The net cash flow generated from financing activities for the six months ended 30 June 2016 amounted to RMB20,096,950 thousand, representing a year-on-year increase of RMB16,414,689 thousand. It was primarily due to the new issuance of renewable corporate bonds by the Company during the period.

Section IV Report of the Board of Directors (continued)

2. Capital expenditures

The Group incurred capital expenditures mainly for the construction of contracting projects, expansion and technology upgrade of facilities, purchase of equipment and construction of BOT projects. The Group's capital expenditures were RMB10.4906 billion and RMB12.5392 billion for the six months period ended 30 June 2015 and for the six months period ended 30 June 2016, respectively. Such increase was mainly due to the new fixed assets acquired and constructed during the period and the increase in construction investment of BOT projects as compared to the corresponding period last year.

Unit: RMB'000

Category	For the six months ended 30 June 2016	For the six months ended 30 June 2015
Construction operations	6,101,338	5,067,163
Survey, design and consultancy operations	288,946	166,495
Manufacturing operations	538,985	123,368
Real estate development operations	29,852	20,495
Other businesses	5,580,035	5,113,070
Total	12,539,156	10,490,591

3. Working capital

(1) Construction contracts in progress

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

Unit: RMB'000

	30 June 2016	31 December 2015
Contract costs incurred to date	2,649,834,257	2,453,239,265
Total recognized gross profits less recognized losses, net	278,406,122	259,533,003
Less: Provision for foreseeable contract losses	-497,153	-533,862
Less: Progress billings	-2,821,085,626	-2,616,779,795
Total	106,657,600	95,458,611

Section IV Report of the Board of Directors (continued)

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

Unit: RMB'000

	30 June 2016	31 December 2015
Gross amount due from construction contract customers	125,756,120	112,511,970
Less: Gross amount due to construction contract customers	-19,098,520	-17,053,359
Total	106,657,600	95,458,611

The Group's construction contracts in progress increased to RMB106,657.6 million as at 30 June 2016 from RMB95,458.6 million as at 31 December 2015.

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

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

	30 June 2016	31 December 2015
Turnover days of accounts receivable	87	74
Turnover days of accounts payable	173	148

- ① The number of turnover days of accounts receivable is derived by dividing the arithmetic mean of the opening and closing balances of accounts receivable for the six months period ended 30 June 2016 by revenue multiplying 180 days (calculated by multiplying 365 days for the year ended 31 December 2015).
- ② The number of turnover days of accounts payable is derived by dividing the arithmetic mean of the opening and closing balances of accounts payable for the six months period ended 30 June 2016 by cost of sales multiplying 180 days (calculated by multiplying 365 days for the year ended 31 December 2015).

Section IV Report of the Board of Directors (continued)

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

Unit: RMB'000

Accounts receivable	30 June 2016	31 December 2015
Within 1 year	117,770,540	116,634,869
1 to 2 years	9,277,234	8,915,476
2 to 3 years	4,582,098	3,926,070
Over 3 years	2,325,502	1,330,339
Total	133,955,374	130,806,754
Less: Provision for bad debts	-2,796,852	-2,778,311
Total	131,158,522	128,028,443

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

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

Unit: RMB'000

	30 June 2016	31 December 2015
Within 1 year	227,745,205	221,276,084
1 to 2 years	3,899,400	3,467,880
2 to 3 years	944,143	649,876
Over 3 years	612,368	582,403
Total	233,201,116	225,976,243

As at 30 June 2016, the Group's accounts payable increased from RMB225.9762 billion as at 31 December 2015 to RMB233.2011 billion.

Section IV Report of the Board of Directors (continued)

4. Prepayments and other receivables

The Group's prepayments and other receivables increased from RMB63.3744 billion as at 31 December 2015 to RMB71.6908 billion as at 30 June 2016.

5. Other payables and accruals

Other payables and accruals included receipts in advance, other payables, employee benefits payables (including long-term employee benefits payable), taxes payable and deferred income (including deferred income due within one year). As at 31 December 2015 and 30 June 2016, the Group had other payables and accruals of RMB141.3774 billion and RMB149.8061 billion, respectively.

6. Indebtedness

(1) Loans

The short-term loans of the Group as at 31 December 2015 and 30 June 2016 were as follows:

Unit: RMB'000

	30 June 2016	31 December 2015
Pledged loans	1,790,424	4,897,234
Mortgaged loans	5,000	12,000
Guaranteed loans	6,016,536	5,915,210
Credit loans	36,014,456	32,546,436
Total	43,826,416	43,370,880

Other current liabilities of the Group as at 31 December 2015 and 30 June 2016 were as follows:

Unit: RMB'000

	30 June 2016	31 December 2015
Other current liabilities	447,849	3,721,637

Section IV Report of the Board of Directors (continued)

The long-term loans of the Group due within one year as at 31 December 2015 and 30 June 2016 were as follows:

Unit: RMB'000

	30 June 2016	31 December 2015
Pledged loans	489,380	229,380
Mortgaged loans	4,505,257	4,445,584
Guaranteed loans	1,426,514	4,022,908
Credit loans	14,381,911	20,013,864
Total	20,803,062	28,711,736

The long-term loans of the Group as at 31 December 2015 and 30 June 2016 were as follows:

Unit: RMB'000

	30 June 2016	31 December 2015
Pledged loans	14,019,750	6,406,750
Mortgaged loans	7,143,413	6,748,067
Guaranteed loans	8,947,898	8,043,275
Credit loans	33,146,787	26,200,356
Total	63,257,848	47,398,448

The bonds payable of the Group as at 31 December 2015 and 30 June 2016 were as follows:

Unit: RMB'000

	30 June 2016	31 December 2015
Bonds payable	42,265,999	31,058,948
Bonds payable due within one year	1,470,000	1,950,000
Total	43,735,999	33,008,948

As at 31 December 2015 and 30 June 2016, the Group's gearing ratio was 73% and 72%, respectively. Gearing ratio is calculated by dividing net liabilities by the sum of total equity plus net liabilities. Net liabilities include the net amount of the sum of all loans, deposits taken, interbank borrowings, other current liabilities (excluding deferred revenue), bills payable, accounts payable, interests payable, dividends payable, other payables, bonds payable, long-term payables and non-current liabilities due within one year, less cash and bank balances. Capital comprises equity attributable to shareholders of the parent company and minority interests (Please see Note VIII. 4 Capital management to the financial statements of this report for details).

Section IV Report of the Board of Directors (continued)

(2) Commitments

Unit: RMB'000

Capital commitments	30 June 2016	31 December 2015
Capital commitments	274,782	375,795
Investment commitments	1,700,000	115,000
Other commitments	4,122,464	8,275,318
Total	6,097,246	8,766,113

(3) Contingent liabilities

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

7. Pledge of assets

Unit: RMB'000

Item	30 June 2016	31 December 2015
Cash and bank balances	8,197,761	7,685,186
Bills receivable	–	11,300
Accounts receivable	7,037,559	7,228,148
Inventories	36,326,995	32,786,087
Fixed assets	1,304,554	1,316,554
Intangible assets	18,844,146	7,138,624
Total	71,711,015	56,165,899

Please see “Note V. 61 Assets with restricted ownerships or right to use” in this report for details.

Section IV Report of the Board of Directors (continued)

8. Foreign exchange risks and profit or loss on exchange

The major production and operation activities of the Group are located in the PRC and the principal operations are settled in RMB. The assets and liabilities in foreign currency recognized by the Group and the transactions to be denominated in foreign currencies in the future are subject to foreign exchange risks. As at 30 June 2016, the Group held cash and bank balances, receivables, other receivables, short-term borrowings, payables, other payables, long-term borrowings and bonds payable denominated in foreign currencies (primarily in US dollar, Algerian Dinar, Singapore Dollar, Saudi Riyal and so on). Please see Note V. 62 Foreign currency monetary items to the financial statements of this report for details.

The management of the Group closely monitored the impact of changes in exchange rate on the Group's exchange risks. Although the Group has not entered into any significant forward exchange contracts, the finance department of the Group which is responsible for monitoring exchange risks will hedge material exchange risks when necessary. Please see Note VIII. 3 Financial instruments risks to the financial statements of this report.

(V) Analysis of core competitiveness

1. Eminent comprehensive competitive strength

Having weaved a holistic layout covering the engineering and construction industry chain, CRCC possessed solid capabilities for exploring the market operation and its growth in the operational indicators is significant, reinforcing its leading position in the industry. With the shaping of the preliminary globalized operations setup and the annual growth in the overseas business revenue, CRCC ranked among the first three in the list of "Top 250 Global Contractors". It has an A+H share financing platform and sufficient banking facilities. Over years of operations, CRCC has established a fine brand reputation in the field of infrastructure construction, established a solid client base and tapped into extensive market resources.

2. Constant reinforcement of leading position in technologies

With its eminently advanced technologies, CRCC has taken a solid world-leading position in design and construction technologies for rails for plateaus and extremely low-temperature areas as well as high-speed rails. As a constant flow of products with proprietary intellectual properties emerges, underground construction equipment such as large-diameter hard rock tunnel boring machines and double-shield hard rock tunnel boring machines has filled the domestic technology gap, while large-scale railway maintenance machines such as narrow-gauge tampers and narrow-gauge ballast regulators have reached the globally-leading level and are exported to other countries. The technologies of CRCC such as underground construction and the integrated system of communications, signal, power supply and traction power supply have occupied a dominant position in the industry as well.

3. Progressive perfection of industrial structure layout

The businesses of CRCC comprise construction contracting, surveying, design and consultation, equipment manufacturing, real estate development, capital operation, mining resources exploitation as well as materials trading and logistics. CRCC possesses the capabilities for expansion and synergy across the entire industry chain, gradually developing itself into an one-stop solutions provider that integrates scientific research, planning, surveying, design, construction, supervision, maintenance, operation as well as investments and financing.

Section IV Report of the Board of Directors (continued)

4. Gradual optimization of organizational management structure

Through the continuous optimization of the organizational management structure, CRCC has constantly standardized the organizational management system of three-level corporations and strictly controlled the establishment of business corporations so as to shorten the management chain, in turn giving full play to the operation initiatives of units at all levels. Under the overall strategy of specialized operations, CRCC has established six specialized subsidiaries and significantly augmented its specialized operations capabilities, whereas the number of third-tiered and fourth-tiered companies which are small in scale, low in efficiency and deviate from the principal business development has been reduced substantially. Efforts in consolidation and streamlining have been enhanced in an on-going fashion, effectively strengthening management efficiency. Meanwhile, the setup of the headquarters has been further reformed, adjusted and optimized, in turn shaping a management system and an operation mechanism with distinctive duties and functions that operate in a smooth manner.

5. The ever-lasting culture of railway troops

The spirit underlying the railway troops, namely “no obstacles are insurmountable for railway troops who pave roads that cut through mountains and build bridges to cross rivers; no challenges are too daunting for railway troops who eat and sleep without shelter and stride forward against headwinds through the rain”, still permeates through the development and long journey of CRCC. As the legacy of the railway troops passes on, it transcends into the corporate values of “permanent integrity and innovation for the co-existence of key products and corporate morality” and crystalizes into the corporate spirit of “being fearless against formidable obstacles, willing to take on challenges head-on, determined to become a leader in the industry and persistent in earning high reputation at home and abroad” as well as the favorable practice of “taking a look at the big picture, strictly executing every single order, striving for success with intrepidity and being willing to make contributions”. The spirit of railway troops goes on and the cultural soft power has driven CRCC to constantly overcome obstacles and take the initiative to innovate, creating a large number of key projects and establishing the market image as a company of high efficiency and integrity.

Section IV Report of the Board of Directors (continued)

(VI) Analysis of investment

1. Overall analysis of investment in external equity

As at 30 June 2016, the carrying balance of the Group's long term equity investment was RMB5.8117 billion, representing an increase of RMB1.6433 billion, or 39.42%, as compared to RMB4.1684 billion at the beginning of the year.

(1) Investment in securities

Applicable Not applicable

No.	Type of securities	Stock code	Abbreviated stock name	Amount of initial investment (RMB)	Number of securities held (share)	Carrying value at the end of the period (RMB)	Percentage over total securities investment at the end of the period (%)	Profit/loss during the Reporting Period (RMB)
1	Stock	HK03969	CRSC	131,950,350	25,000,000	110,038,763	55.62	-
2	Stock	HK01258	ChiNF Mining	64,862,865	36,363,000	29,608,391	14.97	-22,751,710
3	Open-ended Fund	000652	Bosera-Yulong Hybrid	17,369,836	17,369,836	31,578,362	15.96	-1,267,998
4	Stock	601618	MCC	59,265,109	10,600,000	21,471,020	10.85	269,100
5	Open-ended Fund	519606	Guotai Jinxin	3,908,303	3,908,303	4,764,221	2.41	-586,246
6	Stock	600028	Sinopec	533,250	135,000	362,350	0.19	-53,914
	Other investment in securities held at the end of the period			-	/	-	-	-
	Investment profit or loss from disposal of securities during the Reporting Period			/	/	/	/	-
Total				277,889,713	/	197,823,107	100%	-24,390,768

Section IV Report of the Board of Directors (continued)

(2) Shareholdings in other listed companies

Applicable Not applicable

Unit: RMB'000

Stock code	Abbreviated stock name	Initial investment costs	Percentage of	Percentage of	Carrying value at the end of the period	Profit/loss during the Reporting Period	Changes	Accounting item	Source of shares
			Initial shareholding at the beginning of the period (%)	shareholding at the end of the period (%)			in equity of owners during the Reporting Period		
601328	Bank of Communications	49,892	0.07	0.07	227,033	3,323	-30,022	Available-for-sale financial assets	Original issue stock
HK3898	CSR Times Electric	9,800	0.90	0.90	231,933	-	-7,216	Available-for-sale financial assets	Original issue stock
002159	Sante Cableway	3,000	0.99	0.99	30,301	-	-5,488	Available-for-sale financial assets	Original issue stock
600885	Hongta Electroacoustic	1,440	0.71	0.71	33,535	-	761	Available-for-sale financial assets	Original issue stock
600809	Shanxi Fenjiu	708	0.05	0.05	8,872	-	954	Available-for-sale financial assets	Original issue stock
000759	Wuhan Zhongbai	1,058	0.14	0.14	6,621	-	-1,385	Available-for-sale financial assets	Original issue stock
601169	Bank of Beijing	2	-	-	1,444	-	-17	Available-for-sale financial assets	Original issue stock
600322	Tianjin Reality Development	160	0.03	0.03	446	-	-99	Available-for-sale financial assets	Original issue stock
601211	Guotai Jun'an	7,604	0.16	0.10	134,285	-	-34,846	Available-for-sale financial assets	Original issue stock
600061	SDIC Essence Co., Ltd.	268,452	2.09	1.66	1,095,268	-	-373,846	Available-for-sale financial assets	Original issue stock
Total		342,116	/	/	1,769,738	3,323	-451,204	/	/

Section IV Report of the Board of Directors (continued)

(3) Shareholdings in financial enterprises

Applicable Not applicable

Name of investees	Amount of initial investment (RMB)	Percentage of Shareholding		Carrying value at the end of the period (RMB)	Profit/loss during the Reporting Period (RMB)	Changes in equity of owners during the Reporting Period (RMB)		Accounting item	Source of shares
		at the beginning of the period (%)	at the end of the period (%)						
Guotai Jun'an Investment Management Co., Ltd.	55,860	0.004	0.004	55,860	-	-		Available-for-sale financial assets	Initiator
Total	55,860	/	/	55,860	-	-	/		/

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

(1) Entrusted wealth management

Applicable Not applicable

(2) Entrusted Loan

Applicable Not applicable

(3) Other investment and wealth management and derivatives investment

Applicable Not applicable

Section IV Report of the Board of Directors (continued)

Unit: RMB'000

Type of investment	Source of funds	Contracting party	Share of investment	Term of investment	Type of product	Expected return	Profit or loss from investment	Involvement in litigations
Yuxin Innovation Advantage No. 8 Trust (渝信創新優勢別號信託) ^{Note}	Internal Funds	Chongqing Trust Co., Ltd. (重慶信託有限公司)	30,000	424 days	Collective trust	8.50%	2,962	No
Min'an No. 1 Trust (民安一號信託) ^{Note}	Internal Funds	China Fortune International Trust Co., Ltd. (華鑫國際信託有限公司)	50,000	1 year	Collective trust	9.00%	4,575	No
Wuxi Beitang Fengxiang C & D Account Receivable Investment Assembled Funds Trust (無錫北塘鳳翔建發應收賬款投資集合資金信託) ^{Note}	Internal Funds	Zhongtai Trust Co., Ltd. (中泰信託有限責任公司)	30,000	1 year	Collective trust	9.50%	648	No
Zhenxin No. 26 Trust (臻鑫26號信託)	Internal Funds	Sino-Australian International Trust Co., Ltd. (華澳國際信託有限公司)	20,000	1 year	Collective trust	10.00%	1,003	No
China Industrial International Yuqian No. 3 Stand-alone Trust (興業國際渝乾3號單一信託) ^{Note}	Internal Funds	China Industrial International Trust Ltd. (興業國際信託公司)	300,000	2 years	Collective trust	8.80%	13,308	No
Wuhan CBD Fanhai Youzhai No. 1 Assembled Funds Trust (武漢CBD泛海優債1號集合資金信託)	Internal Funds	Sichuan Trust Co., Ltd. (四川信託有限公司)	50,000	2 years	Collective trust	8.80%	3,219	No
Fangxing No. 213 Trust (方興213號信託)	Internal Funds	Founder BEA Trust Co., Ltd. (方正東亞信託有限責任公司)	50,000	2 years	Collective trust	9.80%	2,491	No
PKU Resources Loan Project Assembled Trust (北大資源貸款項目集合信託)	Internal Funds	Daye Trust Co., Ltd. (大業信託有限責任公司)	50,000	2 years	Collective trust	8.00%	-	No
HNA Industrial Hongyun No. 2 Assembled Funds Trust (海航實業鴻運2號集合資金信託)	Internal Funds	Sichuan Trust Co., Ltd. (四川信託有限公司)	50,000	1 year	Collective trust	7.30%	-	No
CCB Trust - China Railway Construction Corporation Limited Assembled Funds Trust Plan (No. 2) (建信信託-鐵建藍海集合基金信託計劃(2號))	Internal Funds	CCB Trust Co., Ltd. (建信信託有限責任公司)	253,000	19 months	Trust fund	5.50%	13,980	No
CCB Trust - China Railway Construction Corporation Limited Assembled Funds Trust Plan (No. 3) (建信信託-鐵建藍海集合基金信託計劃(3號)) ^{Note}	Internal Funds	CCB Trust Co., Ltd. (建信信託有限責任公司)	34,000	7 years	Trust fund	8.50%	2,761	No
CCB Trust - China Railway Construction Corporation Limited Assembled Funds Trust Plan (No. 7) (建信信託-鐵建藍海集合基金信託計劃(7號))	Internal Funds	CCB Trust Co., Ltd. (建信信託有限責任公司)	42,300	4 years	Trust fund	7.30%	-	No
CCB Trust - China Railway Construction Corporation Limited Assembled Funds Trust Plan (No. 9) (建信信託-鐵建藍海集合基金信託計劃(9號))	Internal Funds	CCB Trust Co., Ltd. (建信信託有限責任公司)	2,500	72 months	Trust fund	7.00%	-	No

Note: The five trust products were redeemed during the Reporting Period and the balance at the end of the period was 0.

3. Use of proceeds

For details of the use of proceeds of the Company, please see the 2016 Interim Special Report in Relation to Repository for and Actual Use of Proceeds of China Railway Construction Corporation Limited published on the same date on China Securities Journal, Shanghai Securities News, Securities Daily, Securities Times, as well as on the website of Shanghai Stock Exchange (www.sse.com.cn), the website of the Hong Kong Stock Exchange (www.hkex.com.hk) and the Company's website (www.crcc.cn).

Section IV Report of the Board of Directors (continued)

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

(1) Major subsidiaries

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

Unit: RMB'000

Name of the Company	Registered capital	Major financial indicators as at 30 June 2016			Principal operations	Industry
		Total assets	Net assets	Net profits		
China Civil Engineering Construction Corporation	3,000,000	25,300,374	5,361,452	456,065	Construction	Construction
China Railway 11th Bureau Group Co., Ltd.	5,030,000	42,491,668	10,406,009	544,554	Construction	Construction
China Railway 12th Bureau Group Co., Ltd.	5,060,677	40,796,021	7,068,963	544,029	Construction	Construction
China Railway Construction Bridge Engineering Bureau Group Co., Ltd.	2,000,000	32,022,826	4,820,063	108,840	Construction	Construction
China Railway 14th Bureau Group Co., Ltd.	3,110,000	33,211,136	3,806,639	273,489	Construction	Construction
China Railway 15th Bureau Group Co., Ltd.	1,117,210	24,811,555	2,193,287	63,148	Construction	Construction
China Railway 16th Bureau Group Co., Ltd.	1,268,300	33,334,419	4,089,826	238,332	Construction	Construction
China Railway 17th Bureau Group Co., Ltd.	1,105,470	31,607,219	3,979,912	271,714	Construction	Construction
China Railway 18th Bureau Group Co., Ltd.	2,284,322	33,092,138	3,848,070	380,770	Construction	Construction
China Railway 19th Bureau Group Co., Ltd.	5,080,000	31,111,487	5,624,624	235,844	Construction	Construction
China Railway 20th Bureau Group Co., Ltd.	3,130,000	30,495,201	3,059,116	416,887	Construction	Construction
China Railway 21st Bureau Group Co., Ltd.	1,150,000	22,181,513	2,445,699	162,154	Construction	Construction
China Railway 22nd Bureau Group Co., Ltd.	1,057,000	22,216,099	5,775,837	171,001	Construction	Construction
China Railway 23rd Bureau Group Co., Ltd.	1,185,000	18,036,288	1,017,745	46,955	Construction	Construction
China Railway 24th Bureau Group Co., Ltd.	1,050,000	15,945,300	2,193,404	158,085	Construction	Construction
China Railway 25th Bureau Group Co., Ltd.	1,003,650	13,677,070	1,262,908	40,663	Construction	Construction
China Railway Construction Group Ltd.	2,500,000	38,772,146	5,613,832	286,033	Construction	Construction
China Railway Construction Electrification Bureau Group Co., Ltd.	710,000	21,443,818	4,556,831	506,350	Construction	Construction
China Railway Real Estate Group Co., Ltd.	7,000,000	109,354,669	17,459,421	489,729	Real estate development and operations	Real estate
China Railway Goods and Materials Co., Ltd.	3,000,000	18,934,195	828,971	35,616	Purchase and sales of goods and materials	Logistics
China Railway Construction Investment Group Co., Ltd.	10,000,000	54,950,057	14,875,313	328,209	Project investment	Investment
CRCC Finance Company Limited	6,000,000	63,876,920	7,249,600	299,866	Financial agency operation	Finance
CRCC Urban Construction Group Corporation	2,000,000	12,898,292	2,136,109	85,986	Construction	Construction
CRCC High New Equipment Company Limited	1,519,884	6,812,052	5,288,958	214,864	Industrial manufacturing	Industrial manufacturing

During the Reporting Period, the Group had no subsidiary with operating results representing over 10% of consolidated operating results of the Group.

(2) Major companies in which the Company invested

There was no important company invested by the Company. For detailed information, please see "Note V. 11. Investment in jointly-controlled entities and associates" in the Notes to Financial Statements of this report.

Section IV Report of the Board of Directors (continued)

5. Projects not funded by raised proceeds

Applicable Not applicable

Unit: 0'000 Currency: RMB

Project name	Project amount	Progress of projects	Amount invested during the Reporting Period	Actual amount invested in aggregate	Revenue of projects
The BOT Project for Jianyang-Pujiang Expressway in Sichuan (四川簡陽至蒲江高速公路BOT項目)	1,567,850	The working progress is normal with completion of 55.41% of total investment of the project.	200,494	868,798	No revenue was generated during construction period.
The BOT Project for Deyang-Jianyang Section of the Chengdu Economic Zone Ring Expressway (成都經濟區環線高速公路德陽至簡陽段BOT項目)	1,362,000	The project is commencing various works including initial design, project financing, resettlement and tendering for design and construction.	246	345	No revenue was generated during construction period.
The BOT Project for Deyang-Duijiangyan Section of G0511 Expressway (G0511線德陽至都江堰段BOT項目)	1,595,400	The project is commencing various works including initial design, project financing, resettlement and tendering for design and construction.	201	304	No revenue was generated during construction period.
The BOT Project for Nanchong-Dazu-Luzhou Expressway (Chongqing Section) (南充至大足至瀘州高速公路(重慶境)BOT項目)	1,174,800	The project is undergoing the resettlement stage.	60,000	60,000	No revenue was generated during construction period.
The BOT Project for Capacity Enhancement of Yuqian Expressway (Chongqing Section) (渝黔高速公路擴能(重慶境)工程BOT項目)	1,625,000	The project is undergoing the resettlement stage.	5,000	5,000	No revenue was generated during construction period.
The BOT Project for Liangqing-Qianjiang Expressway (Shizhu-Qianjiang Section) in Chongqing (重慶梁平至黔江高速公路石柱至黔江段工程BOT項目)	1,246,300	The project is undergoing the resettlement stage.	66,400	66,400	No revenue was generated during construction period.
The BOT Project for Pujiang-Duijiangyan Section of the Chengdu Economic Zone Ring Expressway (成都經濟區環線高速公路蒲江至都江堰段BOT項目)	3,555,900	The project has signed a BOT investment contract and the construction contract is under negotiation	0	0	No revenue was generated during construction period.
The BT Project for Urban Rail Transit Works in Blue Silicon Valley in Qingdao (青島藍色硅谷城際交通軌道工程BT項目)	1,678,226	The working progress is normal with completion of 22.53% of total investment of the project.	26,342	378,038	The revenue remains uncertain as the project has not been completed yet.
The Investment, Financing and Construction BT Project for Phase I and II of Line 5 of Chengdu Subway (成都地鐵5號線二期工程投融資建設BT項目)	1,719,899	The working progress is normal with completion of 2.12% of total investment of the project.	33,758	36,517	The revenue remains uncertain as the project has not been completed yet.
The PPP Project for Beijing Xingyan Expressway (北京興延高速公路政府與社會資本合作PPP項目)	1,309,598	The working progress is normal with completion of 19.91% of total investment of the project.	10,394	260,793	No revenue was generated during construction period.
Total	16,834,973	/	402,835	1,676,195	/

Section IV Report of the Board of Directors (continued)

Description on projects not funded by raised proceeds

The PPP Project of Xuzhou Urban Rail Transit Line 2 (Phase I) (徐州市城市軌道交通2號線一期工程PPP項目) was originally planned to be conducted by Xuzhou Urban Rail Transit Co., Ltd. (hereinafter referred to as “Xuzhou Rail Company”) and the Company through the joint establishment of a project company with registered capital of RMB1 billion, of which RMB510 million was contributed by the Company, representing 51% of the equity interests. During the Reporting Period, a cooperation agreement on the PPP project was signed with the changes in investors to include CRCC Consortium, Xuzhou Rail Company, CDB Development Fund Limited and Jiangsu International Trust Corporation Limited and the change in registered capital of the project company to RMB5.2 billion, of which RMB1.7 billion was contributed by the Company, representing 32.69% of the equity interests. The project had commenced normal construction and completed 0.68% of the total investment as of 30 June 2016.

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

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

It was resolved at the 24th meeting of the third session of the Board convened by the Company from 29 to 30 March 2016 that a cash dividend for the year 2015 of RMB0.15 (tax inclusive) per share based on the total share capital of 13,579,541,500 shares as at 31 December 2015 was declared, totaling RMB2,036,931,225.00. The profit distribution plan had been considered and approved at the 2015 annual general meeting convened on 16 June 2016. As of 2 August 2016, the distribution of the above cash dividend was completed.

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

Whether to distribute profit or transfer reserves No

III. OTHER DISCLOSURE

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

Applicable Not applicable

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

Applicable Not applicable

(III) Other disclosure

None.

Section V Significant Events

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

Applicable Not applicable

II. EVENTS REGARDING BANKRUPTCY AND RESTRUCTURING

Applicable Not applicable

III. TRANSACTION OF ASSETS AND MERGER OF BUSINESS

Applicable Not applicable

IV. SHARE INCENTIVE PLAN OF THE COMPANY AND IMPACTS THEREOF

Applicable Not applicable

Section V Significant Events (continued)

V. MATERIAL RELATED PARTY TRANSACTIONS

Applicable Not applicable

(I) The related party transactions in relation to the ordinary operations

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

<u>Summary of the event</u>	<u>Document for inspection</u>
<p>According to the requirements of “No. 3 Guidelines for the Content and Format of Information Disclosure by Companies with Public Issue of Securities – Content and Format of Interim Report (as revised in 2014)” by the China Securities Regulatory Commission (CSRC), the Listing Rules of the Shanghai Stock Exchange and the Guidelines for the Implementation of Related Party Transactions of Listed Companies in Shanghai Stock Exchange, the related parties involved in related party transactions of the Group mainly include CRCCG, the Controlling Shareholder, and subsidiaries controlled by it. The twenty-first meeting of the third session of the Board of the Company was held on 28 December 2015. At the meeting, the Proposal in Relation to the Determination of the Caps of Continuing Connected Transactions for 2016–2018 and the Renewal of the Services Provision Framework Agreement was approved; the Company was approved to renew the Services Provision Framework Agreement with CRCCG and to determine the caps for relevant transactions. According to the Service Provision Framework Agreement, each of the annual transaction caps for 2016–2018 was proposed to be no more than RMB600 million; according to the Property Leasing Framework Agreement (including a supplementary agreement) and the Land Use Rights Leasing Framework Agreement, each of the annual transaction caps of expenditures for 2016–2017 in respect of leasing of all properties and lands by the Company will amount to RMB300 million respectively, upon considering that the 10-year valid period of the Property Leasing Framework Agreement signed in 2007 will expire in 2017. Before being proposed to the Board for consideration, the proposal has been approved by the independent non-executive directors of the Company; as the Board was considering the proposal, the independent non-executive directors of the Company also gave their independent opinions of approving the proposal, that the voting procedure complied with the normative legal documents such as laws and regulations and the Articles of Association; the pricing methods for each of the transactions were objective and fair; the trading procedures complied with the normative legal documents such as laws and regulations and were fair and reasonable. Each of the transactions is favorable for development of the Company and will not damage the interests of the Company and its shareholders, especially the minority shareholders.</p>	<p>For details of disclosures, please refer to the relevant announcement dated 29 December 2015 as published on China Securities Journal, Shanghai Securities News, Securities Daily and Securities Times, as well as on the website of the Shanghai Stock Exchange (www.sse.com.cn), the website of the Hong Kong Stock Exchange (www.hkex.com.hk) and the website of the Company (www.crcc.com.cn).</p>

Section V Significant Events (continued)

Major related party transactions related to ordinary operations of the Group during the first half of 2016 are as follows:

Unit: RMB'000

Related party	Related party transactions type	Related party transactions content	Related party transactions pricing principle	Related party Transactions price	Related party transactions amount	Proportion in the same category of transactions	Related party transaction settlement method	Market price	Reason for the significant difference between transaction price and market reference price
11 units including Shaanxi Railway Engineering Investigation Co., Ltd	Expenditure for labor service	Survey and design consultation	Agreement pricing	-	194,353	0.08%	Cash	-	-
Controlling shareholder	Property leasing expense	Property Leasing	Agreement pricing	-	32,285	-	Cash	-	-

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

Not applicable.

3. Events undisclosed in temporary announcements

Applicable Not applicable

(II) Related party transactions from asset acquisition and sales

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

Not applicable.

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

Not applicable.

3. Events undisclosed in temporary announcements

Applicable Not applicable

Section V Significant Events (continued)

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

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

Not applicable.

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

Not applicable.

3. Events undisclosed in temporary announcements

Applicable Not applicable

(IV) Claims and liabilities between related parties

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

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

Not applicable.

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

Unit: RMB'000

Related party	Related party relationship	Provision of funds to related party by the Company			Provision of funds to the Company by related party		
		Beginning balance	Amount incurred	Closing balance	Opening balance	Amount incurred	Closing balance
CRCCG ^{Note 1}	Controlling Shareholder	-	-	-	771,770	-	771,770
CRCCG ^{Note 2}	Controlling Shareholder	-	-	-	204,419	56,588	261,007
CRCCG ^{Note 3}	Controlling Shareholder	3,777	-3,777	0	4,914,466	-4,891,413	23,053
Jinli Asset Management Center ^{Note 3}	Wholly-owned subsidiary of the Controlling Shareholder	-	-	-	129,594	962	130,556
Beijing Tongda Jingcheng Highway Co., Ltd. ^{Note 3}	Non-wholly-owned subsidiary of the Controlling Shareholder	-	-	-	72,075	-19,844	52,231
Railway Construction Technology Magazine ^{Note 3}	Wholly-owned subsidiary of the Controlling Shareholder	-	-	-	4,073	951	5,024
Total		3,777	-3,777	-	6,096,397	-4,852,756	1,243,641

Section V Significant Events (continued)

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

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

Settlement of claims and liabilities between related parties Settlement by normal progress.

Commitments related to claims and liabilities between related parties Nil.

Impact of such claims and liabilities on the Company's operating result and financial position No significant impact.

Note 1: The fund provided by related parties to the Company was primarily the allocation from the Ministry of Finance to the Controlling Shareholder. In 2013, according to "The Ministry of Finance's notification of 2013 central state capital budget about China Railway Construction Corporation", the Ministry of Finance appropriated RMB500,000,000 to the Controlling Shareholder. In 2012, according to "The Ministry of Finance's notification of 2012 central state capital budget about the special funds of safety production", the Ministry of Finance allocated RMB82,110,000 to the Controlling Shareholder. According to the requirements under the "Strengthening Corporation Financial Information Management Interim Provisions", the Controlling Shareholder transferred the funds to the Company by entrusted loans.

Note 2: The funds mainly represent the deposits of the Controlling Shareholder at the Funds Settlement Center of the Group and advances thereof received by CRCC International Group Co., Ltd., a subsidiary of the Group.

Note 3: The fund provided to related parties by the listed company incurred from continuing connected transactions between the Company and its Controlling Shareholder together with its subsidiaries in previous years. The fund provided to the Company by related parties represents the deposits of the Controlling Shareholders and its subsidiaries, which are deposited in CRCC Finance Company Limited, a subsidiary of the Group.

3. Events undisclosed in temporary announcements

Applicable Not applicable

(V) Others

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

Section V Significant Events (continued)

VI. MAJOR CONTRACTS AND PERFORMANCE THEREOF

(I) Trusteeship, contracting and leasing matters

Applicable Not applicable

(II) Guarantees

Applicable Not applicable

Unit: '000 Currency: RMB

External guarantees by the Company (exclusive of such guarantees to its subsidiaries)

Guarantor	Guarantor's relationship with		Guarantee amount	Date of occurrence (date of signing agreement)	Commencing date of the guarantee	Expiry date of the guarantee	Guarantee type	Performance		Overdue		Guarantee by related party or not	Connected relationship
	the listed company	Party guaranteed						completed or not	Overdue or not	amount under the guarantee	Counter guaranteed or not		
The Company	Within the Company	Sichuan Naxu Railway Co., Ltd.	67,200	28 December 2006	28 December 2006	28 December 2026	General guarantee	No	No	No	No		
The Company	Within the Company	Sichuan Naxu Railway Co., Ltd.	50,400	16 April 2008	16 April 2008	16 April 2028	General guarantee	No	No	No	No		
The Company	Within the Company	CRCC-Tongguan Investment Co., Ltd.	287,055	20 May 2015	20 May 2015	20 November 2023	General guarantee	No	No	No	Yes	Associated company	
The Company	Within the Company	CRCC-Tongguan Investment Co., Ltd.	518,294	17 March 2014	17 March 2014	30 December 2023	General guarantee	No	No	No	Yes	Associated company	

Section V Significant Events (continued)

Total amount of guarantees during the Reporting Period (exclusive of the guarantees to subsidiaries)	135,209
Closing balance of guarantees as at the end of the Reporting Period (A) (exclusive of the guarantees to subsidiaries)	922,949

Guarantees provided for its subsidiaries by the Company

Total amount of guarantees provided for subsidiaries during the Reporting Period	3,765,025
Closing balance of guarantees provided for subsidiaries as at the end of the Reporting Period (B)	21,907,368

Total guarantees by the Company (inclusive of such guarantees provided for its subsidiaries)

Total guarantees (A+B)	22,830,317
The proportion of total guarantees in net assets of the Company (%)	16.15
Of which:	
The amount of guarantees provided for the Company's shareholders, actual controllers and their related parties (C)	–
Debt guarantees direct or indirect to guaranteed objects with the gearing ratio higher than 70% (D)	21,907,368
Of total guarantees, the portion in excess of 50% net assets of the Company (E)	–
Total of the above three categories of guarantees (C+D+E)	21,907,368
Explanation on the potential joint liability arising from the immature guarantees	N/A
Explanation on the guarantees	Nil

The Company's decision-making procedures of guarantees:

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

It was considered and approved at the 24th meeting of the third session of the Board held from 29 to 30 March 2016 and the 2015 annual general meeting of the Company that the total cap for internal guarantees of the Company in 2016 was determined to be RMB70 billion. During the Reporting Period, guarantee provided for the wholly-owned subsidiaries by the Company was in strict compliance with the set guarantee cap. As at 30 June 2016, the total amount of the balance of the guarantee provided to the wholly-owned subsidiaries by the Company was RMB21.9074 billion and did not exceed the set guarantee cap.

Section V Significant Events (continued)

(2) Decision-making procedures of external guarantees

As at 30 June 2016, the total amount of the balance of external guarantees provided by the Company was RMB922.9 million, including the following two guarantees:

- ① In 2006, CRCCG had provided a guarantee of RMB67.2 million for a loan of RMB400 million of Sichuan Naxu Railway Co., Ltd. (四川納叙鐵路有限公司, "Naxu Company"), in proportion to its capital contribution percentage as 16.8% in Naxu Company. Due to the reform of CRCCG in December 2007, it entered into a tripartite agreement with China Railway Construction Corporation Limited and the Luzhou branch of China Construction Bank Co., Ltd., and to change the subject under the contract into China Railway Construction Corporation Limited. The proposal in relation to the provision of guarantee for the loan of Naxu Company had been considered and approved in the tenth meeting of the first session of the Board in October 2008, and the Company was approved to provide a guarantee of RMB50.4 million for a loan of RMB300 million of Naxu Company, a joint-stock company of the Company, in proportion to its capital contribution percentage as 16.8% in Naxu Company. As at 30 June 2016, the balance of actual guarantee provided by the Company amounted to RMB117.6 million.
- ② The resolution in relation to the investment for the development and construction of Mirador Copper Mine Project in Ecuador was considered and approved at the fourteenth meeting of the second session of the Board in August 2012, pursuant to which the Company was approved to provide a guarantee amounting to US\$387 million, in proportion to its capital contribution, for the loan applied by CRCC-Tongguan Investment Co., Ltd. As of 30 June 2016, the balance of actual guarantee provided was RMB518.3 million in equivalence. The resolution in relation to the provision of guarantee for the loan advanced to CRCC-Tongguan Investment Co., Ltd. by The Export-Import Bank of China had been considered and approved in the 32nd meeting of the second session of the Board of the Company on 29 April 2014, pursuant to which the Company was approved to provide a guarantee amounting to US\$43.2 million in proportion to 30% of the shareholding to CRCC-Tongguan Investment Co., Ltd. As at 30 June 2016, the balance of actual guarantee provided by the Company was RMB287.0 million in equivalence.

(III) Other major contracts or transactions

Unit: RMB'00 million

Date of contract	Project name	Contract amount	The Company's contracting entity	Time limit of performance
28 April 2016	Section I (JQSG-1) of the main construction works of the reconstruction and expansion project of Jinan-Qingdao Expressway (濟南至青島高速公路改擴建工程項目主體工程施工第一標段(JQSG-1))	34,042	A consortium comprising China Railway 14th Bureau Group Co., Ltd. and Shandong Luzhifeng Co., Ltd. (山東路之峰有限公司)	42 months

Section V Significant Events (continued)

VII. THE PERFORMANCE OF UNDERTAKINGS

Applicable Not applicable

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

Background of undertakings	Category of undertakings	Party providing undertakings	Contents of undertaking	Time and term of undertaking	Whether there is a term for performance	Whether fulfilled and strictly	Specify reasons in case of failure of timely fulfilment	Specify next step plan in case of failure of timely fulfilment
Undertakings associated with refinancing	Other	CRCCG	If CRCC violates the laws and regulations such as undisclosed delay in developing acquired land, which causes loss to CRCC and its investors, CRCCG shall bear the civil liability of compensation for CRCC and its investors pursuant to the laws.	Long-term	No	Yes		
	Other	Directors and senior management	If CRCC violates laws and regulations such as undisclosed delay in developing acquired land, which causes loss to CRCC and its investors, the directors and senior management shall bear the civil liability of compensation for CRCC and its investors pursuant to laws.	Long-term	No	Yes		
Other undertakings	Resolving ownership defects to lands and other properties	CRCCG	Acquiring land certificate and property ownership certificate, covering the costs of acquiring the aforesaid certificates and losses caused thereby.	Long-term	No	Yes		
	Restricted shares	CRCCG	CRCCG will determine whether to continue increasing its shareholding in the Company through the trading system of the Shanghai Stock Exchange depending on the movements in the share price within the forthcoming six months from the date of its initial increase in shareholding on 8 July 2015 by up to an aggregated number of shares not exceeding 2% of the total issued share capital of the Company, and undertakes not to reduce its shareholding in the Company during the implementation of the increase in shareholding and within the statutory period.	8 July 2015 to 8 January 2016	Yes	Yes		

Note: For more details, please refer to relevant announcements dated on 29 March 2014, 19 June 2014, 13 May 2015, 9 July 2015 and 13 January 2016 published on China Securities Journal, Shanghai Securities News, Securities Daily, Securities Times, as well as on the website of Shanghai Stock Exchange (www.sse.com.cn), the website of the Hong Kong Stock Exchange (www.hkex.com.hk) and the Company's website (www.crcc.com.cn).

VIII. APPOINTMENT AND REMOVAL OF AUDITORS

Applicable Not applicable

Explanation on appointment and removal of auditors

During the year, the Company continued to engage Ernst & Young Hua Ming LLP as its external auditors to audit the 2016 annual financial statements of the Company and review the 2016 interim financial statements of the Company. The Company has appointed Ernst & Young Hua Ming LLP to provide auditing services for ten consecutive years. The relevant audit fees are under negotiation.

Explanation on change in its auditor during the auditing period

Not applicable.

Section V Significant Events (continued)

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

Applicable Not applicable

X. CONVERTIBLE CORPORATE BONDS

Applicable Not applicable

(I) Issuance of convertible bonds

1. **As of the date of this report, the Company did not issue any convertible corporate bonds convertible into A shares.**
2. **Matters in relation to the issuance of zero coupon convertible bonds convertible into H shares by the Company**

At the 2014 annual general meeting held by the Company on 2 June 2015, the Proposal in Relation to Granting of a General Mandate to the Board to Issue H Shares of the Company was considered and approved which granted the Board an unconditional general mandate to issue, allot and/or deal with new H shares not exceeding 20% of the aggregate nominal value of the issued H shares of the Company; at the 2015 second extraordinary general meeting of the Company held on 29 October 2015, the Proposal in Relation to the Increase of the Issuance Size of Domestic and Overseas Bonds of the Company was considered and approved, the increase of issuance of domestic and overseas bonds of principal amount not more than RMB30 billion (or equivalent amount in RMB) in domestic and overseas bond markets by the Company was approved; if convertible bonds are to be issued, the size of each single issuance shall not exceed US\$1 billion (or equivalent amount in RMB). On 19 January 2016, the Company published the Announcement on Proposed Issue of US\$500 million Zero Coupon Convertible Bonds Due 2021. On 28 January 2016, the Company published the Announcement on the Notice of Listing on The Stock Exchange of Hong Kong Limited – Issuance of US\$500,000,000 Zero Coupon Convertible Bonds due 2021. On 29 January 2016, the Company entered into the Trust Deed with The Hong Kong and Shanghai Banking Corporation Limited, the trustee, in respect of the zero coupon convertible bonds due 2021 of an aggregate principal amount of US\$500 million that can be converted into the H shares of China Railway Construction Corporation Limited (hereinafter referred to as “H Share Convertible Bonds”). The H Share Convertible Bonds were listed on Hong Kong Stock Exchange on 1 February 2016.

For details in relation to the above-mentioned, please refer to the announcements of the Company dated 3 June 2015, 29 October 2015, 30 October 2015, 19 January 2016 and 28 January 2016, respectively on China Securities Journal, Shanghai Securities News, Securities Daily, Securities Times and the websites of Shanghai Stock Exchange (www.sse.com.cn), Hong Kong Stock Exchange (www.hkex.com.hk) and the Company (www.crcc.cn).

(II) Holder of convertible bonds and guarantor during the Reporting Period

The US\$500 million H Shares Convertible Bonds issued by the Company on 29 January 2016 were held by The Hong Kong and Shanghai Banking Corporation Limited, the trustee with no guarantee provided. Pursuant to the relevant provisions of the terms of the H Shares Convertible Bonds, information of the bondholders was only recorded in the clearing system. No customers' information was allowed to be disclosed by the trustee to any third parties without the authorization from the customers.

(III) Changes in convertible bonds during the Reporting Period

During the Reporting Period, there were no changes in the US\$500 million H Share Convertible Bonds issued by the Company.

(IV) Accumulated conversion of convertible bonds during the Reporting Period

During the Reporting Period, there was no conversion of the US\$500 million H Share Convertible Bonds issued by the Company.

Section V Significant Events (continued)

(V) Previous adjustments of conversion price

Unit: HK\$

Effective date of adjusted conversion price	Adjusted conversion price	Disclosure date	Media of disclosure	Reason for adjustments to conversion price
19 July 2016	10.15	18 July 2016	China Securities Journal, Shanghai Securities News, Securities Daily, Securities Times and the websites of Shanghai Stock Exchange (www.sse.com.cn), Hong Kong Stock Exchange (www.hkex.com.hk) and the Company (www.crcc.cn)	Adjustments to conversion price pursuant to dividend distribution plan for the year 2015
The latest conversion price as of the end of Reporting Period	10.30			

Note: During the Reporting Period, there were no changes in the conversion price of the US\$500 million H Share Convertible Bonds issued by the Company, which was HK\$10.30. During the period after the Reporting Period to the disclosure date of the interim report, there was one adjustment to the conversion price with effect from 19 July 2016.

(VI) The Company's liabilities, changes in creditworthiness and arrangement of cash for repayment of debts in future years

During the Reporting Period, there were no significant changes in the Company's liabilities and creditworthiness. Credit rating granted by each of the credit rating agencies to the Company remained unchanged. The initial conversion price of the H Share Convertible Bonds issued by the Company was HK\$10.30 and there were 4 trading days the closing prices of which exceeding the initial conversion price during the Reporting Period, which illustrated the high value of the conversion price of the convertible bonds issued by the Company and the strong will of investors to hold the Company's convertible bonds. Besides, such bonds bore zero coupon with no coupon even upon the redemption by the Company. Hence, the investors are not likely to hold the bonds to maturity for principal. Even where the holders hold such bonds to maturity, the Company is completely capable of redeeming the bonds in full with cash.

(VII) Other information on convertible bonds

1. Dilution impact of H Share Convertible Bonds on shares

As at the end of the Reporting Period, the outstanding principal amount of the H Share Convertible Bonds was US\$500 million. If all outstanding H Share Convertible Bonds are converted based on the conversion price before adjustment (HK\$10.30 per H share) and the adjusted conversion price (HK\$10.15 per H share), the maximum total number of H shares to be issued by the Company will be 378,368,932 H shares and 383,960,591 H shares (based on the pre-determined exchange rate of US\$1.00 to HK\$7.7944), respectively. The diluted earnings per share based on the above calculation shall be RMB0.42 per share in both cases. Please refer to Note V. 58 Earnings per share to the financial statements in this report for details of analysis on dilutive impact of earnings per share.

Section V Significant Events (continued)

The table below sets forth the changes in shareholding structure of the Company if the H Share Convertible Bonds had been fully converted as at the end of the Reporting Period:

Shareholder	Class of shares	No conversion of any H Share Convertible Bonds		If H Shares Convertible Bonds were fully converted based on the conversion price of HK\$10.30 per H share before adjustment at the end of the Reporting Period	
		Number of shares (share)	Approximate percentage to the issued share capital (%)	Number of shares (share)	Approximate percentage to the enlarged issued share capital (%)
CRCCG	A share	7,567,395,500	55.73	7,567,395,500	54.21
Public holders of A shares	A share	3,935,850,000	28.98	3,935,850,000	28.20
Public holders of H shares	H share ^{Note}	2,076,296,000	15.29	2,454,664,932	17.59
Total	-	13,579,541,500	100	13,957,910,432	100

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

2. Accounting for H Share Convertible Bonds

The convertible bonds issued by the Group will contain liability and will be embedded in derivatives, i.e. for a conversion right with features of embedded derivatives, it will be separated from the entire convertible bond for individual treatment as financial derivatives and will be initially recognized based on its fair value. The exceedance of issue price over the financial derivatives initially recognized will be recognized as debt instruments. The transaction fees will be amortized on a pro rata basis based on the issue price of the allotment of debt instruments and financial derivatives at the initial recognition. Transaction fees associated with debt instruments will be recognized as liability whereas transaction fees associated with financial derivatives will be recognized through profit or loss. For the subsequent period, financial liabilities will be processed by cost amortization method while the value of derivatives as at the date of the balance sheet shall be revaluated and the changes in evaluation on each date of the balance sheet will be recognized through profit or loss at fair value.

The Group evaluated the fair value of such bonds as at the date of issuance and separated the liability component and financial derivative component from the convertible bonds. In the separation, the initial recognition of financial derivatives is made at the fair value, whereas the total issuance amount shall deduct the initially recognized amount of the portion of financial derivatives recognized as liabilities. The transaction fee of the issuance of such bonds amounted to approximately US\$3,791,089, which was amortized based on the respective fair values of the liability component and the derivative component. The initial recognition amount of the liability component amounted to US\$370,332,000 and the initial recognition amount of the derivative component amounted to US\$126,838,000 were recognized as other non-current liability and were translated according to the then exchange rate at the end of the period.

For the liability component, the Group conducted subsequent calculation through effective interest method according to the initial recognition amount during the term of the bonds based on the amortized cost and carried out revaluation based on the then exchange rate at the end of the period.

For the derivative component, as at 30 June 2016, the Group revaluated the fair value of the derivatives. The increase of US\$34,507,000 in derivatives will be recognized through profit or loss.

Section V Significant Events (continued)

XI. CORPORATE GOVERNANCE

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

During the Reporting Period, pursuant to the Company Law, Securities Law and other requirements of relevant laws and regulations, and in strict compliance with the regulatory provisions and listing rules of the places where the Company's shares are listed, the Company standardized corporate operations, introduced investor relations management proactively, improved the communications with investors, standardized and refined the procedures for information disclosure, and enhanced its level of corporate governance effectively. During the Reporting Period, the Company convened one annual general meeting, seven Board meetings, thirteen meetings of the special committees under the Board. The respective function and duties were duly performed in terms of general meetings, the Board, the Supervisory Committee and the management of the Company whereby the legal interests of the Company and the shareholders were safeguarded.

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

(II) **Compliance with Corporate Governance Code**

The Company had complied with the code provisions under the Corporate Governance Code in Appendix 14 of the Hong Kong Listing Rules during the Reporting Period.

XII. EXPLANATION OF OTHER SIGNIFICANT EVENTS

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

Applicable Not applicable

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

Applicable Not applicable

XIII. SUBSEQUENT EVENTS

No material subsequent events of the Group occurred from the end of the Reporting Period to the date of disclosure of the interim report.

Section VI Changes in Shares and Particulars of Shareholders

I. CHANGES IN SHARE CAPITAL

(I) *Table of changes in Shares*

1. **Table of changes in shares**

The Company's total shares and share capital structure had no change during the Reporting Period.

2. **Particulars of changes in shares**

Not applicable.

3. **Effect to financial indicators such as earnings per share and net assets per share within the period from the end of the Reporting Period to the disclosure date of the interim report after changes in shares (if any)**

Not applicable.

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

Nil.

(II) *Changes in shares subject to trading moratorium*

Applicable Not applicable

(III) *Repurchase, sales or redemption of securities of the Company*

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

Section VI Changes in Shares and Particulars of Shareholders (continued)

II. PARTICULARS OF SHAREHOLDERS

(I) Structure of share capital

As at 30 June 2016, the share capital structure of the Company is set out as follows:

Shareholder	Class of shares	Number of shares (share)	Approximate percentage of the issued share capital (%)
CRCCG	A share	7,567,395,500	55.73
Public holders of A shares	A share	3,935,850,000	28.98
Public holders of H shares	H share ^{Note}	2,076,296,000	15.29
Total	—	13,579,541,500	100.00

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

(II) Total number of shareholders:

As at 30 June 2016, the total number of shareholders of the Company was 318,914, of which 300,697 were holders of A shares and 18,217 were holders of H shares.

Total number of shareholders as at the end of the Reporting Period (households)	318,914
Number of shareholders of preference shares with restored voting rights as at the end of the Reporting Period (households)	N/A

Section VI Changes in Shares and Particulars of Shareholders (continued)

(III) Particulars of shareholdings of the top ten shareholders and the top ten shareholders of tradable shares (or shareholders not subject to trading moratorium) as at the end of the Reporting Period

Unit: share

Particulars of shareholdings of the top ten shareholders

Name of shareholder (full name)	Change of shareholding during the Reporting Period	Number of Shares held as at the end of the Period	Percentage (%)	Number of shares held subject to trading moratorium	Pledged or frozen Condition of shares	Number	Nature of shareholder
China Railway Construction Corporation	0	7,567,395,500	55.73	0	Nil	0	State-owned
HKSCC NOMINEES LIMITED	82,500	2,059,839,381	15.17	0	Unknown	0	Overseas legal person
China Securities Finance Corporation Limited	68,990,314	400,329,433	2.95	0	Nil	0	Unknown
Central Huijin Investment Company Limited	0	141,519,100	1.04	0	Nil	0	Unknown
Guo Hua Life Insurance Co., Ltd. – own funds	0	125,000,000	0.92	125,000,000	Nil	0	Other
Anhui Expressway Construction Investment Fund Co., Ltd.	0	125,000,000	0.92	125,000,000	Nil	0	Other
SWS MU Fund – China Everbright Bank – SWS MU Assets–Huabao Ruisenlin Non-public issuance No. 1	0	125,000,000	0.92	125,000,000	Nil	0	Other
Huaxia Life Insurance Co., Ltd. – Universal insurance product	0	125,000,000	0.92	125,000,000	Nil	0	Other
Chang'an Fund – Minsheng Bank – Chang'an Non-public issuance No. 1 Assets Management Scheme	0	97,488,750	0.72	97,488,750	Nil	0	Other
Everbright Pramerica Fund – Bank of Ningbo-Shanghai Chengtong Holding Co., Ltd.	0	62,500,000	0.46	62,500,000	Nil	0	Other

Section VI Changes in Shares and Particulars of Shareholders (continued)

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

Name of shareholder	Number of shares held not subject to trading moratorium	Class and number of share	
		Class	Number
China Railway Construction Corporation	7,567,395,500	RMB ordinary share	7,567,395,500
HKSCC NOMINEES LIMITED	2,059,839,381	Overseas listed foreign share	2,059,839,381
China Securities Finance Corporation Limited	400,329,433	RMB ordinary share	400,329,433
Central Huijin Investment Company Limited	141,519,100	RMB ordinary share	141,519,100
CSAM – Agricultural Bank of China – CSAM CSI Financial Assets Management Scheme	38,641,200	RMB ordinary share	38,641,200
Da Cheng Fund – Agricultural Bank of China – Da Cheng CSI Financial Assets Management Scheme	38,641,200	RMB ordinary share	38,641,200
China Asset Management – Agricultural Bank of China – Huaxia CSI Financial Assets Management Scheme	38,641,200	RMB ordinary share	38,641,200
Lombarda China Fund – Agricultural Bank of China – Lombarda China CSI Financial Assets Management Scheme	38,641,200	RMB ordinary share	38,641,200
Yinhua Fund – Agricultural Bank of China – Yinhua CSI Financial Assets Management Scheme	38,641,200	RMB ordinary share	38,641,200
Bosera Fund – Agricultural Bank of China – Bosera CSI Financial Assets Management Scheme	38,641,200	RMB ordinary share	38,641,200
Harvest Fund – Agricultural Bank of China – Harvest CSI Financial Assets Management Scheme	38,641,200	RMB ordinary share	38,641,200
E-Fund – Agricultural Bank of China – E-Fund CSI Financial Assets Management Scheme	38,641,200	RMB ordinary share	38,641,200
ICBC Credit Suisse Fund – Agricultural Bank of China – ICBC Credit Suisse CSI Financial Assets Management Scheme	38,641,200	RMB ordinary share	38,641,200
GF Fund – Agricultural Bank of China – GF CSI Financial Assets Management Scheme	38,641,200	RMB ordinary share	38,641,200
Explanations on the related-party relationship or concerted action among the above shareholders	The Company has no information on whether there is any related-party relationship among the above shareholders or whether such shareholders are parties acting in concert.		
Explanation on the preference shareholders with voting right restored and their shareholdings	N/A.		

Note: The H shares held by HKSCC Nominees Limited were held for and on behalf of several clients. As at the end of the Reporting Period, HKSCC Nominees held 2,059,839,381 shares of the Company. However, details regarding whether the shares were pledged or frozen were unknown.

Section VI Changes in Shares and Particulars of Shareholders (continued)

The top ten shareholders subject to trading moratorium and conditions of such trading moratorium

Unit: share

No.	Name of shareholders with trading restrictions	Quantity of shares with trading restrictions	Listing of shares with trading restrictions		
			Listing time	Quantity of new listed shares	Trading restrictions
1	Anhui Expressway Construction Investment Fund Co., Ltd.	125,000,000	18 July 2016	125,000,000	12 months
2	SWS MU Fund – China Everbright Bank – SWS MU Assets – Huabao Ruisenlin Non-public issuance No. 1	125,000,000	18 July 2016	125,000,000	12 months
3	Huaxia Life Insurance Co., Ltd. – Universal insurance product	125,000,000	18 July 2016	125,000,000	12 months
4	Guo Hua Life Insurance Co., Ltd. – own funds	125,000,000	18 July 2016	125,000,000	12 months
5	Chang'an Fund – Minsheng Bank – Chang'an Non-public issuance No. 1 Assets Management Scheme	97,488,750	18 July 2016	97,488,750	12 months
6	Everbright Pramerica Fund – Bank of Ningbo-Shanghai Chengtong Holding Co., Ltd.	62,500,000	18 July 2016	62,500,000	12 months
7	National Social Security Fund No. 501 Portfolio	42,500,000	18 July 2016	42,500,000	12 months
8	National Social Security Fund No. 103 Portfolio	38,750,000	18 July 2016	38,750,000	12 months
9	China Life Insurance Co., Ltd. – participation in profits – individual dividends – 005L-FH 002 (Hu)	29,750,000	18 July 2016	29,750,000	12 months
10	China Great Wall Asset Management Corporation	29,750,000	18 July 2016	29,750,000	12 months

Explanation on related-party relationship or concerted actions of the shareholders above

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

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

Applicable Not applicable

Section VI Changes in Shares and Particulars of Shareholders (continued)

(V) Particulars of interests and short positions of substantial shareholders disclosed in accordance with the SFO

So far as the directors of the Company are aware, as at 30 June 2016, the persons other than the directors, supervisors or chief executive of the Company who have interests or short positions in the shares or underlying shares of the Company which are discloseable under Section 336 of Part XV of the SFO were as follows:

Name of substantial shareholder	Class of shares	Capacity	Number of shares interested ^{Note 1}	Percentage of issued share capital of the relevant class of shares	Percentage of total issued share capital
CRCCG	A share	Beneficial owner	7,567,395,500	65.78%	55.73%
National Council for Social Security Fund	H share	Beneficial owner	188,754,500(L)	9.09%	1.39%
JPMorgan Chase & Co. ^{Note 2}	H share	Beneficial owner, investment manager, custodian corporation/ approved lending agent	262,546,636(L)	12.64%	1.93%
		Beneficial owner	33,549,404(S)	1.61%	0.24%
		Custodian corporation/ approved lending agent	95,495,043(P)	4.59%	0.70%
BlackRock, Inc. ^{Note 3}	H share	Interest of corporation controlled by the substantial shareholder	156,350,781(L)	7.53%	1.15%

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

Note 2: As at 30 June 2016, JPMorgan Chase & Co. (including certain corporations under its control) held long positions in 262,546,636 H shares and short position in 33,549,404 H shares of the Company.

Note 3: As at 30 June 2016, BlackRock, Inc. held long positions in 156,350,781 H shares of the Company through certain corporations under its control.

III. CHANGES IN CONTROLLING SHAREHOLDER AND ACTUAL CONTROLLER

Applicable Not applicable

Section VII Particulars of Preference Shares

Applicable Not applicable



Section VIII Directors, Supervisors, Senior Management and Employees

I. CHANGES IN SHAREHOLDING

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

Applicable Not applicable

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

Applicable Not applicable

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

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

As at the end of the Reporting Period, none of the directors, supervisors and chief executive of the Company and their respective associates had any interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which are (a) required to be recorded in the register kept by the Company pursuant to Section 352 of the SFO; or (b) required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers in the Appendix 10 of the Hong Kong Listing Rules.

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

Applicable Not applicable

Section VIII Directors, Supervisors, Senior Management and Employees (continued)

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

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

IV OTHER EXPLANATION

1. *Changes in biographical details of directors, supervisors and president of the Company during the Reporting Period*

During the Reporting Period, Mr. Wang Xiuming, the chief accountant of the Company, had been serving as the chief accountant and the general legal counsel of the Company since 25 May 2016. Mr. Zhuang Shangbiao, the executive director, president, deputy secretary to the communist party committee and general legal counsel of the Company ceased to serve as the general legal counsel of the Company.

2. *Employees of the Company and their remuneration and training*

During the Reporting Period, there were no significant changes in the total number, composition, remuneration and training of the employees of the Group since the disclosure of the 2015 annual report.

Section IX Particulars of Corporate Bonds

Applicable N/A

I. BASIC INFORMATION OF CORPORATE BONDS

Unit: '000 Currency: RMB

Bond	Short name	Code	Date of issuance	Maturity date	Balance of the bond	Interest rate	Method of principal repayment and interest payment	Exchange platform
CRCC 2016 renewable corporate bonds (first tranche)	16 CRCC Y1	136997	29 June 2016	The basic term of the bonds will be 3 years. At the end of the agreed basic term and the end of the cycle of each renewal period, the issuer is entitled to exercise the option to renew. The maturity date will extend one cycle (i.e. an extension of 3 years) when the issuer exercises the option to renew. The renewable corporate bonds will become due if the issuer decides not to exercise the option to renew and the full amount is repaid.	7,992,104	3.53%	Bond interest will be paid once a year if the Company does not exercise the option of deferred interest payment.	Shanghai Stock Exchange

Note: The Company issued the 2016 renewable corporate bonds (first tranche) on 29 June 2016 with the aggregate principal amount of RMB8 billion, in which the remaining value of RMB7,992,104,000 were recognized as other equity instruments after deducting the issuance fees (including underwriting fees, legal fees and accountant fees) totaling RMB7,896,000.

II. CONTACT INFORMATION AND CONTACT PERSON OF CORPORATE BOND TRUSTEE MANAGER AND CONTACT INFORMATION OF CREDIT RATING AGENCY

	Name	CITIC Securities Co., Ltd
Bond trustee manager	Office address	22/F, CITIC Securities Tower, No. 48 Liangmaqiao Road, Chaoyang District, Beijing
	Contact person	WANG Yanyan, HE Jiarui
	Contact number	010-60833551, 60833626
Credit rating agency	Name	China Cheng Xin Securities Rating Co., Ltd. (中誠信證券評估有限公司)
	Office number	8/F, Anji Mansion, No. 760, Xizangnanlu, Huangpu District, Shanghai

III. USE OF PROCEEDS FROM CORPORATE BONDS

The proceeds raised from CRCC 2016 renewable corporate bonds (first tranche) will be used in strict compliance with the designated purposes prescribed in the prospectus. Upon the deduction of the issuance fees, all of the proceeds will be used for the replenishment of the working capital. The Company opened a special account for the proceeds at the Beijing Yudong Sub-branch of the Industrial and Commercial Bank of China Limited.

IV. INFORMATION ON CREDIT RATING AGENCY OF CORPORATE BONDS

China Cheng Xin Securities Rating Co., Ltd. issued a credit rating report for the issuance of the 2016 renewable corporate bonds (first tranche) by the Company, assigning an AAA rating to the issuer of the bonds and an AAA rating to the bonds.

Section IX Particulars of Corporate Bonds (continued)

V. CREDIT ENHANCEMENT MECHANISM, DEBT REPAYMENT SCHEME AND OTHER RELEVANT INFORMATION OF CORPORATE BONDS DURING THE REPORTING PERIOD

No guarantee has been made for the CRCC 2016 renewable corporate bonds (first tranche).

The debt repayment scheme is that the bond interest will be paid once a year if the Company does not exercise the option of deferred interest payment.

VI. BONDHOLDER'S MEETING

During the Reporting Period, there was no bondholder's meeting.

VII. PERFORMANCE OF DUTIES BY BOND TRUSTEE MANAGER

During the Reporting Period, CITIC Securities Co., Ltd, as the bonds trustee manager of the "16 CRCC Y1", was continuously aware of the operations, financial conditions and credit standing of the Company and performed its duties as the trustee manager in strict compliance with the stipulations under the Bonds Trustee Management Agreement (《債券受託管理協議》).

VIII. ACCOUNTING DATA AND FINANCIAL INDICATORS OF THE COMPANY AS AT THE END OF THE REPORTING PERIOD AND THE END OF LAST YEAR (OR DURING THE REPORTING PERIOD AND THE CORRESPONDING PERIOD LAST YEAR)

Principal indicator	At the End of Reporting Period	At the End of last year	Increase or decrease as compared with the end of last year (%)	Reasons of change
Liquidity ratio	1.27	1.19	6.72	-
Quick ratio	0.70	0.68	2.94	-
Gearing ratio	80.67%	81.49%	Decreased by 0.82 percentage point	-
Loan repayment ratio	1	1	0	-

Principal indicator	At the end of Reporting Period (January to June)	The corresponding period last year	Increase or decrease as compared with the end of last year (%)	Reasons of change
EBITDA interest coverage multiples	3.62	2.97	21.89	
Interest repayment ratio	1	1	0	-

Section IX Particulars of Corporate Bonds (continued)

IX. ASSETS OF THE COMPANY AS AT THE END OF THE REPORTING PERIOD

For detailed analysis of and explanation on the Company's assets as at the end of the Reporting Period, please refer to "7. Pledge of assets" in "1. (IV) Liquidity and capital resources" under "Section IV Report of Directors" in this report.

X. INTEREST PAYMENT OF OTHER BONDS AND DEBT FINANCING INSTRUMENTS OF THE COMPANY

The principal and interest on other existing bonds and debt financing instruments of the Company have been repaid in a timely manner, and there has been no default so far.

XI. BANKING FACILITIES DURING THE REPORTING PERIOD

The liquidity of the Group is primarily dependent on its ability to maintain adequate cash flows in operations to meet its debt obligations as they fall due, and its ability to obtain external financing to respond to the needs in terms of expenditure in its future capital commitments. With regard to its future capital commitments and other financing requirements, the Group has already obtained banking facilities from several PRC banks of up to RMB886.5 billion as at 30 June 2016, of which an amount of approximately RMB313.7 billion has been utilized.

XII. FULFILLMENT OF STIPULATIONS OR COMMITMENT IN THE COMPANY'S PROSPECTUS DURING THE REPORTING PERIOD

During the Reporting Period, the Company strictly complied with and fulfilled the relevant agreements and commitments in the prospectus of the CRCC 2016 renewable corporate bonds (first tranche) and there had been no default in this regard.

XIII. IMPACT OF MAJOR EVENTS ON OPERATING STATUS AND SOLVENCY OF THE COMPANY

Not applicable.

Section X Financial Report

Report on Review of Interim Financial Statements

Ernst & Young Hua Ming (2016) Zhuan Zi No. 60618770_A07

To the shareholders of China Railway Construction Corporation Limited

We have reviewed the accompanying financial statements of China Railway Construction Corporation Limited (the "Company"), which comprise the consolidated and the Company's balance sheets as at 30 June 2016, and the consolidated and the Company's statement of profit or loss and other comprehensive income, statements of changes in equity and cash flow statements for the six months then ended, and notes to the financial statements (hereinafter collectively referred to as the "Interim Financial Statements"). The Interim Financial Statements were prepared in accordance with the requirements of Accounting Standards for Business Enterprises No. 32 *Interim Financial Reporting* ("ASBE 32") issued by the Ministry of Finance of the People's Republic of China, and the preparation of the Interim Financial Statements is the responsibility of the Company's management. Our responsibility is to express a conclusion on these Interim Financial Statements based on our review.

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

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

Ernst & Young Hua Ming LLP

Yang Shujuan

Chinese Certified Public Accountant

Shen Yan

Chinese Certified Public Accountant

Beijing, the People's Republic of China
30 August 2016

Consolidated Balance Sheet

As at 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

ASSETS	<i>Note V</i>	30 June 2016 (Unaudited)	31 December 2015 (Audited)
Current assets			
Cash and bank balances	1	115,636,059	121,934,009
Financial assets at fair value through profit or loss	2	197,823	218,437
Bills receivable	3	2,028,376	2,493,640
Accounts receivable	4	131,158,522	128,028,443
Advances to suppliers	5	23,662,168	23,194,402
Interest receivable		349,597	274,586
Dividends receivable		118,116	117,901
Other receivables	6	48,028,656	40,180,001
Inventories	7	271,432,984	245,591,139
Current portion of non-current assets	10	10,567,326	11,916,150
Other current assets	8	2,231,476	1,299,524
Total current assets		605,411,103	575,248,232
Non-current assets			
Loans and advances to customers		400,000	–
Available-for-sale financial assets	9	5,906,217	6,546,436
Held-to-maturity investments		41	1,269
Long-term receivables	10	22,965,289	24,885,951
Long-term equity investments	12	5,801,073	4,157,796
Fixed assets	13	40,997,927	41,820,680
Construction in progress	14	3,944,837	3,183,416
Intangible assets	15	41,340,293	35,865,150
Goodwill	16	189,756	103,293
Long-term prepayments		346,227	260,463
Deferred tax assets	17	2,521,926	2,373,821
Other non-current assets		1,653,512	1,649,823
Total non-current assets		126,067,098	120,848,098
TOTAL ASSETS		731,478,201	696,096,330

Consolidated Balance Sheet (continued)

As at 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

LIABILITIES AND EQUITY	Note V	30 June 2016 (Unaudited)	31 December 2015 (Audited)
Current liabilities			
Short-term loans	19	43,826,416	43,370,880
Due to customers	20	209,477	5,116,842
Due to banks	21	–	6,000,000
Bills payable	22	24,949,920	26,279,109
Accounts payable	23	233,201,116	225,976,243
Advances from customers	24	92,281,295	75,981,106
Employee benefits payable	25	8,024,532	8,596,268
Taxes payable	26	2,802,018	9,499,737
Interest payable	27	1,150,404	1,008,370
Dividends payable	28	2,222,151	460,648
Other payables	29	44,871,797	45,434,154
Current portion of non-current liabilities	30	23,676,118	32,434,170
Other current liabilities	31	447,849	3,721,637
Total current liabilities		477,663,093	483,879,164
Non-current liabilities			
Long-term loans	32	63,257,848	47,398,448
Bonds payable	33	42,265,999	31,058,948
Long-term payables	34	3,305,985	2,208,765
Long-term employee benefits payable	35	1,351,175	1,416,464
Special payables	36	573,329	552,048
Deferred income	37	339,154	332,869
Deferred tax liabilities	17	282,276	430,459
Other non-current liabilities	38	1,069,910	–
Total non-current liabilities		112,445,676	83,398,001
Total liabilities		590,108,769	567,277,165
Shareholders' equity			
Share capital	39	13,579,542	13,579,542
Capital reserve	40	40,393,734	40,394,401
Other comprehensive income	41	764,478	1,159,744
Other equity instruments	42	7,992,104	–
Surplus reserve	44	2,120,232	2,120,232
Retained earnings	45	58,196,324	54,411,072
Equity attributable to: Owners of the Company		123,046,414	111,664,991
Non-controlling interests		18,323,018	17,154,174
Total shareholders' equity		141,369,432	128,819,165
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		731,478,201	696,096,330

The financial statements have been signed by:

Legal Representative:
Meng Fengchao
30 August 2016

CFO:
Wang Xiuming
30 August 2016

Finance Controller:
Cao Xirui
30 August 2016

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2016
(All amounts in RMB'000 unless otherwise stated)

	Note V	For the six months ended 30 June	
		2016 (Unaudited)	2015 (Unaudited)
Revenue	46	266,727,199	262,894,264
Less: Cost of sales	46	239,399,390	234,091,391
Taxes and surcharges	47	4,397,415	7,572,211
Selling and distribution expenses	48	1,795,919	1,528,736
General and administrative expenses	49	10,930,519	9,977,443
Finance costs	50	2,033,917	2,612,510
Losses from impairment of assets	51	274,473	649,513
Add: (Losses)/gains on fair value changes	52	(264,514)	21,501
Investment income	53	87,196	269,590
Including: Share of gains of associates and jointly-controlled entities		31,223	95,963
Operating profit		7,718,248	6,753,551
Add: Non-operating income	54	258,908	353,315
Including: Profit on disposal of non-current assets		45,005	53,599
Less: Non-operating expenses	55	211,107	108,667
Including: Loss on disposal of non-current assets		132,612	34,020
Profit before tax	56	7,766,049	6,998,199
Less: Income tax expenses	57	1,566,860	1,404,102
Net profit		6,199,189	5,594,097
Including: Net profit of the combined party before business combinations under common control		–	210,120
Attributable to: Owners of the Company		5,822,183	5,330,703
Non-controlling interests		377,006	263,394

Consolidated Statement of Profit or Loss and Other Comprehensive Income (continued)

For the six months ended 30 June 2016
(All amounts in RMB'000 unless otherwise stated)

	Note V	For the six months ended 30 June	
		2016 (Unaudited)	2015 (Unaudited)
Other comprehensive income, net of tax			
Other comprehensive (loss)/income by owners of the Company, net of tax	41	(395,266)	1,653,033
Other comprehensive income not to be reclassified to profit or loss in subsequent periods			
Remeasurement of defined benefit obligation, net of tax		2,677	(22,063)
Other comprehensive income to be reclassified to profit or loss in subsequent periods			
Share of other comprehensive income of associates		87,715	(110,545)
(Losses)/gains from changes in fair value of available-for-sale financial assets, net of tax		(448,678)	1,766,659
Exchange differences on translation of foreign operations		(36,980)	18,982
Other comprehensive loss by Non-controlling interests, net of tax		(2,526)	–
Total comprehensive income		5,801,397	7,247,130
Attributable to			
Owners of the Company		5,426,917	6,983,736
Non-controlling interests		374,480	263,394
Earnings per share:			
Basic earnings per share (RMB/share)	58	0.43	0.43
Diluted earnings per share (RMB/share)	58	0.42	N/A

Consolidated Statement of Changes in Equity

For the six months ended 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

	For the six months ended 30 June 2016 (Unaudited)									
	Equity attributable to owners of the Company									
	Share capital	Capital reserve	Other comprehensive income	Other equity instruments	Special reserve	Surplus reserve	Retained earnings	Subtotal	Non-controlling interests	Total equity
1. As at 1 January 2016	13,579,542	40,394,401	1,159,744	–	–	2,120,232	54,411,072	111,664,991	17,154,174	128,819,165
2. Increase/(decrease) during the period										
a Total comprehensive income	–	–	(395,266)	–	–	–	5,822,183	5,426,917	374,480	5,801,397
b Capital contributions and withdrawals by shareholders										
(1) Capital contributions (Note a)	–	–	–	7,992,104	–	–	–	7,992,104	1,065,897	9,058,001
c Profit appropriation and distribution										
(1) Distribution to owners (Note b)	–	–	–	–	–	–	(2,036,931)	(2,036,931)	(271,533)	(2,308,464)
d Special reserve (Note V.43)										
(1) Appropriated in current period	–	–	–	–	3,204,381	–	–	3,204,381	–	3,204,381
(2) Used in current period	–	–	–	–	(3,204,381)	–	–	(3,204,381)	–	(3,204,381)
e Others										
(1) Others	–	(667)	–	–	–	–	–	(667)	–	(667)
4. As at 30 June 2016	13,579,542	40,393,734	764,478	7,992,104	–	2,120,232	58,196,324	123,046,414	18,323,018	141,369,432

Note a: On 29 June 2016, the Company issued RMB8,000,000,000 in an aggregate principal amount of 2016 renewable corporate bonds (first tranche). The net proceeds from the issuance amounting to RMB7,992,104,000 was included in other equity instruments. Refer to Note V.42.

Note b: In accordance with the resolution at the 2015 annual general meeting of shareholders on 16 June 2016, the Company declared a final cash dividend for the year ended 31 December 2015 of RMB0.15 per share (cash dividend declared in 2015 for the year of 2014: RMB0.15 per share), which amounted to RMB2,036,931,000 (cash dividend declared in 2015 for the year of 2014: RMB1,850,631,000) based on 13,579,541,500 ordinary shares in issue.

Consolidated Statement of Changes in Equity (continued)

For the six months ended 30 June 2016
(All amounts in RMB'000 unless otherwise stated)

	For the six months ended 30 June 2015 (Unaudited)									
	Equity attributable to owners of the Company								Non-controlling interests	Total equity
	Share capital	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Subtotal			
1. As at 31 December 2014	12,337,542	33,884,833	249,621	-	1,794,862	42,668,871	90,935,729	11,955,511	102,891,240	
Business combinations involving entities under common control (Note a)	-	560,000	-	-	-	1,272,724	1,832,724	459,382	2,292,106	
2. As at 1 January 2015	12,337,542	34,444,833	249,621	-	1,794,862	43,941,595	92,768,453	12,414,893	105,183,346	
3. Increase/(decrease) during the period										
a Total comprehensive income	-	-	1,653,033	-	-	5,330,703	6,983,736	263,394	7,247,130	
b Capital contributions and withdrawals by shareholders										
(1) Business combinations involving entities under common control (Note a)	-	(3,098,226)	-	-	-	-	(3,098,226)	-	(3,098,226)	
(2) Capital contributions	-	-	-	-	-	-	-	3,576,502	3,576,502	
(3) Acquisition of non-controlling interests	-	(1,814)	-	-	-	-	(1,814)	(13,786)	(15,600)	
c Profit appropriation and distribution										
(1) Distribution to owners (Note b)	-	-	-	-	-	(1,850,631)	(1,850,631)	(130,727)	(1,981,358)	
d Special reserve (Note V.43)										
(1) Appropriated in current period	-	-	-	2,818,657	-	-	2,818,657	-	2,818,657	
(2) Used in current period	-	-	-	(2,818,657)	-	-	(2,818,657)	-	(2,818,657)	
e Others										
(1) Others	-	1,284	-	-	-	-	1,284	-	1,284	
4. As at 30 June 2015	12,337,542	31,346,077	1,902,654	-	1,794,862	47,421,667	94,802,802	16,110,276	110,913,078	

Note a: On 2 June 2015, the Company completed the business combination under the common control of Chongqing Tiefa Suiyu Highway Co., Ltd. ("Chongqing Tiefa Suiyu").

Note b: In accordance with the resolution at the 2014 annual general meeting of shareholders on 2 June 2015, the Company declared a final cash dividend for the year ended 31 December 2014 of RMB0.15 per share (cash dividend declared in 2014 for the year of 2013: RMB0.13 per share), which amounted to RMB1,850,631,000 (cash dividend declared in 2014 for the year of 2013: RMB1,603,880,000) based on 12,337,541,500 ordinary shares in issue.

Consolidated Statement of Cash Flows

For the six months ended 30 June 2016
(All amounts in RMB'000 unless otherwise stated)

	Note V	For the six months ended 30 June	
		2016 (Unaudited)	2015 (Unaudited)
1. CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from the sale of goods or rendering of services		269,200,586	276,957,437
Refunds of tax		258,784	214,827
Net decrease in balances with the central bank		–	665,059
Net increase in due to banks and amounts due to customers		–	4,417,603
Cash received from other operating activities	59	3,823,848	1,814,946
Subtotal of cash inflows from operating activities		273,283,218	284,069,872
Cash paid for goods and services		(235,082,436)	(244,032,022)
Net decrease in due to banks and amounts due to customers		(10,907,365)	–
Net increase in balances with the central bank		(97,935)	–
Cash paid to and on behalf of employees		(21,323,153)	(19,424,900)
Cash paid for all taxes		(16,246,277)	(11,573,663)
Cash paid for other operating activities	59	(3,365,847)	(2,150,143)
Subtotal of cash outflows from operating activities		(287,023,013)	(277,180,728)
Net cash flows (used in)/from operating activities	60	(13,739,795)	6,889,144
2. CASH FLOWS FROM INVESTING ACTIVITIES:			
Cash received from disposal of investments		499,428	80,249
Cash received from investment income		54,064	117,916
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		978,450	726,008
Decrease in pledged time deposits and other restricted cash		2,772,455	2,191,888
Cash received from other investing activities		672,979	1,456,724
Subtotal of cash inflows from investing activities		4,977,376	4,572,785
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		(13,006,380)	(11,243,736)
Cash paid for acquisition of investments		(2,021,953)	(1,140,505)
Cash paid for other investing activities		–	(200,000)
Subtotal of cash outflows from investing activities		(15,028,333)	(12,584,241)
Net cash flows used in investing activities		(10,050,957)	(8,011,456)

Consolidated Statement of Cash Flows (continued)

For the six months ended 30 June 2016
(All amounts in RMB'000 unless otherwise stated)

	Note V	For the six months ended 30 June	
		2016 (Unaudited)	2015 (Unaudited)
3. CASH FLOWS FROM FINANCING ACTIVITIES:			
Cash received as capital contributions		9,058,001	3,576,502
Including: Cash received from non-controlling shareholders of subsidiaries		1,065,897	3,576,502
Cash received from issuing bonds		13,021,105	4,300,000
Cash received from borrowings		49,548,033	52,757,254
Subtotal of cash inflows from financing activities		71,627,139	60,633,756
Cash repayments for borrowings		(47,205,028)	(46,779,362)
Cash paid for distribution of dividends or profits and for interest expenses		(4,325,161)	(7,073,907)
Including: Cash paid to non-controlling shareholders for distribution of dividends by subsidiaries		(271,533)	(130,727)
Cash paid for acquisition under common control		–	(3,098,226)
Subtotal of cash outflows from financing activities		(51,530,189)	(56,951,495)
Net cash flows from financing activities		20,096,950	3,682,261
4. EFFECT OF CHANGES IN EXCHANGE RATES ON CASH AND CASH EQUIVALENTS		70,372	(76,519)
5. NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS			
Add: Cash and cash equivalents at beginning of the period	60	(3,623,430)	2,483,430
		108,470,553	84,757,505
6. CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	60	104,847,123	87,240,935

Balance Sheet

As at 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

ASSETS	<i>Note XIV</i>	30 June 2016 (Unaudited)	31 December 2015 (Audited)
Current assets			
Cash and bank balances		15,141,150	9,832,554
Financial assets at fair value through profit or loss		36,343	38,196
Accounts receivable	1	1,958,739	1,738,820
Advances to suppliers		375,278	365,358
Dividends receivable		158,728	–
Other receivables	2	38,044,601	37,145,463
Inventories		3,764,823	4,043,762
Current portion of non-current assets		–	92,500
Other current assets		299	–
Total current assets		59,479,961	53,256,653
Non-current assets			
Available-for-sale financial assets		277,397	344,297
Long-term receivables		180,000	180,000
Long-term equity investments	3	82,887,317	78,527,394
Fixed assets		36,023	32,945
Construction in progress		21,839	21,777
Intangible assets		13,834	14,694
Deferred tax assets		65,741	5,710
Total non-current assets		83,482,151	79,126,817
TOTAL ASSETS		142,962,112	132,383,470

Balance Sheet (continued)

As at 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

LIABILITIES AND EQUITY	<i>Note XIV</i>	30 June 2016 (Unaudited)	31 December 2015 (Audited)
Current liabilities			
Accounts payable		2,587,548	3,144,859
Advances from customers		4,136,667	4,947,018
Employee benefits payable		75,157	64,469
Taxes payable		11,365	31,361
Interest payable		343,314	400,499
Dividends payable		2,036,931	–
Other payables		20,491,712	17,622,798
Current portion of non-current liabilities		6,094,998	11,198,007
Other current liabilities		–	3,082,228
Total current liabilities		35,777,692	40,491,239
Non-current liabilities			
Long-term loans		6,136,785	3,367,893
Bonds payable		19,936,048	17,411,152
Long-term payables		232,500	232,500
Long-term employee benefits payable		19,050	19,050
Deferred tax liabilities		41,087	58,276
Other non-current liabilities		1,069,910	–
Total non-current liabilities		27,435,380	21,088,871
Total liabilities		63,213,072	61,580,110
Shareholders' equity			
Share capital		13,579,542	13,579,542
Capital reserve		46,493,552	46,493,552
Other comprehensive income		98,789	148,964
Other equity instruments		7,992,104	–
Surplus reserve		2,120,232	2,120,232
Retained earnings		9,464,821	8,461,070
Total shareholders' equity		79,749,040	70,803,360
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		142,962,112	132,383,470

Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2016
(All amounts in RMB'000 unless otherwise stated)

	Note XIV	For the six months ended 30 June	
		2016 (Unaudited)	2015 (Unaudited)
Revenue	4	3,523,422	2,252,753
Less: Cost of sales		3,314,523	2,129,927
Taxes and surcharges		7,665	2,504
Selling and distribution expenses		6,161	3,263
General and administrative expenses		168,907	137,443
Finance income		483,738	12,168
Add: (Losses)/gains on fair value changes		(241,977)	13,740
Investment income	5	3,679,293	3,399,373
Including: Share of (losses)/profits of jointly-controlled entities		(77)	3,414
Operating profit		2,979,744	3,380,561
Add: Non-operating income		1,105	20,371
Less: Non-operating expenses		660	423
Including: Losses on disposal of non-current assets		150	116
Profit before tax		2,980,189	3,400,509
Less: Income tax (profit)/expenses		(60,493)	3,435
Net profit		3,040,682	3,397,074
Other comprehensive income, net of tax			
Other comprehensive income to be reclassified to profit or loss in subsequent periods			
(Losses)/gains from changes in fair value of available-for-sale financial assets, net of tax		(50,175)	216,649
Total comprehensive income		2,990,507	3,613,723

Statement of Changes in Equity

For the six months ended 30 June 2016
(All amounts in RMB'000 unless otherwise stated)

	For the six months ended 30 June 2016 (Unaudited)						Total equity
	Share capital	Capital reserve	Other comprehensive income	Other equity instruments	Surplus reserve	Retained earnings	
1. As at 1 January 2016	13,579,542	46,493,552	148,964	–	2,120,232	8,461,070	70,803,360
2. Increase/(decrease) during the period							
(a) Total comprehensive income	–	–	(50,175)	–	–	3,040,682	2,990,507
(b) Capital contributions							
(1) Capital contributions (Note a)	–	–	–	7,992,104	–	–	7,992,104
(c) Profit appropriation and distribution							
(1) Distribution to owners (Note b)	–	–	–	–	–	(2,036,931)	(2,036,931)
3. As at 30 June 2016	13,579,542	46,493,552	98,789	7,992,104	2,120,232	9,464,821	79,749,040

Note a: Refer to Note a on consolidated statement of changes in equity.

Note b: Refer to Note b on consolidated statement of changes in equity.

	For the six months ended 30 June 2015 (Unaudited)						Total equity
	Share capital	Capital reserve	Other comprehensive income	Surplus reserve	Retained earnings		
1. As at 1 January 2015	12,337,542	39,009,051	27,923	1,794,862	7,383,375	60,552,753	
2. Increase/(decrease) during the period							
(a) Total comprehensive income	–	–	216,649	–	3,397,074	3,613,723	
(b) Capital contributions							
(1) Business combinations involving entities under common control	–	(1,096,442)	–	–	–	(1,096,442)	
(2) Others	–	19,188	–	–	–	19,188	
(c) Profit appropriation and distribution							
(1) Distribution to owners (Note)	–	–	–	–	(1,850,631)	(1,850,631)	
3. As at 30 June 2015	12,337,542	37,931,797	244,572	1,794,862	8,929,818	61,238,591	

Note: Refer to notes on consolidated statement of changes in equity.

Statement of Cash Flows

For the six months ended 30 June 2016
(All amounts in RMB'000 unless otherwise stated)

	Note XIV	For the six months ended 30 June	
		2016 (Unaudited)	2015 (Unaudited)
1. CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from the sale of goods or rendering of services		2,850,106	2,536,290
Cash received from other operating activities		2,488,705	3,472,812
Subtotal of cash inflows from operating activities		5,338,811	6,009,102
Cash paid for goods and services		(3,911,507)	(2,685,666)
Cash paid to and on behalf of employees		(99,434)	(84,627)
Cash paid for all types of taxes		(43,179)	(29,679)
Cash paid for other operating activities		(1,044,330)	(91,414)
Subtotal of cash outflows from operating activities		(5,098,450)	(2,891,386)
Net cash flows from operating activities	6	240,361	3,117,716
2. CASH FLOWS FROM INVESTING ACTIVITIES:			
Cash received from disposal of investments		–	54,185
Cash received from investment income		3,520,642	3,147,429
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		431	4,561
Cash received from other investing activities		957,797	1,256,216
Subtotal of cash inflows from investing activities		4,478,870	4,462,391
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		(13,422)	(14,941)
Cash paid for acquisition of investments		(4,160,000)	(5,598,226)
Increase in non-pledged time deposits with original maturity of three months or more when acquired		(1,500,000)	(800,099)
Cash paid for other investing activities		(92,500)	(60,000)
Subtotal of cash outflows from investing activities		(5,765,922)	(6,473,266)
Net cash flows used in investing activities		(1,287,052)	(2,010,875)

Statement of Cash Flows (continued)

For the six months ended 30 June 2016
(All amounts in RMB'000 unless otherwise stated)

	Note XIV	For the six months ended 30 June	
		2016 (Unaudited)	2015 (Unaudited)
3. CASH FLOWS FROM FINANCING ACTIVITIES:			
Net proceeds from issuance of renewable corporate bonds		7,992,104	–
Cash received from borrowings		2,800,000	2,000,000
Cash received from issuing bonds		3,275,800	3,000,000
Subtotal of cash inflows from financing activities		14,067,904	5,000,000
Cash repayments for borrowings		(8,099,289)	(3,915,341)
Cash paid for distribution of dividends or profits and for interest expenses		(1,094,700)	(2,825,961)
Cash paid for other financing activities		(24,838)	–
Subtotal of cash outflows from financing activities		(9,218,827)	(6,741,302)
Net cash flows from/(used in) financing activities		4,849,077	(1,741,302)
4. EFFECT OF CHANGES IN EXCHANGE RATES ON CASH AND CASH EQUIVALENTS		6,210	(156)
5. NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		3,808,596	(634,617)
Add: Cash and cash equivalents at beginning of the period		7,819,754	9,689,230
6. CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	6	11,628,350	9,054,613

Notes to Financial Statements

As at 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

I. CORPORATE INFORMATION

China Railway Construction Corporation Limited (the "Company") is a joint stock limited company with limited liability registered in Beijing in the People's Republic of China (the "PRC" or "Mainland China"), which was established on 5 November 2007. The Company's shares have been listed on the Shanghai Stock Exchange and the Hong Kong Stock Exchange. The registered office of the Company's head office is located at East, No. 40 Fuxing Road, Haidian District, Beijing, PRC.

The principal activities of the Company and its subsidiaries (collectively referred to as the "Group") mainly consist of the construction of infrastructure, the provision of survey, design and consultancy services, the provision of logistics services, industrial manufacturing and real estate development.

The Group's parent and ultimate holding company is China Railway Construction Corporation ("CRCCG"), a company registered in the PRC.

These financial statements were approved and authorised for issue by the board of directors of the Company on 30 August 2016.

The scope of consolidated financial statements shall be determined on the basis of control. Refer to *Note VI.1* for the change of the scope for the period.

II. BASIS OF PREPARATION OF FINANCE STATEMENTS

The Interim Financial Statements have been prepared in accordance with the Accounting Standard for Business Enterprises No. 32 Interim Financial Reporting issued by the Ministry of Finance, and do not include all the information and disclosures required in the annual financial statements. Therefore, the Interim Financial Statements should be read in conjunction with the Group's annual financial statements as at 31 December 2015.

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

The financial statements have been presented under the historical cost convention, except for certain financial instruments which have been measured at fair value. If the assets are impaired, the corresponding provisions for impairment shall be made according to relevant requirements.

Notes to Financial Statements (continued)

As at 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

According to the characteristics of its production and operation, the Group formulated a series of specific accounting policies and accounting estimates, including the provisions for impairment for accounts receivable, the measurement of inventories, the provisions for inventories, the depreciation methods and the depreciation rates of the fixed assets, the amortisation methods of the intangible assets, the methods of asset impairment, and the policy of revenue recognition, etc.

1. **Statement of compliance with Accounting Standards for Business Enterprises**

The financial statements present fairly and fully the financial position of the Group and the Company as at 30 June 2016 and the financial performance and the cash flows for the year then ended in accordance with Accounting Standards for Business Enterprises.

2. **Accounting period**

The accounting period of the Group is from 1 January to 31 December of each calendar year. Only the interim financial statements are prepared for the six months ended 30 June 2016.

3. **Functional currency**

The Group's reporting and presentation currency is Renminbi ("RMB"). Unless otherwise stated, the unit of the currency is RMB thousand yuan.

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

4. **Business combinations**

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

Business combinations involving entities under common control

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

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

Notes to Financial Statements (continued)

As at 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

4. Business combinations (continued)

Business combinations involving entities not under common control

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

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

Goodwill is measured at cost being the excess of the aggregate of the fair value of the consideration transferred (or the fair value of the equity securities issued) and any fair value of the acquirer's previously held equity interest in the acquiree over the acquirer's interest in the fair value of the acquiree's net identifiable assets. If the aggregate of the fair value of the consideration transferred (or the fair value of the equity securities issued) and any fair value of the acquirer's previously held equity interest in the acquiree is lower than the acquirer's interest in the fair value of the acquiree's net identifiable assets, the difference is, after reassessment of the fair value of each identifiable asset, liability and contingent liability acquired from the acquiree and the fair value of the consideration transferred (or the fair value of the equity securities issued) and any fair value of the acquirer's previously held equity interest in the acquiree, recognised in profit or loss.

5. Consolidated financial statements

The consolidation scope of the consolidated financial statements is determined on the basis of control, including the financial statements of the Company and its subsidiaries for the period ended 30 June 2016. A subsidiary is an entity that is controlled by the Company (including an enterprise, a divided part of an investee and a structured entity that is controlled by the Company).

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. All assets, liabilities, equity, revenue, expenses and cash flows resulting from intra-group transactions are eliminated on consolidation in full.

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

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

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

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

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

Notes to Financial Statements (continued)

As at 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

6. *Joint arrangement and joint operations*

A joint arrangement is either a joint operation or a joint venture. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

The Group recognises its interest in a joint operation: (a) its assets, including its share of any assets held jointly; (b) its liabilities, including its share of any liabilities incurred jointly; (c) its revenue from the sale of its share of the output arising from the joint operation; (d) its share of the revenue from the sale of the output by the joint operation; and (e) its expenses, including its share of any expenses incurred jointly.

7. *Cash and cash equivalents*

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

8. *Foreign currency transactions and foreign currency translations*

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

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

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

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

Notes to Financial Statements (continued)

As at 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

9. Financial instruments

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

Recognition and derecognition of financial instruments

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

A financial asset (or part of a financial asset, or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the account and the balance sheet) when the following conditions are met:

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

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

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

Notes to Financial Statements (continued)

As at 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

9. *Financial instruments (continued)*

Classification and measurement of financial assets

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

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

Financial assets at fair value through profit or loss

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

Held-to-maturity investments

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

Loans and receivables

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

Available-for-sale financial assets

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

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

Notes to Financial Statements (continued)

As at 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

9. Financial instruments (continued)

Classification and measurement of financial liabilities

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

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

Financial liabilities at fair value through profit or loss

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

Other financial liabilities

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

Offsetting financial assets and financial liabilities

A financial asset and a financial liability shall be offset and the net amount presented in the balance sheet when, if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial guarantee contracts

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

Notes to Financial Statements (continued)

As at 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

9. Financial instruments (continued)

Convertible bonds

The Group evaluates the terms of the convertible bond to determine whether it contains both a liability and an equity component. If the convertible bond contains both a liability and an equity component, on initial recognition the liability component is separated from the equity component. The fair value of the liability component is determined and initially recognised, and then the remainder of the proceeds is allocated to the conversion option that is recognised and included in shareholders' equity, net of transaction costs. Transaction costs are apportioned between the liability and equity components based on their fair values. The liability component is recognised in liability, and measured at amortised cost until cancellation, conversion or redemption. The equity component is recognised in equity, and not remeasured in subsequent years.

If the conversion option of convertible bonds exhibits characteristics of an embedded derivative, it is separated from the convertible bonds and accounted for as derivative financial instruments. On initial recognition, the derivative component of the convertible bonds is measured at fair value. Any excess of proceeds over the amount initially recognised as the derivative component is recognised as the liability component. Transaction costs are apportioned between the liability and derivative components of the convertible bonds based on the allocation of proceeds to the liability and derivative components when the instruments are initially recognised. The portion of the transaction costs relating to the liability component is recognised initially as part of the liability. The portion relating to the derivative component is recognised immediately in the statement of profit or loss.

Impairment of financial assets

The Group assesses at the balance sheet date the carrying amount of financial assets. If there is objective evidence indicating a financial asset may be impaired, a provision is made for the impairment. Objective evidence that a financial asset is impaired is one or more events that occurred after the initial recognition of the asset and have an impact (which can be reliably estimated) on the estimated future cash flows of the financial asset. Objective evidence that a financial asset or group of assets is impaired includes: 1) significant financial difficulty of the issuer or obligor; 2) a breach of contract, such as a default or delinquency in interest or principal payments; 3) a higher probability that the borrower will enter bankruptcy or other financial reorganisation; and 4) observable data indicating that there is a measurable decrease in the estimated future cash flows.

Financial assets carried at amortised cost

If an impairment loss on a financial asset has been incurred, the carrying amount of the asset is reduced through an allowance amount to the present value of estimated future cash flows (excluding future credit losses that have not been incurred). Impairment is recognised in profit or loss for the current period. The present value of estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., effective interest rate computed on initial recognition) and includes the value of any related collateral. Subsequent to the Group's recognition of impairment loss on a financial asset carried at amortised cost, the interest income is measured by applying the discount rate in the future cash flow estimation when measuring the impairment loss. For loans and receivables, if no collectable future cash flows are expected and all related collateral is sold or transferred to the Group, then loans and receivables with related allowances are written off.

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

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

Notes to Financial Statements (continued)

As at 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

9. Financial instruments (continued)

Impairment of financial assets (continued)

Available-for-sale financial assets

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

The objective evidence showing the impairment of an equity instrument held-for-sale includes the severe decline and the other-than-temporary decline of its fair value. There should be a method to distinguish the "severe" decline and the "other-than-temporary" one. The gap between the fair value and the cost decides how severe the impairment is. The persistence of the difference between the fair value and the cost decides whether it is "other-than-temporary". With the existence of objective evidence showing the impairment, the amount of the cumulative loss that is reclassified from equity to profit or loss shall be the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss. The impairment loss of an equity instrument held for sale cannot be reversed through profit or loss, and any increase in fair value that occurs after the impairment is recognised directly in other comprehensive income.

Judgmental decisions are made to distinguish the "severe" decline and the "other-than-temporary" one. The Group included the difference between the acquisition cost and the current fair value, terms of the equity instrument held for sale, and other factors into consideration.

For an available-for-sale debt instrument, the impairment loss is measured as impairment of a financial asset carried at amortised cost. However, the amount of the cumulative loss that is reclassified from equity to profit or loss shall be the difference between the amortised cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss. Subsequent to the Group's recognition of impairment loss on a financial asset carried at amortised cost, the interest income is measured by applying the discount rate in the future cash flows estimation when measuring the impairment loss.

If, after an impairment loss has been recognised on an available-for-sale debt instrument, the fair value of the debt instrument increases in a subsequent period and the increase can be objectively related to an event occurring after the impairment loss was recognised, the impairment loss is reversed with the amount of the reversal recognised in profit or loss.

Financial assets carried at cost

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

Transfers of financial assets

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

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

When the entity's continuing involvement takes the form of guaranteeing the transferred asset, the extent of the entity's continuing involvement is the lower of (i) the amount of the asset and (ii) the maximum amount of the consideration received that the entity could be required to repay (the "guarantee amount").

Notes to Financial Statements (continued)

As at 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

10. Receivables

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

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

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

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

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

	Provision rate for accounts receivable	Provision rate for other receivable
	%	%
Within 6 months	–	–
6 months to 1 year (inclusive)	0.5	0.5
1 to 2 years (inclusive)	5	5
2 to 3 years (inclusive)	10	10
3 to 5 years (inclusive)	30	30
Over 5 years	80	80

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

(3) Other individually insignificant receivables but are separately tested for impairment

Receivables, that are individually insignificant and could not be grouped by the similar or related risk characteristics, are individually assessed for impairment. If there is objective evidence that a receivable is impaired (such as the debtor encountering serious financial difficulties or bankruptcy, or breach of contracts), the amount of the impairment loss is measured as the difference between the receivable's carrying amount and the present value of estimated future cash flows and shall be recognised in profit or loss for the current period.

Notes to Financial Statements (continued)

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(All amounts in RMB'000 unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

11. Inventories

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

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

Inventories are accounted for using the perpetual inventory system.

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

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

12. Construction contracts

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

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

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

Notes to Financial Statements (continued)

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(All amounts in RMB'000 unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

13. Long-term equity investments

Long-term equity investments include investments in subsidiaries, jointly controlled entities and associates.

Long-term equity investment shall be recognised at initial investment cost upon acquisition. For a long-term equity investment acquired through a business combination involving entities under common control, the initial investment cost of the long-term equity investment is the acquirer's share of the carrying value of owner's equity of the party being absorbed at the combination date; for a long-term equity investment through a business combination not involving entities under common control, the initial investment cost of the long-term equity investment is the cost of combination (for a business combination not involving entities under common control achieved in stages that involves multiple exchange transactions, the initial investment cost is carried at the aggregate of the carrying amount of the acquirer's previously held equity interest in the acquiree and the new investment cost incurred on the acquisition date). The cost of combination is the aggregate of the fair values, at the acquisition date, of the assets given, liabilities incurred or assumed, and equity securities issued by the acquirer, in exchange for control of the acquiree. Other comprehensive income that consists of the initial investment cost before the date of acquisition should be reclassified to investment income when the long-term equity investments are being disposed of. For a long-term equity investment acquired otherwise than through a business combination, the initial investment cost is determined as follows: for a long-term equity investment acquired by cash, the initial investment cost is the actual purchase price paid and direct costs, taxes and other necessary expenditures directly attributable to the acquisition of the long-term equity investment; for a long-term equity investment acquired by the issue of equity securities, the initial investment cost is the fair value of the securities issued; for a long-term equity investment acquired through exchange of non-monetary assets, the initial investment cost is determined in accordance with Accounting Standard for Business Enterprises No. 7 – Exchange of Non-monetary Assets; for a long-term equity investment acquired through debt restructuring, the initial investment cost is determined in accordance with Accounting Standard for Business Enterprises No. 12 – Debt Restructuring.

The cost method is applied for long-term equity investments in the financial statements of the Company when the investee is controlled by the Company. Control refers to the right to make decision on the financial and operating policies of a company and to obtain profit from the operating activities of the company.

Under the cost method, long-term equity investment is recorded at initial investment cost. Profits or cash dividends declared to be distributed by the investee should be recognised as investment income in the current period.

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

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

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

Notes to Financial Statements (continued)

As at 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

13. Long-term equity investments (continued)

When long-term equity investments are being disposed of, the difference between the carrying amount and the actual proceeds received should be charged to the statement of profit or loss for the current period. For long-term equity investments under the equity method, when the investment is no longer accounted for under the equity method, the other comprehensive income measured originally under the equity method adopt the same accounting basis as the assets or liabilities disposed of by the investee directly. The equity recognised based on the changes in the investee's equity except the net profit or loss, other comprehensive income and profit appropriation shall be transferred to profit or loss of the current period in a full amount. When the investment continues to be accounted for under the equity method, the other comprehensive income measured originally under the equity method adopt the same accounting basis as the assets or liabilities disposed of by the investee directly and shall be transferred to profit or loss of the current period on a proportional basis. The equity recognised based on the changes in the investee's equity except the net profit or loss, other comprehensive income and profit appropriation shall be transferred to profit or loss of the current period on a proportional basis.

If the disposal of the equity investment in a subsidiary is realised through several transactions until loss of control and is a package deal, the accounting treatment of these transactions should be dealt with as one transaction of disposal of the subsidiary until loss of control. However, prior to the loss of control, the difference between the proceeds from the disposal of the long-term equity investment and the carrying amount of the corresponding long-term equity investment under each transaction is recognised in other comprehensive income in the individual financial statements which shall be transferred in an aggregated amount to profit or loss for the period upon loss of control. If the disposal of the equity investment of a subsidiary is realised through several transactions until loss of control but is not a package deal, each transaction should be dealt individually. For the transactions that lead to loss of control, the remaining equity, which has joint control of or has significant influence in the original subsidiary, should be recognised as long-term equity investment in accordance with the relevant rules of converting the cost method to the equity method. Otherwise, the remaining equity should be recognised as a financial instrument, and the difference between the carrying amount and the fair value as of the date on which the Group loses control should be charged to the statement of profit or loss for the current period.

14. Fixed assets

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

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

Notes to Financial Statements (continued)

As at 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

14. Fixed assets (continued)

The accelerated depreciation method is adopted for the provision of depreciation of the fixed assets specifically used for research and development. The units of production method is adopted for the provision of depreciation of the large-scaled construction equipment. For other fixed assets, the straight-line method is adopted. The estimated useful lives, estimated residual values rates and annual depreciation rates of fixed assets by category are as follows:

Category	Estimated residual value rate	Useful life	Annual depreciation rate
Buildings	5%	20–35 years	2.71%–4.75%
Machinery	5%	10–25 years	3.80%–9.50%
Vehicles	5%	5–10 years	9.50%–19.00%
Production equipment	5%	5–10 years	9.50%–19.00%
Measuring and testing equipment	5%	5 years	19.00%
Others	5%	3–5 years	19.00%–31.67%

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

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

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

15. Construction in progress

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

Construction in progress is transferred to fixed assets, intangible assets when the asset is ready for its intended use.

16. Borrowing costs

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

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

Notes to Financial Statements (continued)

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(All amounts in RMB'000 unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

16. Borrowing costs (continued)

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

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

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

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

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

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

17. Intangible assets

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

An intangible asset shall be recognised only when it is probable that the related economic benefits will flow to the Group and the costs of which can be measured reliably. Intangible assets are measured initially at cost. However, intangible assets acquired in a business combination involving entities not under common control with a fair value that can be measured reliably are recognised separately as intangible assets and measured at fair value at the date of acquisition.

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

Intangible assets with finite useful lives are amortised over the useful lives on the traffic volume basis, straight-line basis or units of production basis. The Group reviews the useful lives and the amortisation method of intangible assets with finite useful lives, and adjusts if appropriate, at least at each period end.

Notes to Financial Statements (continued)

As at 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

17. Intangible assets (continued)

Land use rights

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

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

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

Concession assets

The Group engages in certain service concession arrangements in which the Group carries out construction work (such as turnpike highways and bridges) for the granting authority and receives in exchange a right to operate the assets concerned in accordance with the pre-established conditions set by the granting authority. The assets under the concession arrangements may be classified as intangible assets or receivables from the granting authority. The Group recognises revenue and a financial asset to the extent that it has an unconditional contractual right to receive a specified or determinable amount of cash or another financial asset from the granting authority, or to receive the shortfall, if any, between amounts received from users of the public service and specified or determinable amounts. If the Group receives a right to charge users of public service, with an undeterminable amount, the assets are classified as intangible assets and the Group recognises revenue at the same time. The Group classifies the non-current assets linked to the long-term investment in these concession arrangements as "concession assets" within intangible assets on the balance sheet if the intangible asset model is adopted. The amortisation approach, either the traffic volume method or the straight-line method, should be selected for concession operation projects based on the pattern in which the asset's future economic benefits are expected to be consumed at the commencement of operations.

Mining rights

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

Development expenditure

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

18. Long-term prepayments

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

Notes to Financial Statements (continued)

As at 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

19. Provisions

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

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

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

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

20. Revenue

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

Revenue from construction contracts

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

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

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

Notes to Financial Statements (continued)

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(All amounts in RMB'000 unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

20. Revenue (continued)

Revenue from construction contracts (continued)

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

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

Revenue from the rendering of services

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

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

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

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

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

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

Revenue from the sales of goods

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

Notes to Financial Statements (continued)

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(All amounts in RMB'000 unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

20. Revenue (continued)

Interest income

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

Royalty income

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

Lease income

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

21. Government grants

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

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

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

Relocation compensation received due to public interests

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

Notes to Financial Statements (continued)

As at 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

22. Income tax

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

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

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

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

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

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

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

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

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

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

Notes to Financial Statements (continued)

As at 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

23. Leases

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

As lessee of an operating lease

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

As lessor of an operating lease

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

As lessee of a finance lease

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

24. Impairment of assets

The Group determines the impairment of assets, other than the impairment of inventories, construction contracts, deferred income taxes, and financial assets, using the following methods:

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

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

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

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

Notes to Financial Statements (continued)

As at 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

24. Impairment of assets (continued)

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

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

25. Employee benefits

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

Short-term benefits

In the period of employee services, short-term benefits are actually recognised as liabilities and charged to profit or loss or the related costs of assets for the current period.

Post-employment benefits (defined contribution plans)

If employees of the Group participate in the endowment insurance and unemployment insurance plans managed by local governments and participate in the supplementary pension plans of the Group as well, the relevant expenditures are recorded in the relevant capital costs and expenses in the period when incurred.

Post-employment benefits (defined benefit plans)

The Group provides benefit plans for long-term post-leaving personnel, which are considered as defined benefit plans. The Group does not put any funds in the plans; the costs of the defined benefit plans are measured using the projected cumulative unit credit method.

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

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

Net interest equals to the net defined benefit liability multiply by the discount rate. The Group recognised changes in the net defined benefit obligation as management expenses in the statement of profit or loss. Those changes include service costs, including current service costs, past service costs and gains and losses on settlement, and net interest, which are the interest expenses of the plan.

Termination benefits

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

Notes to Financial Statements (continued)

As at 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

25. *Employee benefits (continued)*

Housing funds

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

Bonus entitlements

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

26. *Distribution of profit*

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

27. *Perpetual securities*

If the perpetual securities are non-redeemable (or only be redeemable by the issuer's choice) and any interest and dividends distributed are discretionary, then the securities are classified as equity. Distributions of interest and dividends from perpetual securities in the equity are recognised into distribution of equity.

28. *Production safety expenses*

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

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

29. *Fair value measurement*

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

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

Notes to Financial Statements (continued)

As at 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

29. Fair value measurement (continued)

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

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

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

30. Significant accounting judgments and estimates

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

Judgments

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

Impairment of available-for-sale financial assets

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

Contingent liabilities arising from litigation and claims

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

De facto control over subsidiaries

There are subsidiaries of the Group that the Group has equal to or less than half of the interests in these subsidiaries. The Group's management exercises its critical judgment when determining whether the Group has de facto control over an entity by evaluating its sole influence over the entity's activities, in consideration of the size of the Group's interests, relative to the size and dispersion of other shareholders' interests.

Notes to Financial Statements (continued)

As at 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

30. Significant accounting judgments and estimates (continued)

Estimation uncertainty

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

Useful lives and residual values of fixed assets

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

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

Income tax and deferred tax assets

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

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

Percentage of completion of construction work

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

Impairment of accounts receivable

The Group maintains an allowance for the estimated loss arising from the inability of its customers to make the required payments. The Group makes its estimates based on the ageing of its trade receivable balances, customers' creditworthiness, and historical write-off experience.

Notes to Financial Statements (continued)

As at 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

30. Significant accounting judgments and estimates (continued)

Estimation uncertainty (continued)

Provision for properties under development

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

Impairment of goodwill

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

Long-term post-leaving benefits

The Group recognised the benefits paid to certain long-term post-leaving personnel as liability. The amounts of employee benefit expenses and liabilities are determined using various assumptions, estimated by the rates of return on assets, pension benefit inflation rates, medical benefit inflation rates, and other factors. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

The differences between actual experience and assumptions are recognised immediately and therefore affect recognised other comprehensive income in the period in which such differences arise. While management believes that its assumptions are appropriate, differences in actual experience or changes in assumptions may affect other comprehensive income and balance of liabilities related to the long-term post-leaving benefit obligations.

Notes to Financial Statements (continued)

As at 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

IV. TAXES

1. Major categories of taxes and respective tax rates

- | | | |
|---|---|--|
| Value-added tax ("VAT") | – | For the Company and certain subsidiaries which are recognised as general VAT payers, VAT payable is imposed on the taxable sales amount multiplied by the tax rate of 6%, 11% or 17% (output-VAT) less deductible input-VAT of the current period. VAT of other subsidiaries recognised as small scale taxpayers is levied at the rate of 3%. |
| Business tax ("BT") | – | The Company and its subsidiaries are subject to BT on the income generated from the provision of construction services and other services before 1 May 2016 at a rate of 3% or 5%, respectively. |
| City maintenance and construction tax ("CCT") | – | The Company and its subsidiaries are subject to CCT on the total payment of BT and VAT at a rate of 7%, 5% or 1% depending on the location of the taxpayers. |
| Education surcharge | – | The Company and its subsidiaries are subject to the education surcharge at a rate of 3% on the total payment of BT and VAT. |
| Local education surcharge | – | The Company and its subsidiaries are subject to the education surcharge at a rate of 2% on the total payment of BT and VAT. |
| Corporate income tax ("CIT") | – | Except for certain preferential treatments available to the Company's domestic subsidiaries and overseas subsidiaries which are required to accrue CIT based on tax laws and regulations of foreign jurisdictions, the corporations within the Group are subject to CIT at a rate of 25%.

Each of the Company and its subsidiaries calculates and pays CIT as a legal entity at the location where it is registered.

Overseas subsidiaries (including those located in the Hong Kong and Macau Special Administrative Regions of the People's Republic of China) are taxed according to the prevailing tax laws and regulations in the relevant countries/jurisdictions. |
| Real estate tax | – | Real estate tax is levied by means of ad valorem at a rate of 1.2% based on 70%, 75% or 80% of the original cost of the properties. For those levied on prices, the tax is charged at 12% of the rental income. Real estate tax is filed and paid by the Company and its subsidiaries accordingly. |
| Individual income tax ("IIT") | – | According to the relevant tax laws and regulations, the Company and its subsidiaries have obligations to withhold IIT for their employees' salary income. |
| Land value increment tax | – | The land value increment tax is levied at the ultra progressive tax rate based on the appreciation value. |

Notes to Financial Statements (continued)

As at 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

IV. TAXES (CONTINUED)

2. Tax preferential treatments

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

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

Preferential tax treatment for the Western Region Development

Pursuant to the Circular on Issues Concerning Tax Policies for In-depth Implementation of Western Development Strategies of the State Administration of Taxation, the Ministry of Finance and General Administration of Customs (Cai Shui [2011] No. 58), the tax preferential treatments for the Western Region Development are valid until 2020. According to the Circular, "from 1 January 2011 to 31 December 2020, corporate income tax may be levied at a reduced tax rate of 15% for enterprises established in the western region and engaged in encouraged industries. The above-mentioned industries shall refer to enterprises whose principal businesses are the industrial projects prescribed in the Catalogue of Encouraged Industries in the Western Region, the income of which accounts for more than 70% of the total income of such enterprises. The Catalogue of Encouraged Industries in the Western Region shall be issued separately."

At present, the Catalogue of Encouraged Industries in the Western Region has been approved by the State Council, and shall be implemented as of 1 October 2014. Certain subsidiaries of the Group, including China Railway 11th Bureau Group 5th Engineering Co., Ltd. (中鐵十一局集團第五工程有限公司), China Railway 12th Bureau Group 1st Engineering Co., Ltd. (中鐵十二局集團第一工程有限公司), China Railway 12th Bureau Group 4th Engineering Co., Ltd. (中鐵十二局集團第四工程有限公司), Railway Maintenance Engineering Co., Ltd. of 12th Bureau Group of China Railway (中鐵十二局集團鐵路養護工程有限公司), China Railway Construction Bridge Engineering Bureau Group 5th Engineering Co., Ltd. (中鐵建大橋工程局集團第五工程有限公司), China Railway 15th Bureau Group 1st Engineering Co., Ltd. (中鐵十五局集團第一工程有限公司), China Railway 17th Bureau Group 4th Engineering Co., Ltd. (中鐵十七局集團第四工程有限公司), China Railway 18th Bureau Group Tunnel Engineering Co., Ltd. (中鐵十八局集團隧道工程有限公司), China Railway 20th Bureau Group Co., Ltd. (中鐵二十局集團有限公司), China Railway 20th Bureau Group 2nd Engineering Co., Ltd. (中鐵二十局集團第二工程有限公司), China Railway 20th Bureau Group 3rd Engineering Co., Ltd. (中鐵二十局集團第三工程有限公司), China Railway 20th Bureau Group 5th Engineering Co., Ltd. (中鐵二十局集團第五工程有限公司), China Railway 20th Bureau Group 6th Engineering Co., Ltd. (中鐵二十局集團第六工程有限公司), China Railway 20th Bureau Group Municipal Engineering Co., Ltd. (中鐵二十局集團有限公司市政工程有限公司), China Railway 20th Bureau Group Electrical Engineering Co., Ltd. (中鐵二十局集團有限公司電氣化工程有限公司), China Railway 21st Bureau Group Co., Ltd. (中鐵二十一局集團有限公司), China Railway 21st Bureau Group 1st Engineering Co., Ltd. (中鐵二十一局集團第一工程有限公司), China Railway 21st Bureau Group 2nd Engineering Co., Ltd. (中鐵二十一局集團第二工程有限公司), China Railway 21st Bureau Group 3rd Engineering Co., Ltd. (中鐵二十一局集團第三工程有限公司), China Railway 21st Bureau Group 4th Engineering Co., Ltd. (中鐵二十一局集團第四工程有限公司), China Railway 21st Bureau Group 5th Engineering Co., Ltd. (中鐵二十一局集團第五工程有限公司), China Railway 21st Bureau Group Electrical Engineering Co., Ltd. (中鐵二十一局集團電務電化工程有限公司), China Railway 21st Bureau Group Road & Bridge Engineering Co., Ltd. (中鐵二十一局集團路橋工程有限公司), China Railway 22nd Bureau Group 5th Engineering Co., Ltd. (中鐵二十二局集團第五工程有限公司), China Railway 23rd Bureau Group Co., Ltd. (中鐵二十三局集團有限公司), China Railway 23rd Bureau Group 3rd Engineering Co., Ltd. (中鐵二十三局集團第三工程有限公司), China Railway 23rd Bureau Group 4th Engineering Co., Ltd. (中鐵二十三局集團第四工程有限公司), China Railway 23rd Bureau Group 6th Engineering Co., Ltd. (中鐵二十三局集團第六工程有限公司), China Railway 23rd Bureau Group 8th Engineering Co., Ltd. (中鐵二十三局集團第八工程有限公司), China Railway First Survey and Design Institute Group Ltd. (中鐵第一勘察設計院集團有限公司), Gansu Runtong Electric Engineering Co., Ltd. (甘肅潤通電氣化工程有限公司), Gansu Runtong Telecom Engineering Co., Ltd. (甘肅潤通電信與自動化控制工程有限公司), Chengdu China Railway Project Management Co., Ltd. (成都中鐵建項目建設管理有限公司), Kunming Guangweitong Machinery Co., Ltd. (昆明廣維通機械設備有限公司), CRCC High-Tech Equipment Corporation Limited (中國鐵建高新裝備股份有限公司) and Sichuan CRCC Subway Investment Management Co., Ltd. (四川中鐵建地鐵投資管理有限公司) were assumed to have enjoyed the corporate income tax preferential treatment for the Western Region Development temporarily after confirmation by the local tax authorities.

Notes to Financial Statements (continued)

As at 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

IV. TAXES (CONTINUED)

2. Tax preferential treatments (continued)

Other preferential tax treatments for the Company's subsidiaries

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

China Railway 12th Bureau Group Construction and Installation Engineering Co., Ltd. (中鐵十二局集團建築安裝工程有限公司) has been recognised as a High-New Technology Enterprise by the Science and Technology Department of Shanxi Province, Shanxi Provincial Department of Finance, Shanxi State Administration of Taxation and the Shanxi Local Taxation Bureau since 2014, and is entitled to enjoy a preferential Corporate Income Tax rate at a rate of 15% from 1 January 2014 to 31 December 2016.

China Railway 12th Bureau Group 2nd Engineering Co., Ltd. (中鐵十二局集團第二工程有限公司) has been recognised as a High-New Technology Enterprise by the Science and Technology Department of Shanxi Province, Shanxi Provincial Department of Finance, Shanxi State Administration of Taxation and the Shanxi Local Taxation Bureau since 2015, and is entitled to enjoy a preferential Corporate Income Tax rate at a rate of 15% from 1 January 2015 to 31 December 2017.

China Railway 12th Bureau Group 3rd Engineering Co., Ltd. (中鐵十二局集團第三工程有限公司) has been recognised as a High-New Technology Enterprise by the Science and Technology Department of Shanxi Province, Shanxi Provincial Department of Finance, Shanxi State Administration of Taxation and the Shanxi Local Taxation Bureau since 2015, and is entitled to enjoy a preferential Corporate Income Tax rate at a rate of 15% from 1 January 2015 to 31 December 2017.

China Railway 12th Bureau Group Electric Engineering Co., Ltd. (中鐵十二局集團電氣化工程有限公司) has been recognised as a High-New Technology Enterprise by Tianjin Municipal Science and Technology Department, Tianjin Department of Finance, Tianjin State Administration of Taxation and the Tianjin Local Taxation Bureau since 2015, and is entitled to enjoy a preferential Corporate Income Tax rate at a rate of 15% from 1 January 2015 to 31 December 2017.

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

China Railway Construction Bridge Engineering Bureau Group 6th Engineering Co., Ltd. (中鐵建大橋工程局集團有限公司第六工程有限公司) has been recognised as a High-New Technology Enterprise by the Science and Technology Department of Jilin Province, Jilin Provincial Department of Finance, Jilin State Administration of Taxation and the Jilin Local Taxation Bureau since 2014, and is entitled to enjoy a preferential Corporate Income Tax rate of 15% from 1 January 2014 to 31 December 2016.

China Railway Construction Bridge Engineering Bureau Group 1st Engineering Co., Ltd. (中鐵建大橋工程局集團有限公司第一工程有限公司) has been recognised as a High-New Technology Enterprise by the Dalian Municipal Science and Technology Department, Dalian Department of Finance, Dalian State Administration of Taxation and the Dalian Local Taxation Bureau since 2015, and is entitled to enjoy a preferential Corporate Income Tax rate of 15% from 1 January 2015 to 31 December 2017.

Notes to Financial Statements (continued)

As at 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

IV. TAXES (CONTINUED)

2. Tax preferential treatments (continued)

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

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

China Railway Construction Bridge Engineering Bureau Group Electrical Engineering Co., Ltd. (中鐵建大橋工程局集團電務工程有限公司) has been recognised as a High-New Technology Enterprise by the Tianjin Municipal Science and Technology Commission, Tianjin Municipal Bureau of Finance, Tianjin Municipal Office of the State Administration of Taxation and the Tianjin Local Taxation Bureau since 2014, and is entitled to enjoy a preferential Corporate Income Tax rate of 15% from 1 January 2014 to 31 December 2016.

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

Beijing China Railway Fangshan Bridge Co., Ltd. (北京中鐵房山橋樑有限公司) has been recognised as a High-New Technology Enterprise by the Beijing Municipal Science and Technology Commission, Beijing Municipal Bureau of Finance, Beijing Municipal Office of the State Administration of Taxation and the Beijing Local Taxation Bureau since 2015, and is entitled to enjoy a preferential Corporate Income Tax rate of 15% from 1 January 2015 to 31 December 2017.

China Railway 14th Bureau Group Electrical Engineering Co., Ltd. (中鐵十四局集團電氣化工程有限公司) has been recognised as a High-New Technology Enterprise by the Science and Technology Department of Shandong Province, Shandong Provincial Department of Finance, Shandong State Administration of Taxation and the Shandong Local Taxation Bureau since 2015, and is entitled to enjoy a preferential Corporate Income Tax of 15% from 1 January 2015 to 31 December 2017.

Shandong Tiezheng Project Experiment and Inspection Center Co., Ltd. (山東鐵正工程試驗檢測中心有限公司) has been recognised as a High-New Technology Enterprise by the Science and Technology Department of Shandong Province, Shandong Provincial Department of Finance, Shandong State Administration of Taxation and the Shandong Local Taxation Bureau since 2014, and is entitled to enjoy a preferential Corporate Income Tax rate of 15% from 1 January 2015 to 31 December 2017.

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

China Railway 15th Bureau Group Co., Ltd. (中鐵十五局集團有限公司) has been recognised as a High-New Technology Enterprise by Shanghai Municipal Science and Technology Commission, Shanghai Municipal Bureau of Finance, Shanghai Municipal Office of the State Administration of Taxation and the Shanghai Local Taxation Bureau since 2015, and was entitled to enjoy a preferential Corporate Income Tax rate of 15% from 1 January 2015 to 31 December 2017.

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

China Railway 16th Bureau Group Co., Ltd. (中鐵十六局集團有限公司) has been recognised as a High-New Technology Enterprise by the Beijing Municipal Science and Technology Commission, Beijing Municipal Bureau of Finance, Beijing Municipal Office of the State Administration of Taxation and the Beijing Local Taxation Bureau since 2015, and is entitled to enjoy a preferential Corporate Income Tax rate of 15% from 1 January 2015 to 31 December 2017.

China Railway 16th Bureau Group 2nd Engineering Co., Ltd. (中鐵十六局集團第二工程有限公司) has been recognised as a High-New Technology Enterprise by the Tianjin Municipal Science and Technology Commission, Tianjin Municipal Bureau of Finance, Tianjin Municipal Office of the State Administration of Taxation and the Tianjin Local Taxation Bureau since 2015, and was entitled to enjoy a preferential Corporate Income Tax rate of 15% from 1 January 2015 to 31 December 2017.

Notes to Financial Statements (continued)

As at 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

IV. TAXES (CONTINUED)

2. Tax preferential treatments (continued)

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

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

China Railway 16th Bureau Group 3rd Engineering Co., Ltd. (中鐵十六局集團第三工程有限公司) has been recognised as a High-New Technology Enterprise by the Science and Technology Department of Zhejiang Province, Zhejiang Provincial Department of Finance, Zhejiang State Administration of Taxation and the Zhejiang Local Taxation Bureau since 2014, and is entitled to enjoy a preferential Corporate Income Tax rate of 15% from 1 January 2014 to 31 December 2016.

China Railway 16th Bureau Group Railway Transportation Engineering Co., Ltd. (中鐵十六局集團鐵運工程有限公司) has been recognised as a High-New Technology Enterprise by the Science and Technology Department of Inner Mongolia Autonomous Region, Department of Finance of Inner Mongolia Autonomous Region, Inner Mongolia Municipal Office of the State Administration of Taxation and the Inner Mongolia Local Taxation Bureau since 2015, and is entitled to enjoy a preferential Corporate Income Tax rate of 15% from 1 January 2015 to 31 December 2017.

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

China Railway 17th Bureau Group 2nd Engineering Co., Ltd. (中鐵十七局集團第二工程有限公司) has been recognised as a High-New Technology Enterprise by the Science and Technology Department of Shaanxi Province, Shaanxi Provincial Department of Finance, Shaanxi State Administration of Taxation and the Shaanxi Local Taxation Bureau since 2015, and is entitled to enjoy a preferential Corporate Income Tax rate of 15% from 1 January 2015 to 31 December 2017.

China Railway 17th Bureau Group 3rd Engineering Co., Ltd. (中鐵十七局集團第三工程有限公司) has been recognised as a High-New Technology Enterprise by the Science and Technology Department of Shanxi Province, Shanxi Provincial Department of Finance, Shanxi State Administration of Taxation and the Shanxi Local Taxation Bureau since 2014, and is entitled to enjoy a preferential Corporate Income Tax rate of 15% from 1 January 2014 to 31 December 2016.

China Railway 17th Bureau Group 5th Engineering Co., Ltd. (中鐵十七局集團第五工程有限公司) has been recognised as a High-New Technology Enterprise by the Science and Technology Department of Shanxi Province, Shanxi Provincial Department of Finance, Shanxi State Administration of Taxation and the Shanxi Local Taxation Bureau since 2014, and is entitled to enjoy a preferential Corporate Income Tax rate of 15% from 1 January 2014 to 31 December 2016.

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

China Railway 19th Bureau Group Metro Engineering Construction Co., Ltd. (中鐵十九局集團軌道交通工程有限公司) has been recognised as a High-New Technology Enterprise by the Beijing Municipal Science and Technology Commission, Beijing Municipal Bureau of Finance, Beijing Municipal Office of the State Administration of Taxation and the Beijing Local Taxation Bureau since 2015, and is entitled to enjoy a preferential Corporate Income Tax rate of 15% from 1 January 2015 to 31 December 2017.

China Railway 19th Bureau Group 6th Engineering Co., Ltd. (中鐵十九局集團有限公司第六工程有限公司) has been recognised as a High-New Technology Enterprise by the Science and Technology Department of Jiangsu Province, Jiangsu Provincial Department of Finance, Jiangsu State Administration of Taxation and the Jiangsu Local Taxation Bureau since 2015, and is entitled to enjoy a preferential Corporate Income Tax rate of 15% from 1 January 2015 to 31 December 2017.

China Railway 19th Bureau Group 7th Engineering Co., Ltd. (中鐵十九局集團有限公司第七工程有限公司) has been recognised as a High-New Technology Enterprise by the Science and Technology Department of Guangdong Province, Guangdong Provincial Department of Finance, Guangdong State Administration of Taxation and the Guangdong Local Taxation Bureau since 2015 and is entitled to enjoy a preferential Corporate Income Tax rate of 15% from 1 January 2015 to 31 December 2017.

China Railway 19th Bureau Group Electrical Engineering Co., Ltd. (中鐵十九局集團電務工程有限公司) has been recognised as a High-New Technology Enterprise by the Beijing Municipal Science and Technology Commission, Beijing Municipal Bureau of Finance, Beijing Municipal Office of the State Administration of Taxation and the Beijing Local Taxation Bureau since 2014, and is entitled to enjoy a preferential Corporate Income Tax rate of 15% from 1 January 2014 to 31 December 2016.

Notes to Financial Statements (continued)

As at 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

IV. TAXES (CONTINUED)

2. Tax preferential treatments (continued)

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

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

China Railway 23rd Bureau Group Metro Engineering Co., Ltd. (中鐵二十三局集團軌道交通工程有限公司) has been recognised as a High-New Technology Enterprise by the Shanghai Municipal Science and Technology Commission, Shanghai Municipal Bureau of Finance, Shanghai Municipal Office of the State Administration of Taxation and the Shanghai Local Taxation Bureau since 2014, and is entitled to enjoy a preferential Corporate Income Tax rate of 15% from 1 January 2014 to 31 December 2016.

China Railway 23rd Bureau Group 2nd Engineering Co., Ltd. (中鐵二十三局集團第二工程有限公司) has been recognised as a High-New Technology Enterprise by the Beijing Municipal Science and Technology Commission, Beijing Municipal Bureau of Finance, Beijing Municipal Office of the State Administration of Taxation and the Beijing Local Taxation Bureau since 2014, and is entitled to enjoy a preferential Corporate Income Tax rate of 15% from 1 January 2014 to 31 December 2016.

CRCC High-Tech Equipment Corporation Limited (中國鐵建高新裝備股份有限公司) and its subsidiaries:

Beijing Ruiweitong Engineering Machinery Co., Ltd. (北京瑞維通工程機械有限公司) has been recognised as a High-New Technology Enterprise by the Beijing Municipal Science and Technology Commission, Beijing Municipal Bureau of Finance, Beijing Municipal Office of the State Administration of Taxation and the Beijing Local Taxation Bureau since 2015, and is entitled to enjoy a preferential Corporate Income Tax rate of 15% from 1 January 2015 to 31 December 2017.

Beijing Kunweitong Railway Engineering Machinery Co., Ltd. (北京昆維通鐵路機械化工程有限公司) has been recognised as a High-New Technology Enterprise by the Beijing Municipal Science and Technology Commission, Beijing Municipal Bureau of Finance, Beijing Municipal Office of the State Administration of Taxation and the Beijing Local Taxation Bureau since 2015, and is entitled to enjoy a preferential Corporate Income Tax rate of 15% from 1 January 2015 to 31 December 2017.

Kunming Autongda Railway Engineering Machinery Co., Ltd. (昆明奧通達鐵路機械有限公司) has been recognised as a High-New Technology Enterprise by the Yunnan Science and Technology Commission and Yuannan State Administration of Taxation since 2015, and is entitled to enjoy a preferential Corporate Income Tax rate of 15% from 1 January 2015 to 31 December 2017.

China Railway Construction Heavy Industry Group Co., Ltd. (中國鐵建重工集團有限公司) and its subsidiaries:

China Railway Construction Heavy Industry Group Co., Ltd. (中國鐵建重工集團有限公司) has been recognised as a High-New Technology Enterprise by the Science and Technology Department of Hunan Province, Hunan Provincial Department of Finance, Hunan State Administration of Taxation and the Hunan Local Taxation Bureau since 2014, and is entitled to enjoy a preferential Corporate Income Tax rate of 15% from 1 January 2014 to 31 December 2016.

China Railway Longchang Railway Audio Supplies Co., Ltd. (中鐵隆昌鐵路器材有限公司) has been recognised as a High-New Technology Enterprise by the Science and Technology Department of Sichuan Province, Sichuan Provincial Department of Finance, Sichuan State Administration of Taxation and the Sichuan Local Taxation Bureau since 2014, and is entitled to enjoy a preferential Corporate Income Tax rate of 15% from 1 January 2014 to 31 December 2016.

Notes to Financial Statements (continued)

As at 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

IV. TAXES (CONTINUED)

2. Tax preferential treatments (continued)

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

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

China Railway Construction Electrification Bureau (Group) Co., Ltd. (中國鐵建電氣化局集團有限公司) has been recognised as a High-New Technology Enterprise by the Beijing Municipal Science and Technology Department, Beijing Municipal Bureau of Finance, Beijing Municipal Office of the State Administration of Taxation and the Beijing Local Taxation Bureau since 2015, and is entitled to enjoy a preferential Corporate Income Tax rate of 15% from 1 January 2015 to 31 December 2017.

China Railway Construction Electrification Bureau (Group) 4th Engineering Co., Ltd. (中鐵建電氣化局集團第四工程有限公司) has been recognised as a High-New Technology Enterprise by the Hunan Provincial Science and Technology Department, Hunan Provincial Department of Finance, Hunan State Administration of Taxation and the Hunan Local Taxation Bureau since 2014, and is entitled to enjoy a preferential Corporate Income Tax rate of 15% from 1 January 2014 to 31 December 2016.

Beijing China Railway Construction Electrification Bureau (Group) Design Institute Engineering Co., Ltd. (北京中鐵建電氣化局集團設計研究院有限公司) has been recognised as a High-New Technology Enterprise by the Beijing Municipal Science and Technology Department, Beijing Municipal Bureau of Finance, Beijing Municipal Office of the State Administration of Taxation and the Beijing Local Taxation Bureau since 2015, and is entitled to enjoy a preferential Corporate Income Tax rate of 15% from 1 January 2015 to 31 December 2017.

China Railway Construction Electrification Bureau (Group) South Engineering Co., Ltd. (中鐵建電氣化局集團南方工程有限公司) has been recognised as a High-New Technology Enterprise by the Hubei Provincial Science and Technology Department, Hubei Provincial Department of Finance, Hubei State Administration of Taxation and the Hubei Local Taxation Bureau since 2015, and is entitled to enjoy a preferential Corporate Income Tax rate of 15% from 1 January 2015 to 31 December 2017.

China Railway Construction Electrification Bureau (Group) Kang Yuan New Materials Co., Ltd. (中鐵建電氣化局集團康遠新材料有限公司) has been recognised as a High-New Technology Enterprise by the Jiangsu Provincial Science and Technology Department, Jiangsu Provincial Department of Finance, Jiangsu State Administration of Taxation and the Jiangsu Local Taxation Bureau since 2014, and is entitled to enjoy a preferential Corporate Income Tax rate of 15% from 1 January 2014 to 31 December 2016.

China Railway Construction Electrification Bureau (Group) Science and Technology Co., Ltd. (中鐵建電氣化局集團科技有限公司) has been recognised as a High-New Technology Enterprise by the Hebei Provincial Science and Technology Department, Hebei Provincial Department of Finance, Hebei State Administration of Taxation and the Hebei Local Taxation Bureau since 2015, and is entitled to enjoy a preferential Corporate Income Tax rate of 15% from 1 January 2015 to 31 December 2017.

China Railway Construction Electrification Bureau (Group) Metro Engineering Machinery Co., Ltd. (中鐵建電氣化局集團軌道交通器材有限公司) has been recognised as a High-New Technology Enterprise by the Jiangsu Provincial Science and Technology Department, Jiangsu Provincial Department of Finance, Jiangsu State Administration of Taxation and the Jiangsu Local Taxation Bureau since 2015, and is entitled to enjoy a preferential Corporate Income Tax rate of 15% from 1 January 2015 to 31 December 2017.

China Railway Construction Electrification Bureau (Group) North Engineering Co., Ltd. (中國鐵建電氣化局集團北方工程有限公司) has been recognised as a High-New Technology Enterprise by the Shanxi Provincial Science and Technology Department, Shanxi Provincial Department of Finance, Shanxi State Administration of Taxation and the Shanxi Local Taxation Bureau since 2014, and is entitled to enjoy a preferential Corporate Income Tax rate of 15% from 1 January 2014 to 31 December 2016.

Notes to Financial Statements (continued)

As at 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

IV. TAXES (CONTINUED)

2. Tax preferential treatments (continued)

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

CRCC Urban Construction Group Co., Ltd. (中鐵城建集團有限公司) and its subsidiaries:

CRCC Urban Construction Group Co., Ltd. (中鐵城建集團有限公司) has been recognised as a High-New Technology Enterprise by the Hunan Provincial Science and Technology Department, Hunan Provincial Department of Finance, Hunan State Administration of Taxation and the Hunan Local Taxation Bureau since 2015, and is entitled to enjoy a preferential Corporate Income Tax rate of 15% from 1 January 2015 to 31 December 2017.

CRCC Urban Construction Group 3rd Engineering Co., Ltd. (中鐵城建集團第三工程有限公司) has been recognised as a High-New Technology Enterprise by the Tianjin Municipal Science and Technology Commission, Tianjin Municipal Bureau of Finance, Tianjin Municipal Office of the State Administration of Taxation and the Tianjin Local Taxation Bureau since 2015, and is entitled to enjoy a preferential Corporate Income Tax rate of 15% from 1 January 2015 to 31 December 2017.

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Cash and bank balances

	30 June 2016 (Unaudited)	31 December 2015 (Audited)
Cash	218,722	157,251
Cash at banks	107,005,817	113,886,872
Others	5,285,514	4,861,815
Mandatory reserves placed by CRCC Finance Company Limited with the central bank	3,126,006	3,028,071
	115,636,059	121,934,009

Cash and bank balances with title restrictions were stated in Note V.61

As at 30 June 2016, the Group held the foreign cash and bank balances amounted to RMB8,707,272,000 (31 December 2015: RMB5,774,279,000), and held no restricted deposits (31 December 2015: Nil).

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

	30 June 2016 (Unaudited)	31 December 2015 (Audited)
Cash and bank balances at year end	115,636,059	121,934,009
Less: Mandatory reserves with the central bank	(3,126,006)	(3,028,071)
Less: Non-pledged time deposits with original maturity of three months or more when acquired	(2,591,175)	(5,778,270)
Less: Other restricted cash and bank balances	(5,071,755)	(4,657,115)
Cash and cash equivalents at year end	104,847,123	108,470,553
Less: Cash and cash equivalents at beginning of the year	(108,470,553)	(84,757,505)
Net increase in cash and cash equivalents	(3,623,430)	23,713,048

2. Financial assets at fair value through profit or loss

	30 June 2016 (Unaudited)	31 December 2015 (Audited)
Financial assets held for trading – equity instruments	197,823	218,437

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

Notes to Financial Statements (continued)

As at 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. Bills receivable

	30 June 2016 (Unaudited)	31 December 2015 (Audited)
Commercial acceptance bills	884,722	1,005,345
Bank acceptance bills	1,143,654	1,488,295
	2,028,376	2,493,640

As at 30 June 2016, there were no bills receivable pledged (31 December 2015: RMB11,300,000).

As at 30 June 2016, the Group had derecognized the following bank acceptance bills which were not matured but had been endorsed to other parties:

	30 June 2016 (Unaudited)		31 December 2015 (Audited)	
	Derecognized	Not derecognized	Derecognized	Not derecognized
Bank acceptance bills	266,496	–	469,391	–

As at 30 June 2016, the Group's bills receivable were neither past due nor impaired (31 December 2015: Nil).

4. Accounts receivable

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

Notes to Financial Statements (continued)

As at 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. Accounts receivable (continued)

An ageing analysis of accounts receivable is presented as follows:

	30 June 2016 (Unaudited)	31 December 2015 (Audited)
Within 1 year	117,770,540	116,634,869
1 to 2 years	9,277,234	8,915,476
2 to 3 years	4,582,098	3,926,070
Over 3 years	2,325,502	1,330,339
	133,955,374	130,806,754
Less: Provision for bad debts	(2,796,852)	(2,778,311)
	131,158,522	128,028,443

Movements in the provision for bad debts are as follows:

	For the six months ended 30 June 2016 (Unaudited)	2015 (Audited)
Opening balance	2,778,311	1,596,792
Provision	239,424	1,462,656
Reversal	(201,615)	(189,363)
Write-off	(4,335)	(24,843)
Others	(14,933)	(66,931)
Closing balance	2,796,852	2,778,311

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

	30 June 2016 (Unaudited)			
	Gross carrying amount Amount	Percentage (%)	Provision for bad debts Amount	Percentage (%)
Individually significant and subject to separate provision for bad debts	114,835,458	85.73	(2,002,945)	1.74
Subject to provision by risk characteristics group	15,767,215	11.77	(155,157)	0.98
Individually not significant but subject to separate provision for bad debts	3,352,701	2.50	(638,750)	19.05
	133,955,374	100.00	(2,796,852)	

Notes to Financial Statements (continued)

As at 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. Accounts receivable (continued)

	31 December 2015 (Audited)			
	Gross carrying amount Amount	Percentage (%)	Provision for bad debts Amount	Percentage (%)
Individually significant and subject to separate provision for bad debts	112,101,348	85.70	(1,925,425)	1.72
Subject to provision by group	15,233,089	11.65	(186,034)	1.22
Individually not significant but subject to separate provision for bad debts	3,472,317	2.65	(666,852)	19.20
	130,806,754	100.00	(2,778,311)	

As at 30 June 2016, accounts receivable which are individually significant and subject to separate provision for bad debts were as follows (Unaudited):

Due from	Gross carrying amount	Provision for bad debts	Percentage (%)	Reason
Company 1	161,567	(129,253)	80.00	Note
Company 2	142,279	(128,052)	90.00	Note
Company 3	121,705	(121,705)	100.00	Note
Company 4	92,462	(92,462)	100.00	Note
Company 5	73,059	(43,836)	60.00	Note
Others	24,850,512	(1,487,637)		
	25,441,584	(2,002,945)		

As at 31 December 2015, accounts receivable which are individually significant and subject to separate provision for bad debts were as follows (Audited):

Due from	Gross carrying amount	Provision for bad debts	Percentage (%)	Reason
Company 1	161,567	(96,940)	60.00	Note
Company 2	142,279	(128,052)	90.00	Note
Company 3	121,705	(121,705)	100.00	Note
Company 4	92,462	(92,462)	100.00	Note
Company 5	73,059	(43,836)	60.00	Note
Others	27,397,584	(1,442,430)		
	27,988,656	(1,925,425)		

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

Notes to Financial Statements (continued)

As at 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. Accounts receivable (continued)

Accounts receivable which are subject to provision by group were as follows:

	30 June 2016 (Unaudited)			
	Gross carrying amount		Provision for bad debts	
	Amount	Percentage (%)	Amount	Percentage (%)
Within 6 months	14,961,132	94.89	–	–
6 months to 1 year	151,937	0.96	(760)	0.50
1 to 2 years	227,772	1.44	(11,389)	5.00
2 to 3 years	193,175	1.23	(19,317)	10.00
Over 3 years	233,199	1.48	(123,691)	53.04
	15,767,215	100.00	(155,157)	

	31 December 2015 (Audited)			
	Gross carrying amount		Provision for bad debts	
	Amount	Percentage (%)	Amount	Percentage (%)
Within 6 months	14,290,605	93.81	–	–
6 months to 1 year	164,932	1.08	(825)	0.50
1 to 2 years	278,166	1.83	(13,908)	5.00
2 to 3 years	215,107	1.41	(21,511)	10.00
Over 3 years	284,279	1.87	(149,790)	52.69
	15,233,089	100.00	(186,034)	

As at 30 June 2016, the five largest accounts receivable were as follows (Unaudited):

	Relationship with the Group	Amount	Ageing	Percentage of total accounts receivable (%)
Company 1	Third party	1,313,435	Within 1 year	0.98
Company 2	Third party	1,249,532	Within 1 year	0.93
Company 3	Third party	1,111,642	Within 1 year	0.83
Company 4	Third party	1,046,248	Within 1 year	0.78
Company 5	Third party	1,022,462	Within 1 year	0.77
		5,743,319		4.29

Notes to Financial Statements (continued)

As at 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. Accounts receivable (continued)

As at 31 December 2015, the five largest accounts receivable were as follows (Audited):

	Relationship with the Group	Amount	Ageing	Percentage of total accounts receivable (%)
Company 1	Third party	1,673,539	Within 1 year	1.28
Company 2	Third party	1,436,296	Within 1 year	1.10
Company 3	Third party	1,366,962	Within 1 year	1.05
Company 4	Third party	970,228	Within 1 year	0.74
Company 5	Third party	923,220	Within 1 year	0.71
		6,370,245		4.88

As at 30 June 2016, the Group's accounts receivable that were neither past due nor impaired amounted to RMB104,355,006,000 (31 December 2015: RMB98,403,297,000).

As at 30 June 2016, the write-off of accounts receivable amounted to RMB4,335,000 (31 December 2015: RMB24,843,000).

The restricted accounts receivable in the Group are stated in Note V.61.

5. Advances to suppliers

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

	30 June 2016 (Unaudited)		31 December 2015 (Audited)	
	Gross carrying amount	Percentage (%)	Gross carrying amount	Percentage (%)
Within 1 year	23,162,107	97.89	22,582,390	97.36
1 to 2 years	187,046	0.79	311,846	1.34
2 to 3 years	236,835	1.00	252,623	1.09
Over 3 years	76,180	0.32	47,543	0.21
	23,662,168	100.00	23,194,402	100.00

As at 30 June 2016 and 31 December 2015, significant advances to suppliers aged over one year were as follows:

	30 June 2016 (Unaudited)	Nature
Company 1	263,592	Prepayment for materials
Company 2	90,000	Prepayment for materials
Company 3	30,001	Prepayment for materials
Company 4	30,000	Prepayment for materials
Company 5	29,569	Prepayment for materials
	443,162	

Notes to Financial Statements (continued)

As at 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. Advances to suppliers (continued)

	31 December 2015 (Audited)	Nature
Company 1	263,592	Prepayment for materials
Company 2	90,000	Prepayment for materials
Company 3	44,699	Prepayment for materials
Company 4	30,000	Prepayment for materials
Company 5	28,964	Prepayment for materials
	457,255	

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

As at 30 June 2016, the five largest advances to suppliers were as follows (Unaudited):

	Relationship with the Group	Amount	Ageing	Percentage (%)
Company 1	Third party	263,592	2 to 3 years	1.11
Company 2	Third party	189,872	Within 1 year	0.80
Company 3	Third party	178,090	Within 1 year	0.75
Company 4	Third party	136,624	Within 1 year	0.58
Company 5	Third party	131,885	Within 1 year	0.56
		900,063		3.80

As at 31 December 2015, the five largest advances to suppliers were as follows (Audited):

	Relationship with the Group	Amount	Ageing	Percentage (%)
Company 1	Third party	263,592	2 to 3 years	1.14
Company 2	Third party	210,488	Within 1 year	0.90
Company 3	Third party	163,979	Within 1 year	0.71
Company 4	Third party	139,859	Within 1 year	0.60
Company 5	Third party	129,510	Within 1 year	0.56
		907,428		3.91

Notes to Financial Statements (continued)

As at 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6. Other receivables

An ageing analysis of other receivables was as follows:

	30 June 2016 (Unaudited)	31 December 2015 (Audited)
Within 1 year	43,216,528	37,369,603
1 to 2 years	4,208,552	2,155,927
2 to 3 years	2,310,981	2,718,249
Over 3 years	1,514,378	998,093
	51,250,439	43,241,872
Less: Provision for bad debts	(3,221,783)	(3,061,871)
	48,028,656	40,180,001

Movements in the provision for bad debts were as follows:

	For the six months ended 30 June 2016 (Unaudited)	2015 (Audited)
Opening balance	3,061,871	1,173,777
Provision	191,449	1,677,575
Other increase	–	296,054
Reversal	(27,053)	(93,218)
Write-off	(1,470)	(12,346)
Other	(3,014)	20,029
Closing balance	3,221,783	3,061,871

Notes to Financial Statements (continued)

As at 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6. Other receivables (continued)

Other receivables by category were presented as follows:

	30 June 2016 (Unaudited)			
	Gross carrying amount		Provision for bad debts	
	Amount	Percentage (%)	Amount	Percentage (%)
Individually significant and subject to separate provision for bad debts	32,911,711	64.22	(2,848,064)	8.65
Subject to provision by risk characteristics group	12,536,550	24.46	(54,811)	0.44
Individually not significant but subject to separate provision for bad debts	5,802,178	11.32	(318,908)	5.50
	51,250,439	100.00	(3,221,783)	

	31 December 2015 (Audited)			
	Gross carrying amount		Provision for bad debts	
	Amount	Percentage (%)	Amount	Percentage (%)
Individually significant and subject to separate provision for bad debts	26,745,726	61.85	(2,700,532)	10.10
Subject to provision by group	10,971,114	25.37	(77,538)	0.71
Individually not significant but subject to separate provision for bad debts	5,525,032	12.78	(283,801)	5.14
	43,241,872	100.00	(3,061,871)	

Notes to Financial Statements (continued)

As at 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6. Other receivables (continued)

As at 30 June 2016, other receivables which were individually significant and subject to separate provision for bad debts were as follows (Unaudited):

	Gross carrying amount	Provision for bad debts	Percentage of provision (%)	Reason
Company 1	168,000	(168,000)	100.00	Note
Company 2	138,003	(138,003)	100.00	Note
Company 3	97,372	(97,372)	100.00	Note
Company 4	75,421	(75,421)	100.00	Note
Company 5	70,399	(70,399)	100.00	Note
Others	4,266,438	(2,298,869)		
	4,815,633	(2,848,064)		

As at 31 December 2015, other receivables which were individually significant and subject to separate provision for bad debts were as follows (Audited):

	Gross carrying amount	Provision for bad debts	Percentage of provision (%)	Reason
Company 1	168,000	(168,000)	100.00	Note
Company 2	138,003	(138,003)	100.00	Note
Company 3	97,372	(97,372)	100.00	Note
Company 4	75,421	(75,421)	100.00	Note
Company 5	68,806	(68,806)	100.00	Note
Others	3,631,972	(2,152,930)		
	4,179,574	(2,700,532)		

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

Notes to Financial Statements (continued)

As at 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6. Other receivables (continued)

Other receivables by group were presented as follows:

	30 June 2016 (Unaudited)			
	Gross carrying amount		Provision for bad debts	
	Amount	Percentage (%)	Amount	Percentage (%)
Within 6 months	12,227,827	97.53	–	–
6 months to 1 year	76,704	0.61	(384)	0.50
1 to 2 years	104,881	0.84	(5,244)	5.00
2 to 3 years	75,035	0.60	(7,500)	10.00
Over 3 years	52,103	0.42	(41,683)	80.00
	12,536,550	100.00	(54,811)	

	31 December 2015 (Audited)			
	Gross carrying amount		Provision for bad debts	
	Amount	Percentage (%)	Amount	Percentage (%)
Within 6 months	10,561,836	96.27	–	–
6 months to 1 year	81,294	0.74	(406)	0.50
1 to 2 years	135,115	1.23	(6,756)	5.00
2 to 3 years	119,886	1.09	(11,989)	10.00
Over 3 years	72,983	0.67	(58,387)	80.00
	10,971,114	100.00	(77,538)	

As at 30 June 2016, the Group's other receivables that were neither past due nor impaired amounted to RMB40,323,905,000 (31 December 2015: RMB33,127,988,000).

As at 30 June 2016, the Group's other receivables that were written off amounted to RMB1,470,000 (31 December 2015: RMB12,346,000), as the gross carrying amount was confirmed to be irrecoverable.

A nature analysis of other receivables was as follows:

	30 June 2016 (Unaudited)	31 December 2015 (Audited)
Security deposit/cash pledge	26,867,184	25,543,250
Advance payments	3,641,083	3,566,138
Due from the third parties	11,943,693	5,941,473
Others	8,798,479	8,191,011
	51,250,439	43,241,872

Notes to Financial Statements (continued)

As at 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6. Other receivables (continued)

As at 30 June 2016, the five largest other receivables were as follows (Unaudited):

	Amount	Percentage of total other receivables (%)	Nature	Ageing	Bad debts
Company 1	2,726,034	5.32	Due from a related party	Within 1 year	–
Company 2	2,496,543	4.87	Due from a related party	Within 1 year	–
Company 3	2,356,072	4.60	Due from a related party	Within 1 year	–
Company 4	938,402	1.83	Performance bond	Within 1 year	–
Company 5	876,691	1.71	Due from a related party	Within 1 year	–
	9,393,742	18.33			–

As at 31 December 2015, the five largest other receivables were as follows (Audited):

	Amount	Percentage of total other receivables (%)	Nature	Ageing	Bad debts
Company 1	2,587,186	5.98	Due from a related party	Within 1 year	–
Company 2	1,401,293	3.24	Due from a related party	Within 1 year	–
Company 3	860,386	1.99	Bid bond	Within 1 year	–
Company 4	650,829	1.51	Materials payment	Within 1 year	–
Company 5	608,407	1.41	Materials payment	1 to 2 years	–
	6,108,101	14.13			–

As at 30 June 2016, government grants receivable were as follows (Unaudited):

Grant project	Amount	Ageing	Estimated receipt date	Documents
Panjin land compensation fee	2,000	Over 3 years	November 2016	Panjin municipal committee publication [2010] No. 16

As at 31 December 2015, Government grants receivable were as follows (Audited):

Grant project	Amount	Ageing	Estimated receipt date	Documents
Panjin land compensation fee	5,681	Over 3 years	June 2016	Panjin municipal committee publication [2010] No. 16

Notes to Financial Statements (continued)

As at 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7. Inventories

	As at 30 June 2016 (Unaudited)		
	Gross carrying amount	Provision	Carrying amount
Raw materials	22,523,423	(21,468)	22,501,955
Work in progress	1,037,242	–	1,037,242
Finished goods	4,190,662	(155,936)	4,034,726
Turnover materials	7,704,525	–	7,704,525
Properties under development (1)	93,716,593	–	93,716,593
Completed properties held for sale (2)	16,754,158	(72,335)	16,681,823
Gross amount due from contract customers (3)	126,253,273	(497,153)	125,756,120
	272,179,876	(746,892)	271,432,984

	31 December 2015 (Audited)		
	Gross carrying amount	Provision	Carrying amount
Raw materials	22,400,525	(24,484)	22,376,041
Work in progress	895,484	–	895,484
Finished goods	4,003,661	(161,446)	3,842,215
Turnover materials	7,306,567	–	7,306,567
Properties under development (1)	80,085,957	–	80,085,957
Completed properties held for sale (2)	18,645,240	(72,335)	18,572,905
Gross amount due from contract customers (3)	113,045,832	(533,862)	112,511,970
	246,383,266	(792,127)	245,591,139

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

30 June 2016

	Opening balance (Audited)	Additions		Reductions		Closing balance (Unaudited)
		Provision (Unaudited)	Reversal (Unaudited)	Write-off and others (Unaudited)	Write-off and others (Unaudited)	
Raw materials	24,484	105	(3,121)	–	–	21,468
Finished goods	161,446	78	(786)	(4,802)	–	155,936
Completed properties held for sale	72,335	–	–	–	–	72,335
Provision for foreseeable contract losses	533,862	29,512	(18,617)	(47,604)	–	497,153
	792,127	29,695	(22,524)	(52,406)	–	746,892

2015 (Audited)

	Opening balance	Additions		Reductions		Closing balance
		Provision	Reversal	Write-off and others	Write-off and others	
Raw materials	13,927	10,886	–	(329)	–	24,484
Finished goods	8,178	159,960	(6,949)	257	–	161,446
Completed properties held for sale	72,335	–	–	–	–	72,335
Provision for foreseeable contract losses	254,986	324,476	(41,316)	(4,284)	–	533,862
	349,426	495,322	(48,265)	(4,356)	–	792,127

Notes to Financial Statements (continued)

As at 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7. Inventories (continued)

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

Project name	Construction commencement date	Estimated completion date	Estimated investment amount	As at 30 June 2016 (Unaudited)	As at 31 December 2015 (Audited)
CRCC Guiyang International City Project	September 2007	September 2016	8,104,880	2,863,944	2,477,220
Hefei CRCC International City Project	May 2009	December 2017	7,400,000	1,014,156	832,293
Wuhan 1818 Center Project	November 2009	May 2015	2,062,610	612,051	531,722
CRCC Lingxiu City Project	April 2010	July 2018	3,910,930	601,274	496,453
CRCC Hangzhou International City Project	March 2011	August 2018	5,190,030	2,074,165	2,007,473
CRCC Lidu Project	August 2011	December 2016	4,103,270	1,337,624	1,180,058
Xi'an CRCC International City Project	August 2011	December 2020	9,773,964	2,892,404	2,895,041
Ji'nan CRCC International City Project	August 2011	December 2016	3,003,640	1,013,466	853,654
Tianjin CRCC International City Project	November 2011	April 2018	12,003,200	4,165,409	3,900,227
Fangshan Shengshui Jiaming Project	May 2012	December 2016	3,483,220	828,047	738,767
Guiyang Lancaoba Project	October 2012	December 2017	11,614,040	892,707	868,663
Wuhan Donghu High-tech zone (Guanggu) Project	December 2012	December 2017	2,348,290	1,279,207	1,288,507
Changsha Meixi Lake Project	May 2013	December 2019	3,537,990	1,223,287	1,146,562
Laizhou CRCC International City Project	July 2013	December 2018	2,760,560	602,537	1,049,779
Chengdu Beihu Xinqu Project	August 2013	September 2018	4,667,440	3,134,870	1,847,085
Wuhan CRCC Shuxiangxiaozhen Project	September 2013	May 2015	2,391,420	631,784	607,813
Taiyuan CRCC International City Project	October 2013	June 2020	8,500,850	1,591,694	1,396,682
Chengdu CRCC Xipai Lan'an Project	November 2013	December 2018	5,049,370	3,409,229	3,244,754
Jiangwan Shanyu City II Project	December 2013	December 2017	2,190,270	1,083,214	865,210
CRCC Guobinyuan Project	March 2014	November 2017	3,009,826	1,970,572	1,843,557
Qingxiu Lanwan Project	March 2014	December 2016	3,497,880	1,613,180	1,506,453
CRCC Hefei Qingxiucheng Project	March 2014	September 2018	4,050,568	1,918,072	1,729,028
CRCC Yangchun Hupan	April 2014	December 2019	2,855,090	1,468,331	1,388,306
Shanghai Qingxiucheng 2 Project	April 2014	December 2016	2,472,309	1,748,356	1,584,546
Jiangxi Jingcheng Qingxiu City Project	May 2014	June 2017	2,367,100	1,261,416	1,033,163
Fuling CRCC Shanyu City Project	May 2014	December 2018	2,955,640	741,393	694,589
Jiangsu Qingxiu City Project	June 2014	December 2017	6,600,000	4,968,828	4,568,324
Shunxin Jiayuan Project	June 2014	July 2016	1,895,070	1,283,337	1,257,258
Yuan Xiang Jia Yuan Project	July 2014	December 2016	1,979,230	1,619,941	1,435,816
Beijing CRCC Qingxiu Shangcheng Project	July 2014	December 2016	1,806,060	657,148	638,581
Foshan International Gongguan Project	August 2014	December 2016	4,224,000	2,829,349	2,552,291
Chongqing Chayuanxinqu Project	September 2014	May 2018	1,211,837	1,272,997	1,108,166
Chengdu CRCC Plaza Project	September 2014	June 2017	1,479,000	843,855	742,909
Jiucheng Yihao Project	September 2014	December 2017	2,146,890	1,602,557	1,388,521
Haidian Environmental Protection Science Park Project	October 2014	December 2017	2,482,310	1,090,577	1,039,050

Notes to Financial Statements (continued)

As at 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7. Inventories (continued)

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

Project name	Construction commencement date	Estimated completion date	Estimated investment amount	As at 30 June 2016 (Unaudited)	As at 31 December 2015 (Audited)
Wuhan CRCC International Garden Project	November 2014	December 2016	1,300,000	968,326	892,758
Bishan CRCC Shanyu City Project	November 2014	December 2017	1,500,000	763,017	742,787
Guangzhou Zengcheng International City Project	December 2014	September 2017	2,236,060	1,412,124	1,268,116
CRCC Zhuhaidasha Project	December 2014	September 2019	3,018,160	667,421	640,294
Tongrui Xingsheng Nanyuan Huayu Project	December 2014	August 2016	3,879,780	2,950,316	2,543,608
Jiangnan International City Project	December 2014	December 2017	4,435,050	3,000,758	2,755,912
Shanghai Xidu Project	December 2015	October 2019	6,723,010	3,871,913	760,115
Hangzhou CRCC International City Project	December 2015	August 2018	2,674,690	1,594,889	752,234
Chengdu CRCC Wu Hou Tie Fo Project	December 2015	October 2020	4,365,760	1,812,866	917,019
Taiyuan Zijun Project	December 2015	April 2018	2,563,210	1,048,596	984,109
Ningbo Jiangbeiwantou Project	April 2016	October 2018	4,590,000	1,119,643	-
Chengdu CRCC Wu Hou Tie Fo Zone 7 Project	May 2016	November 2020	4,756,310	1,989,486	672,382
Guangzhou Nanshajidi Project	June 2016	April 2019	3,611,410	710,880	663,844
Others			93,159,786	13,665,380	13,754,258
Total			285,942,010	93,716,593	80,085,957

As at 30 June 2016, the aggregate carrying amount of borrowing costs capitalized in properties under development was RMB7,037,621,000 (31 December 2015: RMB6,093,611,000). Borrowing costs capitalized during the six months ended 30 June 2016 amounted to RMB1,807,990,000 (for the six months ended 30 June 2015 amounted to RMB1,550,473,000). The capitalization rates of borrowing costs ranged from 4.1% to 7.34% during the six months ended 30 June 2016 (for the six months ended 30 June 2015: 4.0% to 7.0%).

Notes to Financial Statements (continued)

As at 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7. Inventories (continued)

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

Project name	Completion date	As at 30 June 2016			Closing balance (Unaudited)
		Opening balance (Audited)	Additions (Unaudited)	Deductions (Unaudited)	
CRCC Bei Cheng Hua Fu Project	November 2013	239,445	219	(3,317)	236,347
CRCC Liwan International City Project	December 2014	248,032	3,943	(65,781)	186,194
Hangzhou Jingfa International Garden Project	December 2014	230,150	3,164	(41,850)	191,464
Beijing Wutong Yuan Project	August 2015	603,289	14,763	(73,452)	544,600
Chengdu Longquanyi Project	September 2015	405,399	–	(2,287)	403,112
Hangzhou CRCC Qingxiu City Project	October 2015	666,154	33,593	(137,558)	562,189
Tianjin Wutong Yuan Project I	October 2015	357,944	–	(61,266)	296,678
Shanghai Qiuxiu City Project	November 2015	457,097	–	(217,788)	239,309
CRCC Beijing Shanyu City Project	December 2015	595,601	8,549	(186,733)	417,417
Xuzhou CRCC Yuanxiang Mangu Project	December 2015	567,313	9,161	(190,328)	386,146
CRCC Jing Nan Yipin Project	December 2015	144,112	67,188	(44,137)	167,163
Chengdu International Garden Project	February 2016	–	1,667,174	(842,407)	824,767
CRCC Yao Center Project	March 2016	721,890	34,256	(452,689)	303,457
Xi'an CRCC Yiyuan Project	April 2016	–	679,608	(329,617)	349,991
CRCC Lidu Project	April 2016	370,326	–	(56,232)	314,094
CRCC Hangzhou International City Project	June 2016	727,651	939	(150,574)	578,016
CRCC Guiyang International City Project	September 2016	594,672	–	(84,639)	510,033
CRCC International Garden I Project	October 2016	226,446	–	(37,508)	188,938
Fangshan Shengshui Jianning Project	December 2016	566,529	13,836	(98,533)	481,832
Puhe Xinyuan Project	December 2016	610,690	31,840	–	642,530
Beijing CRCC Qingxiu Shangcheng Project	December 2016	392,920	–	(1,618)	391,302
Beijing CRCC International City Project	December 2016	704,186	2,615	(57,033)	649,768
Qingxiu Lanwan Project	December 2016	415,456	–	(31,457)	383,999
CRCC Linyi Donglai Shangcheng Project	December 2016	285,067	–	(7,470)	277,597
Wuhan CRCC International City Project	December 2016	246,630	9,841	(68,697)	187,774
Chongqing CRCC Shanyu City Project	March 2017	494,192	–	–	494,192
Zhuzhou CRCC Hetangxing City Project	March 2017	361,237	213,881	(102,887)	472,231
CRCC Zhoukou Donglai Shangcheng Project	October 2017	358,891	–	(42,406)	316,485
CRCC Ningbo Shanyu City Project	October 2017	383,667	–	–	383,667
Hefei CRCC International City Project	December 2017	677,012	–	(191,360)	485,652
Tianjin CRCC International City Project	April 2018	614,220	17,882	(302,064)	330,038
Chongqing Tongjing International City D Project	May 2018	329,111	–	(98,009)	231,102
Chengdu Beihu Xinqu Project	September 2018	904,174	10,032	(52,129)	862,077
Xi'an CRCC International City Project	December 2018	472,002	–	(298,691)	173,311
Laizhou CRCC International City Project	December 2018	132,992	509,927	(282,931)	359,988
Changsha Shanyu City Project	December 2018	376,273	–	(100,132)	276,141
Others		3,164,470	254,762	(764,675)	2,654,557
Total		18,645,240	3,587,173	(5,478,255)	16,754,158

Notes to Financial Statements (continued)

As at 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7. Inventories (continued)

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

Project name	Completion date	Opening balance	2015 (Audited)		Closing balance
			Additions	Deductions	
CRCC Bei Cheng Hua Fu Project	November 2013	238,181	96,502	(95,238)	239,445
CRCC Liwan International City Project	December 2014	606,107	-	(358,075)	248,032
Beijing Wutong Yuan Project	August 2015	130,776	762,497	(289,984)	603,289
Chengdu Longquanyi Project	September 2015	687,674	44,359	(326,634)	405,399
Hangzhou CRCC Qingxiu City Project	October 2015	-	1,564,848	(898,694)	666,154
Tianjin Wutong Yuan Project I	October 2015	-	465,756	(107,812)	357,944
Shanghai Qixiu City Project	November 2015	409,008	974,639	(926,550)	457,097
CRCC Beijing Shanyu City Project	December 2015	80,830	1,117,406	(602,635)	595,601
Xuzhou CRCC Yuanxiang Mangu Project	December 2015	-	928,862	(361,549)	567,313
CRCC Linyi Donglai Shangcheng Project	December 2015	196,119	281,697	(192,749)	285,067
CRCC Yao Center Project	March 2016	-	1,215,989	(494,099)	721,890
Wuhan CRCC International City Project	April 2016	107,134	743,995	(604,499)	246,630
CRCC Lidu Project	April 2016	244,910	1,136,289	(1,010,873)	370,326
CRCC Hangzhou International City Project	June 2016	492,074	1,018,276	(782,699)	727,651
Beijing CRCC Qingxiu Shangcheng Project	August 2016	-	1,019,580	(626,660)	392,920
CRCC Guiyang International City Project	September 2016	549,110	1,166,004	(1,120,442)	594,672
CRCC International Garden I Project	October 2016	147,082	461,486	(382,122)	226,446
Fangshan Shengshui Jiaming Project	December 2016	366,917	1,659,332	(1,459,720)	566,529
Puhe Xinyuan Project	December 2016	-	925,076	(314,386)	610,690
Beijing CRCC International City Project	December 2016	946,969	-	(242,783)	704,186
Qingxiu Lanwan Project	December 2016	-	998,732	(583,276)	415,456
Chongqing CRCC Shanyu City Project	March 2017	466,192	122,563	(94,563)	494,192
Zhuzhou CRCC Hetangxing City Project	March 2017	171,552	407,462	(217,777)	361,237
CRCC Zhoukou Donglai Shangcheng Project	October 2017	144,455	297,084	(82,648)	358,891
CRCC Ningbo Shanyu City Project	October 2017	-	462,421	(78,754)	383,667
Beijing CRCC Huanbao Jiayuan Project	December 2017	-	1,243,548	(1,007,274)	236,274
Hefei CRCC International City Project	December 2017	698,588	862,605	(884,181)	677,012
Tianjin CRCC International City Project	April 2018	52,820	1,200,525	(639,125)	614,220
Chongqing Tongjing International City D Project	May 2018	-	629,366	(300,255)	329,111
Xi'an Quijiang Wutong Yuan Project	May 2018	91,678	977,800	(514,680)	554,798
Chengdu Beihu Xinqu Project	September 2018	-	1,322,541	(418,367)	904,174
Changsha Shanyu City Project	December 2018	368,541	319,114	(311,382)	376,273
Changsha Meixi Lake Project	December 2019	583,174	-	(332,707)	250,467
Others		3,553,949	3,471,653	(3,923,415)	3,102,187
Total		11,333,840	27,898,007	(20,586,607)	18,645,240

Inventories with title restriction are stated in Note V.61.

Notes to Financial Statements (continued)

As at 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7. Inventories (continued)

(3) Construction contracts

	30 June 2016 (Unaudited)	31 December 2015 (Audited)
Contract costs incurred to date	2,649,834,257	2,453,239,265
Recognized profit	278,406,122	259,533,003
Less: Provision for foreseeable contract losses	(497,153)	(533,862)
Less: Progress billings	(2,821,085,626)	(2,616,779,795)
	106,657,600	95,458,611

At end of the period/year:

	30 June 2016 (Unaudited)	31 December 2015 (Audited)
Gross amount due from contract customers	125,756,120	112,511,970
Gross amount due to contract customers (Note V.23)	(19,098,520)	(17,053,359)
	106,657,600	95,458,611

8. Other current assets

	30 June 2016 (Unaudited)	31 December 2015 (Audited)
Prepayment of tax	1,899,242	867,309
Short-term trust products	323,000	430,000
Others	9,234	2,215
	2,231,476	1,299,524

Notes to Financial Statements (continued)

As at 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

9. Available-for-sale financial assets

	30 June 2016 (Unaudited)	31 December 2015 (Audited)
Available-for-sale equity instruments		
Investments in listed companies	1,769,738	2,382,433
– Hong Kong	231,933	240,422
– Other areas	1,537,805	2,142,011
Investments in unlisted companies	3,941,679	3,684,703
Others	194,800	479,300
	5,906,217	6,546,436

	30 June 2016 (Unaudited)			31 December 2015 (Audited)		
	Gross carrying amount	Provision	Carrying amount	Gross carrying amount	Provision	Carrying amount
Available-for-sale equity instruments						
Measured at fair value (Note (a))	1,769,738	–	1,769,738	2,382,433	–	2,382,433
Measured at book value (Note (b))	4,014,266	(72,587)	3,941,679	3,757,290	(72,587)	3,684,703
Others (Note (c))	194,800	–	194,800	479,300	–	479,300
	5,978,804	(72,587)	5,906,217	6,619,023	(72,587)	6,546,436

Note (a): Available-for-sale financial assets measured at fair value:

	30 June 2016 (Unaudited)	31 December 2015 (Audited)
Cost	465,641	479,413
Total fair value gain or loss in other comprehensive income	1,304,097	1,903,020
Fair value	1,769,738	2,382,433

Notes to Financial Statements (continued)

As at 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

9. Available-for-sale financial assets (continued)

Note (b): Available-for-sale financial assets measured at cost:

For the six months ended 30 June 2016:

	Gross carrying amount			Provision for impairment			Percentage of ownership in equity (%)	Cash dividend		
	Opening Balance (Restated)	Increase	Decrease	Closing Balance	Opening Balance (Restated)	Increase			Decrease	
Vossloh Fastening Systems (China) Co., Ltd.	56,969	-	-	56,969	-	-	-	16.20	-	
Zhuohai Baiyi Science and Technology-Yunnan Huaxing Resource Development Company	10,000	-	-	10,000	(7,215)	-	-	(7,215)	16.00	-
Railtech Zhuzhou Bridge Railway Fastening (Wuhan) Co., Ltd.	3,085	-	-	3,085	-	-	-	-	15.00	-
Wuhan Johnson Pearl Plaza Head Falcon (Beijing) Electric Appliance Co., Ltd.	60,000	-	-	60,000	-	-	-	-	12.00	-
Dijbouti Paid Port & Doraleh Port-Galle Railway Project	1,600	-	-	1,600	-	-	-	-	10.00	-
Kweichow Moutai Health Industry Co., Ltd.	355,254	-	-	355,254	-	-	-	-	10.00	-
Chuantie (Luzhou) Railway Co., Ltd.	30,000	-	-	30,000	-	-	-	-	10.00	-
Beijing Railway Hotel Company Limited	122,150	-	-	122,150	(58,720)	-	-	(58,720)	8.84	-
XinDa Property Insurance Limited	15,000	-	-	15,000	-	-	-	-	8.10	-
Beijing-Guangzhou Passenger Railway Henan Company Limited	-	188,556	-	188,556	-	-	-	-	6.67	-
Shijiazhuang-Taiyuan Passenger Railway Co., Ltd.	2,500,000	-	-	2,500,000	-	-	-	-	6.21	-
Hangzhou Chengtuo Haichao Construction and Developing Co., Ltd.	200,000	-	-	200,000	-	-	-	-	3.65	-
Bank of Lanzhou Co., Ltd.	-	31,420	-	31,420	-	-	-	-	2.00	-
Inner Mongolia Jitong Railway Co., Ltd.	201,654	-	-	201,654	-	-	-	-	1.43	-
China Resources Land (Beijing) Co., Ltd.	13,082	-	-	13,082	-	-	-	-	0.43	-
Jinan Tiechuang Hongrun Investment Partners, LLP	5,485	-	-	5,485	-	-	-	-	0.24	-
Others	60,000	-	-	60,000	-	-	-	-	19.99	1,601
	123,011	41,000	(4,000)	160,011	(6,652)	-	-	(6,652)	-	7,317
Total	3,757,290	260,976	(4,000)	4,014,266	(72,587)	-	-	(72,587)	-	8,918

Notes to Financial Statements (continued)

As at 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

9. Available-for-sale financial assets (continued)

Note (b): Available-for-sale financial assets measured at cost: (continued)

Year 2015 (Audited):

	Gross carrying amount			Provision for impairment				Closing Balance	Percentage of ownership in equity (%)	Cash dividend
	Opening Balance	Increase	Decrease	Closing Balance	Opening Balance	Increase	Decrease			
Vossloh Fastening Systems (China) Co., Ltd.	56,969	-	-	56,969	-	-	-	-	16.20	25,945
Zhuhai Baiyi Science and Technology-Yunnan Huaxing Resource Development Company	10,000	-	-	10,000	(7,215)	-	-	(7,215)	16.00	-
Railtech Zhuzhou Bridge Railway Fastening (Wuhan) Co., Ltd.	3,085	-	-	3,085	-	-	-	-	15.00	-
Wuhan Johnson Pearl Plaza Head Falcon (Beijing) Electric Appliance Co., Ltd.	60,000	-	-	60,000	-	-	-	-	12.00	-
Djibouti Paid Port & Doraleh Port-Galle Railway Project	1,600	-	-	1,600	-	-	-	-	10.00	-
Kweichow Moutai Health Industry Co., Ltd.	355,254	-	-	355,254	-	-	-	-	10.00	-
Chuantie (Luzhou) Railway Co., Ltd.	-	30,000	-	30,000	-	-	-	-	10.00	-
Beijing Railway Hotel Company Limited	122,150	-	-	122,150	-	(58,720)	-	(58,720)	8.84	-
Beijing-Guangzhou Passenger Railway Henan Company Limited	15,000	-	-	15,000	-	-	-	-	8.10	-
Shijiazhuang-Taiyuan Passenger Railway Co., Ltd.	2,000,000	500,000	-	2,500,000	-	-	-	-	6.21	-
Essence Securities Co., Ltd.	200,000	-	-	200,000	-	-	-	-	3.65	-
Bank of Lanzhou Co., Ltd.	268,452	-	(268,452)	-	-	-	-	-	2.09	-
Inner Mongolia Jitong Railway Co., Ltd.	1,654	200,000	-	201,654	-	-	-	-	1.43	-
China Resources Land (Beijing) Co., Ltd.	13,082	-	-	13,082	-	-	-	-	0.43	-
Guotai Jun'an Securities Corporation Limited	5,485	-	-	5,485	-	-	-	-	0.24	-
Jinan Tiechuang Hongrun Investment Partners, LLP	7,604	-	(7,604)	-	-	-	-	-	0.16	-
Others	-	60,000	-	60,000	-	-	-	-	19.99	1,514
	121,317	31,480	(29,786)	123,011	(7,125)	(3)	476	(6,652)	-	6,563
Total	3,241,652	821,480	(305,842)	3,757,290	(14,340)	(58,723)	476	(72,587)	-	34,022

Notes to Financial Statements (continued)

As at 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

9. Available-for-sale financial assets (continued)

Note (c): Other primarily refers to wealth management products launched by financial institutions that mainly target on trust products, and they are disclosed at fair value at the end of the year.

- i. In 2015, the Group paid RMB253,000,000 for the posterior beneficial investment of CCB Trust-CRCC Blue Ocean Trust Fund II and classified the investment as available-for-sale financial assets at fair value. Due to the maturity within one year, the Group reclassified it into other current assets. The trust fund is mainly engaged in investment in Beijing CRCC-Blue Ocean Xingchan Investment LLP. The fund is a structured entity that is out of control of the Group. As at 30 June 2016, the fund subscription was amounted to RMB1,290,000,000, including RMB1,037,000,000 with preferential beneficial investment and RMB253,000,000 with posterior beneficial investment. The maximum exposure of the Group in the fund is equal to the carrying amount of the portion in the fund of RMB253,000,000 as at 30 June 2016. The Group has no obligation nor intention to provide financial support to the fund.
- ii. In 2015, the Group paid RMB34,000,000 for the posterior beneficial investment of CCB Trust-CRCC Blue Ocean Trust Fund III and classified the investment as available-for-sale financial assets at fair value. The trust fund is mainly engaged in investment in Beijing CRCC-Blue Ocean Yongshui Investment LLP. The fund is a structured entity that is out of control of the Group. As at 30 June 2016, the Group has disposed of the fund.
- iii. In 2015, the Group paid RMB42,300,000 for the posterior beneficial investment of CCB Trust-CRCC Blue Ocean Trust Fund VII and classified the investment as available-for-sale financial assets at fair value. The trust fund is mainly engaged in investment in Guangde CRCC-Blue Ocean Fengjian Investment LLP. The fund is a structured entity that is out of control of the Group. As at 30 June 2016, the fund subscription was amounted to RMB427,300,000, including RMB385,000,000 with preferential beneficial investment and RMB42,300,000 with posterior beneficial investment. The maximum exposure of the Group in the fund is equal to the carrying amount of the portion in the fund of RMB42,300,000 as at 30 June 2016. The Group has no obligation or intention to provide financial support to the fund.
- iv. In the current year, the Group paid RMB2,500,000 for the posterior beneficial investment of CCB Trust-CRCC Blue Ocean Trust Fund IX and classified the investment as available-for-sale financial assets at fair value. The trust fund is mainly engaged in investment in Guangde CRCC-Blue Ocean Fengtie Investment LLP. The fund is a structured entity that is out of control of the Group. As at 30 June 2016, the fund subscription was amounted to RMB25,300,000, including RMB22,800,000 with preferential beneficial investment and RMB2,500,000 with posterior beneficial investment. The maximum exposure of the Group in the fund is equal to the carrying amount of the portion in the fund of RMB2,500,000 as at 30 June 2016. The Group has no obligation or intention to provide financial support to the fund.
- v. As at 30 June 2016, the Group paid RMB150,000,000 for the other trust funds (31 December 2015: RMB150,000,000), recognized as available-for-sale financial assets at fair value.

Provision for impairment of available-for-sale financial assets:

	For the six months ended 30 June 2016 (Unaudited) Available-for-sale equity instruments	2015 (Audited) Available-for-sale equity instruments
Opening balance	72,587	14,340
Provision	—	58,723
Decrease	—	(476)
Closing balance	72,587	72,587

Notes to Financial Statements (continued)

As at 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

10. Long-term receivables (continued)

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

	30 June 2016 (Unaudited)	31 December 2015 (Audited)
Within 1 year	13,406,842	18,879,689
1 to 2 years	15,386,129	14,113,086
2 to 3 years	3,690,398	3,314,757
Over 3 years	1,392,357	839,326
	33,875,726	37,146,858
Less: Provision for bad debts	(343,111)	(344,757)
	33,532,615	36,802,101
Less: Current portion of non-current assets	(10,567,326)	(11,916,150)
	22,965,289	24,885,951

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

	For the six months ended 30 June 2016 (Unaudited)	2015 (Audited)
Opening balance	344,757	639,503
Provision for bad debts	40	13,386
Others	14,933	–
Reversal	(16,618)	(306,199)
Write-off	(1)	(1,933)
Closing balance	343,111	344,757

The Group assesses long-term receivables for impairment provision separately that are individually significant. When there is objective evidence (such as the debtor being in serious financial difficulties, entering bankruptcy, breach of contract or default or there being no payment and no transactions for a long time) that an impairment loss has been incurred, and the amount will be partially recovered, impairment losses will be recognized through profit or loss. As at 30 June 2016, the above provision was made for individually tested impaired long-term receivables of RMB343,111,000 (31 December 2015: RMB344,757,000) with a carrying amount before provision for impairment of RMB944,711,000 (31 December 2015: RMB1,071,593,000).

Notes to Financial Statements (continued)

As at 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

10. Long-term receivables (continued)

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

	30 June 2016 (Unaudited)	31 December 2015 (Audited)
Neither past due nor impaired	32,595,485	35,368,302
Past due but not impaired		
– Within 3 months	–	198,000
– 3 to 6 months	31,370	7,049
– More than 6 months	304,160	501,914
	32,931,015	36,075,265

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

Notes to Financial Statements (continued)

As at 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

11. Investments in jointly-controlled entities and associates

	Principal place of business	Place of registration	Business scope	Registered capital	Percentage of ownership in equity (%)		Accounting treatment
					Direct	Indirect	
Jointly-controlled entities							
China-Africa Lekkil Investment Co., Ltd. (Note a)	Beijing	Beijing	Investment holding	1,143,380	74.47	-	Equity method
China Railway Communications International Engineering and Technology Co., Ltd. (Note b)	Xi'an, Shaanxi	Xi'an, Shaanxi	Construction and design	150,000	51.30	-	Equity method
Xuzhou Metro Line 2 Investment & Development Co., Ltd. (Note c)	Xuzhou, Jiangsu	Xuzhou, Jiangsu	Railway construction and investment	5,200,000	32.69	-	Equity method
Associates							
Beijing China Railway Jianxie Engineering and Technology Consultation Co., Ltd.	Beijing	Beijing	Technology consultancy	5,000	49.00	-	Equity method
Shekou Xinghua Enterprise Co., Ltd.	Shekou, Guangdong	Shekou, Guangdong	Real estate development	46,377	32.90	-	Equity method
Chongqing Yurong Highway Co., Ltd.	Chongqing	Chongqing	Construction	979,750	40.00	-	Equity method
Hubei Jiaotou Ziyun Railway Co., Ltd.	Zhijiang, Hubei	Zhijiang, Hubei	Railway operation	500,000	20.00	-	Equity method
Nanchang Xinlong Real Estate Co., Ltd.	Nanchang, Jiangxi	Nanchang, Jiangxi	Property management, renting and real estate development	283,350	37.50	-	Equity method
Chongqing Monorail Transit Engineering Co., Ltd.	Chongqing	Chongqing	Construction	100,000	37.50	-	Equity method
CRCC-Tongguan Investment Co., Ltd.	Tongling, Anhui	Tongling, Anhui	Mining	2,000,000	30.00	-	Equity method
Inner Mongolia Boyuan Energy Co., Ltd.	Inner Mongolia	Inner Mongolia	Construction	200,000	30.00	-	Equity method
Hunan Maglev Transportation Development Co., Ltd.	Hunan Changsha	Hunan, Changsha	Maglev Transportation program	1,280,000	22.18	-	Equity method
CRCC Real Estate Co., Ltd.	Beijing	Beijing	Primary land development	235,000	43.00	-	Equity method
Guizhou Wengma Railway Co., Ltd.	Fuquan, Guizhou	Fuquan, Guizhou	Railway construction and operation	500,000	22.00	-	Equity method
Ningbo Shoutai Jinze Investment Partners LLP	Ningbo Zhejiang	Ningbo, Zhejiang	Investment holding	307,000	42.35	-	Equity method
China Railway Financial Leasing Co., Ltd. (Note d)	Tianjin	Tianjin	Financial Leasing	2,400,000	50.00	-	Equity method
Guangzhou Jingye Real Estate Co., Ltd.	Guangzhou, Guangdong	Guangzhou, Guangdong	Real estate development	300,000	16.67	-	Equity method
Hubei Jiaotou Jingmenbei Express Way Co., Ltd.	Wuhan, Hubei	Wuhan, Hubei	Infrastructure development and operation	100,000	22.50	-	Equity method

Notes to Financial Statements (continued)

As at 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

Note a: According to the articles of association of China-Africa Lekkil Investment Co., Ltd. ("China-Africa Lekkil"), the major decisions of the shareholders' board shall be subject to more than three-quarters of voting rights of shareholders. As the Group holds 74.47% shares in China-Africa Lekkil, it can jointly control the corporation with other shareholders but not control it. Therefore, it is considered as a jointly controlled entity of the Group.

Note b: According to the articles of association of China Railway Communications International Engineering and Technology Co., Ltd. ("CRC International"), the major decisions of the shareholders' board shall be subject to more than two-thirds of voting rights of shareholders. As the Group holds 51.30% shares in CRC International, it can jointly control the corporation with other shareholders but not control it. Therefore, it is considered as a jointly controlled entity of the Group.

Note c: According to the articles of association of Xuzhou Metro Line 2 Investment & Development Co., Ltd. ("Xuzhou Railway"), the major decisions of the shareholders' board shall be subject to more than two-thirds of voting rights of shareholders. As the Group holds 32.69% shares in Xuzhou Railway, it can jointly control the corporation with other shareholders but not control it. Therefore, it is considered as a jointly controlled entity of the Group.

Note d: According to the articles of association of China Railway Financial Leasing Co., Ltd. ("Financial Leasing Co., Ltd."), the decisions of amending the company's articles of association, increasing the registered capital, resolutions of the company merger, division, dissolution or changing the company form, scope of operations and selecting the directors shall be subject to more than two-thirds of voting rights of shareholders. Others shall be subject to more than half of voting rights of shareholders. As the Group holds 50% shares in Financial Leasing Co., Ltd, it can jointly control the corporation with other shareholders but not control it. Therefore, it is considered as a jointly controlled entity of the Group.

The aggregate financial information of the individually insignificant jointly-controlled entities is as follows:

	30 June 2016 (Unaudited)	31 December 2015 (Audited)
The share of jointly-controlled entities' net (loss)/profit	(5,893)	3,073
The share of jointly-controlled entities' other comprehensive (loss)/income	(5,893)	3,073
The aggregate carrying value of long-term equity investments	1,489,958	1,101,387

The aggregate financial information of the individually insignificant associates is as follows:

	30 June 2016 (Unaudited)	31 December 2015 (Audited)
The share of associates' net profit	37,116	92,997
The share of associates' other comprehensive income/(loss)	87,715	(104,096)
The share of associates' comprehensive income/(loss)	124,831	(11,099)
The aggregate carrying value of long-term equity investments	4,321,693	3,066,987

12. Long-term equity investments

		30 June 2016 (Unaudited)	31 December 2015 (Audited)
Investments in unlisted companies			
Equity method			
Jointly-controlled entities	(1)	1,489,958	1,101,387
Associates	(2)	4,321,693	3,066,987
Less: Provision for impairment	(3)	(10,578)	(10,578)
		5,801,073	4,157,796

Notes to Financial Statements (continued)

As at 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12. Long-term equity investments (continued)

(1) Investments in jointly-controlled entities

For the six months ended 30 June 2016

Company name	Investment cost	Increase/(decrease) during the period				Closing balance (Unaudited)	Provision for impairment (Unaudited)
		Opening balance (Audited)	Decrease in investment (Unaudited)	Share of (losses) (Unaudited)	Distribution of dividends (Unaudited)		
China-Africa Lekkil Investment Co., Ltd.	851,410	858,504	-	(77)	-	858,427	-
China Railway Communications International Engineering and Technology Co., Ltd.	77,000	61,508	-	-	-	61,508	(10,578)
Xuzhou Metro Line 2 Investment & Development Co., Ltd.	114,000	-	114,000	-	-	114,000	-
Others		181,375	280,977	(5,816)	(513)	456,023	-
		1,101,387	394,977	(5,893)	(513)	1,489,958	(10,578)

2015 (Audited)

Company name	Investment cost	Increase/(decrease) during the year				Closing balance	Provision for impairment
		Opening balance	(Decrease)/increase in investment	Share of profits/(losses)	Distribution of dividends		
PetroChina-CRCC Petroleum Marketing Co., Ltd.	50,000	55,207	(55,332)	125	-	-	-
China-Africa Lekkil Investment Co., Ltd.	851,410	857,016	-	2,061	(573)	858,504	-
China Railway Communications International Engineering and Technology Co., Ltd.	77,000	66,733	-	(5,225)	-	61,508	(10,578)
Chongqing PetroChina Tiefa Suiyu Industrial Co., Ltd.	11,760	25,109	(21,818)	5,156	(8,447)	-	-
Others		110,775	69,943	956	(299)	181,375	-
		1,114,840	(7,207)	3,073	(9,319)	1,101,387	(10,578)

Notes to Financial Statements (continued)

As at 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12. Long-term equity investments (continued)

(2) Investments in associates

For the six months ended 30 June 2016

Company name	Increase/(decrease) during the period						Closing balance (Unaudited)
	Investment cost (Audited)	Opening balance (Unaudited)	Additional investment (Unaudited)	Share of profits/(losses) (Unaudited)	Movement in other comprehensive income (Unaudited)	Distribution of dividends (Unaudited)	
Beijing China Railway Jianxie Engineering and Technology Consultation Co., Ltd.	2,450	2,911	–	–	–	–	2,911
Shekou Xinghua Enterprise Co., Ltd.	16,693	37,665	–	1,006	–	–	38,671
Chongqing Yurong Highway Co., Ltd.	853,960	718,514	–	(65,973)	–	–	652,541
Hubei Jiaotou Ziyun Railway Co., Ltd.	100,000	100,000	–	–	–	–	100,000
Nanchang Xinlong Real Estate Co., Ltd.	90,000	89,527	–	–	–	–	89,527
Chongqing Monorail Transit Engineering Co., Ltd.	37,642	64,143	–	4,729	–	–	68,872
CRCC-Tongguan Investment Co., Ltd.	720,000	678,608	–	51,716	87,715	–	818,039
Inner Mongolia Boyuan Energy Co., Ltd.	60,000	59,487	–	(316)	–	–	59,171
Ningxia China Railway Ningdong Road & Bridge Investment & Development Co., Ltd.	41,830	151,830	(151,830)	–	–	–	–
Hunan Maglev Transportation Development Co., Ltd.	280,000	280,000	–	(3,669)	–	–	276,331
CRCC Real Estate Co., Ltd.	298,900	319,985	–	44,687	–	–	364,672
Guizhou Wengma Railway Co., Ltd.	110,000	110,000	–	–	–	–	110,000
Ningbo Shoutai Jinze Investment Partners LLP	130,000	130,000	–	–	–	–	130,000
China Railway Financial Leasing Co., Ltd. (Note d)	1,200,000	–	1,200,000	–	–	–	1,200,000
Guangzhou Jinghua Real Estate Co., Ltd.	49,980	–	49,980	–	–	–	49,980
Hubei Jiaotou Jingmenbei Express Way Co., Ltd.	22,500	–	22,500	–	–	–	22,500
Others	–	324,317	10,000	4,936	–	(775)	338,478
		3,066,987	1,130,650	37,116	87,715	(775)	4,321,693

Notes to Financial Statements (continued)

As at 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12. Long-term equity investments (continued)

(2) Investments in associates (continued)

As at 31 December 2015 (Audited)

Company name	Investment cost	Opening balance	Increase/(decrease) during the year		Movement in other comprehensive loss	Distribution of dividends	Closing balance
			Additional investment	Share of profits/(losses)			
Beijing China Railway Jianxie Engineering and Technology Consultation Co., Ltd.	2,450	2,880	-	31	-	-	2,911
Shekou Xinghua Enterprise Co., Ltd.	16,693	36,852	-	1,358	-	(545)	37,665
Chongqing Yurong Highway Co., Ltd.	853,960	853,960	-	(135,446)	-	-	718,514
Hubei Jiaotou Ziyun Railway Co., Ltd.	100,000	100,000	-	-	-	-	100,000
Nanchang Xinlong Real Estate Co., Ltd.	90,000	89,527	-	-	-	-	89,527
Chongqing Monorail Transit Engineering Co., Ltd.	37,642	56,289	-	7,854	-	-	64,143
CRCC-Tongguan Investment Co., Ltd.	720,000	703,485	-	79,219	(104,096)	-	678,608
Inner Mongolia Boyuan Energy Co., Ltd.	60,000	59,113	-	374	-	-	59,487
Ningxia China Railway Ningdong Road & Bridge Investment & Development Co., Ltd.	41,830	101,830	50,000	-	-	-	151,830
Hunan Maglev Transportation Development Co., Ltd.	280,000	280,000	-	-	-	-	280,000
CRCC Real Estate Co., Ltd.	298,900	-	321,101	(1,116)	-	-	319,985
Guizhou Wengma Railway Co., Ltd.	110,000	-	110,000	-	-	-	110,000
Ningbo Shoutai Jinze Investment Partners LLP	130,000	-	130,000	-	-	-	130,000
Others		110,824	168,205	140,723	-	(95,435)	324,317
		2,394,760	779,306	92,997	(104,096)	(95,980)	3,066,987

Notes to Financial Statements (continued)

As at 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12. Long-term equity investments (continued)

(3) Provision for impairment

Company name	For the six months ended 30 June 2016		
	Opening balance (Audited)	Write-off/disposal (Unaudited)	Closing balance (Unaudited)
Jointly-controlled entity:			
China Railway Communications International Engineering and Technology Co., Ltd.	10,578	–	10,578

Company name	Opening balance	2015 (Audited)	
		Write-off/disposal	Closing balance
Jointly-controlled entity:			
China Railway Communications International Engineering and Technology Co., Ltd.	10,578	–	10,578

13. Fixed assets

For the six months ended 30 June 2016 (Unaudited)

	Buildings	Machinery	Vehicles	Other equipment	Total
Original costs					
Opening balance	15,810,543	40,317,795	14,466,331	30,402,659	100,997,328
Additions	629,223	1,181,358	375,815	3,303,433	5,489,829
Transferred from construction in progress	234,155	140,403	10,721	57,445	442,724
Disposals	(147,015)	(1,410,136)	(553,534)	(2,371,128)	(4,481,813)
Closing balance	16,526,906	40,229,420	14,299,333	31,392,409	102,448,068
Accumulated depreciation					
Opening balance	(3,635,055)	(22,620,213)	(11,342,736)	(20,786,253)	(58,384,257)
Additions	(293,810)	(1,768,672)	(616,234)	(3,201,981)	(5,880,697)
Disposals	80,072	1,092,179	505,160	1,931,902	3,609,313
Closing balance	(3,848,793)	(23,296,706)	(11,453,810)	(22,056,332)	(60,655,641)
Provision for impairment					
Opening balance	(216,672)	(329,591)	(88,301)	(157,827)	(792,391)
Disposals	–	–	–	215	215
Other	(2,324)	–	–	–	(2,324)
Closing balance	(218,996)	(329,591)	(88,301)	(157,612)	(794,500)
Net book value					
Closing balance	12,459,117	16,603,123	2,757,222	9,178,465	40,997,927
Opening balance	11,958,816	17,367,991	3,035,294	9,458,579	41,820,680

Notes to Financial Statements (continued)

As at 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

13. Fixed assets (continued)

2015 (Audited)

	Buildings	Machinery	Vehicles	Other equipment	Total
Original costs					
Opening balance	14,279,328	38,169,997	13,824,889	28,447,563	94,721,777
Additions	1,261,056	2,886,753	1,115,600	5,187,886	10,451,295
Transferred from construction in progress	489,646	1,075,932	187,038	74,179	1,826,795
Disposals	(219,487)	(1,814,887)	(661,196)	(3,306,969)	(6,002,539)
Closing balance	15,810,543	40,317,795	14,466,331	30,402,659	100,997,328
Accumulated depreciation					
Opening balance	(3,285,420)	(20,455,791)	(10,207,246)	(18,582,510)	(52,530,967)
Additions	(494,441)	(3,438,145)	(1,712,912)	(5,182,222)	(10,827,720)
Disposals	144,806	1,273,723	577,422	2,978,479	4,974,430
Closing balance	(3,635,055)	(22,620,213)	(11,342,736)	(20,786,253)	(58,384,257)
Provision for impairment					
Opening balance	(80,317)	(330,222)	(88,242)	(60,105)	(558,886)
Provision	(131,907)	–	(78)	(101,720)	(233,705)
Disposals	563	631	19	3,998	5,211
Others	(5,011)	–	–	–	(5,011)
Closing balance	(216,672)	(329,591)	(88,301)	(157,827)	(792,391)
Net book value					
Closing balance	11,958,816	17,367,991	3,035,294	9,458,579	41,820,680
Opening balance	10,913,591	17,383,984	3,529,401	9,804,948	41,631,924

Fixed assets with title restriction are stated in *Note V.61*.

As at 30 June 2016, the amounts of interest expenses capitalized in the balance of fixed assets was RMB14,097,000 (31 December 2015: RMB14,097,000). There were no interest expenses capitalized for the six months ended 30 June 2016 (2015: RMB3,097,000).

Notes to Financial Statements (continued)

As at 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

13. Fixed assets (continued)

Fixed assets that are temporarily unused are as follows:

As at 30 June 2016 (Unaudited)

	Gross carrying amount	Accumulated depreciation	Provision for impairment	Carrying amount
Machinery	19,391	(13,344)	–	6,047
Vehicles	1,756	(1,378)	–	378
Other equipment	34,229	(9,444)	–	24,785
	55,376	(24,166)	–	31,210

As at 31 December 2015 (Audited)

	Gross carrying amount	Accumulated depreciation	Provision for impairment	Carrying amount
Machinery	2,922	(1,070)	–	1,852
Vehicles	548	(231)	–	317
Other equipment	27,123	(4,141)	–	22,982
	30,593	(5,442)	–	25,151

Fixed assets held under finance leases are as follows:

	30 June 2016 (Unaudited)	31 December 2015 (Audited)
Original costs	5,630,961	6,416,897
Accumulated depreciation	(3,169,265)	(2,751,423)
Net book value	2,461,696	3,665,474

As at 30 June 2016 and 31 December 2015, the Group's fixed assets held under finance leases were all construction machinery.

As at 30 June 2016, the Group was in the process of applying for the title certificates of certain buildings with an aggregate carrying amount of RMB807,891,000 (31 December 2015: RMB747,224,000). The Company's management is of the view that the Group is entitled to lawfully and validly occupy and use the above-mentioned buildings. The Company's management is also of the opinion that the aforesaid matter did not have any significant impact on the Group's financial position as at 30 June 2016.

Notes to Financial Statements (continued)

As at 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

13. Fixed assets (continued)

As at 30 June 2016, fixed assets for which the property right certificates have not been obtained were as follows (Unaudited):

Name of buildings	Carrying amount	Reason
Construction Technology Building of China Railway 17 th Bureau Group Co., Ltd.	84,956	In progress
Office Building of China Railway 21 st Bureau Group Co., Ltd.	393,472	In progress
Wanda Office Building of China Railway Material Group Southwest Co., Ltd.	186,456	In progress
Others	143,007	In progress
	807,891	

14. Construction in progress

	30 June 2016 (Unaudited)			31 December 2015 (Audited)		
	Gross carrying amount	Provision for impairment	Carrying amount	Gross carrying amount	Provision for impairment	Carrying amount
Belt Conveyor Machine of China Railway 11 th Bureau Group Co., Ltd.	–	–	–	30,620	–	30,620
Belt Conveyor Machine of China Railway 12 th Bureau Group Co., Ltd.	70,132	–	70,132	–	–	–
Balance TBM of China Railway 14 th Bureau Group Co., Ltd.	229,304	–	229,304	64,864	–	64,864
Construction Industry Base of China Railway 14 th Bureau Group Co., Ltd.	50,871	–	50,871	44,313	–	44,313
Relocation of Tai'an Warehouse of Combat Equipment of China Railway 14 th Bureau Group Co., Ltd.	69,681	–	69,681	66,244	–	66,244
Belt Conveyor Machine Transformation of China Railway 15 th Bureau Group Co., Ltd.	103,420	–	103,420	–	–	–
Central Hospital Building of China Railway 17 th Bureau Group Co., Ltd.	49,722	–	49,722	42,556	–	42,556
Earth Pressure TBM of China Railway 18 th Bureau Group Co., Ltd.	–	–	–	69,350	–	69,350
Office Building of China Railway 18 th Bureau Group No. 5 Co., Ltd.	49,892	–	49,892	58,136	–	58,136
Jian'an International Apartment of China Railway 18 th Bureau Group Co., Ltd.	149,893	–	149,893	128,381	–	128,381
Jian'an Apartment of China Railway 18 th Bureau Group Co., Ltd.	51,426	–	51,426	47,844	–	47,844
Special Large Truck of Excavator and Mines of China Railway 19 th Bureau Group Co., Ltd.	222,677	–	222,677	199,624	–	199,624
Office Building of China Railway 20 th Bureau Group Co., Ltd.	56,311	–	56,311	54,188	–	54,188
Factory and Base of Yanliang No. 1 New Manufacturing Plant of China Railway 20 th Bureau Group Co., Ltd.	243,446	–	243,446	234,399	–	234,399
Xi'an Office Building of China Railway 20 th No. 2 Engineering Co., Ltd.	–	–	–	69,165	–	69,165
Office Building of China Railway 20 th Bureau Group Shaanxi Co., Ltd.	82,841	–	82,841	48,756	–	48,756
Jingyan Hotel Integrated Service Building Project of China Railway Construction Electrification Bureau	94,110	–	94,110	93,010	–	93,010
Design Building of China Railway 4 th Survey and Design Group., Ltd.	458,408	–	458,408	342,668	–	342,668

Notes to Financial Statements (continued)

As at 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

14. Construction in progress (continued)

	30 June 2016 (Unaudited)			31 December 2015 (Audited)		
	Gross carrying amount	Provision for impairment	Carrying amount	Gross carrying amount	Provision for impairment	Carrying amount
Plant in Suzhou of China Railway 4 th Survey and Design Group Co., Ltd.	120,812	–	120,812	84,144	–	84,144
Office Building of Hangzhou Branch of China Railway 4 th Survey and Design Group, Ltd.	177,371	–	177,371	160,080	–	160,080
Guanggu High-tech Innovation Center of China Railway 4 th Survey and Design Group, Ltd.	74,391	–	74,391	–	–	–
Research & Development Building of China Railway 5 th Survey and Design Institute Group Co., Ltd.	178,660	–	178,660	136,350	–	136,350
Science Research Building of China Railway Shanghai Design Institute Group Co., Ltd.	67,337	–	67,337	41,094	–	41,094
Golden World Office Building of China Railway Material Group Co., Ltd.	32,493	–	32,493	32,493	–	32,493
Southwest Industrial Park of China Railway Construction Heavy Industry Co., Ltd.	115,838	–	115,838	86,805	–	86,805
Steel Structure Workshop of China Railway Construction Heavy Industry Co., Ltd.	76,223	–	76,223	63,572	–	63,572
Fundamental Construction Project of China Railway Construction Heavy Industry Co., Ltd.	136,490	–	136,490	106,964	–	106,964
Shipping Vehicle of CRCC Harbour & Channel Engineering Bureau Group Co., Ltd.	305,214	–	305,214	301,213	–	301,213
Others	701,722	(23,848)	677,874	600,431	(23,848)	576,583
	3,968,685	(23,848)	3,944,837	3,207,264	(23,848)	3,183,416

Notes to Financial Statements (continued)

As at 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

14. Construction in progress (continued)

For the six months ended 30 June 2016 (Unaudited)

	Budget	Opening balance	Additions	Transferred out	Disposals	Closing balance	Source of funds	Proportion of investment to budget %
Belt Conveyor Machine of China Railway 11 th Bureau Group Co., Ltd.	110,000	30,620	–	–	(30,620)	–	Self-funding	28
Belt Conveyor Machine of China Railway 12 th Bureau Group Co., Ltd.	70,132	–	70,132	–	–	70,132	Loan	100
Balance TBM of China Railway 14 th Bureau Group Co., Ltd.	328,733	64,864	164,440	–	–	229,304	Self-funding	70
Construction Industry Base of China Railway 14 th Bureau Group Co., Ltd.	98,353	44,313	6,559	–	–	50,872	Self-funding	52
Relocation of Tai'an Warehouse of Combat Equipment of China Railway 14 th Bureau Group Co., Ltd.	71,782	66,244	3,437	–	–	69,681	Loan and self-funding	97
Belt Conveyor Machine Transformation of China Railway 15 th Bureau Group Co., Ltd.	103,420	–	103,420	–	–	103,420	Self-funding	100
Central Hospital Building of China Railway 17 th Bureau Group Co., Ltd.	55,000	42,556	7,166	–	–	49,722	Self-funding	90
Earth Pressure TBM of China Railway 18 th Bureau Group Co., Ltd.	73,000	69,350	–	(69,350)	–	–	Self-funding	95
Office Building of China Railway 18 th Bureau Group No. 5 Co., Ltd.	64,175	58,136	–	–	(8,244)	49,892	Self-funding	91
Jian'an International Apartment of China Railway 18 th Bureau Group Co., Ltd.	480,000	128,381	21,512	–	–	149,893	Loan and self-funding	31
Jian'an Apartment of China Railway 18 th Bureau Group Co., Ltd.	51,500	47,844	3,582	–	–	51,426	Loan and self-funding	100
Special Large Truck of Excavator and Mines of China Railway 19 th Bureau Group Co., Ltd.	972,677	199,624	23,053	–	–	222,677	Loan	23
Office Building of China Railway 20 th Bureau Group Co., Ltd.	60,000	54,188	2,123	–	–	56,311	Self-funding	94
Factory and Base of Yanliang No. 1 New Manufacturing Plant of China Railway 20 th Bureau Group Co., Ltd.	317,534	234,399	9,047	–	–	243,446	Self-funding	77
Xi'an Office Building of China Railway 20 th No. 2 Engineering Co., Ltd.	88,290	69,165	19,125	(88,290)	–	–	Self-funding	100
Office Building of China Railway 20 th Bureau Group Shaanxi Co., Ltd.	90,000	48,756	34,085	–	–	82,841	Self-funding	92
Jingyan Hotel Integrated Service Building Project of China Railway Construction Electrification Bureau	470,000	93,010	1,100	–	–	94,110	Self-funding	20

Notes to Financial Statements (continued)

As at 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

14. Construction in progress (continued)

For the six months ended 30 June 2016 (Unaudited) (continued)

	Budget	Opening balance	Additions	Transferred out	Disposals	Closing balance	Source of funds	Proportion of investment to budget %
Design Building of China Railway 4 th Survey and Design Group, Ltd.	490,000	342,668	115,740	–	–	458,408	Self-funding	94
Plant in Suzhou of China Railway 4 th Survey and Design Group Co., Ltd.	194,529	84,143	36,668	–	–	120,811	Self-funding	62
Office Building of Hangzhou Branch of China Railway 4 th Survey and Design Group, Ltd.	241,000	160,080	17,291	–	–	177,371	Self-funding	74
Guanggu High-tech Innovation Center of China Railway 4 th Survey and Design Group, Ltd.	498,260	–	74,391	–	–	74,391	Self-funding	15
Research & Development Building of China Railway 5 th Survey and Design Institute Group Co., Ltd.	558,879	136,350	42,310	–	–	178,660	Self-funding	32
Science Research Building of China Railway Shanghai Design Institute Group Co., Ltd.	170,000	41,094	26,243	–	–	67,337	Loan and self-funding	40
Golden World Office Building of China Railway Material Group Co., Ltd.	33,000	32,493	–	–	–	32,493	Self-funding	98
Southwest Industrial Park of China Railway Construction Heavy Industry Co., Ltd.	201,020	86,805	29,032	–	–	115,837	Self-funding	58
Steel Structure Workshop of China Railway Construction Heavy Industry Co., Ltd.	82,600	63,572	12,651	–	–	76,223	Self-funding	92
Fundamental Construction Project of China Railway Construction Heavy Industry Co., Ltd.	180,000	106,964	29,526	–	–	136,490	Self-funding	76
Shipping Vehicle of CRCC Harbour & Channel Engineering Bureau Group Co., Ltd.	500,000	301,214	4,000	–	–	305,214	Loan and self-funding	61
Others		600,431	473,022	(285,251)	(86,479)	701,723		
		3,207,264	1,329,655	(442,891)	(125,343)	3,968,685		
Provision for impairment		(23,848)	–	–	–	(23,848)		
Carrying amount		3,183,416	1,329,655	(442,891)	(125,343)	3,944,837		

Notes to Financial Statements (continued)

As at 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

14. Construction in progress (continued)

2015 (Audited)

	Budget	Opening balance	Additions	Transferred out	Disposals	Closing balance	Source of funds	Proportion of investment to budget %
Belt Conveyor Machine of China Railway 11 th								
Bureau Group Co., Ltd.	110,000	18,832	11,788	-	-	30,620	Self-funding	28
Balance TBM of China Railway 14 th Bureau Group Co., Ltd	236,733	152,422	81,120	(168,678)	-	64,864	Self-funding	99
Construction Industry Base of China Railway 14 th								
Bureau Group Co., Ltd.	98,353	-	44,313	-	-	44,313	Self-funding	45
Relocation of Tai'an Warehouse of Combat Equipment of							Loan and	
China Railway 14 th Bureau Group Co., Ltd.	71,782	3,289	62,955	-	-	66,244	self-funding	92
Central Hospital Building of China Railway 17 th								
Bureau Group Co., Ltd.	43,100	23,240	19,316	-	-	42,556	Self-funding	99
Earth Pressure of China Railway 18 th Bureau Group Co., Ltd.	73,000	34,675	34,675	-	-	69,350	Self-funding	95
Office Building of China Railway 18 th								
Bureau Group No. 5 Co., Ltd	64,175	62,075	709	-	(4,648)	58,136	Self-funding	98
Jian'an International Apartment of China Railway 18 th							Loan and	
Bureau Group Co., Ltd.	480,000	114,480	13,901	-	-	128,381	self-funding	27
Jian'an Apartment of China Railway 18 th							Loan and	
Bureau Group Co., Ltd.	51,500	30,283	17,561	-	-	47,844	self-funding	93
Special Large Truck of Excavator and Mines of								
China Railway 19 th Bureau Group Co., Ltd.	750,000	256,230	73,778	(130,384)	-	199,624	Loan	75
Office Building of China Railway 20 th Bureau Group Co., Ltd.	60,000	34,480	19,708	-	-	54,188	Self-funding	90
Factory and Base of Yanliang No. 1 New Manufacturing Plant								
of China Railway 20 th Bureau Group Co., Ltd.	359,000	174,424	59,975	-	-	234,399	Self-funding	65
Xi'an Office Building of China Railway 20 th No. 2								
Engineering Co., Ltd.	80,540	32,005	37,160	-	-	69,165	Self-funding	86
Office Building of China Railway 20 th								
Bureau Group Shaanxi Co., Ltd.	90,000	13,771	34,985	-	-	48,756	Self-funding	54
Jingyan Hotel Integrated Service Building Project of China								
Railway Construction Electrification Bureau	210,000	87,925	5,085	-	-	93,010	Self-funding	44
Design Building of China Railway 4 th								
Survey and Design Group., Ltd.	490,000	137,284	205,384	-	-	342,668	Self-funding	70
Plant in Suzhou of China Railway 4 th								
Survey and Design Group Co., Ltd.	194,529	50,866	33,277	-	-	84,143	Self-funding	43

Notes to Financial Statements (continued)

As at 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

14. Construction in progress (continued)

2015 (Audited) (continued)

	Budget	Opening balance	Additions	Transferred out	Disposals	Closing balance	Source of funds	Proportion of investment to budget %
Office Building of Hangzhou Branch of China Railway 4 th Survey and Design Group, Ltd.	241,000	127,524	32,556	-	-	160,080	Self-funding	66
Research & Development Building of China Railway 5 th Survey and Design Institute Group Co., Ltd.	558,879	23,209	113,141	-	-	136,350	Self-funding	24
Science Research Building of China Railway Shanghai Design Institute Group Co., Ltd.	170,000	4,208	36,886	-	-	41,094	Loan and self-funding	24
Golden World Office Building of China Railway Material Group Co., Ltd.	32,493	32,493	-	-	-	32,493	Self-funding	100
Southwest Industrial Park of China Railway Construction Heavy Industry Co., Ltd.	201,020	23,092	63,713	-	-	86,805	Self-funding	43
Steel Structure Workshop of China Railway Construction Heavy Industry Co., Ltd.	82,600	-	63,572	-	-	63,572	Self-funding	77
Fundamental Construction Project of China Railway Construction Heavy Industry Co., Ltd.	180,000	-	106,964	-	-	106,964	Self-funding	59
Shipping Vehicle of CRCC Harbour & Channel Engineering Bureau Group Co., Ltd.	500,000	272,206	29,015	-	(7)	301,214	Loan and self-funding	85
Others		1,118,356	1,170,225	(1,555,090)	(133,060)	600,431		
		2,827,369	2,371,762	(1,854,152)	(137,715)	3,207,264		
Provision for impairment		(9,563)	(14,285)	-	-	(23,848)		
Carrying amount		2,817,806	2,357,477	(1,854,152)	(137,715)	3,183,416		

(Note (a))

Note (a): During the six months ended 30 June 2016, construction in progress with a carrying amount of RMB442,724,000 (2015: RMB1,826,795,000) was transferred to fixed assets; RMB167,000 (2015: RMB27,357,000) was transferred to intangible assets; no construction in progress (2015: Nil) was transferred to properties held for sale.

Notes to Financial Statements (continued)

As at 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

14. Construction in progress (continued)

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

For the six months ended 30 June 2016 (Unaudited)

	Progress %	Accumulated amount of interest capitalised	Interest capitalised during the year	Capitalisation rate during the year %
Combat Readiness Equipment Warehouse in Tai'an of China Railway 14 th Bureau Group Co., Ltd.	97	4,416	547	5.84
Jian'an International Apartment of China Railway 18 th Bureau Group Co., Ltd.	29	6,552	–	–
Jian'an Apartment of China Railway 18 th Bureau Group Co., Ltd.	29	229	–	–
Special Large Truck of Excavator and Mines of China Railway 19 th Bureau Group Co., Ltd.	10	14,850	2,895	6.60
Shipping Vehicle of CRCC Harbour & Channel Engineering Bureau Group Co., Ltd.	97	10,579	–	–
North Blue Marine Production Base of CRCC Harbour & Channel Engineering Bureau Group Co., Ltd.	29	566	433	5.94
Science Research Building of China Railway Shanghai Design Institute Group Co., Ltd.	80	2,947	1,226	4.09
		40,139	5,101	

Notes to Financial Statements (continued)

As at 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

14. Construction in progress (continued)

2015 (Audited)

	Progress %	Accumulated amount of interest capitalised	Interest capitalised during the year	Capitalisation rate during the year %
Combat Readiness Equipment				
Warehouse in Tai'an of China				
Railway 14 th Bureau Group Co., Ltd.	92	3,869	2,536	6.21
Jian'an International Apartment of China				
Railway 18 th Bureau Group Co., Ltd.	27	6,552	3,010	6.00
Jian'an Apartment of China Railway				
18 th Bureau Group Co., Ltd.	93	229	50	6.00
Special Large Truck of Excavator and Mines of				
China Railway 19 th Bureau Group Co., Ltd.	75	11,955	8,963	6.73
Shipping Vehicle of CRCC Harbour & Channel				
Engineering Bureau Group Co., Ltd.	86	10,579	–	–
North Blue Marine Production Base of CRCC				
Harbour & Channel Engineering Bureau				
Group Co., Ltd.	10	133	133	6.25
Science Research Building of China Railway				
Shanghai Design Institute Group Co., Ltd.	24	1,721	1,721	5.70
		35,038	16,413	

Notes to Financial Statements (continued)

As at 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

15. Intangible assets

For the six months ended 30 June 2016 (Unaudited)

	Land use rights	Concession assets	Mining rights	Others	Total
Original costs					
Opening balance	6,082,615	31,667,838	172,511	310,683	38,233,647
Additions	385,870	5,328,203	–	5,599	5,719,672
Transferred from construction in progress	–	–	–	167	167
Disposals	(60,393)	–	–	(7,391)	(67,784)
Closing balance	6,408,092	36,996,041	172,511	309,058	43,885,702
Accumulated amortization					
Opening balance	(932,101)	(1,210,905)	(23,931)	(158,581)	(2,325,518)
Additions	(73,387)	(75,320)	(41)	(29,843)	(178,591)
Disposals	1,458	–	–	221	1,679
Closing balance	(1,004,030)	(1,286,225)	(23,972)	(188,203)	(2,502,430)
Provision for impairment					
Opening balance	(42,979)	–	–	–	(42,979)
Closing balance	(42,979)	–	–	–	(42,979)
Net book value					
Closing balance	5,361,083	35,709,816	148,539	120,855	41,340,293
Opening balance	5,107,535	30,456,933	148,580	152,102	35,865,150

Notes to Financial Statements (continued)

As at 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

15. Intangible assets (continued)

2015 (Audited)

	Land use rights	Concession assets	Mining rights	Others	Total
Original costs					
Opening balance	6,025,935	18,013,556	172,511	238,096	24,450,098
Additions	202,018	13,654,282	–	46,958	13,903,258
Transferred from construction in progress	–	–	–	27,357	27,357
Disposals	(145,338)	–	–	(1,728)	(147,066)
Closing balance	6,082,615	31,667,838	172,511	310,683	38,233,647
Accumulated amortisation					
Opening balance	(855,093)	(1,060,399)	(20,559)	(127,229)	(2,063,280)
Additions	(102,738)	(150,506)	(3,372)	(32,518)	(289,134)
Disposals	25,730	–	–	1,166	26,896
Closing balance	(932,101)	(1,210,905)	(23,931)	(158,581)	(2,325,518)
Provision for impairment					
Opening balance	(9,044)	–	–	–	(9,044)
Provision	(33,935)	–	–	–	(33,935)
Closing balance	(42,979)	–	–	–	(42,979)
Net book value					
Closing balance	5,107,535	30,456,933	148,580	152,102	35,865,150
Opening balance	5,161,798	16,953,157	151,952	110,867	22,377,774

As at 30 June 2016 and 31 December 2015, there were no intangible assets added through internal research and development.

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

	30 June 2016 (Unaudited)	31 December 2015 (Audited)
Long term of not less than 50 years	180,851	103,756
Medium term of less than 50 years but not less than 10 years	5,140,136	4,952,085
Short term of less than 10 years	40,096	51,694
	5,361,083	5,107,535

Intangible assets with title restriction are stated in Note V.61.

Notes to Financial Statements (continued)

As at 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

15. Intangible assets (continued)

As at 30 June 2016, the Group was in the process of applying for the title certificates of certain parcels of its land in the PRC with an aggregate carrying amount of RMB98,427,000 (31 December 2015: RMB92,370,000). The Company's management is of the view that the Group is entitled to lawfully and validly occupy and use the above-mentioned land, and also of the opinion that the aforesaid matter did not have any significant impact on the Group's financial position as at 30 June 2016.

On 30 June 2016, intangible assets for which the property right certificates have not been obtained are as follows (Unaudited):

Name of land	Carrying amount	Reason
Production Land of Xi'an Chanba District	34,922	In progress
Yan Liang New Production Base of Xi'an Construction Machinery Co., Ltd.	31,057	In progress
Others	32,448	In progress
	98,427	

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

For the six months ended 30 June 2016 (Unaudited)

	Progress %	Accumulated amount of interest capitalized	Interest capitalized during the year	Capitalization rate during the year %
Jiyang Yellow River Bridge concession rights	100	23,564	–	–
De'shang Highway Project Xiajing to Liucheng concession rights	95	190,576	47,044	5.16
Sichuan Jian Pu Highway Project concession rights	66	523,189	152,547	5.19
Ji'nan to Leling Highway Project concession rights	100	424,801	–	–
Guangxi Ziyuan (Meixi) to Xing'an Highway BOT Project concession rights	67	201,374	73,283	4.77
Guizhou Anshun to Ziyun Highway Project concession rights	41	38,663	21,416	5.09
Shandong Jiyu Highway Project concession rights	64	177,124	56,440	4.85
Yusui Highway Project concession rights	100	192,971	–	–
Chongqing Xiushan to Guizhou Songtao Highway Project concession rights	75	56,677	19,069	4.90
Ningxia Yongning Yellow River Bridge	66	16,284	16,284	4.79
		1,845,223	386,083	

Notes to Financial Statements (continued)

As at 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

15. Intangible assets (continued)

2015 (Audited)

	Progress %	Accumulated amount of interest capitalised	Interest capitalised during the year	Capitalisation rate during the year %
Jiyang Guest-greeting Yellow River Bridge concession rights	100	23,564	–	–
De'shang Highway Project Xiajing to Liucheng concession rights	85	143,532	83,663	5.81
Sichuan Jian Pu Highway Project concession rights	56	370,642	222,049	6.26
Ji'nan to Leling Highway Project concession rights	100	424,801	12,126	6.10
Guangxi Ziyuan (Meixi) to Xing'an Highway BOT project concession rights	60	128,091	96,143	5.25
Guizhou Anshun to Ziyun Highway Project concession rights	20	17,247	10,441	5.55
Shandong Jixu Highway Jiyu Co., Ltd. concession rights	52	120,684	84,148	5.36
Suiyu Highway Project concession rights	100	192,971	–	–
Chongqing Xiushan-Guizhou Songtao Highway concession rights	49	37,608	30,082	5.50
		1,459,140	538,652	

16. Goodwill

For the six months ended 30 June 2016

	Opening balance (Audited)	Increase (Unaudited)	Decrease (Unaudited)	Closing balance (Unaudited)
Acquisition of Hangsheng Company	100,135	–	–	100,135
Others (Note)	3,158	86,463	–	89,621
Total	103,293	86,463	–	189,756

2015 (Audited)

	Opening balance	Increase	Decrease	Closing balance
Acquisition of Hangsheng Company	100,135	–	–	100,135
Others	3,158	–	–	3,158
Total	103,293	–	–	103,293

Note: On 29 February 2016, the Group purchased CIDEON Engineering GmbH & Co. KG, CIDEON Engineering Verwaltungs GmbH and CIDEON Schweiz AG, which is a business combination involving entities not under common control and resulted in the increase of the goodwill by RMB86,463,000. More details are stated in Note VI.1

Notes to Financial Statements (continued)

As at 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

17. Deferred tax assets and liabilities

	30 June 2016 (Unaudited)		31 December 2015 (Audited)	
	Deductible temporary difference	Deferred tax assets	Deductible temporary difference	Deferred tax assets
Deferred tax assets				
Provision for long-term post-leaving benefits	1,677,700	345,823	1,952,938	402,808
Provision for impairment of assets	1,578,623	361,069	1,931,839	417,267
Deductible tax losses	406,785	100,807	507,276	94,675
Accruals and provisions	123,009	30,460	149,016	35,886
Convertible bonds	240,124	60,031	–	–
Additional tax deduction on asset revaluation surplus arising from a prior restructuring	2,027,191	443,954	2,103,573	459,375
Others	4,607,246	1,149,782	3,919,258	963,810
	10,660,678	2,521,926	10,563,900	2,373,821
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Deferred tax liabilities				
Available-for-sale financial assets	1,211,401	279,833	1,791,291	427,552
Others	9,776	2,443	11,632	2,907
	1,221,177	282,276	1,802,923	430,459

Notes to Financial Statements (continued)

As at 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

17. Deferred tax assets and liabilities (continued)

Unrecognized deferred tax assets are presented as follows:

	30 June 2016 (Unaudited)	31 December 2015 (Audited)
Deductible temporary differences	5,826,371	5,259,908
Deductible tax losses	3,368,479	2,269,914
	9,194,850	7,529,822

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

	30 June 2016 (Unaudited)	31 December 2015 (Audited)
2017	89,451	
2018	154,546	
2019	524,354	
2020	1,366,080	
2021	1,234,048	
	3,368,479	
		15,774
		111,476
		155,972
		532,741
		1,453,951
		2,269,914

Notes to Financial Statements (continued)

As at 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

18. Provision for impairment of assets

For the six months ended 30 June 2016 (Unaudited)

	Opening balance (Audited)	Decrease			Other	Closing balance
		Increase Provision	Reversal	Write-off		
Provision for bad debts	6,399,620	525,105	(257,803)	(7,467)	(1,353)	6,658,102
Provision for decline in value of inventories	792,127	29,695	(22,524)	(49,744)	(2,662)	746,892
Provision for impairment of available-for-sale financial assets	72,587	–	–	–	–	72,587
Provision for impairment of long-term equity investments	10,578	–	–	–	–	10,578
Provision for impairment of fixed assets	792,391	–	–	(215)	2,324	794,500
Provision for impairment of construction in progress	23,848	–	–	–	–	23,848
Provision for impairment of intangible assets	42,979	–	–	–	–	42,979
	8,134,130	554,800	(280,327)	(57,426)	(1,691)	8,349,486

2015 (Audited)

	Opening balance	Decrease			Other	Closing balance
		Increase Provision	Reversal	Write-off		
Provision for bad debts	3,641,844	3,393,630	(616,720)	(39,163)	20,029	6,399,620
Provision for decline in value of inventories	349,426	495,322	(48,265)	(4,880)	524	792,127
Provision for impairment of available-for-sale financial assets	14,340	58,723	–	(476)	–	72,587
Provision for impairment of long-term equity investments	10,578	–	–	–	–	10,578
Provision for impairment of fixed assets	558,886	233,705	–	(5,211)	5,011	792,391
Provision for impairment of construction in progress	9,563	14,285	–	–	–	23,848
Provision for impairment of intangible assets	9,044	33,935	–	–	–	42,979
	4,593,681	4,229,600	(664,985)	(49,730)	25,564	8,134,130

Notes to Financial Statements (continued)

As at 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

19. Short-term loans

		30 June 2016 (Unaudited)	31 December 2015 (Audited)
Pledged loans	Note (a)	1,790,424	4,897,234
Mortgaged loans	Note (b)	5,000	12,000
Guaranteed loans	Note (c)	6,016,536	5,915,210
Loans on credit		36,014,456	32,546,436
		43,826,416	43,370,880

Notes:

(a) As at 30 June 2016, there were no short-term loans were secured by the pledge of the Group's fixed deposits (31 December 2015: certain short-term loans with a carrying amount of RMB50,000 were secured by the pledge of the Group's fixed deposits in the amount of RMB63,000) (Note V.61 (a)).

As at 30 June 2016, certain short-term loans with a carrying amount of RMB1,790,424,000 (31 December 2015: RMB4,897,184,000) were secured by the pledge of the Group's accounts receivable in the amount of RMB2,857,184,000 (31 December 2015: RMB6,374,148,000) (Note V.61 (c)).

(b) As at 30 June 2016, certain short-term loans with a carrying amount of RMB5,000,000 were secured by the mortgages of the Group's buildings in the amount of RMB5,000,000 (31 December 2015: certain short-term loans with a carrying amount of RMB12,000,000 were secured by the mortgages of the Group's buildings in the amount of RMB17,000,000) (Note V.61 (e)).

(c) As at 30 June 2016, all guaranteed loans were guaranteed by the entities comprising the Group.

As at 30 June 2016, interest rates for the above loans ranged from 2.35% to 6.94% per annum (31 December 2015: from 2.35% to 7.50%).

As at 30 June 2016, there were no short-term loans defaulted by the Group (31 December 2015: Nil).

20. Due to customers

	30 June 2016 (Unaudited)	31 December 2015 (Audited)
Due to customers	209,477	5,116,842

21. Due to banks

	30 June 2016 (Unaudited)	31 December 2015 (Audited)
Domestic banks	–	6,000,000

Notes to Financial Statements (continued)

As at 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

22. Bills payable

	30 June 2016 (Unaudited)	31 December 2015 (Audited)
Commercial acceptance bills	1,384,425	1,603,328
Bank acceptance bills	23,565,495	24,675,781
	24,949,920	26,279,109

As at 30 June 2016, there were no unpaid overdue bills payable (31 December 2015: nil).

23. Accounts payable

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

	30 June 2016 (Unaudited)	31 December 2015 (Audited)
Within 1 year	227,745,205	221,276,084
1 to 2 years	3,899,400	3,467,880
2 to 3 years	944,143	649,876
More than 3 years	612,368	582,403
	233,201,116	225,976,243

At the balance sheet date, significant accounts payable aged over one year were as follows:

	Relationship with the Group	30 June 2016 (Unaudited)	Reason for payables not being settled
Company 1	Third party	150,012	Material procurement costs unsettled
Company 2	Third party	98,939	Construction costs unsettled
Company 3	Third party	45,193	Material procurement costs unsettled
Company 4	Third party	44,824	Construction costs unsettled
Company 5	Third party	41,595	Material procurement costs unsettled
		380,563	

	Relationship with the Group	31 December 2015 (Audited)	Reason for payables not being settled
Company 1	Third party	150,012	Material procurement costs unsettled
Company 2	Third party	41,966	Construction costs unsettled
Company 3	Third party	41,000	Material procurement costs unsettled
Company 4	Third party	28,643	Construction costs unsettled
Company 5	Third party	25,678	Construction costs unsettled
		287,299	

Notes to Financial Statements (continued)

As at 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

24. Advances from customers

	30 June 2016 (Unaudited)	31 December 2015 (Audited)
Advances for construction contracts	33,644,737	35,364,620
Advances for sale of properties (Note)	34,120,474	18,637,083
Gross amount due to contract customers (Note V.7 (3))	19,098,520	17,053,359
Advances for the sale of materials	4,615,502	4,100,885
Advances for the sale of goods	274,982	255,139
Others	527,080	570,020
	92,281,295	75,981,106

Note: Details of the advances from customers for the pre-sale of properties are as follows:

Property name	30 June 2016 (Unaudited)	Percentage of accumulated pre-sales in advance	Estimated completion date
Jiangsu Qingxiu City Project	2,788,448	47	September 2016
Jiangnan International City Project	2,459,892	59	October 2017
Tongrui Jiayuan Owner-Occupied Housing Project	1,953,854	100	August 2016
Hefei CRCC International City Project	1,602,656	90	December 2017
Wuhan Wutong Yuan Project	1,567,884	90	March 2017
Foshan International Gongguan Project	1,491,046	33	December 2017
Yuanxiang Jiayuan Project	1,439,771	77	December 2016
Qingxiu City (District II) Project	1,202,112	62	December 2017
Tongrui Jiayuan Resettlement Project	1,101,600	100	August 2016
CRCC Lidu Project	1,056,222	75	June 2016
Shanghai CRCC Qingxiu City II Project	1,048,672	97	December 2016
Tianjin CRCC International City Project	976,190	43	April 2018
Yuanxiang Mangu Project	830,609	82	December 2016
Guangzhou Zengcheng International City Project	744,414	41	October 2017
Jiangwan Shanyu City II Project	689,021	40	December 2017
Jiucheng Yihao Project	679,280	80	December 2018
Chengdu Beihu Zone Project	615,467	25	September 2018
CRCC Lingxiu City Project	555,581	80	December 2017
Guiyang International City D2 Project	539,622	97	May 2017
Xi'an CRCC International City Project	537,545	57	December 2018
Qingxiu Shangcheng Project	518,114	87	December 2016
CRCC Yao Center Project	496,440	71	December 2016
Chengdu CRCC Xipai Lan'an Project	463,903	12	December 2018
CRCC Guobinyuan Project	457,463	59	December 2017
Dalian Qingxiu Lanwan Project	449,212	69	December 2016
6CRCC International Garden Project	398,191	48	December 2016
Others	7,457,265		
	34,120,474		

Notes to Financial Statements (continued)

As at 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

24. Advances from customers (continued)

Note: Details of the advances from customers for the pre-sale of properties are as follows: (continued)

Property name	31 December 2015	Percentage of accumulated pre-sales in advance	Estimated completion date
Yuanxiang Jiayuan Project	1,255,345	70	December 2016
Hefei CRCC International City Project	1,250,102	87	December 2017
Wuhan Wutong Yuan Project	1,184,491	87	March 2016
Jiangsu Qingxiu City Project	1,129,190	33	September 2016
Jinjiang International City Project	989,985	84	February 2016
Jiangnan International City Project	778,277	32	October 2017
Tongrui Jiayuan Owner-Occupied Housing Project	700,914	100	August 2016
CRCC Lidu Project	689,848	59	April 2016
Tongrui Jiayuan Resettlement Project	688,500	100	August 2016
Tianjin CRCC International City Project	675,626	31	April 2018
CRCC Yao Center Project	675,130	58	March 2016
Xi'an CRCC International City Project	659,639	50	December 2018
Xi'an CRCC Yiyuan Project	558,991	31	April 2016
Shanghai CRCC Qingxiu City II Project	554,804	70	December 2016
Jiucheng Yihao Project	373,234	70	December 2018
CRCC Lingxiu City Project	348,362	42	December 2017
Laizhou CRCC International City Project	347,661	68	December 2017
Jiangwan Shanyu City II Project	311,742	35	December 2017
Guangzhou Zengcheng International City Project	311,042	45	September 2017
Beihu Zone Project	307,559	17	September 2018
Guiyang International City D2 Project	305,452	81	May 2017
CRCC Guobinyuan Project	304,385	9	December 2016
Tongrui Jiayuan Price-Capped Housing Project	208,430	58	August 2016
Chengdu CRCC Xipai Lan'an Project	204,960	7	December 2018
Foshan International Gongguan Project	189,217	16	December 2017
Qingxiu Lanwan Project	187,387	64	December 2016
Others	3,446,810		
	18,637,083		

As at 30 June 2016, significant advances from customers aged over one year were as follows:

	Relationship with the Group	30 June 2016 (Unaudited)	Reason for being outstanding
Company 1	Third party	2,905,329	Work performed not billed
Company 2	Third party	221,017	Work performed not billed
Company 3	Third party	174,247	Work performed not billed
Company 4	Third party	145,784	Work performed not billed
Company 5	Third party	142,679	Work performed not billed
		3,589,056	

Notes to Financial Statements (continued)

As at 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

24. Advances from customers (continued)

As at 31 December 2015, significant advances from customers aged over one year were as follows:

	Relationship with the Group	31 December 2015 (Audited)	Reason for being outstanding
Company 1	Third party	2,839,903	Work performed not billed
Company 2	Third party	316,155	Work performed not billed
Company 3	Third party	233,764	Work performed not billed
Company 4	Third party	224,657	Work performed not billed
Company 5	Third party	185,327	Work performed not billed
		3,799,806	

25. Employee benefits payable

For the six months ended 30 June 2016:

	Opening balance (Audited)	Accrued (Unaudited)	Paid (Unaudited)	Closing balance (Unaudited)
Short-term benefits	7,113,779	19,185,836	(19,735,241)	6,564,374
Post-employment benefits (defined contribution plans)	1,482,489	2,103,180	(2,125,511)	1,460,158
	8,596,268	21,289,016	(21,860,752)	8,024,532

2015 (Audited):

	Opening balance	Accrued	Paid	Closing balance
Short-term benefits	6,125,353	36,198,728	(35,210,302)	7,113,779
Post-employment benefits (defined contribution plans)	1,284,859	4,373,388	(4,175,758)	1,482,489
	7,410,212	40,572,116	(39,386,060)	8,596,268

Notes to Financial Statements (continued)

As at 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

25. Employee benefits payable (continued)

Short-term benefits:

For the six months ended 30 June 2016:

	Opening balance (Audited)	Accrued (Unaudited)	Paid (Unaudited)	Closing balance (Unaudited)
Salaries, bonuses, allowances and subsidies	4,543,854	15,149,127	(15,762,749)	3,930,232
Staff welfare	–	729,958	(729,958)	–
Social insurance	1,014,436	1,185,147	(1,176,362)	1,023,221
Including:				
Medical insurance	871,189	1,031,587	(1,021,812)	880,964
Work injury insurance	91,851	97,014	(97,120)	91,745
Maternity insurance	51,396	56,546	(57,430)	50,512
Housing funds	717,822	958,639	(950,906)	725,555
Union fund and employee education fund	458,927	337,339	(259,784)	536,482
Others	378,740	825,626	(855,482)	348,884
	7,113,779	19,185,836	(19,735,241)	6,564,374

2015 (Audited):

	Opening balance	Accrued	Paid	Closing balance
Salaries, bonuses, allowances and subsidies	3,869,628	27,832,191	(27,157,965)	4,543,854
Staff welfare	–	1,576,782	(1,576,782)	–
Social insurance	845,269	2,188,347	(2,019,180)	1,014,436
Including:				
Medical insurance	723,344	1,898,084	(1,750,239)	871,189
Work injury insurance	78,580	179,863	(166,592)	91,851
Maternity insurance	43,345	110,400	(102,349)	51,396
Housing funds	670,457	1,889,204	(1,841,839)	717,822
Union fund and employee education fund	445,064	724,103	(710,240)	458,927
Others	294,935	1,988,101	(1,904,296)	378,740
	6,125,353	36,198,728	(35,210,302)	7,113,779

Notes to Financial Statements (continued)

As at 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

25. Employee benefits payable (continued)

Defined contribution plans:

For the six months ended 30 June 2016:

	Opening balance (Audited)	Accrued (Unaudited)	Paid (Unaudited)	Closing balance (Unaudited)
Basic pension	1,112,025	1,822,809	(1,840,783)	1,094,051
Unemployment insurance	111,301	103,286	(101,807)	112,780
Supplementary pension insurance	259,163	177,085	(182,921)	253,327
	1,482,489	2,103,180	(2,125,511)	1,460,158

2015 (Audited):

	Opening balance	Accrued	Paid	Closing balance
Basic pension	971,424	3,656,496	(3,515,895)	1,112,025
Unemployment insurance	109,473	226,752	(224,924)	111,301
Supplementary pension insurance	203,962	490,140	(434,939)	259,163
	1,284,859	4,373,388	(4,175,758)	1,482,489

26. Taxes payable

	30 June 2016 (Unaudited)	31 December 2015 (Audited)
Value-added tax	613,801	414,416
Corporate income tax	1,069,665	2,419,526
Individual income tax	930,546	1,122,368
City maintenance and construction tax	29,513	339,973
Others	158,493	5,203,454
	2,802,018	9,499,737

27. Interest payables

	30 June 2016 (Unaudited)	31 December 2015 (Audited)
Interest payables for corporate bonds	782,213	726,403
Interest payables for short-term loans	225,911	202,673
Interest payables for long-term loans	142,280	79,294
	1,150,404	1,008,370

Notes to Financial Statements (continued)

As at 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

28. Dividends payable

	30 June 2016 (Unaudited)	31 December 2015 (Audited)
CRCCG	1,135,109	–
PICC Asset Management Co., Ltd.	–	330,146
Beijing Modasi Investment Co., Ltd.	39,971	39,971
Shareholders of A Shares	590,378	–
Shareholders of H Shares	283,131	–
Others	173,562	90,531
	2,222,151	460,648

29. Other payables

	30 June 2016 (Unaudited)	31 December 2015 (Audited)
Guarantees and deposits	15,888,151	14,052,472
Payables for advances	10,768,435	11,239,816
Others	18,215,211	20,141,866
	44,871,797	45,434,154

At the balance sheet date, significant other payables aged over one year were as follows:

	Relationship with the Group	30 June 2016 (Unaudited)	Reasons for not being settled
Company 1	Third party	251,616	Payables not settled
Company 2	Third party	157,276	Demolition not settled
Company 3	Third party	40,000	Deposit not due
Company 4	Third party	32,000	Deposit not due
Company 5	Third party	31,503	Deposit not due
		512,395	

	Relationship with the Group	31 December 2015 (Audited)	Reasons for not being settled
Company 1	Third party	251,616	Payables not settled
Company 2	Third party	157,276	Demolition not settled
Company 3	Third party	40,000	Deposit not due
Company 4	Third party	37,116	Deposit not due
Company 5	Third party	32,000	Deposit not due
		518,008	

Notes to Financial Statements (continued)

As at 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30. Current portion of non-current liabilities

	30 June 2016 (Unaudited)	31 December 2015 (Audited)
Current portion of long-term loans (Note V.32)	20,803,062	28,711,736
Current portion of bonds payable	1,470,000	1,950,000
Current portion of long-term payables (Note V.34)	1,076,531	1,235,960
Current portion of long-term employee benefits payable (Note V.35)	326,525	536,474
	23,676,118	32,434,170

The current portion of long-term loans is presented as follows:

	30 June 2016 (Unaudited)	31 December 2015 (Audited)
Pledged loans (Note V.32 (b) and (d))	489,380	229,380
Mortgaged loans (Note V.32 (c))	4,505,257	4,445,584
Guaranteed loans	1,426,514	4,022,908
Loans on credit	14,381,911	20,013,864
	20,803,062	28,711,736

As at 30 June 2016, the current portion of bonds payable was as follows (Unaudited):

	Principal	Issuing date	Maturity	Amount issued	Interest rate per annum	Opening balance	Interest accrued in the year	Discount or premium amortisation	Interest paid in the year	Closing balance
China Railway 17 th Bureau Group Co., Ltd. – 2014 first issue of private placement note	500,000	25 Jun 2014	3 years	500,000	7.30%	500,000	18,250	-	(36,600)	500,000
Chongqing Tiesha Suiyu Highway Co., Ltd. – First issue of medium-term notes in 2014	470,000	23 Apr 2014	3 years	470,000	6.38%	470,000	13,327	-	(29,986)	470,000
Chongqing Tiesha Suiyu Highway Co., Ltd. – First issue of medium-term notes in 2013	300,000	17 Jul 2013	3 years	300,000	5.36%	300,000	8,129	-	-	300,000
CRCC Harbour & Channel Engineering Bureau Group Co., Ltd. – 2014 first issue of private placement note	200,000	30 Apr 2014	3 years	200,000	7.98%	200,000	7,847	-	(15,960)	200,000
China Railway 15 th Bureau Group Co., Ltd. – 2013 first issue of private placement note	400,000	28 Mar 2013	3 years	400,000	5.90%	400,000	5,302	-	(423,600)	-
China Railway 17 th Bureau Group Co., Ltd. – 2013 first issue of private placement note	500,000	21 Mar 2013	3 years	500,000	5.88%	500,000	7,350	-	(529,400)	-
China Railway 23 rd Bureau Group Co., Ltd. – 2014 first issue of private placement note	150,000	14 Mar 2014	2 years	150,000	7.50%	150,000	2,438	-	(161,250)	-
China Railway 24 th Bureau Group Co., Ltd. – 2014 first issue of private placement note	600,000	11 Apr 2014	3 years	600,000	5.40%	600,000	8,910	-	(632,400)	-
	3,120,000			3,120,000		3,120,000	71,553	-	(1,829,196)	1,470,000

Notes to Financial Statements (continued)

As at 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30. Current portion of non-current liabilities (continued)

As at 31 December 2015, the current portion of bonds payable was as follows (Audited):

	Principal	Issuing date	Maturity	Amount issued	Interest rate per annum	Opening balance	Interest accrued in the year	Discount or premium amortisation	Interest paid in the year	Closing balance
China Railway 15 th Bureau Group Co., Ltd. – 2013 first issue of private placement note	400,000	28 Mar 2013	3 years	400,000	5.90%	400,000	24,505	-	(23,600)	400,000
China Railway 17 th Bureau Group Co., Ltd. – 2013 first issue of private placement note	500,000	21 Mar 2013	3 years	500,000	5.88%	500,000	29,400	-	(29,400)	500,000
China Railway 23 rd Bureau Group Co., Ltd. – 2014 first issue of private placement note	150,000	14 Mar 2014	2 years	150,000	7.50%	150,000	11,250	-	(11,250)	150,000
China Railway 24 th Bureau Group Co., Ltd. – 2014 first issue of private placement note	600,000	11 Apr 2013	3 years	600,000	5.40%	600,000	32,400	-	(32,400)	600,000
Chongqing Tiefu Suiyu Highway Co., Ltd. – First issue of medium-term notes in 2013	300,000	17 Jul 2013	3 years	300,000	5.36%	300,000	15,589	-	(16,080)	300,000
China Railway Co., Ltd. – First issue of medium-term notes in 2010	5,000,000	27 Aug 2010	5 years	5,000,000	3.78%	4,993,958	131,869	6,042	(5,189,000)	-
China Railway 15 th Bureau Group Co., Ltd. – 2012 first issue of private placement note	400,000	23 Nov 2012	3 years	400,000	6.50%	400,000	23,934	-	(426,000)	-
China Railway 25 th Bureau Group Co., Ltd. – 2012 first issue of private placement note	400,000	6 Aug 2012	3 years	400,000	6.10%	400,000	12,100	-	(421,927)	-
	7,750,000			7,750,000		7,743,958	281,047	6,042	(6,149,657)	1,950,000

Notes to Financial Statements (continued)

As at 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

31. Other current liabilities

	30 June 2016 (Unaudited)	31 December 2015 (Audited)
Deferred income (Note V.37)	136,109	116,788
Short-term unsecured financing bonds and private placement note (Note)	302,269	3,595,179
Others	9,471	9,670
	447,849	3,721,637

Note: Other current liabilities represent short-term unsecured financing bonds and private placement note with a fixed interest rate issued by the Group and its subsidiaries. The principal and the interest will be repaid at the end of the term.

Movements of the bonds were as follows:

	Opening balance (Audited)	Increase (Unaudited)	Decrease (Unaudited)	Closing balance (Unaudited)
For the six months ended 30 June 2016	3,595,179	324,951	(3,617,861)	302,269
2015 (Audited)	5,704,924	3,713,255	(5,823,000)	3,595,179

As at 30 June 2016, the balances of the short-term unsecured financing bonds and private placement note were as follows (Unaudited):

Bond	Principal	Issuing date	Interest rate per annum	Maturity	Accrued interest	Closing balance
Chongqing Tiefa Suiyu Highway Co., Ltd. – 2016 first issue of private placement note	300,000	22 April 2016	3.89%	365 days	2,269	302,269

As at 31 December 2015, the balances of the short-term unsecured financing bonds and private placement note were as follows (Audited):

Bond	Principal	Issuing date	Interest rate per annum	Maturity	Accrued interest	Closing balance
China Railway Co., Ltd. – 2015 first tranche	3,000,000	24 Apr 2015	3.97%	270 days	82,228	3,082,228
Chongqing Tiefa Suiyu Highway Co., Ltd. – 2015 first issue of private placement note	500,000	18 May 2015	6.00%	270 days	12,951	512,951
	3,500,000				95,179	3,595,179

Notes to Financial Statements (continued)

As at 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

32. Long-term loans

	30 June 2016 (Unaudited)	31 December 2015 (Audited)
Pledged loans (Note (b) and Note (d))	14,019,750	6,406,750
Mortgaged loans (Note (a) and (c))	7,143,413	6,748,067
Guaranteed loans (Note (e))	8,947,898	8,043,275
Loans on credit	33,146,787	26,200,356
	63,257,848	47,398,448

Notes:

- (a) As at 30 June 2016, long-term bank loans with a carrying amount of RMB830,129,000 (31 December 2015: RMB831,738,000) were secured by mortgages of the Group's buildings with a carrying amount of RMB1,299,554,000 (31 December 2015: RMB1,299,554,000) (Note V.61 (e)).
- (b) As at 30 June 2016, long-term bank loans in the amount of RMB11,209,130,000 including long-term loans due within one year of RMB154,380,000 (31 December 2015: RMB6,106,130,000 including long-term loans due within one year of RMB179,380,000) were secured by a pledge of the Group's concession assets of the BOT Project with a carrying amount of RMB18,844,146,000 (31 December 2015: RMB7,138,624,000) (Note V.61 (f)).
- (c) As at 30 June 2016, long-term bank loans in the amount of RMB10,818,541,000 including long-term loans due within one year of RMB4,505,257,000 (31 December 2015: RMB10,361,913,000 including long-term loans due within one year of RMB4,445,584,000) were secured by mortgages of the Group's inventories with a carrying amount of RMB36,326,995,000 (31 December 2015: RMB32,786,087,000) (Note V.61 (d)).
- (d) As at 30 June 2016, long-term bank loans in the amount of RMB3,300,000,000 including long-term loans due within one year of RMB335,000,000 (31 December 2015: RMB530,000,000 including long-term loans due within one year of RMB50,000,000) were secured by a pledge of trade receivable with a carrying amount of RMB4,180,375,000 (31 December 2015: RMB854,000,000) (Note V.61 (c)).
- (e) As at 30 June 2016, the guaranteed long-term loans were all internally guaranteed by the entities comprising the Group.

As at 30 June 2016, there were no long-term loans defaulted by the Group (31 December 2015: Nil).

The maturity profile of the long-term loans as at the end of the reporting period is as follows:

	30 June 2016 (Unaudited)	31 December 2015 (Audited)
Within one year or on demand (Note V.30)	20,803,062	28,711,736
In the second year, inclusive	15,033,527	10,813,094
In the third to fifth years, inclusive	18,999,561	17,268,616
Beyond five years	29,224,760	19,316,738
	84,060,910	76,110,184

33. Bonds payable

Bonds payable include unsecured medium-term notes and private placement notes with a fixed interest rate issued by the Company and its subsidiaries in National Inter Bank Bond Market. The bond's interest is paid annually whereas the principal is paid at the maturity date. Bonds payable also include the 10-year US dollar bond with a fixed interest rate guaranteed by the Company. The bond's interest is paid semiannually whereas the principal is paid at the maturity date.

	30 June 2016 (Unaudited)	31 December 2015 (Audited)
Bonds payable	42,265,999	31,058,948

Notes to Financial Statements (continued)

As at 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

33. Bonds payable (continued)

As at 30 June 2016, bonds payable were as follows (Unaudited):

	Principal	Issuing date	Maturity	Amount issued	Interest rate per annum	Opening balance	Amount issued in the year	Interest accrued in the year	Discount or premium amortisation	Interest paid in the year	Closing balance
China Railway Co., Ltd. – First issue of medium-term notes in 2011	7,500,000	14 Oct 2011	7 years	7,500,000	6.28%	7,461,968	–	234,213	5,605	–	7,467,573
China Railway Co., Ltd. – First issue of medium-term notes in 2013	10,000,000	20 Jun 2013	7 years	10,000,000	5.10%	9,949,184	–	253,648	8,139	(510,000)	9,957,323
China Railway Co., Ltd. – US\$500 million Zero Coupon Convertible Bond due 2021 (Note)	USD500,000	29 Jan 2016	5 years	USD500,000	0.00%	–	2,426,269	–	84,884	–	2,511,153
China Railway 14 th Bureau Group Co., Ltd. – 2012 first issue of private placement note	400,000	27 Aug 2012	5 years	400,000	6.70%	400,000	–	13,474	–	–	400,000
China Railway 15 th Bureau Group Co., Ltd. – 2014 first issue of private placement note	300,000	4 Sep 2014	3 years	300,000	6.80%	300,000	–	10,172	–	–	300,000
China Railway 15 th Bureau Group Co., Ltd. – 2016 first issue of private placement note	400,000	4 Mar 2016	3 years	400,000	6.80%	–	400,000	5,867	–	–	400,000
China Railway 20 th Bureau Group Co., Ltd. – 2015 first issue of private placement note	700,000	13 Mar 2015	3 years	700,000	6.50%	700,000	–	22,453	–	(43,400)	700,000
China Railway 23 rd Bureau Group Co., Ltd. – 2015 first issue of private placement note	100,000	11 Feb 2015	3 years	100,000	6.30%	99,347	–	2,293	154	–	99,501
China Railway 23 rd Bureau Group Co., Ltd. – 2015 second issue of private placement note	100,000	12 Feb 2015	3 years	100,000	6.30%	99,346	–	2,275	154	–	99,500
China Railway 24 th Bureau Group Co., Ltd. – 2016 first issue of private placement note	600,000	24 Mar 2016	3 years	600,000	4.13%	–	600,000	5,989	–	–	600,000
China Railway 25 th Bureau Group Co., Ltd. – 2014 first issue of private placement note	400,000	28 Oct 2014	3 years	400,000	6.50%	400,000	–	12,929	–	–	400,000
China Railway 25 th Bureau Group Co., Ltd. – 2015 first issue of private placement note	400,000	30 Jan 2015	3 years	400,000	6.50%	400,000	–	12,929	–	(26,000)	400,000
Chongqing Tiesha Suiyu Highway Co., Ltd. – 2014 second issue of private placement note	200,000	31 Jul 2014	3 years	200,000	7.20%	200,000	–	6,834	–	–	200,000
Chongqing Tiesha Suiyu Highway Co., Ltd. – 2014 third issue of private placement note	300,000	31 Oct 2014	3 years	300,000	6.70%	300,000	–	11,494	–	–	300,000
Chongqing Tiesha Suiyu Highway Co., Ltd. – 2014 fourth issue of private placement note	50,000	1 Oct 2014	3 years	50,000	7.05%	50,000	–	1,782	–	–	50,000

Notes to Financial Statements (continued)

As at 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

33. Bonds payable (continued)

As at 30 June 2016, bonds payable were as follows (Unaudited): (continued)

	Principal	Issuing date	Maturity	Amount issued	Interest rate per annum	Opening balance	Amount issued in the year	Interest accrued in the year	Discount or premium amortisation	Interest paid in the year	Closing balance
Chongqing Tieta Suiyu Highway Co., Ltd. – 2014 fifth issue of private placement note	200,000	18 Dec 2014	3 years	200,000	6.50%	200,000	–	5,436	–	–	200,000
Chongqing Tieta Suiyu Highway Co., Ltd. – 2015 first issue of private placement note	200,000	11 Feb 2015	3 years	200,000	6.00%	200,000	–	7,280	–	(12,000)	200,000
China Railway Construction Investment Group Co., Ltd. – 2015 first issue of private placement note	1,000,000	28 Jul 2015	3 years	1,000,000	4.85%	1,000,000	–	24,250	–	–	1,000,000
China Railway Real Estate Co., Ltd. – 2015 first issue of Corporate bond	3,000,000	29 Sep 2015	5 years	3,000,000	4.02%	2,975,074	–	60,300	949	–	2,976,023
China Railway Real Estate Co., Ltd. – 2016 first issue of Corporate bond	2,800,000	8 Jan 2016	5 years	2,800,000	3.70%	–	2,776,044	43,167	3,053	–	2,779,097
China Railway Real Estate Co., Ltd. – 2016 second issue of Corporate bond	3,000,000	20 Jan 2016	5 years	3,000,000	4.58%	–	2,978,770	57,250	1,856	–	2,980,626
China Railway Real Estate Co., Ltd. – 2016 third issue of Corporate bond	1,500,000	19 Apr 2016	5 years	1,500,000	4.80%	–	1,489,500	12,000	313	–	1,489,813
China Railway Real Estate Co., Ltd. – 2016 fourth issue of Corporate bond	1,500,000	24 May 2016	5 years	1,500,000	5.10%	–	1,489,500	6,375	154	–	1,489,654
CRCC Yuxiang Limited 3.5% interest rate Guaranteed Note Due 2023	USD800,000	16 May 2013	10 years	USD800,000	3.50%	5,154,029	–	93,888	111,707	–	5,265,736
						29,888,948	12,160,083	906,298	216,968	(591,400)	42,265,999

Note: The Company issued a five-year Zero Coupon Convertible Bond at \$500 million on 29 January 2016. The conversion period is 10 March 2016 or later, until the end of the tenth operation day before expiration. The price at which H Shares will be issued upon exercise of a Conversion Right will initially be HK\$10.30 per H Share. The fair value of debt component of bond is estimated at the market interest rate of the similar bonds that are not attached to equity at the issue date, the remaining part measured at fair value as other derivatives, placed to other non-current liabilities.

Notes to Financial Statements (continued)

As at 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

33. Bonds payable (continued)

As at 31 December 2015, bonds payable were as follows (Audited):

	Principal	Issuing date	Maturity	Amount issued	Interest rate per annum	Opening balance	Amount issued in the year	Interest accrued in the year	Discount or premium amortisation	Interest paid in the year	Closing balance
China Railway Co., Ltd. – First issue of medium-term notes in 2011	7,500,000	14 Oct 2011	7 years	7,500,000	6.28%	7,450,804	–	481,900	11,164	(471,000)	7,461,968
China Railway Co., Ltd. – First issue of medium-term notes in 2013	10,000,000	20 Jun 2013	7 years	10,000,000	5.10%	9,939,636	–	518,804	9,548	(510,000)	9,949,184
China Railway 14 th Bureau Group Co., Ltd. – 2012 first issue of private placement note	400,000	27 Aug 2012	5 years	400,000	6.70%	400,000	–	27,590	–	(26,800)	400,000
China Railway 15 th Bureau Group Co., Ltd. – 2014 first issue of private placement note	300,000	4 Sep 2014	3 years	300,000	6.80%	300,000	–	20,959	–	(20,400)	300,000
China Railway 17 th Bureau Group Co., Ltd. – 2014 first issue of private placement note	500,000	25 Jun 2014	3 years	500,000	7.30%	500,000	–	36,500	–	(36,500)	500,000
China Railway 20 th Bureau Group Co., Ltd. – 2015 first issue of private placement note	700,000	13 Mar 2015	3 years	700,000	6.50%	–	700,000	33,968	–	–	700,000
China Railway 23 rd Bureau Group Co., Ltd. – 2015 first issue of private placement note	100,000	11 Feb 2015	3 years	100,000	6.30%	–	99,100	4,765	247	(6,300)	99,347
China Railway 23 rd Bureau Group Co., Ltd. – 2015 second issue of private placement note	100,000	12 Feb 2015	3 years	100,000	6.30%	–	99,100	4,765	246	(6,300)	99,346
China Railway 25 th Bureau Group Co., Ltd. – 2014 first issue of private placement note	400,000	28 Oct 2014	3 years	400,000	6.50%	400,000	–	25,929	–	(26,000)	400,000
China Railway 25 th Bureau Group Co., Ltd. – 2015 first issue of private placement note	400,000	30 Jan 2015	3 years	400,000	6.50%	–	400,000	23,863	–	–	400,000
Chongqing Tiesha Suiyu Highway Co., Ltd. – 2014 first issue of private placement note	470,000	23 Apr 2014	3 years	470,000	6.38%	470,000	–	29,985	–	(28,569)	470,000
Chongqing Tiesha Suiyu Highway Co., Ltd. – 2014 second issue of private placement note	200,000	31 Jul 2014	3 years	200,000	7.20%	200,000	–	14,891	–	(14,400)	200,000
Chongqing Tiesha Suiyu Highway Co., Ltd. – 2014 third issue of private placement note	300,000	31 Oct 2014	3 years	300,000	6.70%	300,000	–	20,100	–	(20,100)	300,000

Notes to Financial Statements (continued)

As at 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

33. Bonds payable (continued)

As at 31 December 2015, bonds payable were as follows (Audited): (continued)

	Principal	Issuing date	Maturity	Amount issued	Interest rate per annum	Opening balance	Amount issued in the year	Interest accrued in the year	Discount or premium amortisation	Interest paid in the year	Closing balance
Chongqing Tielia Suiyu Highway Co., Ltd. – 2014 fourth issue of private placement note	50,000	1 Oct 2014	3 years	50,000	7.05%	50,000	-	3,525	-	(3,525)	50,000
Chongqing Tielia Suiyu Highway Co., Ltd. – 2014 fifth issue of private placement note	200,000	18 Dec 2014	3 years	200,000	6.50%	200,000	-	12,584	-	(12,600)	200,000
Chongqing Tielia Suiyu Highway Co., Ltd. – 2015 first issue of private placement note	200,000	11 Feb 2015	3 years	200,000	6.00%	-	200,000	10,800	-	-	200,000
CRCC Harbour & Channel Engineering Bureau Group Co., Ltd. – 2014 first issue of private placement note	200,000	30 Apr 2014	3 years	200,000	7.98%	200,000	-	26,378	-	(15,960)	200,000
China Railway Construction Investment Group Co., Ltd. – 2015 first issue of private placement note	1,000,000	28 Jul 2015	3 years	1,000,000	4.85%	-	1,000,000	20,862	-	-	1,000,000
China Railway Real Estate Co., Ltd. – 2015 first issue of Corporate bond	3,000,000	29 Sep 2015	5 years	3,000,000	4.02%	-	2,973,850	30,150	1,224	-	2,975,074
CRCC Yuxiang Limited 3.5% interest rate Guaranteed Note Due 2023	USD800,000	16 May 2013	10 years	USD800,000	3.50%	4,852,227	-	179,242	301,802	(174,665)	5,154,029
						25,262,667	5,472,050	1,527,560	324,231	(1,373,119)	31,058,948

34. Long-term payables

	30 June 2016 (Unaudited)	31 December 2015 (Audited)
Retention money payables	9,490	1,175
Finance lease payables	1,310,098	1,506,534
Others	1,986,397	701,056
	3,305,985	2,208,765

The maturity profile of long-term payables as at the end of the reporting period is as follows:

	30 June 2016 (Unaudited)	31 December 2015 (Audited)
Within one year (Note V.30)	1,076,531	1,235,960
In the second year, inclusive	872,236	980,397
In the third to fifth years, inclusive	1,947,523	760,290
Beyond five years	486,226	468,078
	4,382,516	3,444,725

Notes to Financial Statements (continued)

As at 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

35. Long-term employee benefits payable

	30 June 2016 (Unaudited)	31 December 2015 (Audited)
Defined benefit plans – post-employment benefits expense	1,351,175	1,416,464

Certain employees of the Group had completely dealt with their respective long-term post-leaving. Post-employment benefits expenses were recognized in the period in which the relevant entities of the Group have entered into agreements with the employees specifying terms, or after the individual employee has been advised of the specific terms. The specific terms vary among the terminated and post-employment benefits depending on various factors including their positions, length of service, and the district in which the employee is located, etc.

The Group's obligations in respect of the defined benefit plan for the post-leaving personnel at the end of the reporting period were computed by an independent actuary, Towers Watson Management Consulting (Shenzhen) Co., Ltd. which is a member of the Society of Actuaries of the United States of America at 30 June 2016, using the projected cumulative unit credit method.

The plan has no defined benefit plan asset.

The plan is exposed to interest rate risk and the risk of changes in the life expectancy for post-leaving personnel.

The principal actuarial assumptions used as at the balance sheet date are as follows:

	30 June 2016 (Unaudited)	31 December 2015 (Audited)
Discount rate (%)	2.50	2.50
Increase in the expected rate of cost of living adjustment for long-term post-leaving personnel (%)	2.50	2.50
Increase in the expected rate of medical reimbursement expenses (%)	8.00	8.00
Average lifetime for defined benefit plans (year)	2–3	2–3

The movements in the present value of the defined benefit plan obligations are as follows:

	For the six months ended 30 June 2016 (Unaudited)	2015 (Audited)
Opening balance	1,952,938	2,521,123
Defined benefit cost recognized in profit or loss	20,282	76,666
Remeasurement effects recognized in other comprehensive income	(340)	(6,668)
Benefit payments	(295,180)	(638,183)
Closing balance	1,677,700	1,952,938
Less: Current portion of long-term post-leaving benefit expenses (Note V.30)	(326,525)	(536,474)
	1,351,175	1,416,464

Notes to Financial Statements (continued)

As at 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

35. Long-term employee benefits payable (continued)

The movements in the defined benefit plan obligations are as follows:

For the six months ended 30 June 2016 (Unaudited)

	Benefit cost charged to income statement					Remeasurement losses/(gains) in other comprehensive income			Closing balance
	Opening balance	Service cost	Net interest	Sub-total included in profit or loss	Benefit paid	Actuarial changes due to financial assumption changes	Actuarial changes due to liability experience	Sub-total included in other comprehensive income	
Defined benefit obligations	1,952,938	-	20,282	20,282	(295,180)	-	(340)	(340)	1,677,700

2015 (Audited)

	Benefit cost charged to income statement					Remeasurement losses/(gains) in other comprehensive income			Closing balance
	Opening balance	Service cost	Net interest	Sub-total included in profit or loss	Benefit paid	Actuarial changes due to financial assumption changes	Actuarial changes due to liability experience	Sub-total included in other comprehensive income	
Defined benefit obligations	2,521,123	(550)	77,216	76,666	(638,183)	47,420	(54,088)	(6,668)	1,952,938

36. Special payables

For the six months ended 30 June 2016

	Opening balance (Audited)	Additions (Unaudited)	Deductions (Unaudited)	Closing balance (Unaudited)
Research and development funds	62,017	5,157	(17,178)	49,996
Specific project funds	489,680	62,775	(29,562)	522,893
Others	351	300	(211)	440
	552,048	68,232	(46,951)	573,329

2015 (Audited)

	Opening balance	Additions	Deductions	Closing balance
Research and development funds	77,098	40,482	(55,563)	62,017
Specific project funds	339,787	251,828	(101,935)	489,680
Others	551	-	(200)	351
	417,436	292,310	(157,698)	552,048

Notes to Financial Statements (continued)

As at 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

37. Deferred income

For the six months ended 30 June 2016 (Unaudited)

	Opening balance (Audited)	Additions (Unaudited)	Deductions (Unaudited)	Closing balance (Unaudited)
Government grants related to assets	421,377	32,935	(11,139)	443,173
Government grants related to income	4,856	26,786	(517)	31,125
Others	23,424	3	(22,462)	965
	449,657	59,724	(34,118)	475,263
Less: current portion of deferred income (Note V. 31)	(116,788)	(19,321)	–	(136,109)
	332,869	40,403	(34,118)	339,154

2015 (Audited)

	Opening balance	Additions	Deductions	Closing balance
Government grants related to assets	184,288	303,278	(66,189)	421,377
Government grants related to income	43,067	16,380	(54,591)	4,856
Others	5,892	25,551	(8,019)	23,424
	233,247	345,209	(128,799)	449,657
Less: current portion of deferred income (Note V. 31)	(28,141)	(88,647)	–	(116,788)
	205,106	256,562	(128,799)	332,869

As at 30 June 2016, government grants related to liabilities were as follows:

	Opening balance (Audited)	Additions (Unaudited)	Included in non-operating income this year (Unaudited)	Other changes (Unaudited)	Closing balance (Unaudited)	Related to assets/income
Equipment appropriation from Ministry of Railway Hangzhou East Railway Station Junction Project and Pengbu District Nongzhuanju Apartment and Utility Project Demolition Fund	21,000	–	(8,000)	–	13,000	Related to assets
Enterprise Development and Support Fund	51,555	–	–	–	51,555	Related to assets
Jiyu Highway Project	23,448	–	(2,697)	–	20,751	Related to assets
Government Grants	90,000	–	–	–	90,000	Related to assets
Anzi Highway Project	95,000	–	–	–	95,000	Related to assets
Government Grants	91,380	–	–	–	91,380	Related to assets
Xiusong Highway Project	32,867	22,214	–	–	55,081	Related to assets
Government Grants	20,983	37,507	(959)	–	57,531	Related to assets
Others						
Total	426,233	59,721	(11,656)	–	474,298	

Notes to Financial Statements (continued)

As at 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

37. Deferred income (continued)

As at 31 December 2015, government grants related to liabilities were as follows (Audited):

	Opening balance	Additions	Included in non-operating income this year	Other changes	Closing balance	Related to assets/income
Equipment appropriation from Ministry of Railway Hangzhou East Railway Station Junction Project and Pengbu District Nongzhanju Apartment and Utility Project Demolition Fund	41,000	–	(20,000)	–	21,000	Related to assets
Relocation compensation Enterprise Development and Support Fund	51,555	–	–	–	51,555	Related to assets
Jiyu Highway Project Government Grants	40,100	–	(40,100)	–	–	Related to assets
Anzi Highway Project Government Grants	28,842	–	(5,394)	–	23,448	Related to assets
Xiusong Highway Project Government Grants	–	90,000	–	–	90,000	Related to assets
Others	–	95,000	–	–	95,000	Related to assets
	20,000	71,380	–	–	91,380	Related to assets
	45,858	63,278	(17,010)	(38,276)	53,850	
Total	227,355	319,658	(82,504)	(38,276)	426,233	

38. Other non-current liabilities

	Opening balance (Audited)	Increase (Unaudited)	Decrease (Unaudited)	Closing balance (Unaudited)
The Convertible Bond Derivatives (Note V.33)	–	1,069,910	–	1,069,910

Notes to Financial Statements (continued)

As at 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

39. Share capital

For the six months ended 30 June 2016

	Opening balance (Audited)	Increase (Unaudited)	Decrease (Unaudited)	Closing balance (Unaudited)
Restricted shares				
– CRCCG	1,150	–	(1,150)	–
– RMB ordinary shares (A shares)	1,242,000	–	–	1,242,000
Unrestricted shares				
– RMB ordinary shares (A shares)	10,015,096	1,150	–	10,016,246
– Overseas listed foreign shares (H shares)	2,076,296	–	–	2,076,296
– National Social Security Fund	245,000	–	–	245,000
	13,579,542	1,150	(1,150)	13,579,542

2015 (Audited)

	Opening balance	Increase	Decrease	Closing balance
Restricted shares				
– CRCCG (<i>Note (a)</i>)	–	1,150	–	1,150
– RMB ordinary shares (A shares) (<i>Note (b)</i>)	–	1,242,000	–	1,242,000
Unrestricted shares				
– RMB ordinary shares (A shares) (<i>Note (a)</i>)	10,016,246	–	(1,150)	10,015,096
– Overseas listed foreign shares (H shares)	2,076,296	–	–	2,076,296
– National Social Security Fund	245,000	–	–	245,000
	12,337,542	1,243,150	(1,150)	13,579,542

Note (a): CRCCG, the controlling shareholder of the Company, increased its shareholding by purchasing 1,150,000 shares of the Company through the secondary market from 8 July 2015 to 31 December 2015 at an average price of RMB15.867 per share, representing 0.00932% of the total share capital of the Company (the "Increase in Shareholding"). CRCCG undertook not to reduce its shareholding in the Company during the implementation of the Increase in Shareholding and within the statutory period. Prior to the Increase in Shareholding, CRCCG held 7,566,245,500 shares of the Company. Upon the Increase in Shareholding, CRCCG held 7,567,395,500 shares of the Company.

Note (b): On 13 July 2015, the Company completed the non-public issuance of 1,242,000,000 A shares. The total proceeds raised by the Company amounted to RMB9,936,000,000. After deducting the relevant issue expenses of RMB113,057,000, the actual net proceeds raised by the Company amounted to RMB9,822,943,000, of which the total additional share capital amounted to RMB1,242,000,000 and the total capital reserve amounted to RMB8,580,943,000. The shares subscribed by the target subscribers shall be subject to a lock-up period of 12 months.

Notes to Financial Statements (continued)

As at 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

40. Capital reserve

For the six months ended 30 June 2016

	Opening balance (Audited)	Increase (Unaudited)	Decrease (Unaudited)	Closing balance (Unaudited)
Share premium	41,241,813	–	–	41,241,813
Relocation compensation granted by government	124,992	–	–	124,992
Acquisition of non-controlling interests	(465,778)	–	–	(465,778)
Others	(506,626)	–	(667)	(507,293)
	40,394,401	–	(667)	40,393,734

2015 (Audited)

	Opening balance	Increase	Decrease	Closing balance
Share premium	35,306,711	9,033,328	(3,098,226)	41,241,813
Relocation compensation granted by government	112,160	12,832	–	124,992
Acquisition of non-controlling interests	(467,412)	1,634	–	(465,778)
Others	(506,626)	–	–	(506,626)
	34,444,833	9,047,794	(3,098,226)	40,394,401

Notes to Financial Statements (continued)

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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

41. Other comprehensive income

Accumulated balance of other comprehensive income attributable to owners of the Company from the balance sheet:

	1 January 2015 (Audited)	Increase/ (decrease) (Audited)	31 December 2015 (Audited)	Increase/ (decrease) (Unaudited)	30 June 2016 (Unaudited)
Remeasurement of defined benefit obligation	(205,397)	1,763	(203,634)	2,677	(200,957)
Other comprehensive income to be reclassified to profit or loss in subsequent periods, share of other comprehensive income of associates, under the equity method	(100,925)	(104,096)	(205,021)	87,715	(117,306)
Changes in fair value of available-for-sale financial assets,	220,883	1,051,908	1,272,791	(448,678)	824,113
Exchange differences on translation of foreign operation	335,060	(39,452)	295,608	(36,980)	258,628
	249,621	910,123	1,159,744	(395,266)	764,478

Accumulated balance of other comprehensive income attributable to Non-controlling interests from the balance sheet:

	1 January 2015 (Audited)	Increase/ (decrease) (Audited)	31 December 2015 (Audited)	Increase/ (decrease) (Unaudited)	30 June 2016 (Unaudited)
Changes in fair value of available-for-sale financial assets	-	-	-	(2,526)	(2,526)

Notes to Financial Statements (continued)

As at 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

41. Other comprehensive income (continued)

Other comprehensive income from the statement of profit or loss:

For the six months ended 30 June 2016 (Unaudited)

	Other comprehensive income before tax	Less: Income tax effect	Attributable to owners of the Company	Attributable to Non-controlling interests
Other comprehensive income not to be reclassified to profit or loss in subsequent periods				
Remeasurement of defined benefit obligation	340	2,337	2,677	–
Other comprehensive income to be reclassified to profit or loss in subsequent periods				
Other comprehensive income to be reclassified to profit or loss in subsequent periods, share of other comprehensive income of associates, under the equity method	87,715	–	87,715	–
Changes in fair value of available-for-sale financial assets	(598,923)	147,719	(448,678)	(2,526)
Exchange differences on translation of foreign operation	(36,980)	–	(36,980)	–

For the six months ended 30 June 2015 (Unaudited)

	Other comprehensive income before tax	Less: Income tax effect	Attributable to owners of the Company	Attributable to Non-controlling interests
Other comprehensive income not to be reclassified to profit or loss in subsequent periods				
Remeasurement of defined benefit obligation	(29,350)	7,287	(22,063)	–
Other comprehensive income to be reclassified to profit or loss in subsequent periods				
Other comprehensive income to be reclassified to profit or loss in subsequent periods, share of other comprehensive income of associates, under the equity method	(110,545)	–	(110,545)	–
Changes in fair value of available-for-sale financial assets	2,344,109	(577,450)	1,766,659	–
Exchange differences on translation of foreign operation	18,982	–	18,982	–

Notes to Financial Statements (continued)

As at 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

42. Other equity instruments

For the six months ended 30 June 2016

		Opening balance (Audited)	Increase (Unaudited)	Closing balance (Unaudited)
2016 renewable corporate bonds (first tranche)	<i>Note</i>	–	7,992,104	7,992,104

Note: On 29 June 2016, the Company issued RMB8,000,000,000 in an aggregate principal amount of 2016 renewable corporate bonds (first tranche). The net proceeds from the issuance amounting to RMB7,992,104,000, net of the relevant expenses of issuance of RMB7,896,000 (including underwriting fee, lawyer fee and accountant fee), was included in other equity instruments.

43. Special reserve

The Group provided for and utilized safety production expenses according to the Circular on Printing and Issuing the Management Measures on the Enterprises Production Safety Expense of Enterprises Appropriation and Utilization (2012. No. 16) issued by the Ministry of Finance and the State Administration of Work Safety. Further details are stated in *Note III.28*.

44. Surplus reserve

For the six months ended 30 June 2016

		Opening balance (Audited)	Increase (Unaudited)	Closing balance (Unaudited)
Statutory surplus reserve	<i>Note</i>	2,120,232	–	2,120,232

2015 (Audited)

		Opening balance	Increase	Closing balance
Statutory surplus reserve	<i>Note</i>	1,794,862	325,370	2,120,232

Note: In accordance with the Company Law and the Company's Articles of Association, the Company appropriated 10% of the net profit to the surplus reserve. Where the accumulated amount of surplus reserve reaches 50% of the Company's registered capital, additional appropriation will not be needed.

The Company and certain of its subsidiaries are authorised to allocate discretionary surplus reserve from profit after tax after the allocation of statutory reserve. Upon the approval of the board, the discretionary surplus reserve can be used to offset previous years' losses or increase the share capital.

Notes to Financial Statements (continued)

As at 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

45. Retained earnings

	For the six months ended 30 June 2016 (Unaudited)	2015 (Audited)
Retained earnings at beginning of the period/year	54,411,072	43,941,595
Net profit attributable to the owners	5,822,183	12,645,478
Less: Appropriation for surplus reserve	–	(325,370)
Ordinary share cash dividends declared	Note (2,036,931)	(1,850,631)
Retained earnings at the period/year end	58,196,324	54,411,072

Note: In accordance with the resolution at the 2015 annual general meeting of shareholders on 16 June 2016, the Company declared cash dividend for the year ended 31 December 2015 of RMB0.15 per share (2015: RMB0.15 per share), which amounted to RMB2,036,931,000 (2015: RMB1,850,631,000) based on 13,579,541,500 ordinary shares in issue. By 30 June 2016, the dividend has not been paid.

46. Revenue and cost of sales

Operating revenue represents the invoice value of goods sold net of returns and trade discounts, which contains an appropriate proportion of construction contracts revenue, the value of the service provided and net amount of lease income received.

	For the six months ended 30 June			
	2016		2015	
	Revenue (Unaudited)	Cost of sales (Unaudited)	Revenue (Unaudited)	Cost of sales (Unaudited)
Revenue from principal operations	265,587,930	238,529,600	262,106,221	233,521,750
Other operating revenue	1,139,269	869,790	788,043	569,641
	266,727,199	239,399,390	262,894,264	234,091,391

An analysis of the Group's operating revenue by sector is as follows:

	For the six months ended 30 June	
	2016 (Unaudited)	2015 (Unaudited)
Construction operations	232,171,525	228,488,288
Real estate operations	7,504,768	5,924,448
Manufacturing operations	6,258,818	6,265,059
Survey, design and consultancy operations	4,741,063	4,114,881
Other business operations	16,051,025	18,101,588
	266,727,199	262,894,264

Notes to Financial Statements (continued)

As at 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

47. Business tax and surcharges

	For the six months ended 30 June	
	2016 (Unaudited)	2015 (Unaudited)
Business tax	3,762,479	6,540,352
City maintenance and construction tax	218,653	354,511
Others	416,283	677,348
	4,397,415	7,572,211

48. Selling and distribution expenses

	For the six months ended 30 June	
	2016 (Unaudited)	2015 (Unaudited)
Employee compensation costs	875,455	676,510
Advertising and publicity expenses	447,469	452,597
Transportation expenses	281,910	213,796
Others	191,085	185,833
	1,795,919	1,528,736

49. General and administrative expenses

	For the six months ended 30 June	
	2016 (Unaudited)	2015 (Unaudited)
Employee compensation costs	4,464,018	4,101,316
Research and development expenses	4,395,854	3,715,764
Depreciation expenses	394,591	456,528
Office, traveling and transportation expenses	410,041	468,670
Others	1,266,015	1,235,165
	10,930,519	9,977,443

Notes to Financial Statements (continued)

As at 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

50. Finance costs

	For the six months ended 30 June	
	2016 (Unaudited)	2015 (Unaudited)
Interest expenses	4,437,202	5,437,668
Less: interest income	(815,133)	(1,414,045)
Interest capitalized	(2,199,174)	(1,799,065)
Exchange gains	230,752	36,733
Bank charges and others	380,270	351,219
	2,033,917	2,612,510

The Group's interest expenses are as follows:

	For the six months ended 30 June	
	2016 (Unaudited)	2015 (Unaudited)
Interest on loans wholly repayable within five years	3,030,292	4,119,183
Interest on loans repayable beyond five years	251,126	213,605
Interest on finance leases	44,874	82,130
Interest on discounted bills	108,108	192,919
Interest on corporate bonds	1,002,802	829,831
	4,437,202	5,437,668

The amount of capitalized interest has been included in the balances of fixed assets (*Note V.13*), construction in progress (*Note V.14*), intangible assets (*Note V.15*) and properties under development (*Note V.7 (1)*).

51. Impairment losses

	For the six months ended 30 June	
	2016 (Unaudited)	2015 (Unaudited)
Provisions for bad debts	267,302	617,710
Provisions for decline in value of inventories	7,171	31,800
Impairment of available-for-sale financial assets	–	3
	274,473	649,513

Notes to Financial Statements (continued)

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(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

52. (Losses)/Gains on fair value changes

	For the six months ended 30 June	
	2016 (Unaudited)	2015 (Unaudited)
Financial assets and liabilities at fair value through profit or loss	(264,514)	21,501

53. Investment income

	For the six months ended 30 June	
	2016 (Unaudited)	2015 (Audited)
Share of net income of associates and jointly-controlled entities	31,223	95,963
Investment income from disposal of other long-term equity investments	2,982	8,555
Investment income gained during the period in which the Company held available-for-sale financial assets	46,166	49,468
Investment income from disposal of financial assets at fair value through profit or loss	1,096	104
Investment income from disposal of available for sale financial assets	5,578	113,846
Others	151	1,654
	87,196	269,590

54. Non-operating income

	For the six months ended 30 June		
	2016 (Unaudited)	2015 (Unaudited)	Non-recurring profit or loss in six months ended 30 June 2016 (Unaudited)
Government grants	107,232	176,135	99,082
Gains on disposal of non-current assets	45,005	53,599	45,005
Including: Gains on disposal of fixed assets	41,055	22,462	41,055
Gains on disposal of intangible assets	3,950	31,137	3,950
Gains on compensation, penalties and fines	40,587	62,038	40,587
Gains from unpayable accounts	6,926	5,035	6,926
Others	59,158	56,508	59,158
	258,908	353,315	250,758

Notes to Financial Statements (continued)

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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

54. Non-operating income (continued)

Government grants credited to profit or loss for the period are as follows:

	For the six months ended 30 June		Related to income/assets
	2016 (Unaudited)	2015 (Unaudited)	
Enterprise development funding	23,636	50,940	Related to income
Enterprise development funding	2,697	2,436	Related to assets
Refund of taxes	19,227	11,467	Related to income
Equipment funding from the Ministry of Railways	8,000	8,000	Related to assets
Equipment funding from the Ministry of Finance	150	150	Related to income
Economic and technological cooperation special funds	5,469	70,229	Related to income
Relocation compensation	34,673	524	Related to income
Others	13,380	32,389	Related to income/ assets
	107,232	176,135	

55. Non-operating expenses

	For the six months ended 30 June		Non-recurring profit or loss in six months ended 30 June 2016 (Unaudited)
	2016 (Unaudited)	2015 (Unaudited)	
Loss on disposal of non-current assets	132,612	34,020	132,612
Including: Loss on disposal of fixed assets	132,612	33,842	132,612
Loss on disposal of intangible assets	–	178	–
Loss on compensation, penalties and fines	49,782	36,539	49,782
Donations	2,217	2,641	2,217
Others	26,496	35,467	26,496
	211,107	108,667	211,107

Notes to Financial Statements (continued)

As at 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

56. Costs and expenses classified by nature

The Group's costs and expenses classified by nature are listed below:

	For the six months ended 30 June	
	2016 (Unaudited)	2015 (Unaudited)
Cost of services rendered	215,354,105	208,622,381
Cost of goods sold	24,045,285	25,469,010
Employee compensation costs (Note. V48, 49)	5,339,473	4,777,826
Research and development expenses	4,395,854	3,715,764
Depreciation expenses on fixed assets (Note (a))	421,842	477,450
Amortization expenses on intangible assets (Note (b))	80,760	77,427

Note (a): Depreciation of RMB5,458,855,000 (For the six months ended 30 June 2015: RMB4,901,348,000) is included in the "Cost of sales" on the face of the consolidated statement of profit or loss for the six months ended 30 June 2016.

Note (b): Amortization of RMB97,831,000 (For the six months ended 30 June 2015: RMB75,236,000) is included in the "Cost of sales" on the face of the consolidated statement of profit or loss for the six months ended 30 June 2016.

57. Income tax expenses

	For the six months ended 30 June	
	2016 (Unaudited)	2015 (Unaudited)
Current tax expenses – Mainland China	1,709,823	1,441,346
Current tax expenses – Hong Kong	129	110
Current tax expenses – Others	1,133	3,311
Deferred tax expenses	(144,230)	(40,665)
	1,566,860	1,404,102

Hong Kong profits tax has been provided at the rate of 16.5% (For the six months ended 30 June 2015: 16.5%) on the estimated assessable profits arising in Hong Kong during the year.

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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

57. Income tax expenses (continued)

A reconciliation of the income tax expense applicable to total profit at the statutory income tax rate to the income tax expense at the Group's effective tax rate is as follows:

	For the six months ended 30 June	
	2016 (Unaudited)	2015 (Unaudited)
Total profit	7,766,049	6,998,199
Income tax at the statutory income tax rate of 25% (Note (a))	1,941,512	1,749,550
Tax effect of lower tax rates for some subsidiaries	(604,649)	(386,722)
Tax effect of share of profits and losses of jointly-controlled entities and associates (Note (b))	(7,806)	(23,991)
Income not subject to tax	(122,721)	(83,728)
Expenses not deductible for tax purposes	40,345	51,121
Tax losses utilised from previous years	(26,858)	(29,298)
Income tax benefits on research and development expenses	(234,467)	(172,979)
Tax losses not recognized	308,512	181,006
Tax effect of impairment losses with no deferred tax assets recognised	97,187	63,523
Adjustments in respect of current income tax of previous periods	12,437	(1,383)
Other	163,368	57,003
Tax expense at the Group's effective tax rate	1,566,860	1,404,102

Notes:

- (a) The income tax of the Group is calculated based on the estimated taxable profit arising in China and the applicable tax rate. Tax arising from the taxable income in other regions is calculated at the applicable tax rate according to existing laws, interpretations and practices of the country/jurisdiction in which the Group operates.
- (b) For the six months ended 30 June 2016, the share of tax attributable to jointly-controlled entities and associates amounting to RMB2,005,000 (For the six months ended 30 June 2015: RMB2,201,000) and RMB1,038,000 (For the six months ended 30 June 2015: RMB2,077,000), respectively, is included in the "Investment income-share of profits and losses of associates and jointly-controlled entities" on the face of the consolidated statement of profit or loss.

Notes to Financial Statements (continued)

As at 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

58. Earnings per share

The basic earnings per share is calculated based on the net profit for the period attributable to the ordinary shareholders of the Company and the weighted average number of outstanding ordinary shares during the period.

	For the six months ended 30 June	
	2016 (Unaudited)	2015 (Unaudited)
Earnings		
Net profit attributable to ordinary shareholders of the Company	5,822,183	5,330,703
Shares		
Weighted average number of the outstanding ordinary shares of the Company (Note (a))	13,579,541,500	12,337,541,500
Basic earnings per share (RMB/share)	0.43	0.43
Diluted earnings per share (RMB/share) (Note (b))	0.42	N/A

Note (a): As disclosed in Note 1 to these financial statements, after the issuance of A shares and H shares in 2008 and the non-public issuance of A shares in July 2015, the Company has issued an aggregate of 13,579,541,500 outstanding ordinary shares.

Note (b): The Company issued a five-year Zero Coupon Convertible Bond at \$500 million in the current period, of which the conversion rights will be expired on 29 January 2021. Based on the initial conversion price of HK\$10.30 per H share, the bonds are convertible to 378,368,932 shares of H share, and the diluted earnings per share is RMB0.42.

59. Notes to the consolidated statement of cash flows

	For the six months ended 30 June	
	2016 (Unaudited)	2015 (Unaudited)
(1) Cash received relating to other operating activities:		
Guarantees and deposits	1,835,679	247,231
Sale of raw materials	837,091	135,089
Rental income of fixed assets	401,538	303,618
Business management income	288,643	243,936
Property management income	187,558	132,542
Government grants	107,232	176,135
Training income	64,367	57,345
The special payables received from government for land requisition and demolishing	–	410,000
Others	101,740	109,050
	3,823,848	1,814,946
(2) Cash paid relating to other operating activities:		
Guarantees and deposits	1,323,934	81,926
Office and traveling expenses	697,236	682,466
Repair and maintenance costs	301,653	304,715
Sales service expenses	250,606	244,767
Others	792,418	836,269
	3,365,847	2,150,143

Notes to Financial Statements (continued)

As at 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

60. Supplementary information to the statement of cash flows

(1) Supplementary information to the consolidated statement of cash flows

	For the six months ended 30 June	
	2016 (Unaudited)	2015 (Unaudited)
Reconciliation of net profit to cash flows (used in)/from operating activities		
Net profit	6,199,189	5,594,097
Plus: Provision for impairment of assets	274,473	649,513
Depreciation of fixed assets	5,880,697	5,378,798
Amortization of intangible assets	178,591	152,663
Losses/(Gains) from disposal of fixed assets, intangible assets and other long-term assets	87,607	(19,579)
Losses/(Gains) from changes in fair value	264,514	(21,501)
Finance costs	1,653,647	2,261,291
Investment income	(87,196)	(269,590)
Increase in deferred tax assets	(143,767)	(44,099)
(Decrease)/Increase in deferred tax liabilities	(464)	3,435
Increase in inventories	(24,031,605)	(11,201,457)
Increase in operating receivables	(9,566,271)	(5,245,367)
Increase in operating payables	5,648,725	8,985,881
Net (increase)/decrease in balances with the central bank	(97,935)	665,059
Net cash flows (used) in/from operating activities	(13,739,795)	6,889,144

Major non-cash investing and financing activities:

	For the six months ended 30 June	
	2016 (Unaudited)	2015 (Unaudited)
Fixed assets held under finance leases	267,655	20,503

Changes in cash and cash equivalents:

	For the six months ended 30 June	
	2016 (Unaudited)	2015 (Unaudited)
Cash at the end of year	101,797,163	85,846,445
Less: opening balance of cash	(106,259,831)	(77,830,348)
Plus: closing balance of cash equivalents	3,049,960	1,394,490
Less: opening balance of cash equivalents	(2,210,722)	(6,927,157)
Net (decrease)/increase in cash and cash equivalents	(3,623,430)	2,483,430

Notes to Financial Statements (continued)

As at 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

60. Supplementary information to the statement of cash flows (continued)

(2) Cash and cash equivalents

	30 June 2016 (Unaudited)	31 December 2015 (Audited)
Cash	101,797,163	106,259,831
Including: cash on hand	218,722	157,251
cash with banks/financial institutions without restrictions	101,578,441	106,102,580
Cash equivalents	3,049,960	2,210,722
Closing balance of cash and cash equivalents	104,847,123	108,470,553

61. Assets with title restrictions

	30 June 2016 (Unaudited)	31 December 2015 (Audited)	
Cash and bank balances	8,197,761	7,685,186	Note (a)
Bills receivable	–	11,300	Note (b)
Accounts receivable	7,037,559	7,228,148	Note (c)
Inventories	36,326,995	32,786,087	Note (d)
Fixed assets	1,304,554	1,316,554	Note (e)
Intangible assets	18,844,146	7,138,624	Note (f)
	71,711,015	56,165,899	

Notes:

- (a) As at 30 June 2016, the Group's none deposits (31 December 2015: RMB63,000) were pledged to obtain loans. As at 30 June 2016, the Group held frozen deposits of RMB158,639,000 (31 December 2015: RMB95,709,000), the residual amount of RMB4,913,116,000 (31 December 2015: RMB4,561,343,000) was a deposit. CRCC Finance Company Limited placed RMB3,126,006,000 (31 December 2015: RMB3,028,071,000) in the central bank as mandatory reserves.
- (b) As at 30 June 2016, the Group's none bills receivable (31 December 2015: RMB11,300,000) were pledged for drawing bills payable.
- (c) As at 30 June 2016, the Group's accounts receivable of RMB7,037,559,000 (31 December 2015: RMB7,228,148,000) were pledged to obtain loans.
- (d) As at 30 June 2016, the Group's inventories of RMB36,326,995,000 (31 December 2015: RMB32,786,087,000) were mortgaged to obtain loans.
- (e) As at 30 June 2016, Group's fixed assets of RMB1,304,554,000 (31 December 2015: RMB1,316,554,000) were mortgaged to obtain loans.
- (f) As at 30 June 2016, Group's concession assets of RMB18,844,146,000 (31 December 2015: RMB7,138,624,000) were mortgaged to obtain loans. For the six months ended 30 June 2016, the amortization amount of these concession assets was RMB103,359,000 (2015: RMB140,433,000).

Notes to Financial Statements (continued)

As at 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

62. Foreign currency monetary items

	30 June 2016 (Unaudited)			31 December 2015 (Audited)		
	Original currency	Exchange rate	RMB	Original currency	Exchange rate	RMB
Cash and bank balances						
U.S. Dollar	892,951	6.63120	5,921,337	585,372	6.49360	3,801,172
Singapore Dollar	331,197	4.92390	1,630,781	65,530	4.58750	300,619
Algerian Dinar	7,273,084	0.05989	435,585	16,975,618	0.06029	1,023,460
Pakistan Rupee	3,887,313	0.06282	244,201	637,398	0.06110	38,945
Hong Kong Dollar	196,180	0.85467	167,669	160,144	0.83778	134,165
Others			2,262,243			1,790,528
Total			10,661,816			7,088,889

	30 June 2016 (Unaudited)			31 December 2015 (Audited)		
	Original Currency	Exchange Rate	RMB	Original Currency	Exchange Rate	RMB
Accounts receivable						
U.S. Dollar	89,560	6.63120	593,890	101,627	6.49360	659,925
Saudi Riyal	281,070	1.77086	497,736	266,540	1.72863	460,749
Tanzanian Shilling	92,360,708	0.00302	278,929	116,531,700	0.00294	342,603
Australian Dollar	42,024	4.94520	207,817	73,537	4.72760	347,654
UAE Dirham	94,770	1.80852	171,393	78,524	1.76626	138,694
Others			510,218			709,866
Total			2,259,983			2,659,491

	30 June 2016 (Unaudited)			31 December 2015 (Audited)		
	Original Currency	Exchange Rate	RMB	Original Currency	Exchange Rate	RMB
Other receivables						
Saudi Riyal	99,332	1.77086	175,903	55,670	1.72863	96,233
Kuwaiti Dinar	6,155	21.97350	135,247	1,519	21.34340	32,421
U.S. Dollar	8,879	6.63120	58,878	63,387	6.49360	411,610
Singapore Dollar	9,199	4.92390	45,295	257	4.58750	1,179
Algerian Dinar	580,199	0.05989	34,748	1,129,613	0.06029	68,104
Others			197,681			236,790
Total			647,752			846,337

Notes to Financial Statements (continued)

As at 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

62. Foreign currency monetary items (continued)

	30 June 2016 (Unaudited)			31 December 2015 (Audited)		
	Original Currency	Exchange Rate	RMB	Original Currency	Exchange Rate	RMB
Short-term loans						
U.S. Dollar	609,300	6.63120	4,040,390	646,421	6.49360	4,197,599
European Euro	40,067	7.37500	295,494	–	7.09520	–
The UAE Dirham	35,290	1.80852	63,823	10,000	1.76626	17,663
Saudi Riyal	33,250	1.77086	58,881	–	1.72863	–
Malaysian Ringgit	80,400	1.64467	132,231	50,400	1.63870	82,590
Kuwaiti Dinar	7,270	21.97350	159,747	2,798	21.34340	59,719
Total			4,750,566			4,357,571

	30 June 2016 (Unaudited)			31 December 2015 (Audited)		
	Original currency	Exchange rate	RMB	Original currency	Exchange rate	RMB
Accounts payable						
Algerian Dinar	33,875,070	0.05989	2,028,778	41,235,655	0.06029	2,486,098
Singapore Dollar	158,834	4.92390	782,083	1,541	4.58750	7,069
Saudi Riyal	279,653	1.77086	495,226	274,459	1.72863	474,438
U.S. Dollar	60,916	6.63120	403,946	44,093	6.49360	286,322
Georgian Lari	101,260	2.85682	289,282	49,965	1.76626	88,251
Others			501,520			691,880
Total			4,500,835			4,034,058

	30 June 2016 (Unaudited)			31 December 2015 (Audited)		
	Original currency	Exchange rate	RMB	Original currency	Exchange rate	RMB
Other payables						
Saudi Riyal	275,072	1.77086	487,114	80,885	1.72863	139,820
Nigerian Naira	13,928,074	0.02336	325,360	14,007,208	0.03222	451,312
Hong Kong Dollar	87,495	0.85467	74,779	76,112	0.83778	63,765
U.S. Dollar	7,975	6.63120	52,884	7,050	6.49360	45,780
Algerian Dinar	699,563	0.05989	41,897	712,840	0.06029	42,977
Others			168,989			155,542
Total			1,151,023			899,196

	30 June 2016 (Unaudited)			31 December 2015 (Audited)		
	Original currency	Exchange rate	RMB	Original currency	Exchange rate	RMB
Long-term loans						
U.S. Dollar	701,340	6.63120	4,650,726	1,136,000	6.49360	7,376,730
European Euro	29,181	7.37500	215,210	36,722	7.09520	260,550
Singapore Dollar	–	4.92390	–	60,000	4.58750	275,250
Hong Kong Dollar	701,340	0.85467	6,701	8,055	0.83778	6,748
Total			4,872,637			7,919,278

	30 June 2016 (Unaudited)			31 December 2015 (Audited)		
	Original currency	Exchange rate	RMB	Original currency	Exchange rate	RMB
Bonds payable						
U.S. Dollar	1,172,773	6.63120	7,776,889	793,709	6.49360	5,154,029

Notes to Financial Statements (continued)

As at 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

VI. BUSINESS COMBINATIONS INVOLVING ENTITIES NOT UNDER COMMON CONTROL

1. Business combinations involving entities not under common control

On 17 December 2015, the Company entered into the Equity Transfer Agreement and Supplements with the company CIDEON Holding GmbH & Co. KG and Rittal Software Systems International Stiftung & Co. KG to acquire 100% of the equity interest of CIDEON Engineering GmbH & Co. KG, CIDEON Engineering Verwaltungs GmbH and CIDEON Schweiz AG at the cash consideration of RMB104,080,000. On 3 February 2016, the Company got the Certificate of Enterprise Overseas Investment from Chinese Ministry of Commerce. In accordance with the agreements and after signed the handover confirmation, the Company paid in full RMB104,080,000 for the cash consideration on 29 February 2016, by when the Company completed the business combination not under the common control of CIDEON Engineering GmbH & Co. KG, CIDEON Engineering Verwaltungs GmbH and CIDEON Schweiz AG. 29 February 2016 is determined to be the date of acquisition.

The fair value and book value of assets and liabilities of CIDEON Engineering GmbH & Co. KG, CIDEON Engineering Verwaltungs GmbH and CIDEON Schweiz AG at the date of acquisition were as follows:

	Fair value at the date of 29 February 2016	Book value at the date of 29 February 2016
Cash and bank balances	8,103	8,103
Accounts receivable	16,606	16,606
Other receivables	3,054	3,054
Inventories	11,422	11,422
Fixed assets	1,094	1,094
Intangible assets	722	722
Short-term loans	(8)	(8)
Accounts payable	(767)	(767)
Advances from customers	(4,364)	(4,364)
Employee benefits payable	(4,833)	(4,833)
Taxes payable	(503)	(503)
Other payables	(12,909)	(12,909)
Total	17,617	17,617
Goodwill	86,463	
Consideration	104,080	

The financial information of CIDEON Engineering GmbH & Co. KG, CIDEON Engineering Verwaltungs GmbH and CIDEON Schweiz AG are presented as follows:

	For the period from 29 February 2016 to 30 June 2016
Revenue	24,329
Net profit	578
Net cash flows	3,804

Notes to Financial Statements (continued)

As at 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

VII. EQUITY IN OTHER ENTITIES

1. Subsidiaries

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

Subsidiaries acquired through establishment or investment

Company name	Place of registration	Principal place of business	Principal activities	Registered capital	Percentage of	
					Direct	Indirect
China Civil Engineering Construction Ltd.	Beijing	Beijing	Construction	3,000,000	100	–
China Railway 11th Bureau Group Co., Ltd. (Note (a))	Wuhan, Hubei	Wuhan, Hubei	Construction	5,030,000	100	–
China Railway 12th Bureau Group Co., Ltd. (Note (b))	Taiyuan,	Taiyuan,	Construction	5,060,677	100	–
China Railway Construction Bridge Engineering Bureau Group Co., Ltd.	Tianjin	Tianjin	Construction	2,000,000	100	–
China Railway 14th Bureau Group Co., Ltd. (Note (c))	Ji'nan, Shandong	Ji'nan, Shandong	Construction	3,110,000	100	–
China Railway 15th Bureau Group Co., Ltd.	Shanghai	Shanghai	Construction	1,117,210	100	–
China Railway 16th Bureau Group Co., Ltd.	Beijing	Beijing	Construction	1,268,300	100	–
China Railway 17th Bureau Group Co., Ltd.	Taiyuan, Shanxi	Taiyuan, Shanxi	Construction	1,105,470	100	–
China Railway 18th Bureau Group Co., Ltd.	Tianjin	Tianjin	Construction	2,284,322	100	–
China Railway 19th Bureau Group Co., Ltd.	Beijing	Beijing	Construction	5,080,000	100	–
China Railway 20th Bureau Group Co., Ltd. (Note (d))	Xi'an, Shaanxi	Xi'an, Shaanxi	Construction	3,130,000	100	–
China Railway 21st Bureau Group Co., Ltd.	Lanzhou, Gansu	Lanzhou, Gansu	Construction	1,150,000	100	–
China Railway 22nd Bureau Group Co., Ltd.	Beijing	Beijing	Construction	1,057,000	100	–
China Railway 23rd Bureau Group Co., Ltd.	Chengdu, Sichuan	Chengdu, Sichuan	Construction	1,185,000	100	–
China Railway 24th Bureau Group Co., Ltd.	Shanghai	Shanghai	Construction	1,050,000	100	–
China Railway 25th Bureau Group Co., Ltd.	Guangzhou, Guangdong	Guangzhou, Guangdong	Construction	1,003,650	100	–
China Railway Construction Group Ltd.	Beijing	Beijing	Construction	2,500,000	100	–
China Railway Construction Electrification Bureau Group Co., Ltd.	Beijing	Beijing	Construction	710,000	100	–
China Railway Goods and Materials Group Co., Ltd. (Note (e)).	Beijing	Beijing	Trading of construction materials	3,000,000	100	–
CRCC High-Tech Equipment Corporation Limited.	Yunnan, Kunming	Yunnan, Kunming	Industrial manufacturing	1,519,884	63.7	1.3
China Railway Construction Real Estate Group Co., Ltd.	Beijing	Beijing	Real estate development	7,000,000	100	–
China Railway Construction Heavy Industry Co., Ltd.	Changsha, Hunan	Changsha, Hunan	Industrial manufacturing	3,850,000	100	–

Notes to Financial Statements (continued)

As at 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

VII. EQUITY IN OTHER ENTITIES (CONTINUED)

1. Subsidiaries (continued)

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

Subsidiaries acquired through establishment or investment (continued)

Company name	Place of registration	Principal place of business	Principal activities	Registered capital	Percentage of equity interest	
					Direct	Indirect
China Railway Construction Investment Group Co., Ltd.	Zhuhai, Guangdong	Zhuhai, Guangdong	Project investment	10,000,000	100	–
CRCC Finance Company Limited	Beijing	Beijing	Finance services	6,000,000	94	–
CRCC International Group Co., Ltd.	Beijing	Beijing	Project contracting	3,000,000	100	–
CRCC Assets Management Co., Ltd.	Beijing	Beijing	Asset management	20,000	100	–
CRCC Urban Engineering Co., Ltd.	Changsha, Hunan	Changsha, Hunan	Construction	2,000,000	100	–
Chongqing Tiefa Suiyu Highway Co., Ltd.	Chongqing	Chongqing	Construction	1,900,000	80	–

Note (a): During the six months ended 30 June 2016, the Company injected capital of RMB3,998,150,000 to China Railway 11th Bureau Group Co., Ltd. The change in business registration was completed on 20 May 2016.

Note (b): During the six months ended 30 June 2016, the Company injected capital of RMB4,000,000,000 to China Railway 12th Bureau Group Co., Ltd. The change in business registration was completed on 19 April 2016.

Note (c): During the six months ended 30 June 2016, the Company injected capital of RMB2,000,000,000 to China Railway 14th Bureau Group Co., Ltd. The change in business registration was completed on 17 May 2016.

Note (d): During the six months ended 30 June 2016, the Company injected capital of RMB1,999,150,000 to China Railway 20th Bureau Group Co., Ltd. The change in business registration was completed on 25 April 2016.

Note (e): During the six months ended 30 June 2016, the Company injected capital of RMB1,000,000,000 to China Railway Goods and Materials Group Co., Ltd. As at 30 June 2016, the change in business registration was still in progress.

Subsidiary with non-controlling interests as follows:

For the six months ended 30 June 2016

	Percentage of equity interest held by non-controlling interests	Net profit attributable to non-controlling interests	Dividends distribute to non-controlling shareholders	Accumulated balances of non-controlling interests at the reporting date
CRCCE	35%	75,202	21,278	1,851,135

Notes to Financial Statements (continued)

As at 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

VII. EQUITY IN OTHER ENTITIES (CONTINUED)

1. Subsidiaries (continued)

Subsidiary with non-controlling interests as follows: (continued)

CRCCE (continued)

	30 June 2016 (Unaudited)	31 December 2015 (Audited)
Current assets	5,171,180	5,059,018
Non-current assets	1,640,870	1,678,656
Total assets	6,812,050	6,737,674
Current liabilities	1,478,507	1,546,990
Non-current liabilities	44,585	48,579
Total liabilities	1,523,092	1,595,569
	For the six months ended 30 June	
	2016 (Unaudited)	2015 (Unaudited)
Operating revenue	1,675,304	1,806,983
Net profit	214,864	225,887
Total comprehensive income	207,648	280,681
Net cash flows from/(used) in operating activities	250,371	(76,042)

2. Equity in joint ventures and associates

The Group did not have an individually significant joint venture or associate. Please refer to Note V. 11.

Notes to Financial Statements (continued)

As at 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

VIII. FINANCIAL INSTRUMENTS AND THEIR RISKS

1. Financial instruments by category

The carrying amounts of each of the categories of financial instruments at the end of the reporting period are as follows:

30 June 2016 (Unaudited)

Financial assets

	Financial assets at fair value through profit or loss	Held-to-maturity investments	Loans and receivables	Available-for-sale financial assets	Total
Held-to-maturity investments	–	41	–	–	41
Available-for-sale financial assets	–	–	–	5,906,217	5,906,217
Bills receivable	–	–	2,028,376	–	2,028,376
Accounts receivable	–	–	131,158,522	–	131,158,522
Loans and advances to customers	–	–	400,000	–	400,000
Interest receivables	–	–	349,597	–	349,597
Dividends receivable	–	–	118,116	–	118,116
Other receivables	–	–	48,028,656	–	48,028,656
Other current assets	–	–	–	323,000	323,000
Long-term receivables	–	–	22,965,289	–	22,965,289
Current portion of non-current assets	–	–	10,567,326	–	10,567,326
Financial assets at fair value through profit or loss	197,823	–	–	–	197,823
Cash and bank balances	–	–	115,636,059	–	115,636,059
	197,823	41	331,251,941	6,229,217	337,679,022

Financial liabilities

	Other Financial Liabilities
Short-term loans	43,826,416
Due to customers	209,477
Bills payable	24,949,920
Accounts payable	233,201,116
Interest payables	1,150,404
Dividends payable	2,222,151
Other payables	44,871,797
Current portion of non-current liabilities (excluding current portion of long-term employee benefits payable)	23,349,593
Other current liabilities (excluding deferred income and others)	302,269
Long-term loans	63,257,848
Bonds payable	42,265,999
Long-term payables	3,305,985
Other non-current liabilities	1,069,910
	483,982,885

Notes to Financial Statements (continued)

As at 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

VIII. FINANCIAL INSTRUMENTS AND THEIR RISKS (CONTINUED)

1. Financial instruments by category (continued)

31 December 2015 (Audited)

Financial assets

	Financial assets at fair value through profit or loss	Held-to-maturity investments	Loans and receivables	Available-for-sale financial assets	Total
Held-to-maturity investments	-	1,269	-	-	1,269
Available-for-sale financial assets	-	-	-	6,546,436	6,546,436
Bills receivable	-	-	2,493,640	-	2,493,640
Accounts receivable	-	-	128,028,443	-	128,028,443
Interest receivables	-	-	274,586	-	274,586
Dividends receivable	-	-	117,901	-	117,901
Other receivables	-	-	40,180,001	-	40,180,001
Other current assets	-	-	-	430,000	430,000
Long-term receivables	-	-	24,885,951	-	24,885,951
Current portion of non-current assets	-	-	11,916,150	-	11,916,150
Financial assets at fair value through profit or loss	218,437	-	-	-	218,437
Cash and bank balances	-	-	121,934,009	-	121,934,009
	218,437	1,269	329,830,681	6,976,436	337,026,823

Financial liabilities

	Other financial liabilities
Short-term loans	43,370,880
Due to customers	5,116,842
Due to banks	6,000,000
Bills payable	26,279,109
Accounts payable	225,976,243
Interest payables	1,008,370
Dividends payable	460,648
Other payables	45,434,154
Current portion of non-current liabilities (excluding current portion of long-term employee benefits payable)	31,897,696
Other current liabilities (excluding deferred income and others)	3,595,179
Long-term loans	47,398,448
Bonds payable	31,058,948
Long-term payables	2,208,765
	469,805,282

Notes to Financial Statements (continued)

As at 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

VIII. FINANCIAL INSTRUMENTS AND THEIR RISKS (CONTINUED)

2. *Transfer of financial assets*

Continuing involvement in transferred assets

As at 30 June 2016, the subsidiaries of the Group have endorsed bank acceptance bills amounting to RMB266,496,000 (31 December 2015: RMB469,391,000) to suppliers to settle the accounts payable. As at 30 June 2016, for bills within 6 months, if acceptance banks dishonored the bills, endorsees shall have the right to turn to the Group for recourse ("Continuing Involvement") according to the Law of Bill. The Group considered the risk and reward of the bills have been transferred. Therefore, the Group has terminated the related accounts payable that have been settled by the bills. The undiscounted cash flow and maximum loss of continuing involvement and repurchase equal to the book value of the bills. The Group considers the fair value of continuing involvement is not significant.

For the six months ended 30 June 2016, the Group did not recognize any profit or loss at the date of transfer. The Group had no current or accumulated gain or expense related to continuing involvement of financial assets which had been terminated. The endorsement happens evenly throughout the period.

3. *Financial instruments risks*

The Group's major financial instruments include loans, due to customers, due to banks, bonds payable, other current liabilities, convertible bonds, financial leasing and cash and cash equivalents. The purpose of these financial instruments is to support daily operation of the Group. The Group also has various financial assets and liabilities caused from operation, such as accounts receivables, other receivable, accounts payable, notes payables and other payables.

The major risks from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. As a common practice, the management will hold meetings at least four times a year to analyze and make plans to manage these risks. Besides, the board will hold meetings at least twice a year to discuss and approve the suggestions from the management. The Group adopts conservative policies in risk management. Since the Group maintains the risks at the lowest level, the Group not only did not use any derivative instruments or other financial instruments to hedge the risks, but also did not hold or issue any financial derivatives during the whole year.

Credit risk

The Group trades only with recognized and creditworthy customers with no requirement for collateral. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis to ensure that the Group's exposure to bad debts is not significant. For transactions that are not denominated in the functional currency of the relevant operating unit, the Group does not offer credit terms without the specific approval of the Department of Credit Control in the Group.

Notes to Financial Statements (continued)

As at 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

VIII. FINANCIAL INSTRUMENTS AND THEIR RISKS (CONTINUED)

3. Financial instruments risks (continued)

Credit risk (continued)

The credit risk of the Group's other financial assets, which comprise cash and bank balances, available-for-sale financial assets, and other receivables, arising from the default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments. The Group is also exposed to credit risk through the granting of financial guarantees, further details of which are disclosed in *Note XI.3* to the financial statements. Substantially all of the Group's cash and bank balances are held in major financial institutions located in the PRC, which management believes are of high credit quality. The Group has policies to control the size of the deposits to be placed with various reputable financial institutions according to their market reputation, operating scale and financial background with a view to limiting the amount of credit exposure to any single financial institution.

As the Group's major customers are PRC government agencies at the national, provincial and local levels and other state-owned enterprises, the Group believes that they are reliable and of high credit quality and hence, there is no significant credit risk with these customers. As the Group's exposure to credit risk spreads over a diversified portfolio of customers, there is no significant concentration of credit risk.

As at 30 June 2016 and 31 December 2015, further quantitative data in respect of the Group's exposure to credit risk arising from accounts receivable, other receivables and long-term receivables which are neither past due nor impaired or past due but not impaired are disclosed in *Notes V.4, 6 and 10*, respectively, to the financial statements.

Liquidity risk

The Group monitors its risk of deficiency of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and estimated cash flows from the Group's operations.

The Group's objective is to ensure continuity of sufficient funding and flexibility by utilizing a variety of bank and other borrowings with debt maturities spreading over a range of periods, thereby ensuring that the Group's outstanding borrowing obligation is not exposed to excessive repayment risk in any one year. Due to the capital intensive nature of the Group's businesses, the Group ensures that it maintains sufficient cash and credit lines to meet its liquidity requirements.

The liquidity of the Group is primarily dependent on its ability to maintain adequate cash inflows from operations to meet its debt obligations as they fall due, and its ability to obtain external financing to meet its committed future capital expenditure. With regard to its future capital commitments and other financing requirements, the Group has already obtained banking facilities from several PRC banks of up to RMB886.5 billion as at 30 June 2016, of which an amount of approximately RMB313.7 billion has been utilized.

The Group's policy is that not more than 75% of borrowings shall mature in the following 12 months based on the carrying amount of borrowings reflected in the financial statements. As at 30 June 2016, 38.6% (31 December 2015: 49.7%) of the Group's borrowings would mature in less than one year.

Notes to Financial Statements (continued)

As at 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

VIII. FINANCIAL INSTRUMENTS AND THEIR RISKS (CONTINUED)

3. Financial instruments risks (continued)

Liquidity risk (continued)

The table below summarizes the maturity profile of the Group's financial assets and liabilities as at the balance sheet date, based on the undiscounted contractual cash flows:

	30 June 2016 (Unaudited)					Total
	On demand	Within 1 year	1 to 2 years	2 to 5 years	More than 5 years	
Short-term loans	–	43,826,416	–	–	–	43,826,416
Due to customers	209,477	–	–	–	–	209,477
Bills payable	–	24,949,920	–	–	–	24,949,920
Accounts payable	–	233,201,116	–	–	–	233,201,116
Interest payables	–	1,150,404	–	–	–	1,150,404
Dividends payable	–	2,222,151	–	–	–	2,222,151
Other payables	–	44,871,797	–	–	–	44,871,797
Current portion of non-current liabilities (excluding current portion of long-term employee benefits payable)	–	23,349,593	–	–	–	23,349,593
Other current liabilities (excluding deferred income and others)	–	302,269	–	–	–	302,269
Long-term loans	–	24,476,282	17,995,025	24,479,240	47,572,477	114,523,024
Bonds payable	–	1,966,329	10,776,515	27,436,122	10,645,577	50,824,543
Long-term payables	–	99,020	916,978	1,948,426	486,226	3,450,650
Other non-current liabilities	–	–	–	1,069,910	–	1,069,910
Guarantees given to banks in connection with facilities granted to a jointly-controlled entity and other investees (excluding the real estate mortgage guarantee)	861,621	–	–	–	–	861,621
	1,071,098	400,415,297	29,688,518	54,933,698	58,704,280	544,812,891

Notes to Financial Statements (continued)

As at 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

VIII. FINANCIAL INSTRUMENTS AND THEIR RISKS (CONTINUED)

3. Financial instruments risks (continued)

Liquidity risk (continued)

	31 December 2015 (Audited)					Total
	On demand	Within 1 year	1 to 2 years	2 to 5 years	More than 5 years	
Short-term loans	-	43,370,880	-	-	-	43,370,880
Due to customers	5,116,842	-	-	-	-	5,116,842
Due to banks	6,000,000	-	-	-	-	6,000,000
Bills payable	-	26,279,109	-	-	-	26,279,109
Accounts payable	-	225,976,243	-	-	-	225,976,243
Interest payables	-	1,008,370	-	-	-	1,008,370
Dividends payable	-	460,648	-	-	-	460,648
Other payables	-	45,434,154	-	-	-	45,434,154
Current portion of non-current liabilities (excluding current portion of long-term employee benefits payable)	-	31,897,696	-	-	-	31,897,696
Other current liabilities (excluding deferred income and others)	-	3,595,179	-	-	-	3,595,179
Long-term loans	-	3,483,738	13,146,286	21,322,145	30,603,247	68,555,416
Bonds payable	-	1,634,292	4,573,472	25,551,412	5,627,209	37,386,385
Long-term payables	-	99,170	1,031,139	785,049	468,078	2,383,436
Guarantees given to banks in connection with facilities granted to a jointly-controlled entity and other investees (excluding the real estate mortgage guarantee)	787,740	-	-	-	-	787,740
	11,904,582	383,239,479	18,750,897	47,658,606	36,698,534	498,252,098

Notes to Financial Statements (continued)

As at 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

VIII. FINANCIAL INSTRUMENTS AND THEIR RISKS (CONTINUED)

3. Financial instruments risks (continued)

Market risk

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

The Group regularly reviews and monitors the mix of fixed and floating interest rate borrowings in order to manage its interest rate risk. Interest-bearing borrowings cash and short term deposits are stated at amortized cost and are not revalued on a periodic basis. Floating rate interest income and expenses are credited/charged to the consolidated statement of profit or loss as earned/incurred.

As at 30 June 2016, floating interest rate loans accounted for about 51.51% of the Group's borrowings, and fixed interest rate loans accounted for approximately 48.49%. Management would adjust the proportion of floating rate assets based on changes in the market interest rates to reduce the significant impact of the interest rate risk.

If there was a general increase/decrease in the interest rate of bank and other borrowings with floating interest rates by one percentage point, with all other variables held constant, the consolidated operating results would have decreased/increased by approximately RMB525,863,000 for the six months ended 30 June 2016 (for the six months ended 30 June 2015: RMB471,310,000), and there is no significant impact on other components of the consolidated equity, except for retained earnings, of the Group. The sensitivity analysis above has been determined assuming that the change in interest rates had occurred as at 30 June 2016 and the exposure to interest rate risk has been applied to those financial instruments in existence at that date. The estimated one percentage point increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period from now until the end of the next annual reporting period.

Foreign currency risk

As a result of its significant business operations in Mainland China, the Group's revenue and expenses are mainly denominated in RMB and over 90% of the financial assets and liabilities are denominated in RMB. The effect of the fluctuations in the exchange rates of RMB against foreign currencies on the Group's results of operations is therefore minimal and the Group has not entered into any hedging transactions as at 30 June 2016 and 31 December 2015 in order to reduce the Group's exposure to foreign currency risk in this regard.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the exchange rates of the United States dollar, Euro, Nigerian naira, Algerian dinar, the Singapore dollar, with all other variables held constant, of the Group's net profit.

Notes to Financial Statements (continued)

As at 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

VIII. FINANCIAL INSTRUMENTS AND THEIR RISKS (CONTINUED)

3. Financial instruments risks (continued)

Market risk (continued)

Foreign currency risk (continued)

For the six months ended 30 June 2016 (Unaudited)

	Rate Increase/ (Decrease)	Net profit or loss Increase/ (Decrease)	Other comprehensive income, net of tax Increase/ (Decrease)	Total equity Increase/ (Decrease)
Increase in the United States dollar rate	3%	(201,500)	–	(201,500)
Decrease in the United States dollar rate	(3%)	201,500	–	201,500
Increase in the Nigerian naira rate	8%	(22,700)	–	(22,700)
Decrease in the Nigerian naira rate	(8%)	22,700	–	22,700
Increase in the Euro rate	8%	(30,900)	–	(30,900)
Decrease in the Euro rate	(8%)	30,900	–	30,900
Increase in the Algerian dinar rate	8%	(103,100)	–	(103,100)
Decrease in the Algerian dinar rate	(8%)	103,100	–	103,100
Increase in the Singapore dollar rate	4%	(18,600)	–	(18,600)
Decrease in the Singapore dollar rate	(4%)	18,600	–	18,600

For the six months ended 30 June 2015 (Unaudited)

	Rate Increase/ (Decrease)	Net profit or loss Increase/ (Decrease)	Other comprehensive income, net of tax Increase/ (Decrease)	Total equity Increase/ (Decrease)
Increase in the United States dollar rate	3%	(110,000)	–	(110,000)
Decrease in the United States dollar rate	(3%)	110,000	–	110,000
Increase in the Nigerian naira rate	7%	14,200	–	14,200
Decrease in the Nigerian naira rate	(7%)	(14,200)	–	(14,200)
Increase in the Euro rate	6%	6,200	–	6,200
Decrease in the Euro rate	(6%)	(6,200)	–	(6,200)
Increase in the Algerian dinar rate	7%	(46,100)	–	(46,100)
Decrease in the Algerian dinar rate	(7%)	46,100	–	46,100
Increase in the Singapore dollar rate	4%	(17,300)	–	(17,300)
Decrease in the Singapore dollar rate	(4%)	17,300	–	17,300

The sensitivity analysis above has been determined assuming that the change in foreign exchange rates had occurred as at 30 June 2016 and the exposure to foreign currency risk has been applied to those monetary assets and liabilities in existence at that date. The estimated percentage increase or decrease represents management's assessment of a reasonably possible change in foreign exchange rates over the period from now until the end of the next annual reporting period.

Notes to Financial Statements (continued)

As at 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

VIII. FINANCIAL INSTRUMENTS AND THEIR RISKS (CONTINUED)

4. Capital management

The Group's primary objectives for managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and to provide an adequate return to shareholders by pricing services and products commensurately with the level of risk.

The Group sets the amount of capital in proportion to risk. The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debts. No changes were made in the objectives, policies or processes for managing capital during the six months ended 30 June 2016 and the six months ended 30 June 2015.

The Group monitors capital using a gearing ratio, which is net debt divided by total equity plus net debt. Net debt includes short-term loans, long-term loans, due to customers, due to banks, other current liabilities (excluding deferred income), bills payable, accounts payable, interest payables, dividends payable, other payables, bonds payable, long-term payables, current portion of non-current liabilities (excluding the current portion of employee benefits payable) and other non-current liabilities less cash and bank balances. Total equity comprises equity attributable to owners of the Company and non-controlling interests stated in the consolidated statement of financial position. The gearing ratios at the end of the reporting periods were presented are as follows:

	30 June 31 2016 (Unaudited)	31 December 2015 (Audited)
Short-term loans	43,826,416	43,370,880
Long-term loans	63,257,848	47,398,448
Due to customers	209,477	5,116,842
Due to banks	–	6,000,000
Bills payable	24,949,920	26,279,109
Accounts payable	233,201,116	225,976,243
Interest payables	1,150,404	1,008,370
Dividends payable	2,222,151	460,648
Other payables	44,871,797	45,434,154
Current portion of non-current liabilities (excluding current portion of long-term employee benefits payable)	23,349,593	31,897,696
Other current liabilities (excluding deferred income and others)	302,269	3,595,179
Bonds payable	42,265,999	31,058,948
Long-term payables	3,305,985	2,208,765
Other non-current liabilities	1,069,910	–
Less: cash and bank balances	(115,636,059)	(121,934,009)
Net debt	368,346,826	347,871,273
Owners of the Company	123,046,414	111,664,991
Non-controlling interests	18,323,018	17,154,174
Total equity	141,369,432	128,819,165
Total equity and net debt	509,716,258	476,690,438
Gearing ratio	72%	73%

Notes to Financial Statements (continued)

As at 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

IX. DISCLOSURE OF FAIR VALUE

1. Assets and liabilities measured at fair value

30 June 2016

	Quoted prices in active markets (Level 1)	Fair value measurement using (Unaudited)		Total
		Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Equity investments at fair value through profit or loss	197,823	–	–	197,823
Available-for-sale financial assets	1,537,805	231,933	194,800	1,964,538
Other non-current liabilities	–	1,069,910	–	1,069,910
	1,735,628	1,301,843	194,800	3,232,271

31 December 2015

	Quoted prices in active markets (Level 1)	Fair value measurement using (Audited)		Total
		Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Equity investments at fair value through profit or loss	218,437	–	–	218,437
Available-for-sale financial assets	2,142,011	240,422	479,300	2,861,733
	2,360,448	240,422	479,300	3,080,170

Notes to Financial Statements (continued)

As at 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

IX. DISCLOSURE OF FAIR VALUE (CONTINUED)

2. Assets and liabilities for which fair values are disclosed

30 June 2016

	Quoted prices in active markets (Level 1)	Fair value measurement using (Unaudited)		Total
		Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Long-term receivables	–	21,055,542	–	21,055,542
Long-term loans	–	62,550,787	–	62,550,787
Bonds payable	–	44,512,272	–	44,512,272
Long-term payables	–	3,331,234	–	3,331,234
	–	131,449,835	–	131,449,835

31 December 2015

	Quoted prices in active markets (Level 1)	Fair value measurement using (Audited)		Total
		Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Long-term receivables	–	21,163,488	–	21,163,488
Long-term loans	–	48,893,180	–	48,893,180
Bonds payable	–	32,210,911	–	32,210,911
Long-term payables	–	2,247,867	–	2,247,867
	–	104,515,446	–	104,515,446

There were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities for the six months ended 30 June 2016 or in 2015.

Notes to Financial Statements (continued)

As at 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

IX. DISCLOSURE OF FAIR VALUE (CONTINUED)

3. Valuation of fair value

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	30 June 2016 (Unaudited)	31 December 2015 (Audited)	30 June 2016 (Unaudited)	31 December 2015 (Audited)
Financial assets				
Long-term receivables	21,055,542	21,163,488	21,055,542	21,163,488
Financial liabilities				
Long-term loans	63,257,848	47,398,448	62,550,787	48,893,180
Bonds payable	42,265,999	31,058,948	44,512,272	32,210,911
Long-term payables	3,305,985	2,208,765	3,331,234	2,247,867
Other non-current liabilities	1,069,910	–	1,069,910	–
	109,899,742	80,666,161	111,464,203	83,351,958

Management has assessed that the fair values of cash and bank balances, bills and accounts receivables, short-term loans, bills and accounts payables and similar instruments approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The fair values of financial assets and liabilities are included at the amount at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The following methods and assumptions were used to estimate fair values.

The fair values of long-term receivables, long-term loans, long-term payables, bonds payable and similar instruments are calculated by discounting the estimated future cash flows using rates currently available for other instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for interest-bearing bank and other borrowings as at 30 June 2016 was assessed to be insignificant. The fair value of the liability component of the convertible bonds was estimated at the present value of future cash flows discounted at equivalent market interest rate of the similar convertible bonds in consideration of the default risks associated with the Group.

The derivative financial instruments consist of embedded derivative instruments of convertible bonds, measured by adopting valuation techniques of binomial tree option pricing model. The model takes into account of several observable market based inputs, including share price, share price volatility and risk-free interest rate. The book value of the embedded derivative instruments of convertible bonds equals to its fair value.

The fair values of listed equity instruments are determined based on the quoted market prices.

Notes to Financial Statements (continued)

As at 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

1. Parent

Company name	Place of registration	Business scope	Registered capital	Percentage of ownership interest in the Company	Percentage of voting rights in the Company
CRCCG	Beijing	Construction and management	5,969,888	55.73	55.73

2. Subsidiaries

Refer to Note XIV. 3(i) Subsidiaries.

3. Jointly-controlled entities and associates

Company name	Related party relationship
Nanchang Railway 2nd Construction Engineering Co., Ltd.	Associate
Chongqing Monorail Transit Engineering Co., Ltd.	Associate
Nanchang Xinlong Real Estate Co., Ltd.	Associate
Shaanxi Jiuzheng Medical Technology Co., Ltd.	Associate
Shenzhen Zhongtieda Weijun Storage and Transportation Co., Ltd.	Associate
Chongqing Yurong Highway Co., Ltd.	Associate
Wuhan Lvyin Lawn Engineering Co., Ltd.	Associate
Hubei Provincial Communications Investment Ziyun Railway Co., Ltd.	Associate
CRCC-Tongguan Investment Co., Ltd.	Associate
Inner Mongolia Berun New Energy Co., Ltd.	Associate
CRCC Real Estate Group Beijing Jinjun Xingsheng Property Co., Ltd.	Associate
Hunan Maglev Transportation Development Co., Ltd.	Associate
Heilongjiang CRCC Longxing Investment & Development Co., Ltd.	Associate
Guangzhou Baorui Real Estate Co., Ltd.	Associate
Guangzhou Hongxuan Real Estate Co., Ltd.	Associate
Guangzhou Hongjia Real Estate Co., Ltd.	Associate
Fuzhou North Train Station South Plaza Construction & Development Co. Ltd.	Associate
CRCC Financial Leasing Co., Ltd.	Associate
Changzhou China Railway Blue Flame Component Co., Ltd.	Associate
CRCC Real Estate Co., Ltd.	Associate
Guangzhou Jingye Real Estate Co., Ltd.	Associate
Wuhan Beitong Technology Co., Ltd.	Associate
Shanghai Hongjun Real Estate Co., Ltd.	Jointly-controlled entity
Beijing Jiehai Real Estate Co., Ltd.	Jointly-controlled entity
Taiyuan Rongchuang Huifeng Real Estate Co., Ltd.	Jointly-controlled entity
Hangzhou Jianshen Real Estate Co., Ltd.	Jointly-controlled entity
Nanjing Xincheng Guanghong Real Estate Co., Ltd.	Jointly-controlled entity
Guangzhou Kunfang Real Estate Co., Ltd.	Jointly-controlled entity
Hunan Yuntong Rail Traffic Equipment Co., Ltd.	Jointly-controlled entity
China Railway Communications International Engineering and Technology Co., Ltd.	Jointly-controlled entity

Notes to Financial Statements (continued)

As at 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

3. *Jointly-controlled entities and associates (continued)*

Company name	Related party relationship
Groupement CITIC – CRCC Joint Venture	Jointly-controlled entity
CRCC-HC-CR15G Joint Venture	Jointly-controlled entity
Tianjin China Railway Yuhua Real Estate Co., Ltd.	Jointly-controlled entity
Greenland Group Chengdu Shenlong Real Estate Co., Ltd.	Jointly-controlled entity
Hangzhou Jingbin Real Estate Co., Ltd.	Jointly-controlled entity
Hangzhou Jingping Real Estate Co., Ltd.	Jointly-controlled entity
Beijing Liuzhuang Real Estate Co., Ltd.	Jointly-controlled entity
Dalian Jingcheng Real Estate Co., Ltd.	Jointly-controlled entity
Chengdu Tiecheng Real Estate Co., Ltd.	Jointly-controlled entity

4. *Other related parties*

Company name	Related party relationship
China Civil (Hong Kong) Building Limited	Fellow subsidiary
Beijing Tongda Jingcheng Highway Co., Ltd.	Fellow subsidiary
Same Fast Limited	Fellow subsidiary
Xi'an Tianchuang Real Estate Co., Ltd.	Fellow subsidiary
China Railway Construction (Hong Kong) Co., Ltd.	Fellow subsidiary
Railway Construction Technology Magazine	Fellow subsidiary
Beijing Railway Construction Society	Fellow subsidiary
Beijing Lu Lu Advertising Company	Fellow subsidiary
Jinli Assets Management Center	Fellow subsidiary

Notes to Financial Statements (continued)

As at 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

5. Related party transactions

	For the six months ended 30 June	
	2016 (Unaudited)	2015 (Unaudited)
(1) Revenue from construction operations revenue (Note (a))	Amount	Amount
Chongqing Yurong Highway Co., Ltd.	112,975	13,700
Chongqing Monorail Transit Engineering Co., Ltd.	94,225	186,792
CRCC-HC-CR15G Joint Venture	85,034	193,352
Hubei Provincial Communications Investment ZIYun Railway Co., Ltd.	65,698	250,691
CRCC-Tongguan Investment Co., Ltd.	53,159	36,041
Groupement CITIC-CRCC Joint Venture	40,041	681
Fuzhou North Train Station South Plaza Construction & Development Co., Ltd.	7,051	–
CRCCG (Note (d))	–	4,557
Inner Mongolia Berun New Energy Co., Ltd.	–	631
	458,183	686,445
(2) Other income (Note (b))		
CRCC Financial Leasing Co., Ltd.	124,325	–
Greenland Group Chengdu Shenlong Real Estate Co., Ltd.	369	–
	124,694	–
(3) Purchase of goods and rendering of services (Note (c))		
Changzhou China Railway Blue Flame Component Co., Ltd.	42,697	–
CRCCG (Note (d))	4,590	–
Beijing Lu Lu Advertising Company	53	–
Wuhan Lvvin Lawn Engineering Co., Ltd.	31	–
	47,371	–
(4) Other expenses (Note (b))		
CRCCG (Note (d))	47,288	21,724
Jinli Assets Management Center (Note (d))	2,485	2,214
Beijing Tongda Jingcheng Highway Co., Ltd. (Note (d))	–	273
Railway Construction Technology Magazine (Note (d))	–	5
	49,773	24,216

Notes to Financial Statements (continued)

As at 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

5. Related party transactions (continued)

(5) Related party guarantee granted to a related party

30 June 2016 (Unaudited)

	Amount of guarantee	Inception of guarantee	Termination of guarantee	Whether the guarantee is fulfilled
CRCC-Tongguan Investment Co., Ltd.	287,055	20 May 2015	20 November 2023	No
CRCC-Tongguan Investment Co., Ltd	518,294	17 March 2014	30 December 2023	No

31 December 2015 (Audited)

	Amount of guarantee	Inception of guarantee	Termination of guarantee	Whether the guarantee is fulfilled
CRCC-Tongguan Investment Co., Ltd.	280,524	20 May 2015	20 November 2023	No
CRCC-Tongguan Investment Co., Ltd.	389,616	17 March 2014	30 December 2023	No

Notes:

- (a) The terms of the construction service agreements entered into by the Group and related parties were mutually agreed by the parties.
- (b) The terms of the agreements relating to rendering or receiving other services entered into by the Group and related parties were mutually agreed by the parties.
- (c) The terms of the purchase agreements of goods and services entered into by the Group and related parties were mutually agreed by the parties.
- (d) The above related party transactions also constitute connected transactions or continuing connected transactions defined in Chapter 14A of the Hong Kong Listing Rules.

Notes to Financial Statements (continued)

As at 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

6. Amounts due from/to related parties

	30 June 2016 (Unaudited)		31 December 2015 (Audited)	
	Gross carrying amount	Provision for bad debts	Gross carrying amount	Provision for bad debts
Accounts receivable (Note (a))				
Chongqing Monorail Transit Engineering Co., Ltd.	223,151	–	256,185	–
Chongqing Yurong Highway Co., Ltd.	181,041	–	155,266	–
CRCC Financial Leasing Co., Ltd.	145,460	–	–	–
Hubei Provincial Communications Investment Ziyun Railway Co., Ltd.	66,617	–	73,948	–
Inner Mongolia Berun New Energy Co., Ltd.	44,767	–	49,910	–
CRCC-HC-CR15G Joint Venture	813	–	17,464	–
CRCCG	–	–	3,777	–
	661,849	–	556,550	–
Bills receivable (Note (a))				
Chongqing Monorail Transit Engineering Co., Ltd.	–	–	498	–
Dividends receivable (Note (a))				
CRCC Real Estate Co., Ltd.	99,426	–	99,426	–
Chongqing Monorail Transit Engineering Co., Ltd.	15,592	–	15,592	–
	115,018	–	115,018	–

Notes to Financial Statements (continued)

As at 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

6. Amounts due from/to related parties (continued)

	30 June 2016 (Unaudited)		31 December 2015 (Audited)	
	Gross carrying amount	Provision for bad debts	Gross carrying amount	Provision for bad debts
Other receivables (Note (a))				
Beijing Liuzhuang Real Estate Co., Ltd.	2,726,034	—	2,587,186	—
CRCC Real Estate Group Beijing Jinjun Xingsheng Property Co., Ltd.	2,496,543	—	1,401,293	—
Shanghai Hongjun Real Estate Co., Ltd.	2,356,072	—	—	—
Beijing Jiehai Real Estate Co., Ltd.	876,691	—	—	—
Hangzhou Jingbin Real Estate Co., Ltd.	692,835	—	334,109	—
Taiyuan Rongchuang Huifeng Real Estate Co., Ltd.	592,300	—	—	—
Guangzhou Baorui Real Estate Co., Ltd.	377,224	—	372,096	—
Chongqing Yurong Highway Co., Ltd.	370,360	—	—	—
Hangzhou Jianshen Real Estate Co., Ltd.	332,602	—	—	—
Nanjing Xincheng Guanghong Real Estate Co., Ltd.	297,160	—	—	—
Chengdu Tiecheng Real Estate Co., Ltd.	180,000	—	—	—
Guangzhou Hongjia Real Estate Co., Ltd.	163,654	—	158,270	—
Hangzhou Jingping Real Estate Co., Ltd.	141,163	—	456,369	—
Guangzhou Hongxuan Real Estate Co., Ltd.	93,088	—	89,964	—
Dalian Jingcheng Real Estate Co., Ltd.	56,465	—	32,830	—
Guangzhou Kunfang Real Estate Co., Ltd.	45,080	—	—	—
Guangzhou Jingye Real Estate Co., Ltd.	30,956	—	—	—
Greenland Group Chengdu Shenlong Real Estate Co., Ltd.	27,393	—	191,760	—
Nanchang Xinlong Real Estate Co., Ltd.	26,599	475	26,599	475
Nanchang Railway 2nd Construction Engineering Co., Ltd.	6,561	656	6,561	656
Tianjin China Railway Yuhua Real Estate Co., Ltd.	5,452	—	—	—
Shenzhen Zhongtieda Weijun Storage and Transportation Co., Ltd.	1,694	—	1,547	—
Hubei Provincial Communications Investment Ziyun Railway Co., Ltd.	837	—	—	—
Hunan Yuntong Rail Traffic Equipment Co., Ltd.	561	—	561	—
Heilongjiang CRCC Longxing Investment & Development Co., Ltd.	21	—	12	—
CRCC-Tongguan Investment Co., Ltd.	—	—	360,518	—
	11,897,345	1,131	6,019,675	1,131

Notes to Financial Statements (continued)

As at 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

6. Amounts due from/to related parties (continued)

	30 June 2016 (Unaudited) Amount	31 December 2015 (Audited) Amount
Accounts payable (Note (a))		
Changzhou China Railway Blue Flame Component Co., Ltd.	2,073	–
Wuhan Beitong Technology Co., Ltd.	381	–
WuHan Lvvin Lawn Engineering Co., Ltd.	37	6
	2,491	6
Advances from customers (Note (a))		
CRCC-Tongguan Investment Co., Ltd.	2,847	–
Railway Construction Technology Magazine	949	400
Hunan Maglev Transportation Development Co., Ltd.	–	100,000
	3,796	100,400
Other payables (Note (a))		
Groupment Citic – CRCC Joint Venture	289,974	262,176
CRCCG (Note (b))	261,007	204,419
China Railway Communications International Engineering and Technology Co., Ltd.	90,429	55,969
CRCC-HC-CR15G Joint Venture	58,579	46,245
Chongqing Monorail Transit Engineering Co., Ltd.	2,276	2,630
Shaanxi Jiuzheng Medical Technology Co., Ltd.	450	450
Jinli Assets Management Center	438	2,966
Chongqing Yurong Highway Co., Ltd.	–	63,427
	703,153	638,282
Dividends payable (Note (a))		
CRCCG	1,135,109	–
Due to customers (Note (c))		
Jinli Assets Management Center	130,118	126,628
Beijing Tongda Jingcheng Highway Co., Ltd.	52,231	72,075
CRCCG	23,053	4,914,466
Railway Construction Technology Magazine	4,075	3,673
	209,477	5,116,842
Long-term loans		
CRCCG (Note (d))	771,770	771,770

Notes to Financial Statements (continued)

As at 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

6. Amounts due from/to related parties (continued)

Notes:

- (a) The amounts due from/to the related parties were interest-free, unsecured, and have no fixed terms of repayment.
- (b) The amount due to CRCCG was mainly the funds contributed by CRCCG in the Funds Center of the Group, and the inter-company funds to CRCC International Group Co., Ltd. from CRCCG.
- (c) The amounts due to CRCCG and other companies controlled by the same parent company as CRCCG are the deposits in the Finance Company.
- (d) According to "The Ministry of Finance's notification of 2013 central state capital budget about China Railway Construction Corporation", the Ministry of Finance appropriated RMB500,000,000 to CRCCG. According to "The Ministry of Finance's notification of 2012 central state capital budget about the special funds of safety production", the Ministry of Finance allocated RMB82,110,000 to CRCCG. According to "Strengthening Corporation Financial Information Management Interim Provisions", CRCCG transferred the fund to the Company by entrusted loans.

Investments in subsidiaries	30 June 2016 (Unaudited)	31 December 2015 (Audited)
Unlisted, measured at cost	82,060,112	77,860,112
Loans to subsidiaries	37,861,986	37,070,877
	119,922,098	114,930,989

As at 30 June 2016, the dividends receivable due from a subsidiary in the current assets of the Company was RMB158,728,000 (31 December 2015: Nil) and the carrying amount of the current debt due to subsidiaries in the current liabilities was RMB21,728,355,000 (31 December 2015: RMB19,640,265,000). Except for the amounts deposited in the Company by the subsidiaries which bear the prevailing interest rate in the market stipulated by financial institutions, other current liabilities are unsecured, interest-free and shall be paid on demand or within one year.

The loans included in the investments to subsidiaries are interest-bearing at the prevailing interest rate in the market stipulated by financial institutions, unsecured and have no fixed terms of repayment.

XI. COMMITMENTS AND CONTINGENCIES

1. Commitments

	30 June 2016 (Unaudited)	31 December 2015 (Audited)
Contracted, but not provided for:		
Capital commitments	274,782	375,795
Investment commitments	1,700,000	115,000
Other commitments	4,122,464	8,275,318
	6,097,246	8,766,113

2. Contingencies

The Group was involved in a number of legal proceedings and claims against it in the ordinary course of business. Provision has been made for the probable losses to the Group on those legal proceedings and claims when management can reasonably estimate the outcome of the legal proceedings and claims taking into account legal advice. No provision has been made for pending legal proceedings and claims when the outcome of the legal proceedings and claims cannot be reasonably estimated or management believes that the probability of loss is remote.

Notes to Financial Statements (continued)

As at 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

XI. COMMITMENTS AND CONTINGENCIES (CONTINUED)

3. Guarantees

The Group had issued guarantees to banks in respect of the banking facilities granted to the following parties:

The Group	30 June 2016 (Unaudited)	31 December 2015 (Audited)
Associate	805,349	670,140
An investee of the Group	117,600	117,600
	922,949	787,740

As at 30 June 2016, the Group provided guarantees in respect of the banking facilities other than mortgage with an aggregate carrying amount of RMB922,949,000 (31 December 2015: RMB787,740,000), provided guarantees in respect of mortgage bank loan with an aggregate carrying amount of RMB21,498,298,000 (31 December 2015: RMB15,786,204,000).

Above guarantees in respect of mortgage are granted to purchasers of the Group's properties and secured by the mortgage.

The Company had issued guarantees to banks in respect of the banking facilities granted to the following parties:

The Company	30 June 2016 (Unaudited)	31 December 2015 (Audited)
Subsidiaries	21,907,368	18,142,343
Associates	805,349	670,140
An investee of the Company	117,600	117,600
	22,830,317	18,930,083

In addition, no interest-bearing bank and other loans of the Company (31 December 2015: nil) was guaranteed by the subsidiaries of the Company as at 30 June 2016.

XII. EVENTS AFTER THE BALANCE SHEET DATE

By the approval date of the financial statements, save as aforesaid, no other significant events took place subsequent to 30 June 2016.

Notes to Financial Statements (continued)

As at 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

XIII. OTHER SIGNIFICANT EVENTS

1. Leases

As the lessee

Finance leases: As at 30 June 2016, the balance of unrecognized financing charges was RMB140,233,000 (31 December 2015: RMB174,671,000), which was amortized using the effective interest rate method over the lease terms. The future minimum lease payments under non-cancellable finance leases are as follows:

	30 June 2016 (Unaudited)	31 December 2015 (Audited)
Less than 1 year (including 1 year)	1,160,575	1,312,336
1 to 2 years (including 2 years)	905,445	1,008,628
2 to 5 years (including 5 years)	438,116	573,407
	2,504,136	2,894,371

Significant operating leases: According to the leases entered into with the lessors, the minimum lease payments under non-cancellable leases are as follows:

	30 June 2016 (Unaudited)	31 December 2015 (Audited)
Less than 1 year (including 1 year)	139,771	60,792
1 to 2 years (including 2 years)	92,100	51,201
2 to 3 years (including 3 years)	10,947	47,141
Over 3 years	28,792	8,385
	271,610	167,519

For the six months ended 30 June 2016, payments under operating leases recognized in profit or loss amounted to RMB133,373,000 (2015: RMB80,394,000).

Notes to Financial Statements (continued)

As at 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

XIII. OTHER SIGNIFICANT EVENTS (CONTINUED)

2. Segment reporting

Operating segments

For management purposes, the Group is organized into the following five operating segments based on their products and services:

- (1) The construction operations segment engages in the construction of infrastructure such as railways, highways, metropolitan railways and real estate projects;
- (2) The survey, design and consultancy operations segment engages in the provision of survey, design and consultancy services, as well as technology and equipment research and development services;
- (3) The manufacturing operations segment engages in the design, research and development, production and sale of large track maintenance machinery as well as the manufacture of components for railway construction;
- (4) The real estate operations segment engages in the development, construction and sale of real estate; and
- (5) The other business operations segment mainly comprises logistics and other business operations.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit or loss. The Group does not manage income tax based on operating segments and hence income tax has not been allocated to the operating segments.

For the six months ended 30 June 2016 (Unaudited)

	Construction operations	Survey, design and consultancy operations	Manufacturing operations	Real estate operations	Other business operations	Eliminations and adjustments	Total
Revenue from external customers	232,171,525	4,741,063	6,258,818	7,504,768	16,051,025	–	266,727,199
Inter-segment sales	1,667,821	1,868	195,803	33,914	5,410,319	(7,309,725)	–
	233,839,346	4,742,931	6,454,621	7,538,682	21,461,344	(7,309,725)	266,727,199
Share of profits/(losses) of jointly-controlled entities and associates	8,866	(3,695)	–	(11,148)	37,200	–	31,223
Impairment losses recognized	(14,649)	3,964	(7,083)	681	291,560	–	274,473
Depreciation and amortization	5,625,053	81,736	160,678	23,646	168,175	–	6,059,288
Profit before tax	5,157,965	494,552	894,661	658,396	749,596	(189,121)	7,766,049
Segment assets (Note a)	477,153,870	16,782,965	26,193,238	163,888,020	113,636,419	(66,176,311)	731,478,201
Segment liabilities (Note b)	400,492,430	12,317,748	13,298,648	146,156,470	84,673,554	(66,830,081)	590,108,769
Other segment information							
Investments in jointly-controlled entities and associates	1,860,762	402,231	1,190,000	426,279	1,921,801	–	5,801,073
Increase in non-current assets other than long-term equity investments	6,101,338	288,946	538,985	29,852	5,580,035	–	12,539,156

Notes to Financial Statements (continued)

As at 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

XIII. OTHER SIGNIFICANT EVENTS (CONTINUED)

2. Segment reporting (continued)

Operating segments (continued)

For the six months ended 30 June 2015 (Audited)

	Construction operations	Survey, design and consultancy operations	Manufacturing operations	Real estate operations	Other business operations	Eliminations and adjustments	Total
Revenue from external customers	228,488,288	4,114,881	6,265,059	5,924,448	18,101,588	-	262,894,264
Inter-segment sales	2,823,410	2,644	209,958	-	5,665,788	(8,701,800)	-
	231,311,698	4,117,525	6,475,017	5,924,448	23,767,376	(8,701,800)	262,894,264
Share of (losses)/profits of jointly-controlled entities and associates	(6,626)	(648)	-	11	103,226	-	95,963
Impairment losses recognized	58,132	270	17,155	645	573,311	-	649,513
Depreciation and amortization	5,109,004	83,313	154,234	21,362	163,548	-	5,531,461
Profit before tax	4,727,202	521,452	762,897	557,233	431,260	(1,845)	6,998,199
Segment assets (Note a)	485,661,143	12,770,544	17,820,840	140,199,812	82,242,975	(90,466,068)	648,229,246
Segment liabilities (Note b)	416,347,463	8,902,773	10,406,421	125,577,993	59,207,599	(83,126,081)	537,316,168
Other segment information							
Investments in jointly-controlled entities and associates	1,457,759	332,338	41,874	66,596	1,515,540	-	3,414,107
Increase in non-current assets other than long-term equity investments	5,067,163	166,495	123,368	20,495	5,113,070	-	10,490,591

Note a: Segment assets do not include deferred tax assets of RMB2,521,926,000 (31 December 2015: RMB2,373,821,000) as the Group does not manage these assets based on operating segments. In addition, inter-segment receivables of RMB68,698,237,000 (31 December 2015: RMB93,803,960,000) are eliminated on consolidation.

Note b: Segment liabilities do not include deferred tax liabilities of RMB282,276,000 (31 December 2015: RMB430,459,000) and corporate income tax payable of RMB1,069,665,000 (31 December 2015: RMB2,419,526,000) as the Group does not manage these liabilities based on operating segments. In addition, inter-segment payables of RMB68,182,022,000 (31 December 2015: RMB93,666,657,000) are eliminated on consolidation.

Notes to Financial Statements (continued)

As at 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

XIII. OTHER SIGNIFICANT EVENTS (CONTINUED)

2. Segment reporting (continued)

Group Information

Geographical information

	For the six months ended 30 June	
	2016 (Unaudited)	2015 (Unaudited)
Revenue from external customers		
Mainland China	252,083,543	250,641,639
Outside Mainland China	14,643,656	12,252,625
	266,727,199	262,894,264

	2016	31 December
	30 June (Unaudited)	2015 (Audited)
Non-current assets (Note)		
Mainland China	90,007,919	82,534,108
Outside Mainland China	2,422,438	2,753,397
	92,430,357	85,287,505

In the geographical information above, revenue from external customers is based on the location of the customers. Non-current asset information above is based on the location of the non-current assets.

Note: Non-current assets consisted of property, plant and equipment, construction in progress, intangible assets, long-term prepaid expenses and investments in jointly-controlled entities and associates.

Information about major customers

The Group did not derive more than 10% of its total revenue from any single customer during the six months ended 30 June 2016 (for the six months ended 30 June 2015: 10%).

Notes to Financial Statements (continued)

As at 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

XIII. OTHER SIGNIFICANT EVENTS (CONTINUED)

3. Other financial information

(i) Pension scheme contributions

	For the six months ended 30 June	
	2016 (Unaudited)	2015 (Unaudited)
Pension scheme contributions (defined contribution plans)	1,999,894	1,857,764
Pension scheme costs (defined benefits plans)	20,282	38,847

As at 30 June 2016, there were no forfeited contributions available to reduce the Group's contribution to its pension scheme in the next year (31 December 2015: nil).

(ii) Directors', supervisors' and key managements' remuneration

	For the six months ended 30 June	
	2016 (Unaudited)	2015 (Unaudited)
Directors', supervisors' and key managements' remuneration	2,038	2,167

4. Comparative information

In accordance with the regulations, some retrospective adjustments have been made to the current year's financial statements. Respectively, some comparative amounts have been reclassified and restated to conform to the current year's presentation.

Notes to Financial Statements (continued)

As at 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

XIV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS

1. Accounts receivable

An ageing analysis of accounts receivable is as follows:

	30 June 2016 (Unaudited)	31 December 2015 (Audited)
Within 1 year	1,814,678	1,529,443
1 to 2 year	144,061	209,377
	1,958,739	1,738,820

Accounts receivable by category are as follows:

	30 June 2016 (Unaudited)			
	Amount	Percentage %	Provision for bad debts	Percentage %
Individually significant and subject to separate provision for bad debts	1,958,739	100.00	–	–

	31 December 2015 (Audited)			
	Amount	Percentage %	Provision for bad debts	Percentage %
Individually significant and subject to separate provision for bad debts	1,738,820	100.00	–	–

As at 30 June 2016, no amount due from shareholders that held 5% or more of the Company's voting rights or other related parties was included in the aforesaid balance of accounts receivable (31 December 2015: nil).

Notes to Financial Statements (continued)

As at 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

XIV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

1. Accounts receivable (continued)

As at 30 June 2016, the five largest amounts of accounts receivables were as follows (Unaudited):

	Relationship with the Company	Amount	Ageing	Percentage of total accounts receivable %
Company 1	Third party	509,424	Within 1 year	26.01
Company 2	Third party	454,915	Within 1 year	23.22
Company 3	Third party	180,045	Within 1 year	9.19
Company 4	Third party	171,786	Within 1 year	8.77
Company 5	Third party	170,152	Within 1 year	8.69
		1,486,322		75.88

As at 31 December 2015, the five largest amounts of accounts receivables were as follows (Audited):

	Relationship with the Company	Amount	Ageing	Percentage of total accounts receivable %
Company 1	Third party	479,300	Within 1 year	27.56
Company 2	Third party	381,163	Within 2 year	21.92
Company 3	Third party	309,307	Within 1 year	17.79
Company 4	Third party	243,781	Within 1 year	14.02
Company 5	Third party	220,591	Within 1 year	12.69
		1,634,142		93.98

2. Other receivables

An ageing analysis of other receivables is as follows:

	30 June 2016 (Unaudited)	31 December 2015 (Audited)
Within 1 year	37,866,524	36,972,062
1 to 2 years	4,827	150
2 to 3 years	1,639	1,639
Over 3 years	171,611	171,612
	38,044,601	37,145,463

Notes to Financial Statements (continued)

As at 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

XIV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

2. Other receivables (continued)

Other receivables by category are as follows:

	30 June 2016 (Unaudited)			
	Amount	Percentage %	Provision for bad debts	Percentage %
Individually significant and subject to separate provision for bad debts	37,931,011	99.70	—	—
Individually not significant but subject to separate provision for bad debts	113,590	0.30	—	—
	38,044,601	100.00	—	—

	31 December 2015 (Audited)			
	Amount	Percentage %	Provision for bad debts	Percentage %
Individually significant and subject to separate provision for bad debts	37,022,268	99.67	—	—
Individually not significant but subject to separate provision for bad debts	123,195	0.33	—	—
	37,145,463	100.00	—	—

As at 30 June 2016, the five highest amounts of other receivables were as follows (Unaudited):

	Relationship with the Company	Amount	Ageing	Percentage of total other receivables %
Company 1	Subsidiary	19,515,000	Within 1 year	51.30
Company 2	Subsidiary	6,143,404	Within 1 year	16.15
Company 3	Subsidiary	1,433,635	Within 1 year	3.77
Company 4	Subsidiary	990,000	Within 1 year	2.60
Company 5	Subsidiary	971,536	Within 1 year	2.55
		29,053,575		76.37

Notes to Financial Statements (continued)

As at 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

XIV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

2. Other receivables (continued)

As at 31 December 2015, the five highest amounts of other receivables were as follows (Audited):

	Relationship with the Company	Amount	Ageing	Percentage of total other receivables %
Company 1	Subsidiary	19,515,600	Within 1 year	52.54
Company 2	Subsidiary	5,967,404	Within 1 year	16.06
Company 3	Subsidiary	3,008,210	Within 1 year	8.10
Company 4	Subsidiary	957,100	Within 1 year	2.58
Company 5	Subsidiary	932,778	Within 1 year	2.51
		30,381,092		81.79

As at 30 June 2016, no balance due from shareholders that held 5% or more of the Company's voting rights was included in the aforesaid balance of other receivables (31 December 2015: Nil).

As at 30 June 2016, other receivables from related parties were as follows:

	30 June 2016 (Unaudited)	31 December 2015 (Audited)
Subsidiaries	37,861,986	37,070,877

3. Long-term equity investments

		30 June 2016 (Unaudited)	31 December 2015 (Audited)
Cost method			
– Subsidiaries	(i)	82,060,112	77,860,112
Equity method			
– Jointly-controlled entities	(ii)	827,205	667,282
		82,887,317	78,527,394

Note: All the long-term equity investments are investments in unlisted companies, except of China High-tech Equipment Co., Ltd.

Notes to Financial Statements (continued)

As at 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

XIV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

3. Long-term equity investments (continued)

(i) Subsidiaries

Company name	30 June 2016 (Unaudited) Percentage of equity interest attributable to the Company %	30 June 2016 (Unaudited) Carrying amount	31 December 2015 (Audited) Carrying amount
China Civil Engineering Construction Ltd.	100.00	2,946,507	2,946,507
China Railway 11 st Bureau Group Co., Ltd. (Note VII 1 Note (a))	100.00	1,893,912	1,893,912
China Railway 12 nd Bureau Group Co., Ltd. (Note VII 1 Note (b))	100.00	1,957,277	1,957,277
China Railway Construction Bridge Engineering Bureau Group Co., Ltd.	100.00	2,460,480	2,460,480
China Railway 14 th Bureau Group Co., Ltd. (Note VII 1 Note (c))	100.00	2,130,105	2,130,105
China Railway 15 th Bureau Group Co., Ltd.	100.00	1,585,152	1,585,152
China Railway 16 th Bureau Group Co., Ltd.	100.00	1,482,412	1,482,412
China Railway 17 th Bureau Group Co., Ltd.	100.00	1,714,582	1,714,582
China Railway 18 th Bureau Group Co., Ltd.	100.00	1,103,234	1,103,234
China Railway 19 th Bureau Group Co., Ltd.	100.00	3,954,638	3,954,638
China Railway 20 th Bureau Group Co., Ltd. (Note VII 1 Note (d))	100.00	1,615,144	1,615,144
China Railway 21 st Bureau Group Co., Ltd.	100.00	1,557,251	1,557,251
China Railway 22 nd Bureau Group Co., Ltd.	100.00	1,295,286	1,295,286
China Railway 23 rd Bureau Group Co., Ltd.	100.00	1,545,004	1,545,004
China Railway 24 th Bureau Group Co., Ltd.	100.00	1,346,917	1,346,917
China Railway 25 th Bureau Group Co., Ltd.	100.00	1,078,597	1,078,597
China Railway Construction Group Ltd.	100.00	2,868,346	2,868,346
China Railway Electrification Bureau Group Co., Ltd.	100.00	1,105,530	1,105,530
China Railway Construction Real Estate Group Co., Ltd.	100.00	7,233,191	7,233,191
China Railway First Survey and Design Institute Group Co., Ltd.	100.00	623,730	623,730
China Railway Fourth Survey and Design Institute Group Co., Ltd.	100.00	1,015,309	1,015,309
China Railway Fifth Survey and Design Institute Group Co., Ltd.	100.00	318,196	318,196
China Railway Shanghai Design Institute Group Co., Ltd.	100.00	267,624	267,624
China Railway Goods and Materials Group Co., Ltd. (Note VII 1 Note (e))	100.00	3,314,805	2,314,805
China High-tech Equipment Co., Ltd.	63.70	1,714,797	1,714,797
China Railway Construction Heavy Industry Co., Ltd.	100.00	4,042,705	4,042,705
Chenghe Insurance Broker Co., Ltd.	100.00	113,290	113,290
China Railway Construction (Beijing) Business Management Co., Ltd.	100.00	28,313	28,313
China Railway Construction Investment Co., Ltd.	100.00	10,000,000	10,000,000
CRCC Harbour & Channel Engineering Bureau Group Co., Ltd.	100.00	1,385,891	1,385,891
CRCC Finance Company Limited	94.00	5,640,000	5,640,000
CRCC International Group Co., Ltd.	100.00	3,000,102	3,000,102
CRCC Assets Management Co., Ltd.	100.00	20,000	20,000
CRCC Urban Engineering Co., Ltd.	100.00	2,000,000	2,000,000
Chongqing Tiefa Suiyu Highway Co., Ltd.	80.00	2,001,785	2,001,785
Beijing CRCC Tianrui Machinery Equipment Co., Ltd.	98.04	2,000,000	2,000,000
China Railway Strait Construction Group Co., Ltd.	50.00	500,000	500,000
China Railway Construction KunLun Investment Co., Ltd.	100.00	3,000,000	-
China Railway Construction North China Investment Co., Ltd.	100.00	200,000	-
		82,060,112	77,860,112

Notes to Financial Statements (continued)

As at 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

XIV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

3. Long-term equity investments (continued)

(ii) Investments in jointly-controlled entities

For the six months ended 30 June 2016 (Unaudited)

Company name	Investment cost (Unaudited)	Opening balance (Audited)	Share of the profits (Unaudited)	Cash dividend (Unaudited)	Closing balance (Unaudited)	Percentage of equity %	Percentage of voting rights %
China-Africa Lekkil (Note)	654,930	667,282	–	(77)	667,205	57.29	57.29
Other	160,000	–	160,000	–	160,000	–	–
	814,930	667,282	160,000	(77)	827,205		

2015 (Audited)

Company name	Investment cost	Opening balance	Share of the profits	Cash dividend	Closing balance	Percentage of equity %	Percentage of voting rights %
China-Africa Lekkil (Note)	654,930	665,794	2,061	(573)	667,282	57.29	57.29

Note: China-Africa Lekkil is considered as a jointly controlled entity of the Group, more details please refer to Note V. 11.

Notes to Financial Statements (continued)

As at 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

XIV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

4. Revenue and cost of sales

The operating revenue is as follows:

	For the six months ended 30 June	
	2016 (Unaudited)	2015 (Unaudited)
Operating revenue from principal operations	3,523,176	2,252,599
Other operating revenue	246	154
	3,523,422	2,252,753

The operating cost is as follows:

	For the six months ended 30 June	
	2016 (Unaudited)	2015 (Unaudited)
Operating cost	3,314,523	2,129,927

5. Investment income

	For the six months ended 30 June	
	2016 (Unaudited)	2015 (Unaudited)
Share of net (loss)/profit of the jointly-controlled entities	(77)	3,414
Investment income received from long-term equity investments under the cost method	3,675,416	3,389,042
Other	3,954	6,917
	3,679,293	3,399,373

For the six months ended 30 June 2016, the investment income was composed of investment income of RMB64,749,000 (for the six months ended 30 June 2015: RMB6,813,000) from listed companies and RMB3,614,544,000 from non-listed companies (for the six months ended 30 June 2015: RMB3,392,560,000).

As at 30 June 2016, the remittance of the Company's investment income was not subject to significant restriction.

Notes to Financial Statements (continued)

As at 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

XIV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

6. Supplementary information to the statement of cash flows

(1) Supplementary information to the statement of cash flows

	For the six months ended 30 June	
	2016 (Unaudited)	2015 (Unaudited)
Reconciliation of net profit to cash flows from operating activities		
Net profit	3,040,682	3,397,074
Plus: Depreciation of fixed assets	9,685	6,911
Amortisation of intangible assets	876	681
Losses from disposal of fixed assets	150	-
Losses/(Gains) from changes in fair value	241,977	(13,740)
Finance expense/(income)	431,689	(19,550)
Investment income	(3,679,293)	(3,399,373)
Increase in deferred tax assets	(43,306)	-
(Decrease)/Increase in deferred tax liabilities	(17,189)	3,435
Decrease/(Increase) in inventories	278,641	(29,920)
(Increase)/Decrease in operating receivables	(1,132,516)	3,124,782
Increase in operating payables	1,108,965	47,416
Net cash flows from operating activities	240,361	3,117,716

(2) Cash and cash equivalents

	30 June 2016 (Unaudited)	31 December 2015 (Audited)
Cash	3,750,239	5,869,234
Including: Cash on hand	905	234
Cash with banks/financial institutions without restrictions	3,749,334	5,869,000
Cash equivalents	7,878,111	1,950,520
Closing balance of cash and cash equivalents	11,628,350	7,819,754

Section XI Supplementary Information

As at 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

1. SUMMARY OF NON-RECURRING PROFIT OR LOSS

	For the six months ended 30 June	
	2016 (Unaudited)	2015 (Unaudited)
(Losses)/Gains from disposal of fixed assets and intangible assets	(87,607)	19,579
Gains from disposal of long-term equity investments	2,982	8,555
Government grants recognized through profit or loss (other than government grants which are closely related to the Company's normal business operations, which comply with national policies and can be enjoyed continuously based on a fixed amount or quantity)	99,082	167,985
Net gains from debt restructuring	6,871	5,026
Investment income from disposal of financial assets at fair value through profit or loss	1,096	104
Investment (losses)/income from disposal of available-for-sale financial assets	5,578	113,846
(Losses)/Gains from changes in fair value of financial assets at fair value through profit or loss	(264,514)	21,501
Reversal of impairment of accounts receivable	257,803	175,446
Net profit from the entity combined under common control	–	210,120
Other non-operating income and expenses other than the above items	21,305	43,908
Impact on income tax	(8,596)	(191,518)
Impact on non-controlling interests (after tax)	(4,660)	(27,052)
Non-recurring profit or loss	29,340	547,500

Government grants recognized in profit or loss but not included in non-recurring profit or loss items for being closely related to normal operating activities and continuously granted following the national policies and certain quota are as follows:

	For the six months ended 30 June		Reason for being recognized in profit or loss
	2016 (Unaudited)	2015 (Unaudited)	
Special equipment appropriation from the Ministry of Railway	8,000	8,000	Related to normal operating activities
Special equipment appropriation from the Ministry of Finance	150	150	Related to normal operating activities
	8,150	8,150	

Section XI Supplementary Information (continued)

As at 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

2. RETURN ON NET ASSETS AND EARNINGS PER SHARE ("EPS")

Group

For the six months ended 30 June 2016 (Unaudited)	Weighted average return on net assets %	EPS (RMB)	
		Basic	Diluted
Net profit attributable to the Company's ordinary shareholders	5.09	0.43	0.42
Net profit attributable to the Company's ordinary shareholders after deducting non-recurring profit or loss	5.06	0.43	0.42

For the six months ended 30 June 2015 (Unaudited)	Weighted average return on net assets %	EPS (RMB)	
		Basic	Diluted
Net profit attributable to the Company's ordinary shareholders	5.59	0.43	N/A
Net profit attributable to the Company's ordinary shareholders after deducting non-recurring profit or loss	5.01	0.39	N/A

The Company holds no potential ordinary shares that are dilutive.

The above weighted average return on equity and earnings per share are calculated in accordance with Compilation Rules No. 9 for Information Disclosure by Companies Offering Securities to the Public – Calculation and Disclosure of Return on Equity and Earnings Per Share (Revised in 2010).

Section XII Documents for Inspection

DOCUMENTS FOR INSPECTION

The following documents are kept at the headquarters of the Company in Beijing and available for inspection by regulatory authorities and shareholders in accordance with laws, regulations or the Articles and Association:

1. Full text of the interim report signed by the legal representative;
2. Full text of the financial report signed and sealed by the chairman, chief financial officer and head of the accounting department;
3. Original copies of all documents and announcements of the Company which had been disclosed to the public on the newspapers designated by CSRC and the website of Shanghai Stock Exchange during the Reporting Period; and
4. Articles of Association.

Chairman: **MENG Fengchao**

Submission Date Approved by the Board of Directors: 30 August, 2016

REVISION HISTORY

Report version number	Issuing date of correction and supplement notices	Content of correction and supplement notices

